ANNUAL REPORT 2022

BANCO MILLENNIUM ATLANTICO

ATLANTICO

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Joint Message from the Chairman of the Board of Directors and the Chief Executive Officer

Joint Message from the Chairman of the Board of Directors and the Chief Executive Officer

Miguel Raposo Alves
Chief Executive Officer

António Assis de Almeida
Chairman of the Board of Directors

Dear Stakeholders,

2022 was marked by worsening geopolitical risks, as a result of the outbreak of war in Ukraine, and by the challenges of liquidity and mobility of people – motivated by the emergence of new cases of Covid-19 in China – which penalized the performance of international markets.

The World Bank estimates that the world economy will have recorded a growth of 2.9% in 2022, below the 5.9% growth recorded in 2021.

The deceleration in growth in 2022 was largely seen in the so-called advanced economies, especially in the US and the Euro Zone, which saw their economies decelerate from 5.9% and 5.3% in 2021 to 1.9% and 3.3% in 2022, respectively. This slowdown was in line with the tightening of monetary policy measures to contain inflationary pressures, and in most countries the inflation rate was above the long-term inflation target of 2%.

In the first months of 2022, the Angolan economy, in general, and the financial banking system, in particular, were still suffering from the harmful effects of the previous two years of the Covid-19 pandemic.

With the relief of the pandemic situation, the Angolan government has begun to introduce measures to ease the restrictions imposed by the pandemic, which have begun to have an impact on the economy.

According to the Government's estimates, the economy's growth rate is set at 2.7%, above the 0.8% growth recorded in 2021, and maintaining the economy's recovery path after five consecutive years of contraction.

Despite the complex and dynamic environment, ATLANTICO remained focused on its strategic transformation and also on strengthening its balance sheet, in order to make it more resilient and increasingly adequate to the growing demands of a regulatory framework in the process of supervisory equivalence. Today, we have a more solid institution, which is proven by the implementation of a set of measures aimed at strengthening the governance model and the internal control system, by a solvency ratio of 19.1% and by the improvement in the loans at risk ratio, which stood at 19.5%, as a result of the development of diligence to improve the quality of the risk of this portfolio.

Without deviating from its mission to contribute to the development of people and companies, promoting inclusive and sustainable growth in Angola, despite the challenging context, ATLANTICO presented sustainable and positive results in the amount of AOA 3.5 billion, driven by the growth of the banking product of approximately 8% and the reduction of operating costs. Additionally, it reinforced its role as a financing agent of the Angolan economy, registering a 3% growth in its credit portfolio, which currently amounts to more than AOA 450 billion. This growth in the loan portfolio was essentially focused on financing to households and the real economy, under the Government programs to promote financing to the economy.

ATLANTICO's performance was largely due to the transformation process the Bank has undertaken in recent years and which continued in 2022.

In order to provide, increasingly, an experience of excellence to its Customers, the Bank has strengthened its focus on digital, through the availability of transfers abroad, of a private nature, in ATLANTICO Directo and the digitization of processes of account maintenance and subscription of over-the-counter offers, making them paperless.

Today, more than 50% of the Bank's active Customers regularly use the digital channels *400# Agiliza and ATLANTICO Directo, which has similarly led to a particular focus and a significant investment in cybersecurity to safeguard the security of Customer transactions performed on digital platforms.

In 2022, more than 380 thousand new Customers opened their bank accounts with ATLANTICO, through the *400# Agiliza platform, without having to go to a bank branch. The *400# Agiliza has proven to be an important tool to promote the financial inclusion of the unbanked population, as it is a mobile platform through which Customers can open an inclusion account and perform the main banking operations typically available on a cell phone. This platform is complemented by a network of more than 2,400 points of sale of banking agents that ensure deposit and withdrawal operations, with national coverage.

Another important aspect in improving the Customer experience has been the focus on self-banking, through the reinforcement of ATMs and direct deposit machines in the branch network, in particular through the opening of two new 24-hour ATLANTICO spaces, which are available to serve our more than 2.8 million Customers any day and any time.

ATLANTICO presented **sustainable and positive results** in the amount of **AOA 3.5 billion**, driven by the growth of the banking product of approximately 8% and the reduction of operating costs

The improvement in ATLANTICO's Customer experience is visible, with the number of complaints, per thousand Customers, decreasing from 0.5 in 2021 to 0.3 in 2022.

The digital nature of ATLANTICO's activities, as well as its concern with the entire ecosystem of stakeholders with whom it interacts in the course of its banking activities, was once again proven by the transformation of its institutional website, which took place in 2022. ATLANTICO presents itself today through a more modern and interactive platform, reinforcing the communication with the market, in line with the principles of transparency and disclosure of information that govern its performance.

In accordance with its founding principles of contributing to the transformation of society and alignment with the best international corporate governance practices, the Bank has been working to incorporate ESG (Environmental, Social and Governance) principles into the development of its daily activity, aware that companies have a responsibility that goes beyond the generation of economic profit, which when combined with the generation of other non-economic impacts generates more value. With the beginning of this Sustainability Journey, we intend to develop a set of actions that will have an impact in the sphere of action of ATLANTICO, but also that will be a factor inducing change in all its stakeholders, from Customers to Suppliers.

A final word of public acknowledgement for the work done by all our Employees, for their competent and esteemed contribution that translated into resilience, dedication, and commitment so that we could, despite adversities, perform relevant and worthy work in 2022. A special thanks, also, to our Customers, for believing in the quality of our services and for entrusting us with the management of their financial lives.

We also take this opportunity to reinforce our commitment to transparency and to providing relevant, reliable information that meets the needs of our stakeholders.

We would like to thank the Shareholders for the trust they have placed in this Board of Directors and the Executive Commission, and reaffirm our commitment to ATLANTICO's mission and the Shareholders' vision, strengthening Talent, Innovation and Information, to serve Customers with excellence, maximizing the value created for Society.

ATLANTICO, Values for Life

1

STRATEGY

1.1. Mission and Vision

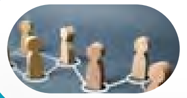
MISSION

To be a **benchmark** institution in Angola, respected in the World, that stands out for **Customer's**, experience, excellence in the **transformation** of Lives, **multiplication** of Customers' Assets, committed to its **Ecosystem**, today and in the future.

PHIT 2.4 VISION

To leverage **Talent**, **Innovation**, and **Information**, to serve Customers with excellence, maximizing the value generated for **Society**.

PHIT 2.4
ATLANTICO



PARTNERSHIP'S ECOSYSTEM
Extend our value chain with strong partnerships

ESG
An institution that seeks to generate impact in everything it does

TALENT
An organisation that recognises and leverages Talent

CUSTOMER'S PRIMACY
Provide an excellent Customer experience

DIGITAL INNOVATION
Efficient use of technology to better serve Customers and Talents

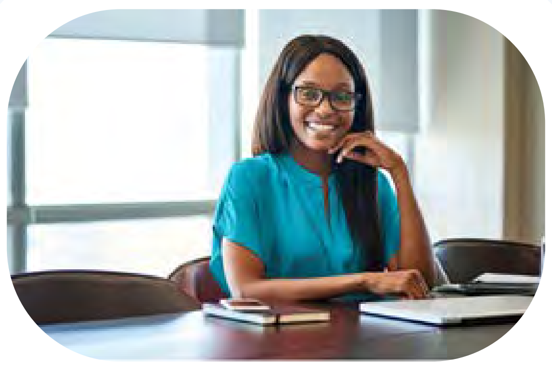
DATA AND AI
An organisation based on information and extracting its value

SCALABILITY
Serve at scale with a focus on the Customer and profitability

RESILIENCE
A solid financial structure and a risk culture

1.2.
Foundation, Strategic Pillars and Focus

OUR FOUNDATION



TALENT

An organisation that recognises and leverages Talent

- People as ATLANTICO's main asset
- Talent development model based on the assessment of acquired knowledge and productivity
- Career development model leveraged by a mentoring programme
- Programme of initiatives that enhance the Talent experience

OUR STRATEGIC PILLARS

DIGITAL INNOVATION

Efficient use of technology to better serve Customers and Talents

- Promote digital innovation in Angola, putting it at the service of Customers and Talents
- Massify the use of digital channels and processes

DATA AND AI

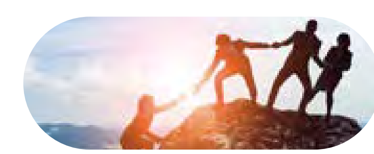
An organisation based on the information and extracting its value

- Development of skills and tools for advanced data analysis
- Constant knowledge of the Customer and his needs

SCALABILITY

Serve at scale with a focus on the Customer and profitability

- Business model based on scalable processes and alternative channels
- Increase the base of Active Customers



RESILIENCE

A solid financial structure and a risk culture

- Balance sheet with liquidity and value generator
- Strengthening a culture of proactive risk management
- Focus on cyber risk mitigation

OUR FOCUS

CUSTOMER'S PRIMACY

Provide an excellent Customer experience

- Obstinate with the Client and the experience we provide, as the ultimate goal of all our activity
- Commitment to Talent development, digital transformation, data analysis and scalable processes to raise Customer satisfaction

1.3. Main Indicators

	**Talent, our main Asset**	**1,452** Talents	**87%** Retention of high potential Talents	**27%** Career development
	**Customers with value**	**2.8** million Customers	Digital personalised management **+25** thousand Prestige Digital Customers	**0.3** Complaints per **1,000** Customers
	**Using technology to better serve**	**2,548** Customer service centres **96** Branches (64% in 24/7) **51** Customer management centres **2,401** Banking agents' points of sale	**51%** digital active Customers **1.9** million digital channels users **≅495** thousand mobile account openings **1.4** million *400# Agiliza users	Core processes **62%** digital **40%** self-banking
	**Resilience**	Net Profit **3.5** AOA billion	Operating costs on total assets **3.4%**	Own Funds **190** AOA billion Regulatory Solvency Ratio **19%**
	**ESG**	**63%** Core paperless processes	**+29,000** Impacted lives **≅490** thousand Customers financial inclusion	**45** Opportunities to improve the internal control report

PHIT 2.4
ATLANTICO

2

MACROECONOMIC FRAMEWORK

2.1. World economy
2.2. Angolan economy
2.3. Financial markets

2.1.
World economy

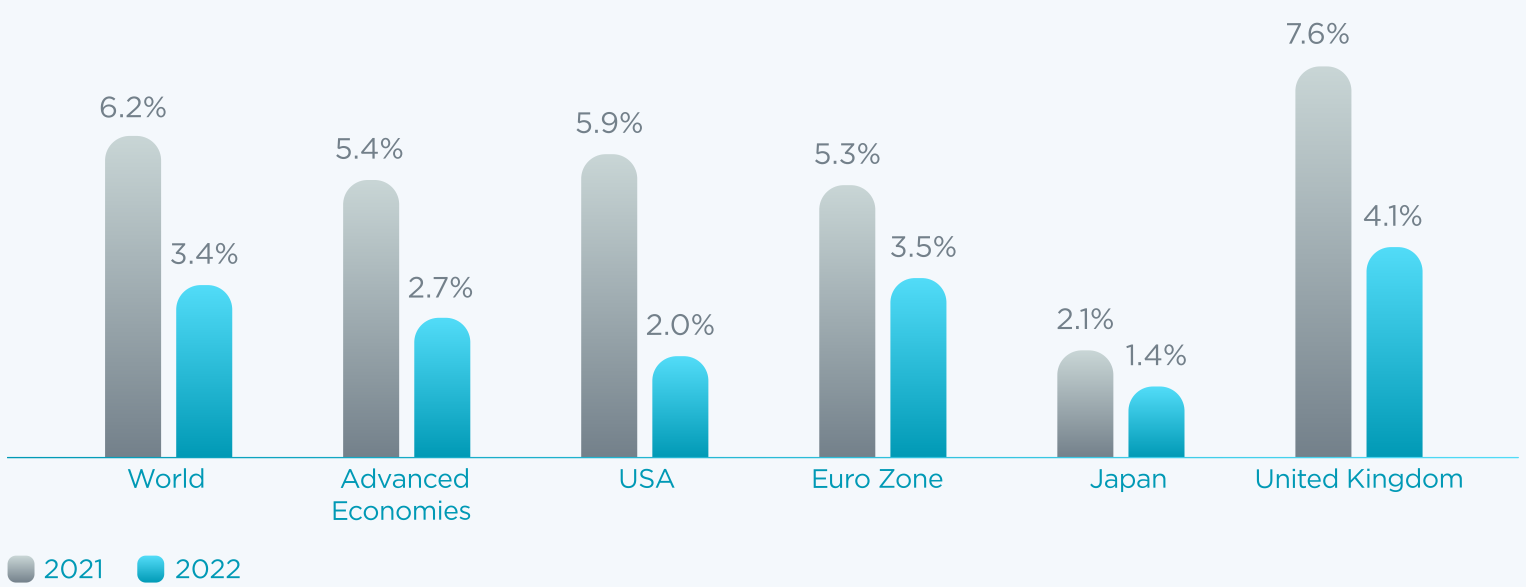
The world economy continued to face challenges in 2022, reflected in price developments, financial market instability and the fragmentation of international trade and investment. The war in Ukraine, which began with the invasion on 24 February, posed significant challenges to the global supply chains of food and energy commodities and contributed to the acceleration of the global inflation rate, which, according to the International Monetary Fund (IMF), reached 8.8% in 2022, higher than the 4.7% estimated for 2021.

The evolution of the inflation rate was mainly driven by the Advanced Economies, where prices rose from 3.1% to 7.3%, well above the long-term average inflation rate set at around 2%. In order to curb the acceleration in prices, the major central banks had to adjust monetary policy, with the US Federal Reserve, the European Central Bank and the Central Bank of England which, in 2022, raised interest rates by 4.25 p.p., 2.5 p.p. and 3.25 p.p. to 4.5%, 2.5% and 3.5% respectively.

The monetary tightening, combined with the maintenance of reduced fiscal space in most economies, contributed to a slowdown in global economic growth from 6.2% in 2021 to 3.4% in 2022, according to IMF estimates. Similar to the acceleration of inflation, the slowdown of economic growth has been more pronounced in Advanced Economies, particularly in the USA, the Euro Area, Japan and the UK.

The introduction of a tight monetary policy, coupled with the slowdown in the world economy and the emergence of new cases of Covid-19 in China, put pressure on financial market developments in 2022. In the currency market, the USD index recorded an annual increase of 8.5%, while equity prices fell, with the MSCI Global and MSCI Emerging Markets indices down 19.2% and 22.3% respectively.

GROWTH RATE OF THE WORLD ECONOMY



Source: FMI, *World Economic Outlook*, January 2023

In the commodities market, the highlight was the increase in the average price of a barrel of Brent oil by 5.8% to USD 82.26 per barrel, while WTI rose by 4.2% to USD 78.4 per barrel. In the bond market, the yield curve followed an upward trend, with the focus on the yield on 10-year German sovereign debt, which returned to positive territory and closed at 2.4%, while the US yield stood at 3.8%.

2.2. Angolan economy

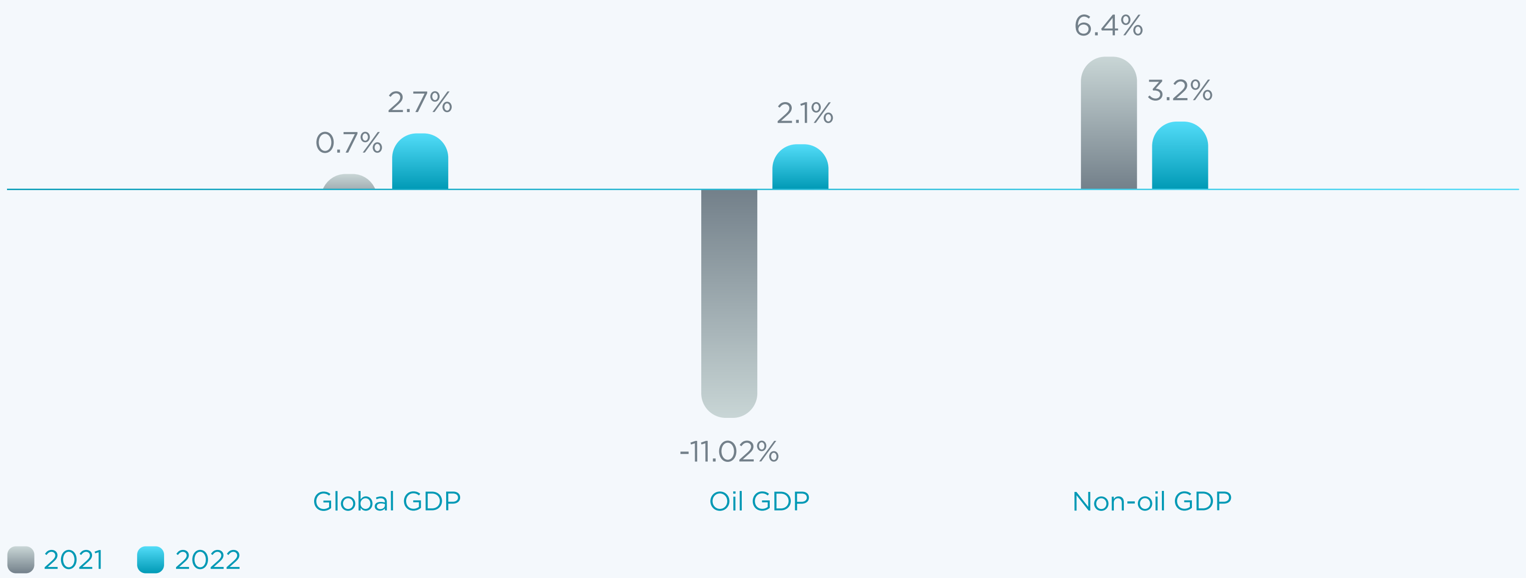
In the difficult context of the world economy (GDP slowdown, acceleration of inflation and tightening of monetary policy), the Angolan economy experienced a special moment after having followed an inverted trajectory, benefiting from its status as a net oil exporter and the implementation of structural adjustment measures in recent years.

According to the Government's estimates, the economy's growth rate stood at 2.7% in 2022, above the 0.7% growth recorded in 2021, which represents a continued recovery path, after five consecutive years of contraction, between 2016 and 2020. Economic performance in 2022 was explained by growth in the non-oil sector of 3.2% and in the oil sector of 2.1%, after having contracted consecutively for the last six years, in line with the structural challenges faced by the oil industry.

Oil production increased by 2.2% to reach 1.142 million barrels/day in 2022. However, it was below the growth of the non-oil sector, which has been benefiting from relevant incentives and thus contributed to the increase of its share in GDP, which is set at 73.5% in 2022, up from 70.1% in 2021.

The Angolan economy experienced a special moment after having followed an inverted trajectory, **benefiting from its status as a net oil exporter** and the **implementation of structural adjustment measures** in recent years

ECONOMIC GROWTH



Source: 2023 SB Proposal

In turn, the inflation rate will close the year 2022 at 13.7%, lower than the 27% recorded in 2021, according to data published by Instituto Nacional de Estatística (INE, National Institute of Statistics). The positive evolution of prices was justified, on the one hand, by the increased supply of products in the economy through increased imports in line with the exchange rate appreciation and the operationalisation of the Strategic Food Reserve and, on the other hand, by the increased supply of domestic products and the prudent management of monetary policy.

Following a positive trend, the employment rate in the economy stood at 62.6% in Q3 2022, up from 60.5% in the same period of 2021, according to data from the INE. This development reflects the increased capacity of the economy to create jobs, which is higher than the growth rate of the economically active population. The unemployment rate in this period stood at 30%, down from 34.1% in Q3 2021.

The improvement in the price of a barrel of oil and the growth of the economy in 2022 will contribute to an increase in the capacity to collect tax revenue, culminating in the prospect of a budget surplus of 2.7% of GDP, albeit lower than the 3.8% of GDP recorded in 2021. On the other hand, in line with the appreciation of the exchange rate and the nominal growth of GDP, the public stock debt has fallen back to 56.1% of GDP, after having been set at 82.9% of GDP in 2021. In fact, most rating agencies have improved the outlook for the Country's risk rating, despite having decided to keep the classification unchanged in 2021.

With regard to the external accounts, according to BNA data published until Q3 2022, the Current Account recorded a surplus of USD 10,948.2 million, an increase of 91.8% compared to the same period of 2021, as a result of the increase in the Goods Account of 74.9% to USD 26,067.0 million, which offset the effect of the worsening of the deficit in the Services Account, by 58.5% (USD -7 719.2 million), in the Primary Income Account, by 67.6% (USD -6 545.4 million), and in the Secondary Income Account, by 100.1% (USD -854.2 million).

Regarding its concern, International Reserves stood at USD 14 477.8 million in December 2022, which represents an annual reduction of 6.7%, as well as the lowest annual level since December 2011, reflection of the relevant intervention that the foreign exchange authority had in the market, through one-off sales of foreign currency throughout the period in question, to ensure market stability.

The employment rate in the economy followed a positive trend, as a result of an increase in the **capacity of the economy to create jobs,** which is higher than the growth rate of the economically active population

2.3. Financial markets

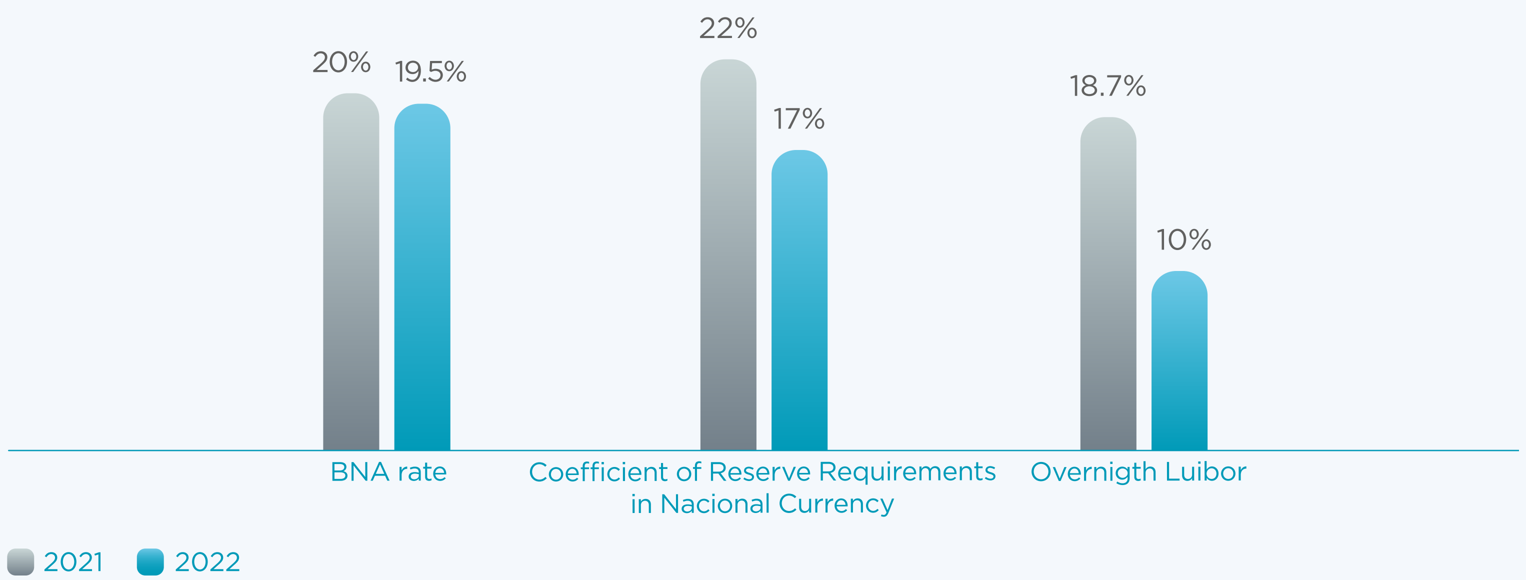
Money supply, as measured by the M2 monetary aggregate, fell by 2.8% in 2022, in line with the exchange rate appreciation, with the foreign currency component falling by 23.5%. In contrast, M2 in local currency increased by 16.87%, largely due to the stability of the exchange rate and increased confidence in the Kwanza.

In parallel, the BNA key monetary indicators followed a downward trend. The BNA rate closed the year at 19.5%, below the 20% of 2021. The same trend was recorded for the Marginal Lending Facility Rate, which fell by 4 p.p. to 21%, and for the Coefficient of Reserve Requirements in Nacional Currency, which fell by 5 p.p. to 17%. The adjustment of the restrictive stance of monetary policy was justified by the deceleration of the inflation rate and the stability of the exchange rate.

Interest rates on the Interbank Money Market followed a similar trend, falling by an average of 8.37 p.p., particularly the overnight and 12-month Luibor, which fell by 8.68 p.p. and 8.83 p.p. respectively, to stand at 10.00% and 15.83%, a development justified by the improvement in liquidity in the system.

The exchange rate appreciated against the USD and the EUR by 10.2% and 17% respectively, reaching USD/AOA 503.7 and EUR/AOA 537.4, in line with the increase in the supply of foreign currency in the market. In 2022, the total supply of foreign currency reached USD 15,664.6 million, an increase of 65% compared to 2021.

KEY MONETARY INDICATORS



Source: BNA

EXCHANGE RATE OF THE KWANZA AGAINST THE DOLLAR AND THE EURO

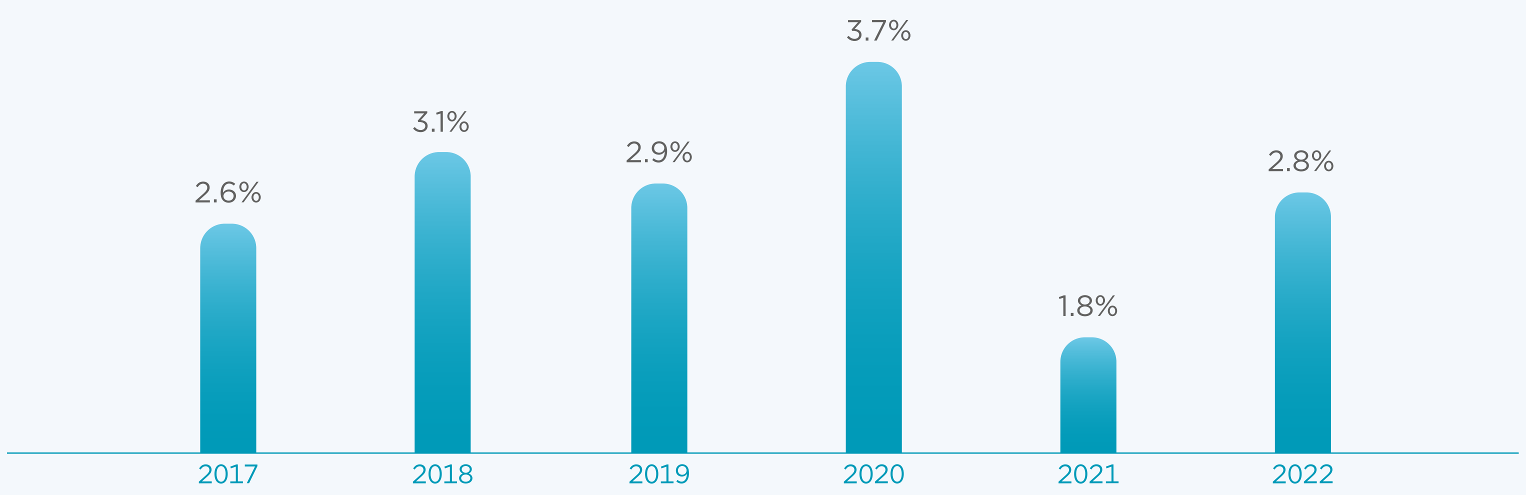
Source: BNA

The amount of Treasury Bills traded in the secondary market increased to AOA 1,564.8 billion in 2022. This annual increase of 96.4% is justified by the increase of bilateral trading transactions by 650.7%, to AOA 574.3 billion, and by the increase of 37.5% in multilateral trading to AOA 990.5 billion.

In terms of market depth, there was an increase of 1.02 p.p., from 1.8% of GDP in 2021 to 2.8% of GDP in 2022. This is the best performance in two years, after standing at 3.7% of GDP in 2020, which reflects, on the one hand, the growth of operations above the increase in nominal GDP and, on the other hand, the dynamism of new segments (Shares and Treasury Bonds), with emphasis on the admission to trading on the stock exchange of the shares of two banks that held initial public offerings and the SWAPS operations carried out by the Ministry of Finance.

In turn, throughout 2022, the yields of the Eurobonds issued by Angola recorded increases in all maturities, with the emphasis on the longer maturities, 2049, 2048 and 2029, which rose by 2.27, 2.40 and 2.29 p.p. to 11.80%, 11.96% and 10.48% respectively, after being pressured by the increase in the yields of securities in the Advanced Economies. It should be noted that in April 2022 the country issued Eurobonds for the fourth time, in the amount of USD 1.75 billion and with a 10-year maturity.

SECONDARY MARKET TRANSACTIONS IN % OF GDP



Source: BODIVA

The **secondary market** had **the best performance since 2020**, which reflects, on the one hand, the growth of operations above the increase in nominal GDP and, on the other hand, the dynamism of new segments (Shares and Treasury Bonds)

3

ATLANTICO

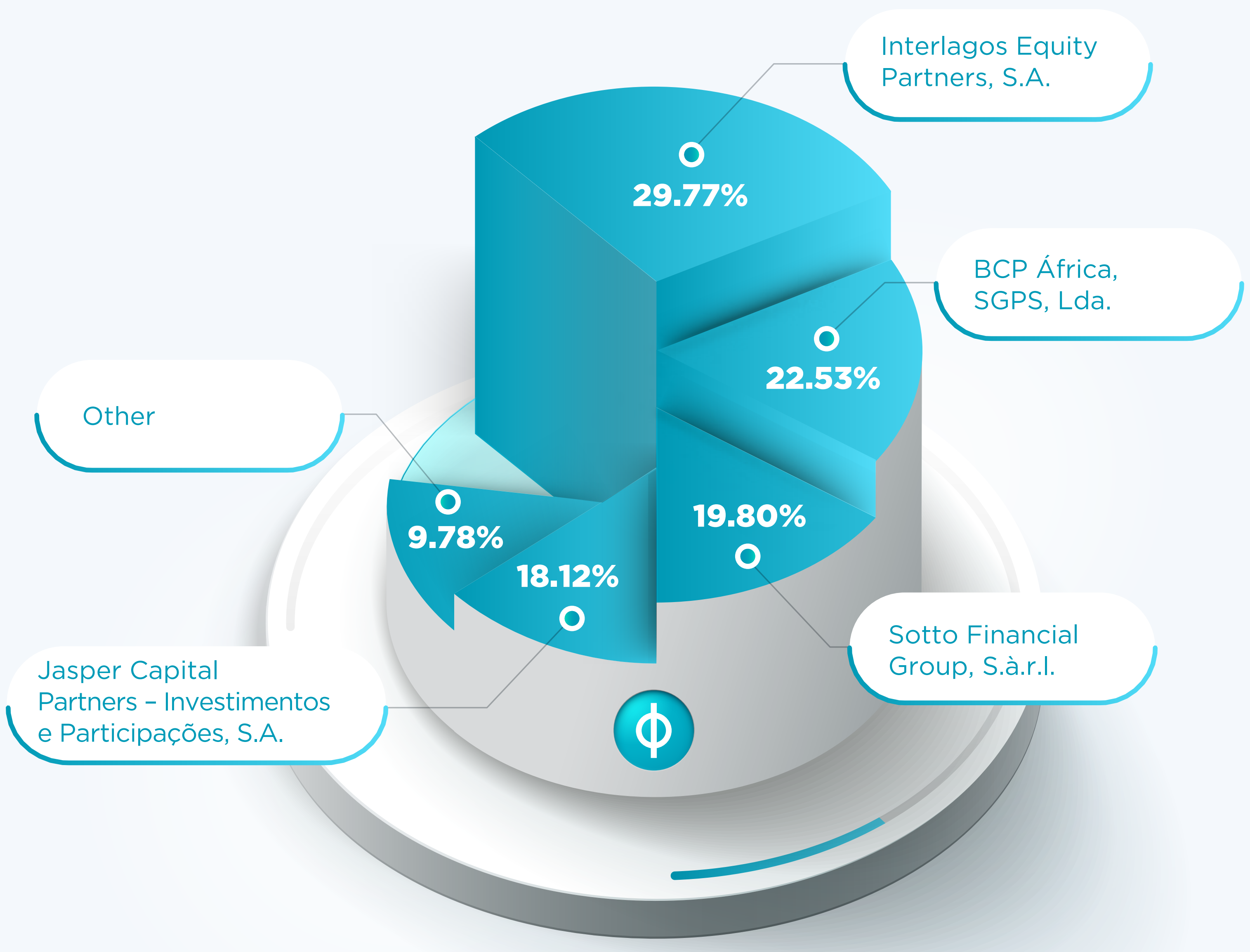
3.1.
Institutional

ATLANTICO was incorporated on 31 August 2006, and started its activity in November of the same year, as an Angolan banking institution regulated by Angola Central Bank. On 3 May 2016, Banco Millennium Angola was merged into ATLANTICO. This merger enabled the integration of operations of both banking institutions, which together have more than 20 years of experience and have been acting as partners since 2008. As a result of this merger, ATLANTICO consolidated its universal character and strengthened its position in the Angolan banking market, joining the top 5 of Angola's largest banks, as one of the largest private banks in financing Angolan Companies and Households, promoting digital innovation and focused on financial inclusion, creating a partnership's ecosystem, including with international counterparties, and promoting a more sustainable business environment.

Promoter of **digital innovation** and focused on **financial inclusion**, creating a **partnerships' ecosystem**, including with international counterparties, and promoting **a more sustainable business environment**

Shareholders' Structure

Banco Millennium Atlântico, S.A. is mainly held by private Angolan shareholders. As at 31 December 2022, the shareholders' structure was detailed as follows:



3.2.
An experience of excellence

Framework

The focus on the development of People, the Bank's greatest asset, is a cornerstone of ATLANTICO. In the strategic vision for 2024, this cornerstone is strengthened by ATLANTICO's ambition to be an organisation that continues to recognise and to empower its Talents providing an experience of excellence. A pool of well-prepared and motivated Talents will be a guarantee of delivery of greater value, one of the critical success factors for ATLANTICO, also making it a Bank that provides an excellent Customer experience. Talent and Customer satisfaction will be the key indicators for measuring the success of ATLANTICO's performance, with People remaining a critical factor of differentiation, which increases the quality of the service, reinforcing the ambition of being a benchmark Institution and which, through its activity, transforms lives and contribute to the construction of an increasingly better future.

1,452 Talents

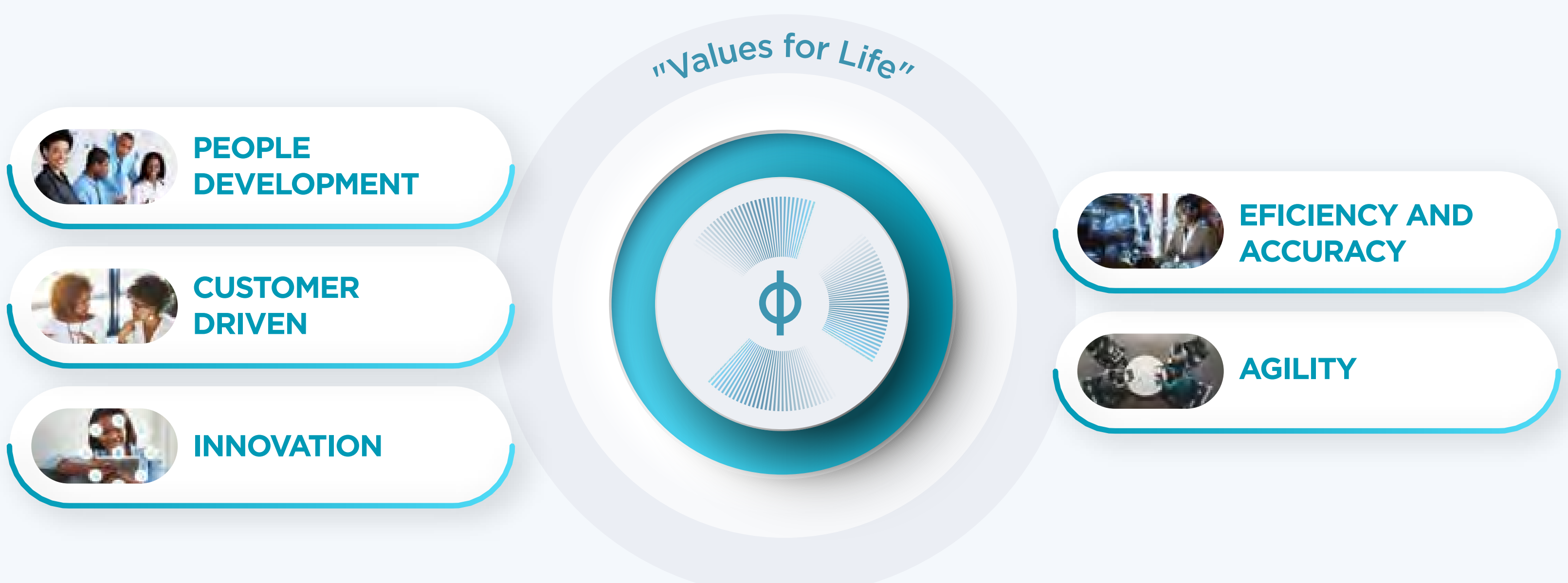
87% Retention of high potential Talents

27% Career development

2.8 million Customers

0.5 (2021) **0.3** (2022) Complaints per **1,000** Customers

AN ORGANISATION FOCUSED IN TALENT DEVELOPMENT



PROVIDE AN EXCELLENT CUSTOMER EXPERIENCE

Our values for life

PEOPLE DEVELOPMENT
"People are ATLANTICO's Greatest Asset"

People are a priority for ATLANTICO. They embody our culture and deliver our commitment to ATLANTICO's Ecosystem, generating "Attitude with Value" with their skills. ATLANTICO transforms their lives, compromising them as agents of the development of People in this ecosystem.

AGILITY
"Harmony of skills in delivering value"

Agility, in ATLANTICO, represents a proper way of being and thinking, detached from status quo. A constant availability and flexibility to work, in a multidisciplinary way, with new variables and methodologies, contributing for the creation of solutions for Customers' equations.

CUSTOMER DRIVEN
"Think, Live and Feel the Customer"

Anticipate, understand and satisfy the true needs of Customers, adding value and being a Partner in the achievement of their dreams and life projects.

EFFICIENCY AND ACCURACY
"With responsibility, we create more value"

Ability to achieve goals within the agreed deadlines, with the highest quality, optimizing available resources and ensuring careful compliance with the legislation, standards and procedures.

INNOVATION
"Thinking Different, Simple and Digital, anticipating the future"

The ongoing concern, the boldness to go beyond, the ambition to anticipate the future, which leads us to the constant search for disruptive solutions to improve Customer's experience, by simplifying it.

The brand signature **"Values for Life"** talks about values, personal and financial, that ATLANTICO shares with his Clients. It talks about the profound commitment with the Client. It is the better life, achieved with effort and determination and it is here to stay

An organisation that recognises and leverages Talent

The high level of Talent retention with high potential continues to stand out, which is in line with the mission of being an organisation that recognises and leverages Talent.

198 High-potential talents

87% Retention of high potential Talents

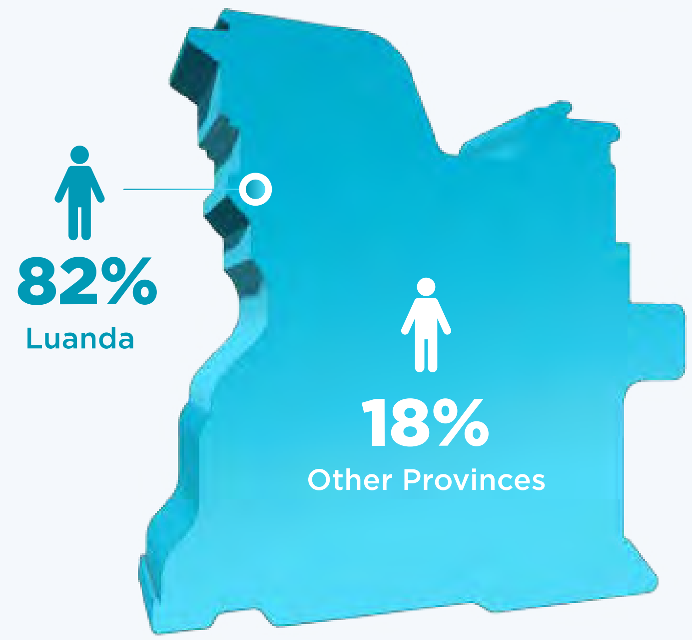
Commitment to People

The way in which the Bank organises and develop its teams is crucial to achieving the intended objectives. At the end of 2022, the Bank had **1,452 Talents** distributed by the 18 provinces of Angola.

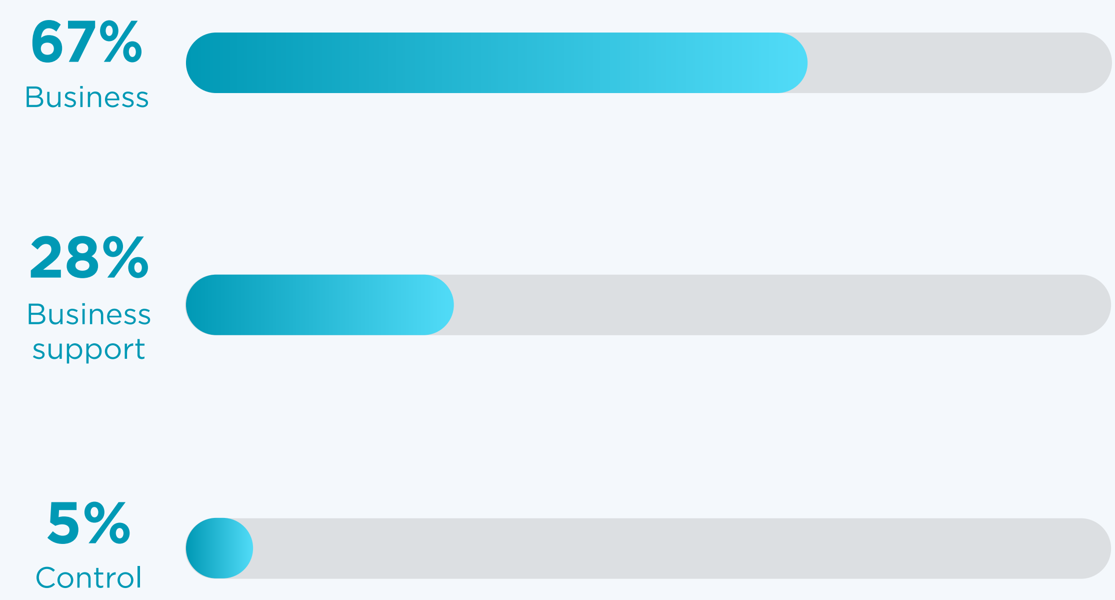
In terms of geographical dispersal, 82% are distributed throughout Luanda and the remaining 18% are located in service points outside the capital, ensuring the mission of ATLANTICO.

With regard to the distribution of Talents, the Business areas continue to be larger than the Support and Control areas.

GEOGRAPHICAL DISPERSION



AREAS



AFRICA DAY

ATLANTICO'S ANNIVERSARY

The team is young, gender-balanced and essentially made up of Angolan Employees, of whom 73% are of the Y generation. The ATLANTICO team is, therefore, characterised by a strong sense of mission, restlessness, innovation and openness to the digital world.

Attracting Talent

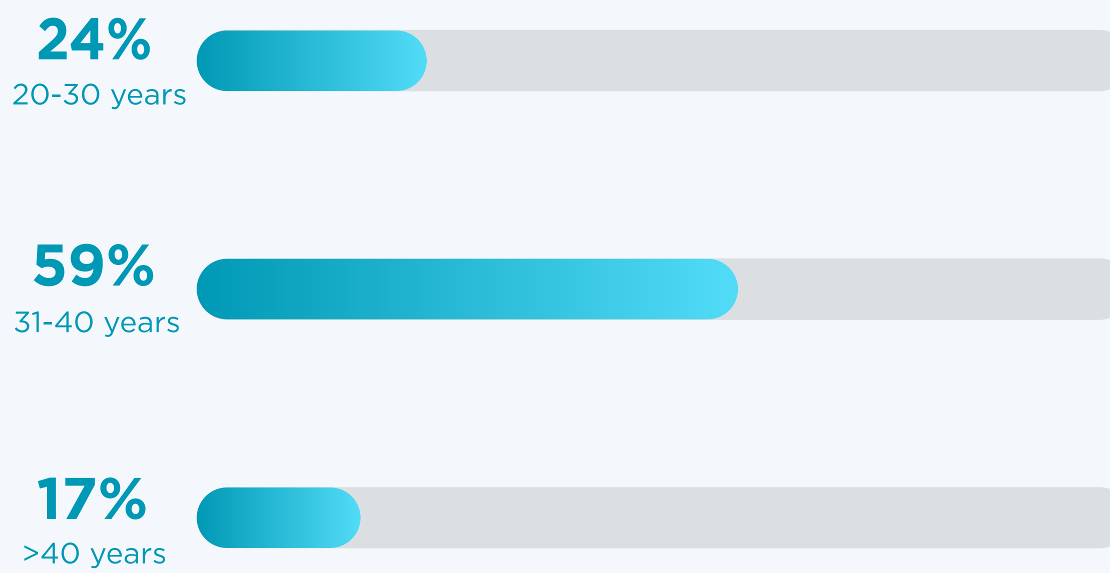
In 2022, 147 new admissions were recorded out of 16,966 applications received. The impact on the use of digital media for recruitment purposes was 99%.

RECRUITMENT DURING 2022

- **16,966** Applications received
- **147** New admissions
- **16,766** Online applications
- **99%** Impact on the use of digital media for recruitment purposes

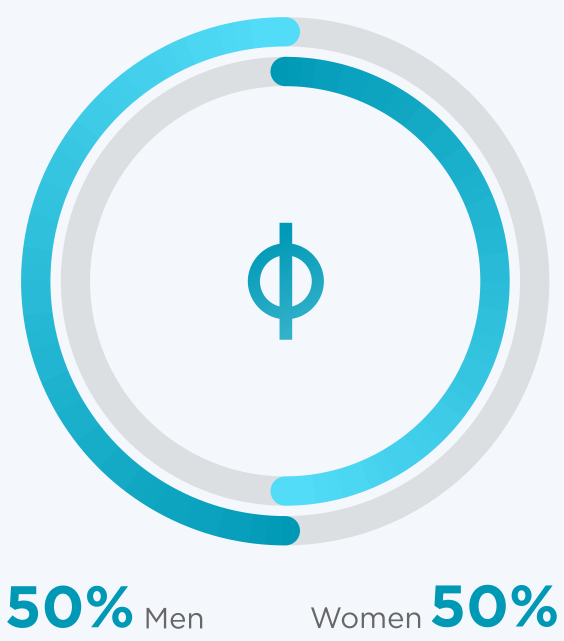
ATLANTICO took part in the "Feira de Empregabilidade" (employment fair) held by Universidade Católica de Angola, where, in addition to making itself known, it received applications from students on the different degrees.

AGE GROUP

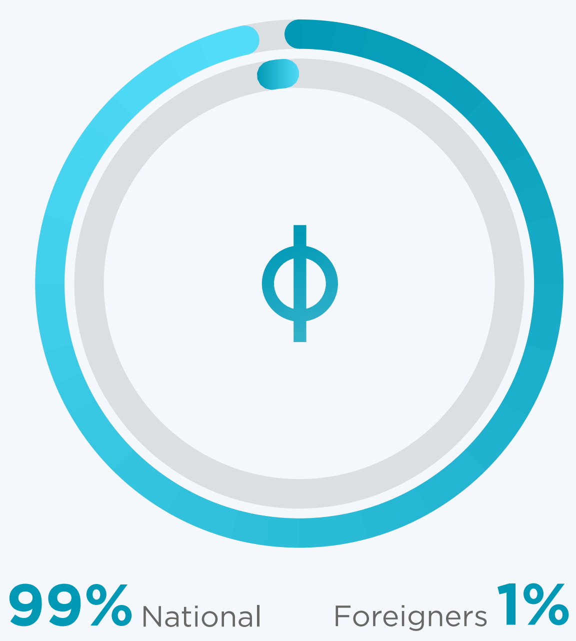


AVERAGE AGE

GENDER



NATIONALITIES



Commitment to knowledge

The year 2022 was marked by a continued focus on the transformation of internal skills and in strengthening ATLANTICO values and culture through online and on-site training, which will be reflected in the daily results by providing a Delivery with Value.

TYPE OF TRAINING

62% Technical

18% Strategic

17% Transversal

3% Leadership

77% Online

23% On-site

INVESTMENT IN TRAINING

22,773 Hours

4,860 Participations

Commitment to the future

In a culture guided by meritocracy, ATLANTICO continued to recognise the differentiated deliveries of its teams, having promoted the career development of 324 Talents during 2022.

Talent mobility (between teams and geographical) is encouraged in order to foster multidirectional career development opportunities, sharing of knowledge, experiences, cultural diversity and the creation of synergies. As a result of the Bank's structural transformation, 422 talents entered into mobility processes, 80% of which were within teams.

TYPE OF MOBILITY

80% Mobility within teams

18% Mobility between teams

2% Geographical mobility

Commitment to the ATLANTICO families

During 2022, ATLANTICO promoted a series of activities with the aim of providing better quality of life, balance and well-being. The Employees had the opportunity to take part in initiatives associated with the celebration of another anniversary of the Bank, including participating in the digital chess tournament, cultural events, interbank Futsal and Basketball tournaments. Internationally recognised dates were also celebrated.

3.3.
Using technology to better serve

ATLANTICO's focus on the development of innovative and digital solutions and the use of information enabled it to significantly improve Customer experience.

The year 2022 was characterised by continued investment in the digital channels Internet/Mobile Banking and USSD in order to adapt to current needs:

- The ATLANTICO Direct channel has extended its functions to Customers with the introduction of the registration process for International Payment Orders (IPO), allowing them to make a quick and up-to-date subscription to operations of a personal nature, in the areas of personal, family and travel assistance;

- In the *400# Agiliza platform, work has been done on the PIN unlocking functionalities in the user journey, on the generation of proof-of-transfer in PDF format, on the modelling of the Member get Member component and *400# Agiliza product subscription through the online account opening journey on the ATLANTICO Directo channel.

With a focus on digital transformation and strategic alignment, ATLANTICO has sought to define key performance indicators (KPI) and objectives and key results (OKR) in order to transform processes, counter journeys and operational and validation journeys, through the incorporation of of new features where the cataloging and extraction of information from documents, signatures detection, generation of proofs and review of journeys that enable paperless, less bureaucratic processes adjusted to the dynamics and level of operation stand out.

The quest for efficiency in middle-office processes focused on the automation of subscription and product billing, supported by RPA (Robotic Process Automation). In terms of the International Payment Orders process, the focus has been on automating the registration of contracts and current invisible operations through integration with the Integrated Foreign Exchange Operations System (SINOC – “Sistema Integrado de Operações Cambiais”), defined by the regulator Banco Nacional de Angola (BNA).

Of note are the implementation of P2P/Express Transfer and POC STI (Instant Transfer System) processes, as regulated by BNA and EMIS.

In addition, we continued to develop innovative solutions that would allow the extension of the self-banking offer to the end Customer, namely the possibility of renewing their Multicaixa card at a branch without human intervention.

Another important project, successfully completed in 2022, was the development of ATLANTICO's new website, which was launched at the end of the year. The Bank now presents itself to the market with a website in line with its digital innovation strategy, based on a fast and differentiated navigation platform that optimises the user experience (UX) and enhances cybersecurity. In addition to improved performance in terms of website speed and loading, the current platform supports new features in line with needs and trends, as well as a responsive design aimed at improving the user journey. The changes are also notable in terms of updating the Bank's visual identity, which is now more dynamic, young and modern.

In terms of regulatory projects, ATLANTICO participated in the development and delivery of the Direct Debit System (SDD – "Sistema de Débitos Diretos"), the Commission Comparison Tool ("Comparador de Comissões"), the API SINOC Automation and the Exchange Limit Control.

Within the scope of the Disruption Lab (Powered by ALANTICO), the year 2022 was of continuous growth of the three main initiatives.

Starmarket

In order to serve the market with excellent quality products at competitive prices, the Bank continued its growth strategy through the expansion of the supplier portfolio and the most sought after products. This strategy aims to consolidate the Bank’s presence in the marketplace, which is rapidly developing in Angola.

iOla

The ATLANTICO digital assistant already operates autonomously and consistently, serving Customers, as well as enabling Employees who were previously solely assigned to managing interactions with Customers on the Bank's website to now be involved in other tasks.

Coworking

The coworking space continues to be occupied by companies of different types and segments, in order to promote interaction between entrepreneurs of different businesses, some of which have made their mark in national and international markets. There are cases of success, as a result of the infrastructure and networking enabled by the environment provided.

3.4.
Scalable business model

ATLANTICO is committed to a scalable business model that allows to provide its Clients with an excellent banking experience. Its business model is based on the following basic principles:

ALL

SERVE ALL CUSTOMER SEGMENTS + INCREASE BANKING LEVELS + INCREASE THE QUALITY OF THE CUSTOMER BASE

AS PREFERRED

CUSTOMER AUTONOMY (SELF-BANKING) + SIMPLE, FLEXIBLE, AND DIGITAL PROCESSES + TAILORED AND EXPERIENCED MANAGEMENT

ALWAYS

FULL AVAILABILITY (24/7)

WHERE

REMOTE MANAGEMENT AND SALES + DIGITAL CHANNELS + BANKING AGENTS + OMNICHANNEL EXPERIENCE

The transformation operated on our retail machine has been crucial in consolidating ATLANTICO as a universal and digital Bank, allowing the following milestones to be achieved with quality:

INITIATIVES	MILESTONES	31 DECEMBER 2022
"5-IN-1" DIGITAL ONBOARDING Simple, flexible and digital experience for opening an account, assigning multicaixa codes and accessing digital channels.	+ Customers > activity > satisfaction	**2.8 million** Customers **75%** new active Customers **0.3** Complaints per **1,000** Customers
ATLANTICO 24H Availability of self-banking and high-availability banking services (ATM and cash deposit machines).	> coverage + self-banking processes + autonomy	**64%** of branches on 24/7 **40%** of core processes in self-banking **89%** of deposits in self-banking
***400# AGILIZA** Scalable digital platform and capillary network of banking agents, providing financial services.	+ digital Customers + service points + mobile onboarding	**51%** digital active Customers **2,548** Customer service points **+ 490 thousand** mobile account openings
REMOTE MANAGEMENT AND SALES MODEL Remote tailored management that allows the Bank to serve at scale and with greater proximity.	+ remote management Customers	**+25 thousand** Prestige Digital Customers
DIFFERENTIATING MODEL FOR SMEs Specific and differentiated approach and value proposition for SMEs.	+ active SMEs > engagement	**≅19 thousand** active SMEs **+ 11%** SME resources
DIGITALISATION OF CORE PROCESSES Automated, paperless and self-banking processes.	+ digital processes	**62%** of core processes
BANCASSURANCE Universal offer of Fortaleza insurance available through banking channels.	> turnover + insurance policies	**AOA 3 billion** in insurance premiums **210 thousand** insurance policies

3.4.1. Customer service points

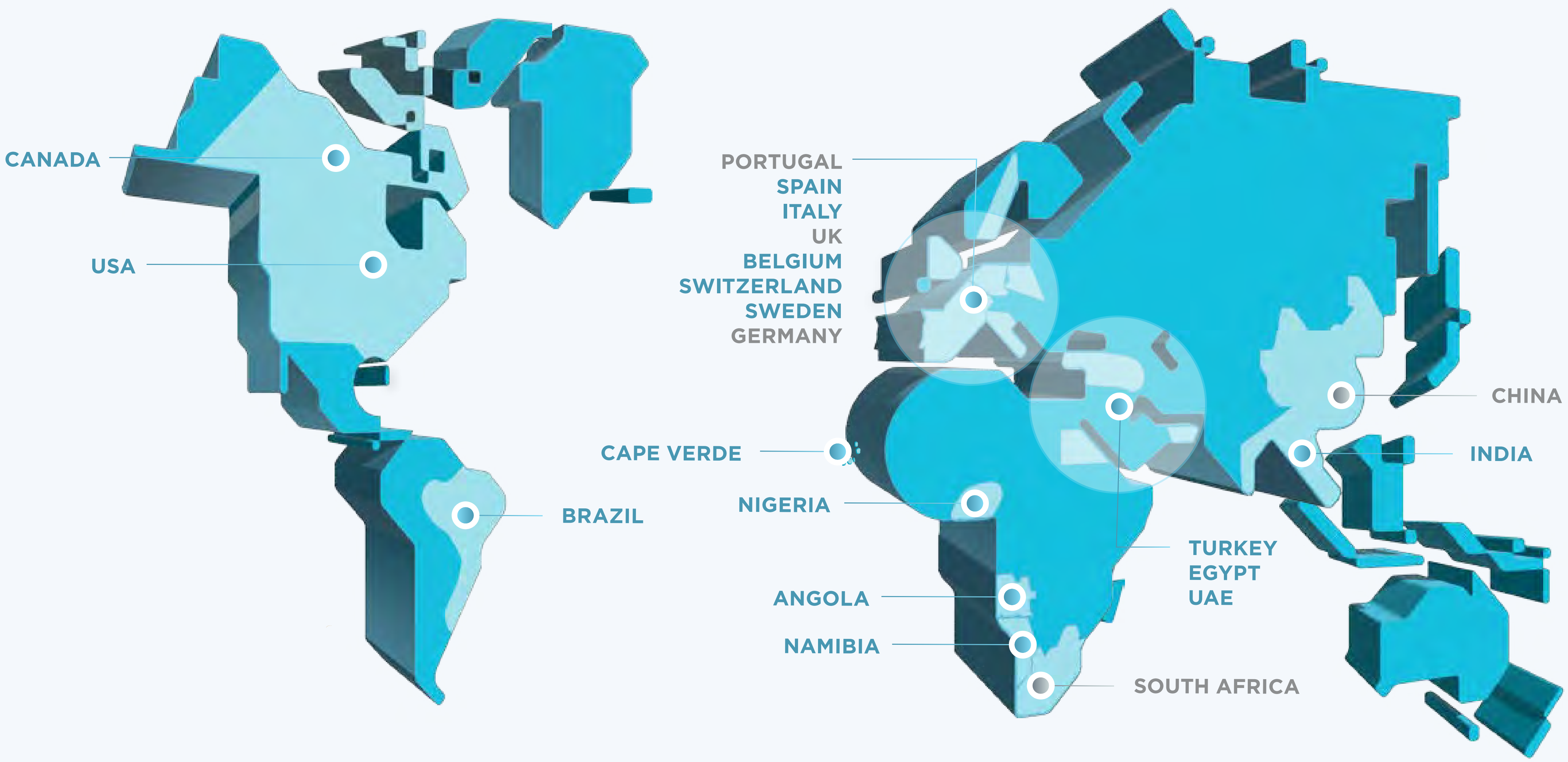
Province	Mass Market agencies	Prestige centres	Private Banking centre	SME centres	Large Corporate centres	ATLANTICO 24 hours	Banking agents' Points of Sale
CABINDA	3	1		1		1	9
ZAIRE	1			1		1	15
UÍGE	3			1		1	23
LUANDA	62	4	1	18	1	40	2 182
BENGO	2			1		1	15
CUANZA NORTE	1			1		1	16
MALANGE	1			1		1	8
LUNDA NORTE	1			1		1	6
LUNDA SUL	1			1		1	
CUANZA SUL	2			2		1	26
BENGUELA	5	2		2	1	4	27
HUAMBO	3	1		1		1	23
BIÉ	1			1		1	4
MOXICO	1			1		1	1
HUÍLA	4	1		2	1	2	29
NAMIBE	2			1		1	10
CUNENE	2			1		1	2
CUANDO CUBANGO	1			1		1	4

96 Mass Market agencies
24h 61 ATLANTICO 24 hours
9 Prestige centres
1 Private Banking centre
38 SME centres
3 Large Corporate centres
2 401 Banking agents' Points of Sale

3.5.
Partnership's ecosystem

GLOBAL COVERAGE
of our Clients' operations

26 correspondent **banks**
in **4 continents**



CORRESPONDENT BANKS

COMMERZBANK, Bank of China, Byblos Bank, UniCredit, Millennium bcp, ATLANTICO EUROPA, NOVO BANCO, Santander, mashreq, Deutsche Bank, aktif bank, Rand Merchant Bank, Nedbank, absa

PARTNERS

HEMERA CAPITAL PARTNERS, FORTALEZA SEGUROS

- Countries with correspondent banks
- Countries where ATLANTICO has commercial relations

The year 2022 was marked by imports growth and, therefore, the amount of transactions via trade finance and commercial payment operations, despite the continuing effects of the regulatory impacts registered in 2021 concerning the annulment of the limits on goods import and export procedures.

To support the business, ATLANTICO's Correspondent Network was optimized and currently has 133 correspondent banks, following the partnership with two banks based in Turkey, namely ZIRAAT BANK and TURK EXIMBANK. ATLANTICO has maintained its transactions, through active relations with 26 correspondent banks in the several lines of business, mainly in trade finance lines, commercial payments in foreign currency and treasury lines.

The importation of goods through documentary credits recorded an amount of USD 117.9 million, a year-on-year growth of 70% (2021: USD 70 million), fixing the market share (MS) at 7%.

In the exports component, the documentary credits recorded stood at USD 8.3 million, which represented a MS of 26%, corresponding to a year-on-year growth of 17% (2021: USD 7.1 million).

Commercial payments also recorded strong growth. In 2022, order of payments issued by the Bank stood at USD 3,986 million, which represents a MS of 11%, with a year-on-year growth of 66% (2021: USD 2,404 million). It was also possible to record a growth in payments received, as the exporting Customers have preferentially received the funds with ATLANTICO. Therefore, the Bank recorded the amount of USD 3,441 million, having reached a market share of 12%, a year-on-year growth of 30% (2021: USD 2,657 million).

ATLANTICO's strategy of promoting imports through letters of credit and guaranteeing the continuity of its Customers' business allowed it to obtain a new Trade Finance Line

CONSOLIDATED MS TRADE FINANCE + PAYMENTS ISSUED AND RECEIVED

11% Import operations

12% Export operations

To support the business, ATLANTICO's Correspondent Network was optimized and currently has **133 correspondent banks**, maintaining active relations with 26 banks with the institution AFREXIMBANK, in the amount of USD 10 million, to confirm and settle letters of credit.

In terms of Exports, the Bank continues to support the non-oil sector and to contribute to the country's economic development by offering solutions suited to the needs of exporting companies, which ensure support for this type of operations.

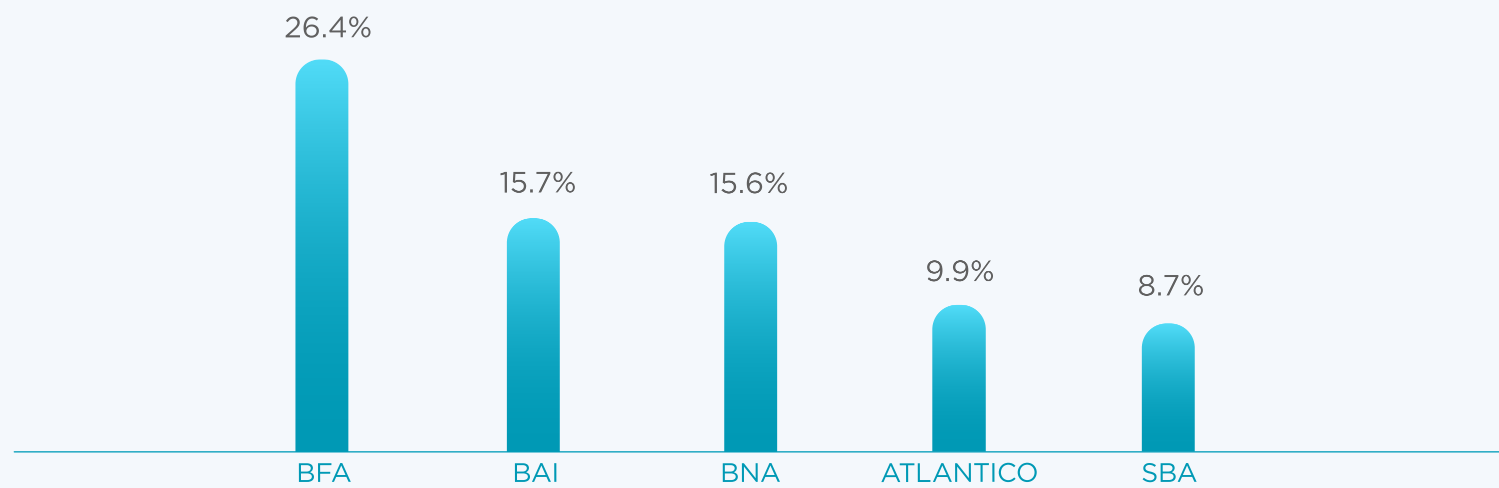
FINANCING FACILITIES

IFC International Finance Corporation WORLD BANK GROUP	**USD 50 MILLION:** Long-term financing facility for investment projects of exporting SMEs **USD 50 MILLION:** Facility for trade finance operations
COMMERZBANK	**EUR 30 MILLION:** Financing facility with an export credit agency guarantee
AFRICAN GUARANTEE FUND	**USD 5 MILLION:** Guarantee facility for credit risk hedging of SMEs
AFREXIMBANK	**USD 10 MILLION:** Trade Finance facility to confirm Documentary Credits, Guarantees and Irrevocable Reimbursement Undertaking (IRU)

Trading and Settlement Bank

As for the capital market activity, namely trading in the secondary market, the volume traded by ATLANTICO rose to AOA 223 billion in 2022, a year-on-year increase of 66.12%, representing a 9.9% MS. This performance allowed the Bank to maintain its presence in the top 5 of the largest traders in the market.

TOP 5 BODIVA MEMBERS

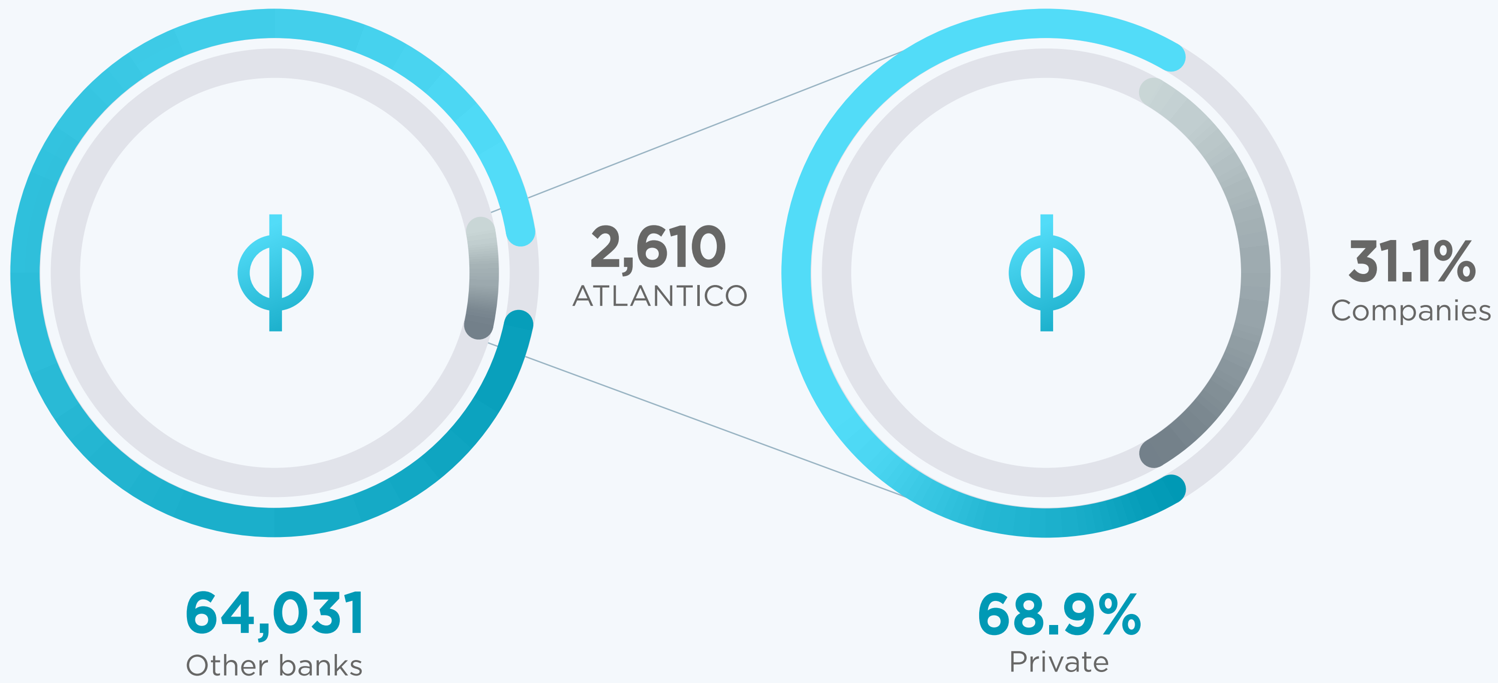


Source: BODIVA Monthly Report

The service provided by specialised trading and settlement teams, dedicated to investors, continues to drive financial literacy, support for investment decision-making, and the dissemination of securities provided in the regulated markets in Angola.

ATLANTICO also stood out by maintaining its position as the third largest bank in terms of the number of custodial accounts, with a 4% MS, having in its custody securities representing more than AOA 323 billion, segmented by Private and Corporate investors.

CUSTODIAL ACCOUNTS



As a custodian bank, ATLANTICO keeps under its custody six investment funds, namely, five funds and one investment company, being one open-end and five closed-end, with a total amount under custody of AOA 286 billion. ATLANTICO also has a Pension Fund under its custody.

ATLANTICO aims to increase its Customers' engagement in this market, as it continues to publicise and promote its services as a settlement and custodian bank, through the usual means of communication, ensuring visibility, information and the opportunity for portfolio diversification.

2022 was marked by the admission of Banco Angolano de Investimentos (BAI) and of Banco Caixa Geral Angola (BCGA) shares in the Stock Exchange Market managed by the Debt and Securities Exchange of Angola (BODIVA).

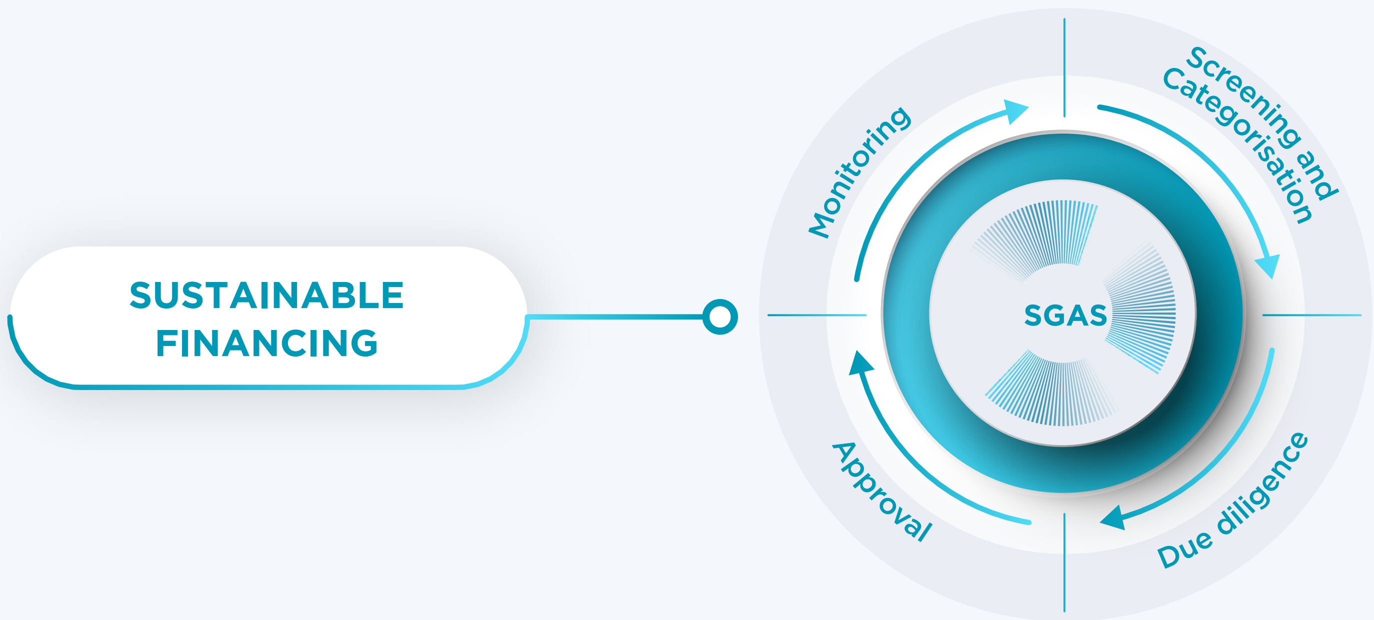
In addition, as part of the State's management of public debt, the first public debt securities swap transactions were recorded, traded at market price, with approximately USD 180 million in indexed bonds to be replaced by Non-Readjustable Treasury Bonds, with the aim of reducing the foreign exchange rate exposure.

3.6.
ESG (Environmental, Social and Governance)

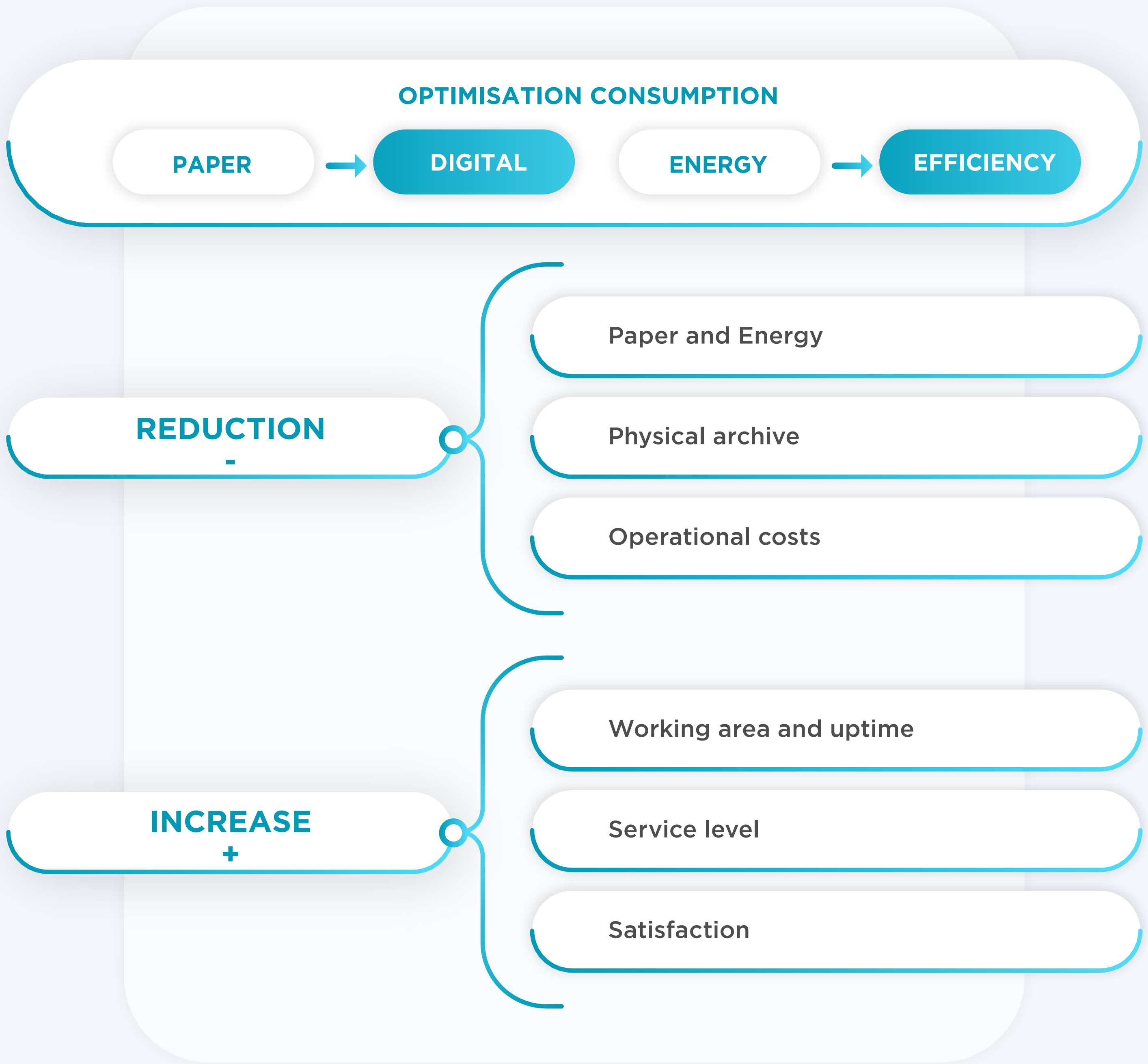
3.6.1. Environmental sustainability

The Bank believes that excellent environmental performance is a differentiating factor and a key condition for sustainable development.

Accordingly, the Bank has been working continuously on the implementation of the Environmental and Social Management System (SGAS) policy, to provide due support to sustainability projects, environmental balance and social impact, as well as to contribute to the prevention of accidents along the way that could negatively influence the materialisation of projects, maintaining the international social and environmental standards (Equator Principles).



The commitment to sustainability, based on digital transformation and in a culture of efficiency, has allowed to reach important milestones in the optimisation of consumption, resulting in significant economic gains, sustainability and productivity.



3.6.2. Social Transformation

Social transformation is a foundational pillar of ATLANTICO, with the sharing of the results of its activity with the Community in which it operates in its DNA, leaving a relevant mark on society.

Its Founders have created an Institution based on the creation of Values for Life. An Institution that generates values for its Customers, Shareholders, People and, above all, Communities.

ATLANTICO STRATEGY FOR SOCIAL TRANSFORMATION


KNOWLEDGE


ENTREPRENEUSHIP


HEALTH AND WELLNESS

ATLANTICO'S SOCIAL TRANSFORMATION ECOSYSTEM

THE IMPACT OF THE ECOSYSTEM ON COMMUNITIES

+ 29 thousand Impacted Lives

+ 2,000 Social Transformation Agents

+ 208 thousand Hours Invested in Communities

In 2022, within the scope of the Volunteer Programme "Partilhamos Valores para a Vida" ("We Share Values for Life") more than 6,600 hours were dedicated to social investment, with the involvement of around 760 Employees and the promotion of several activities with an impact on communities.

During the year, the Bank carried out a number of activities that prove and strengthen its strong sense of responsibility towards People. The collaboration with the Angola Food Bank is particularly noteworthy, namely through the distribution of donations collected by ATLANTICO families and the sharing of Talents with community support centres.

+ 6,600 Impacted Lives | **760** Employees | **+ 6,600** Hours

Food | Teaching material | Clothing | Toys

DELIVERY OF DONATIONS TO THE CHILDREN OF THE LAR DE NAZARÉ

SOLIDARITY CHRISTMAS OF NUTRITION CENTRE IRMÃS FALEZAS

DELIVERY OF DONATIONS TO THE CHILDREN OF THE FOSTER HOME LAR CONSOLADORA DOS AFLITOS

DELIVERY OF DONATIONS TO THE CHARITY OF CRIANÇA SANTA ISABEL

COLLECTION FOR THE FOOD BANK

DELIVERY OF DONATIONS TO THE LAR DE TERCEIRA IDADE DO BEIRAL

Actions have also been developed to support institutions, selected in line with ATLANTICO's social transformation strategy, with a focus on knowledge and entrepreneurship, namely through initiatives to boost agri-business, in partnership with SEIVA, and to support inclusive, equitable and quality education, with the Fundação Ulwazi and the Lar de Nazaré.

Under this strategy, ATLANTICO aims to impact on communities far beyond financial contributions, but equally through knowledge sharing and financial inclusion, targeting high levels of banking and tradability, through *400# Agiliza.

ENTREPRENEURSHIP

SEIVA

MISSION

- Foster the development of families in rural areas through initiatives with economic and social impact, supporting and following the principles of the Sustainable Development Goals (SDG) as a measurement and barometer of the impact generated.

PILLARS

ATER (TECHNICAL ASSISTANCE AND RURAL EXTENSION)	CAPACITY BUILDING	RESEARCH AND INNOVATION	LOGISTICS AND FARETRADE
Support for the sustainable development of agricultural production by rural families	Development of technical and institutional skills of local partners	Conceptualisation, testing and development of local solutions and challenges	Creation of agri-food value chain links, with a focus on the rural environment

KNOWLEDGE

Ulwazi
AN AFRICAN INITIATIVE FOR EDUCATION

MISSION

- Promote the construction of the Knowledge Society as a criterion and pillar for sustainable social and economic development

LINES OF ACTION

THE PERSUIT OF EXCELLENCE	STRUCTURING ACTION	A CATALYST FOR INNOVATION	A SKILLS FACTORY FOR EDUCATION
Ulwazi contributes towards positioning Angola and Africa at the frontier of Knowledge in the Education sector	Ulwazi is an active partner in the definition and implementation of education policies and strategies	Ulwazi is an accelerator for innovation and new models of education	Education plays a fundamental role in preparing for the future. But it is also essencial to prepare the future of Education

LAR DE NAZARÉ

MISSION

- Help orphaned children in extreme poverty, aged 3 to 14, and outside the education system, by providing better living and learning conditions
- Permanent shelter for girls at risk

DOMBE 4.0
PROJECTO INTEGRADO

ENTREPRENEURSHIP

SEIVA

OBJECT

- Enhance models of inclusive development based on rural property
- Supporting rural households through training programmes
- Technical assistance and agricultural management
- Promoting production and the rural community in the formal market
- Attracting young Angolans to the primary sectors

IMPACT

1,087 lives impacted (including 281 farmers directly)

433 hectares of production areas

368 tons of total bean production

29 tons of bean seeds

Banking of communities (*400# Agiliza).

SCOPE OF ACTION

- Rural households in Dombe Grande Commune, Benguela province.
- The aim is to replicate the model to other regions of the country.

KNOWLEDGE

SEIVA
SEIVA TALKS

IMPACT

6 Webinars

34 Speakers

+ 500 Particupants

+1,500 Hours invested

Ulwazi
AN AFRICAN INITIATIVE FOR EDUCATION

KNOWLEDGE

UNIDOS PELA EDUCAÇÃO

4 EDUCAÇÃO DE QUALIDADE

OBJECT

1. **Teachers:** train teachers so they can provide quality teaching that contributes to the integral development of each student
2. **Shool Managers:** train school managers to promote the efficient management of resources
3. **Infrastructures:** help improve and maintain key infrastructures for the proper functioning of the schools involved in the project
4. **Students:** promotion of Student-centred learning, supporting the training of students as agents of transformation towards global citizenship

IMPACT

- **+ 690** hours of monitoring of Pilot Schools
- **4** Trainers
- **240** Trained Managers
- **400** Trained Teachers
- Potential impact of **21,000** Students

SCOPE OF ACTION

- **4** Provinces
- **8** Pilot Schools
- **3** Schools Targeted

In the pillar of entrepreneurship, ATLANTICO also has a partnership with Hemera Capital Partners, and is an initial investor in the Dual Impact Fund, the first impact fund in Angola. This is a specialized vehicle to support startups and SMEs that focuses on investing in projects that offer potential financial return allied with the resolution of social problems.

ENTREPRENEURSHIP

DUAL IMPACT FUND

OBJECTIVES

- Contribute to the development of the Angolan business system, supporting companies to incorporate sustainability and impact criteria into their mission
- Be a source of funding for startups and SMEs
- Create impact with financial, social and environmental return

SCOPE OF ACTION

- Affordable Housing
- Agriculture
- Logistics
- Financial Services
- Industry
- Energy & Utilities
- Health Care
- Education

FEATURES

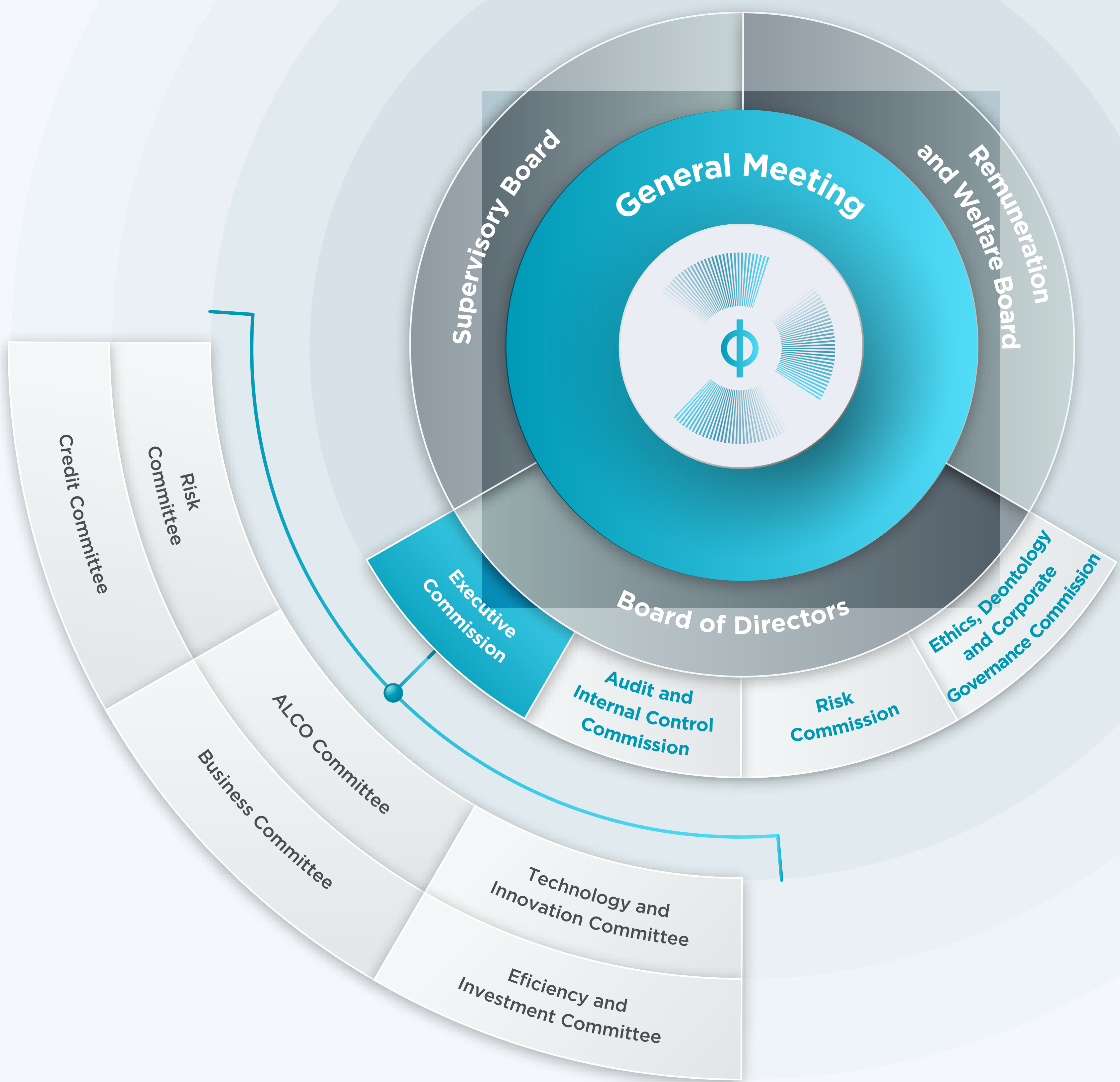
AOA **3.1 billion** under management
Objective: AOA **10 billion**

10 years
Fund Maturity
5-year investment period

AOA **30 million** – AOA **600 million**
Investment per project

3.6.3. Governance

Governance model

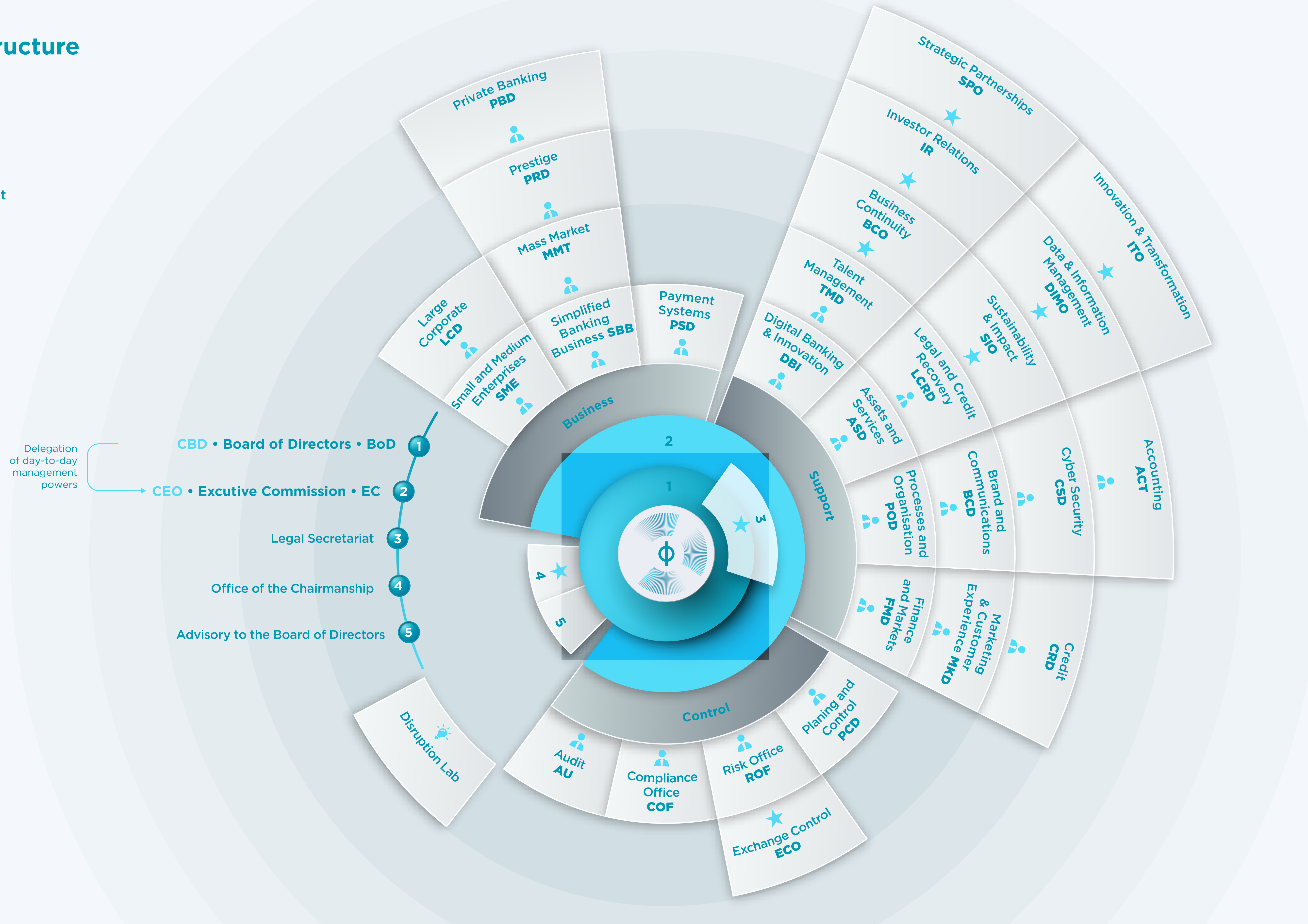


Composition of the governing bodies

	Board of Directors	Executive Commission	Audit Commission	Risk Commission	Ethics, Deontology and Corporate Commission	Supervisory Board	Remuneration and Welfare Board	General Meeting Board
António Assis de Almeida	●							
Daniel Santos	●			●				
Miguel Pessanha	●		●					
Elpídio Neto	●		●		●			
Paulo Tomás	●			●				
José Carlos Burity	●		●		●			
Madalena Neto	●		●					
Vanessa Mendonça	●			●	●			
Miguel Alves	●	●						
Éder Sousa	●	●						
Patrícia Gabriel	●	●						
João Mendonça	●	●						
Isabel Espírito Santo	●	●						
Mauro Neves	●	●						
Catarina Souza	●	●						
António Frutuoso de Melo							●	
José Wanassi							●	
Manuel Aguiar							●	
Nuno Teodósio de Oliveira						●		
Nélson Teixeira						●		
Guilherme Frutuoso de Melo						●		
José Dordio						●		
Cristina Ferreira						●		
João Manuel Pedro								●
Fernando Magarreiro								●
Patrícia Dias								●

Organic structure

Department
Office
Autonomus Unit



Executive Commission

Members and Areas of Responsibility

* The replacement order presented should only be applied in cases where the absent/prevented Board Member has not had the opportunity to directly appoint his replacement, with due caution regarding potential conflict of interest situations.

The CEO and the Deputy Chairman may adjust the appropriate division of areas of responsibility among themselves whenever one of them is absent/prevented from performing duties.

** Hierarchical reporting, with functional reporting to the Chairman of the Audit and Internal Control Committee for Compliance Office and Internal Audit, and to the Chairman of the Risk Committee for Risk Office.

João Mendonça • Member
Chief Marketing Officer **(CMO)**

- Marketing & Customer Experience • MKD
- Brand and Communications • BCD
- Credit • CRD
- Strategic Partnerships • SPO

COO and CBO-R*

Isabel Espirito Santo • Member
Chief Business Officer **(CBO) - Retail**

- Mass Market • MMT
- Prestige • PRD
- Simplified Banking Business • SBB
- Small and Medium Enterprises • SME

CBO-C and CMO*

Patrícia Gabriel • Member
Chief Operating Officer **(COO)**

- Assets and Services • ASD
- Cyber Security • CSD
- Digital Banking & Innovation • DBI
- Business Continuity • BCO

CMO and CBO-C*

Miguel Raposo Alves
Chairman of EC
Chief Executive Officer **(CEO)**

- Talent Management • TMD
- Innovation & Transformation • ITO
- Sustainability & Impact • SIO
- Investor Relations • IR
- Disruption Lab • LAB

CRO and CFO*

Éder Sousa
Deputy Chairman of EC
Chief Financial Officer **(CFO)**

- Legal and Credit Recovery • LCRD
- Accounting • ACT
- Planing and Control • PCD
- Finance and Markets • FMD

CRO and CEO*

Catarina Souza • Member
Chief Risk Officer **(CRO)**

- Compliance Office • COF**
- Audit • AU**
- Risk Office • ROF**
- Processes and Organisation • POD
- Data & Information Management • DIMO
- Exchange Control • ECO

CEO and CFO*

Mauro Neves • Member
Chief Business Officer **(CBO) - Corporate**

- Large Corporate • LCD
- Private Banking • PBD
- Payment Systems • PSD

CBO-R and CMO*

- Department
- Office
- Autonomus Unit
- Replacement

3.7. Risk management culture

ATLANTICO sees risk management as a central element of its strategic vision, supporting this area through a structure of collegiate bodies composed of Committees and Commissions independent from the other governance structures. Thus, the area of risk management is independent of the risk-generating areas and provides decision-making and control mechanisms directly dependent on the Bank's Board of Directors.

In hierarchical terms, the Risk Office reports directly to the Board of Directors, thus guaranteeing the necessary autonomy and independence as an internal control function, however, and for operational efficiency in daily management, it reports to the Executive Commission.

The Bank's risk management is carried out in accordance with strategies and policies defined by the Board of Directors, with the respective delegation of powers to the Executive Commission, and the Risk Office function is assigned to a Director without direct responsibility for the commercial departments. The Risk Office is responsible for the implementation of strategies and policies defined.

On the organisational side, it is important to stress the importance of the Risk Management Committee, in which two Directors participate, as well as those responsible for the Departments that manage and control financial (credit, interest rate, exchange rate, liquidity and solvency) and non-financial risks (namely operational risk, compliance risk, reputational risk and information systems risk).

In order to strengthen the independence of the control functions, a Risk Committee has also been set up, with powers delegated directly by the Board of Directors and independent from the Executive Commission. This Committee is presented with various information on risk management, and on the planning and results of the main activities carried out. It is responsible for monitoring the general level of risk assumed by ATLANTICO and controlling its management process.

Risk management is articulated with the actions of other bodies, namely the ALCO Committee, the Credit Committee, the Business Management Committee and the Technology and Innovation Management Committee.

The main committees involved in risk management are presented below:

Risk Management Committee – is the collegial body responsible for supervising the credit, market, liquidity, solvency, and operational risks. It is responsible for the monitoring, assessment and proposal of measures to correct deviations from the policies and limits defined for the various types of risk. It meets on a quarterly basis.

Assets and Liabilities Committee (ALCO)– responsible for deciding on structural measures to bring the balance sheet into line with the Bank's strategy and objectives, and for analysing and discussing the evolution of the main balance sheet indicators. It meets on a quarterly basis.

Credit Committee – it is the body with intervention in credit risk management. Its main responsibilities are to decide on all operations submitted to it in accordance with current credit policies and rules, which are embodied in specific regulations. It meets on a weekly basis.

Main events in 2022

The year 2022 was a demanding period that forced the banks to make internal adjustments in order to comply with the requirements imposed by the package of new regulations, in line with the project of prudential equivalence that the Banco Nacional de Angola (BNA) has been implementing since 2020, in addition to the regulatory requirements already in force. In this scope of action, the following were the most significant events held during the period:

1. Conducting annual stress tests as at 31 December 2021, including scenario analysis and reverse stress tests, in accordance with Instruction No. 02/2017. From the results obtained, it was found that, even in the event under stress, the Bank remains in compliance with the required regulatory capital and liquidity ratios in the time horizon of 2022 to 2024.

2. Presentation of the main findings on the internal liquidity adequacy assessment and internal capital adequacy assessment processes (ILAAP and ICAAP), detailing the governance model, methodologies for determining capital requirements and assessing liquidity, with the results obtained confirming the adequacy of current levels over a three-year horizon, i.e. until 2024;

3. Review of the haircuts applicable to credit guarantees with State risk;

4. Internal review and adaptation of the tools to comply with the new requirements in the framework of prudential reporting related to Notice No. 08/2021, with the first report having been prepared on 4 May 2022, with reference to 31 March 2022;

5. The Bank's response to Letter 312/DSB/2022 (Phase 1 – Collection of Information – SREP 2021), dated 11 May 2022, regarding the request for additional information under the Supervisory Review and Evaluation Process (SREP) for the 2022 Supervisory cycle;

6. The Bank's response to the request for information on the action and implementation plan for standardized stress testing under Instruction No. 03/2022, of 29 March, on Stress Testing and Directive No. 02/DSB/DRO/2022, of 29 March, on Standardized Stress Testing for Supervisory Purposes;

7. Monitoring of compliance with Notice no. 10/2020 – Lending to the Real Sector of the Economy and its impact on the reserve requirements to be constituted in national currency, within the scope of liquidity risk management;

8. Preparation for the start of the financing process according to Notification No. 09/2022 – Lending for housing and construction;

9. Adequacy to adjustments and changes in reporting to the BNA's Credit Risk Information Centre (CIRC 3.0 project);

10. Monitoring and reporting to BNA on the credits granted to the Holders of Qualified Shareholdings within the scope of the provisions of Directive No. 05/DSB/DRO/2020;

11. Monitoring and reporting to BNA and the Bank's management on the evolution of the credit exposures of Customers intervened by the State or subject to seizure of assets and shareholdings;

12. Process of continuous improvement for the implementation of workflow for the credit decision process and risk scoring in the private Customers component, which supports differentiated models by credit product and type of Customer;

13. The Bank's response to the request for information to assess the level of implementation of Notice No. 01/2022 on the IFB Corporate Governance Code and Notice No. 08/2021 on Prudential Requirements, Own Funds, Supervisory Process and Risk Management and Market Discipline;

14. Based on Directive No. 02 /DSB/DRO/2020 – Guidelines on Management of Non-Performing Exposures (NPE), Restructurings and Foreclosed Assets in lieu of Payment, presentation to the BNA of the action plan and objectives in the framework of the management of NPE, together with the quarterly reports required by the same regulation;

15. Participation in Multilateral Bank due diligence processes and management of covenants for already approved facilities, namely through the preparation of periodic reports on credit, liquidity and solvency information and explanations on the quality of assets in line with the risk profile defined for the Bank;

16. Continuous improvement processes with a focus on reconciliation and information quality and automation of integrations between critical systems for credit risk, liquidity, solvency and interest rate assessment and automation of the production of critical reports in the month-end closing process, as well as implementation and automation of the changes resulting from the new regulations of Notice No. 08/2021 with a view to continuous improvement of the reporting processes in the area of information quality and reduction of the time to maturity;

17. Carrying out the annual review of the catalogue of 41 processes mapped and monitored on the basis of the operational risk management model implemented by ATLANTICO;

18. Development of a project to implement the cybersecurity risk management model and integrate it into the operational risk management model approved by the Bank;

19. Implementation of a communication plan within the scope of Operational Risk Management, promoting a risk culture and a more active participation of the first line of defence in the management model.

3.7.1. Risk Profile

The principles of risk governance in financial institutions, established by BNA Notice No. 7/2016, are based on the essential principle that "given that the acceptance of risk is a key part of their activity, they must find a balance between the risks they are willing to take and the returns they expect to achieve, in order to ensure a sound and sustainable financial situation". In ATLANTICO, since its implementation in 2017, the risk profile is reviewed annually and approved by the Bank's Board of Directors at the same time as the budget is approved. The last review of the Risk Profile was approved in December 2022.

The Risk Office is responsible for monitoring the risk profile, communicating the main results and conclusions, advising the Executive Commission and the Bank's Board of Directors on the review and periodic updating of the risk profile, and assessing the corrective actions or measures to be taken in the event of non-compliance with the established limits that may condition or adversely affect the Bank's operations.

Formal reporting to monitor the risk profile is done at least quarterly by the Risk Commission and the Risk Management Committee, with monthly presentation of the results to the Executive Commission and the Board of Directors. Whenever any of the indicators calculated at a lower frequency are outside the established limits, it is duly communicated so that the mitigating actions may be established and implemented in a timely manner.

The limits that make up ATLANTICO's risk profile are established on three levels, deriving from them the responsibilities for communication and the development of corrective measures. The three levels are:

The Risk appetite – it reflects the level of risk for which ATLANTICO is prepared and is willing to accept, taking into account its strategy and its financial capacity to assume losses.

The definition of a tolerance zone – makes it possible to establish a timely warning system and trigger corrective measures before the Bank reaches its maximum risk taking capacity.

The capacity limit – it refers to the maximum amount of risk that the Bank is prepared to accept in the course of its business without undermining its stability, positioning and solvency.

3.7.2. Credit risk

Credit risk management is based on a set of policies and guidelines established according to the business strategies and risk profile of the Institution. It is reviewed regularly and whenever necessary.

Credit granting – it is developed and based on regulations and standards, which are regularly reviewed and regulate the activity and clearly establish the delegation of powers, both in value and profitability, according to the implicit risk of Customers, segments and operations.

Credit monitoring – it is the responsibility of all those involved in the credit process, and in particular the commercial areas, which must ensure the provision of all information regarding the Customer, capable of translating a change in the solvency conditions.

Credit risk measurement – it involves the follow-up and controlling of the evolution of the Bank's portfolio exposure to credit risk and implementing mitigation actions to preserve credit quality and defined risk limits.

3.7.3. Market and liquidity risk

The main players involved in the daily management of Market and Liquidity Risk are the Finance and Markets Department and the Risk Office. The Finance and Markets Department is responsible for selecting and carrying out transactions with the market and for the daily management of liquidity, within the limits defined in the Bank's risk profile. The Risk Office is responsible for the identification, measurement and monitoring of risks, always ensuring that the defined limits are met.

The Risk Management Committee and the ALCO Committee are the bodies responsible for overseeing these risks and are responsible for monitoring, assessing and proposing measures to correct deviations from management policies and limits set for liquidity and market risks (foreign exchange and interest rate).

Liquidity Risk – the assessment of liquidity risk is based on the calculation and analysis of indicators that allow the Bank's liquidity situation to be identified for short-term horizons. The monitoring of current and structural liquidity levels, according to the amounts and deadlines of commitments and resources in the portfolio, is carried out through the identification of liquidity gaps, for which exposure limits are defined. These indicators are based on the distribution by time bands of the flows of existing liabilities and assets at the date of the analysis, according to pre-established assumptions.

ILAAP (Internal Liquidity Adequacy Assessment Process)

In accordance with Instruction No. 11/2021, published by Banco Nacional de Angola on 21 June 2021, banking financial institutions that carry out credit activities must ensure and be able to demonstrate that they have an internal process that allows them to identify, measure, manage and monitor their liquidity risk.

The purpose of the internal liquidity adequacy assessment process (ILAAP) is to provide a risk management tool for the Bank to ensure that internally defined limits on liquidity risk are met, and that the operational and governance processes for managing and controlling these limits are adequate.

The ILAAP reporting performed on 30 April 2022, with reference to 31 December 2021, demonstrates compliance with the above limits and summarises the main outcomes of the self-assessment carried out, including the Bank's opinion on its current liquidity positions on an individual basis, and its ability to cover the risk to which it is or may be exposed, as well as the measures to be used to ensure that adequate liquidity levels are maintained or restored.

Interest Rate Risk – the assessment of interest rate risk is carried out through a risk sensitivity analysis process carried out for the operations comprising the Bank's balance sheet. The interest rate risk is calculated by classifying all assets, liabilities and off-balance-sheet items in the banking book which are sensitive to interest rate movements, by marginal maturity bands of interest rate reset. The Bank analyses daily the main reference rates of the national and international markets, namely LUIBOR, EURIBOR and LIBOR, in order to assess the risk inherent to assets and liabilities sensitive to interest rate changes.

Exchange Rate Risk – ATLANTICO monitors its exposure to foreign exchange risk by monitoring and revaluing on a daily basis the exposure of the global open positions taken in the various currencies and adopts global hedging strategies to ensure that these positions remain within the limits approved by Management. The Bank's assessment of exchange rate risk is based on the definition and control of limits established for short and long term foreign exchange exposure and its relationship with Own Funds. In addition to monitoring exchange position and exposure and comparing it with the limits established by the Bank, the Risk Office is responsible for preparing stress tests in which it assesses the impact of any exchange rate appreciation or devaluation on the Bank's asset structure, results and solvency ratio.

3.7.4. Solvency risk

The calculation of regulatory own funds and solvency ratio is performed and reported by ATLANTICO, since January 2018, based on the new regulatory package published by BNA in April 2016. In accordance with the new regulatory package, with emphasis on Notice No. 08/2021, the Bank is proceeding with the revision of the Pillar 1 and Pillar 2 requirements and the Combined Reserve Requirement. As a result, new methods will be used to determine regulatory own funds and the global own fund ratio.

The Bank has a preventive approach to solvency risk management:

- The Risk Profile defines minimum limits for the solvency ratio from which the Risk Office performs interim calculations to measure the impact of the evolution during the month of the main balance sheet items on the value of the ratio, reconciling it with events detected in the management of other risks, namely credit, foreign exchange rate, liquidity and operational risks.

- Investment or disinvestment operations, as well as credit granting or settlement operations, which have significant volumes are previously assessed by the Risk Office for their impact on the Bank's solvency – through profit or loss and capital consumption.

The final amount and detail of the Regulatory Own Funds and Regulatory Solvency Ratio calculation performed by the Risk Office are included in the monthly earnings presentation to the Executive Commission and Board of Directors. Analysis and projections are regularly presented to the Risk Management Committee.

The impacts on the Solvency Ratio resulting from stress tests, as well as other ratios that relate exposure to a certain risk to the level of the Bank's Own Funds are reported to the Board on a regular basis.

ICAAP (Internal Capital Adequacy Assessment Process)

As defined by the BNA in Instruction No. 12/2021, of 21 June 2021, banking financial institutions shall have in place sound, effective and comprehensive strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that they consider adequate to cover the nature and level of risk to which they are or might be exposed, in order to ensure the viability of the business, maintaining adequate levels of capitalisation and carrying out sound and prudent risk management. The process should be forward looking and should consider the Institution's strategy, risk appetite and the influence of macroeconomic factors. Accordingly, Institutions must have the ability to demonstrate to the relevant authority that their ICAAP is sound, effective and comprehensive.

The ICAAP with reference to 31 December 2021 was carried out by the Bank on 30 April 2022 at a consolidated level (Bank and investment funds in which it is the majority shareholder) and will have as its main objectives:

- Promote ICAAP as a tool to support strategic decision-making;
- Promote a risk culture that encourages the participation of the entire organisation in the management of internal capital (Board of Directors, Executive Commission, Business Areas and Internal Control functions);
- Ensure the adequacy of internal capital in relation to the risk profile and business and risk strategies;
- Ensure the proper identification, quantification, control and mitigation of the material risks to which ATLANTICO is exposed;
- Ensure adequate documentation of demonstrated results by strengthening the integration of risk management processes into ATLANTICO's risk culture and decision-making processes; and,
- Provide for a contingency plan to ensure the management of the business and the adequacy of internal capital in the event of a recession or crisis.

Strategy and ESG risk – measures the probability of a negative impact occurring on income or capital resulting from the inability to fully implement the business strategy and to dynamize and adapt to market changes. Strategic risk includes the Environmental, Social and Governance (ESG) sub-risk arising from climate change and its impact on society, government, regions of the planet and ecosystems.

3.7.5. Operational Risk

The operational risk management model is based on a process-based approach, with an end-to-end perspective of the product and service value chain in operational risk management and allows the identification of potential risks and assessment of the impact of improvements.

Aware of the importance of effective monitoring and control of operational risk and in order to achieve the proposed objectives, ATLANTICO has designated persons in charge of operational risk management for each process – the process owners. The profile of these persons in charge includes a strong command of the themes of their area of intervention, namely in terms of knowledge of business processes and capacity to suggest risk mitigation measures and increase efficiency, ensuring the recording and monitoring of all events that may lead to financial losses.

The responsibility of the Organic Units and process owners in the identification and active management of operational risk is key to the methodology.

ATLANTICO's operational risk management model is based on three main instruments:

- Gathering information on losses resulting from operational risk events;
- Risk self-assessment meetings which allow the Bank to take a qualitative approach to identifying potential risks through an analysis of the materialisation of losses in the process, considering the worst scenarios in each category of risk and defining the strategy and action plans for reducing the risk inherent in each process to the maximum acceptable level of risk;
- Identification and quantification of Key Risk Indicators (KRI), metrics that alert to changes in the risk profile or effectiveness of process controls, allowing the preventive launch of corrective measures.

The three operational risk management instruments are developed based on 20 risk categories, defined by the Bank in accordance with the recommendations of the BNA in Instruction No. 28/2016 and the guidelines of the Basel Committee, and grouped into the following categories:

- People risks;
- Information systems risks;
- Process risks;
- External risks;
- Organisational risks.

It is evident from the categories presented that ATLANTICO's operational risk management also covers compliance and information systems risks, including cyber threats. Reputational risk is assessed in the annual self-assessment exercises and is also included in the management model.

ATLANTICO's operational risk management also covers **compliance and information systems risks, including cyber threats.** Reputational risk is assessed in the annual self-assessment exercises

3.7.6. Cyber Risk

The accelerated transformation of the global environment coupled with the growing trend of adoption of services made available through the Internet due to the Covid-19 pandemic has recorded an evolution with a very significant impact on cyber operations due to the changes observed from geopolitical issues. The Russia-Ukraine conflict reshaped the threat landscape, with interesting changes such as: significant growth in hacktivism, cyber actors in joint operations with military actions, cybercrime, and intervention by nation-state group actors during the said conflict.

Worldwide, there is a cybercrime alert once every 17 seconds. However, it takes approximately 200 days for companies to realize that they have been attacked. 2022 was one of the most challenging years for cybersecurity, as cybercriminals have shown that they are a challenge to governments, users and a threat to all sectors in general, with maximizing financial gain, espionage, disruption and ideological issues as their primary motivations. One picture that illustrates the cyber risk landscape well is the rising global average cost of data breaches, which has reached an all-time high of USD 4.35 million for Organizations.

Digitally, we are overwhelmed, both at the user level and at the level of public and private organizations – regardless of their size – that are migrating their activities to digital, which translates into a significant increase in increasingly sophisticated cyberattacks.

ATLANTICO, with a clear vision of this reality and context, has focused its activity in line with the initiatives defined in the cyber risk management strategy and in the creation of skills that allow the Bank to manage this discipline in line with industry best practices.

Regulatory positioning has changed with respect to cybersecurity, with a more incisive interaction observed around standards such as Notice no. 8/2020 and Directive no. 05/DBS/DRO/2022. This positioning requires banks to become better at systematizing cyber risk. Anticipating this need for systematization, in 2021, ATLANTICO defined a cyber risk management framework that allows timely knowledge of the main threats, resulting in about 188 systematized control activities by last year.

The Bank adopts a three-layer defence model, consisting of the First, Second and Third lines. The First line includes individuals who are part of an ongoing training and awareness programme, and as part of this programme, approximately 21,000 simulations and 34 pieces of training content were shared, resulting in an engagement level of approximately 85.4%.

Governance model for cybersecurity risk management

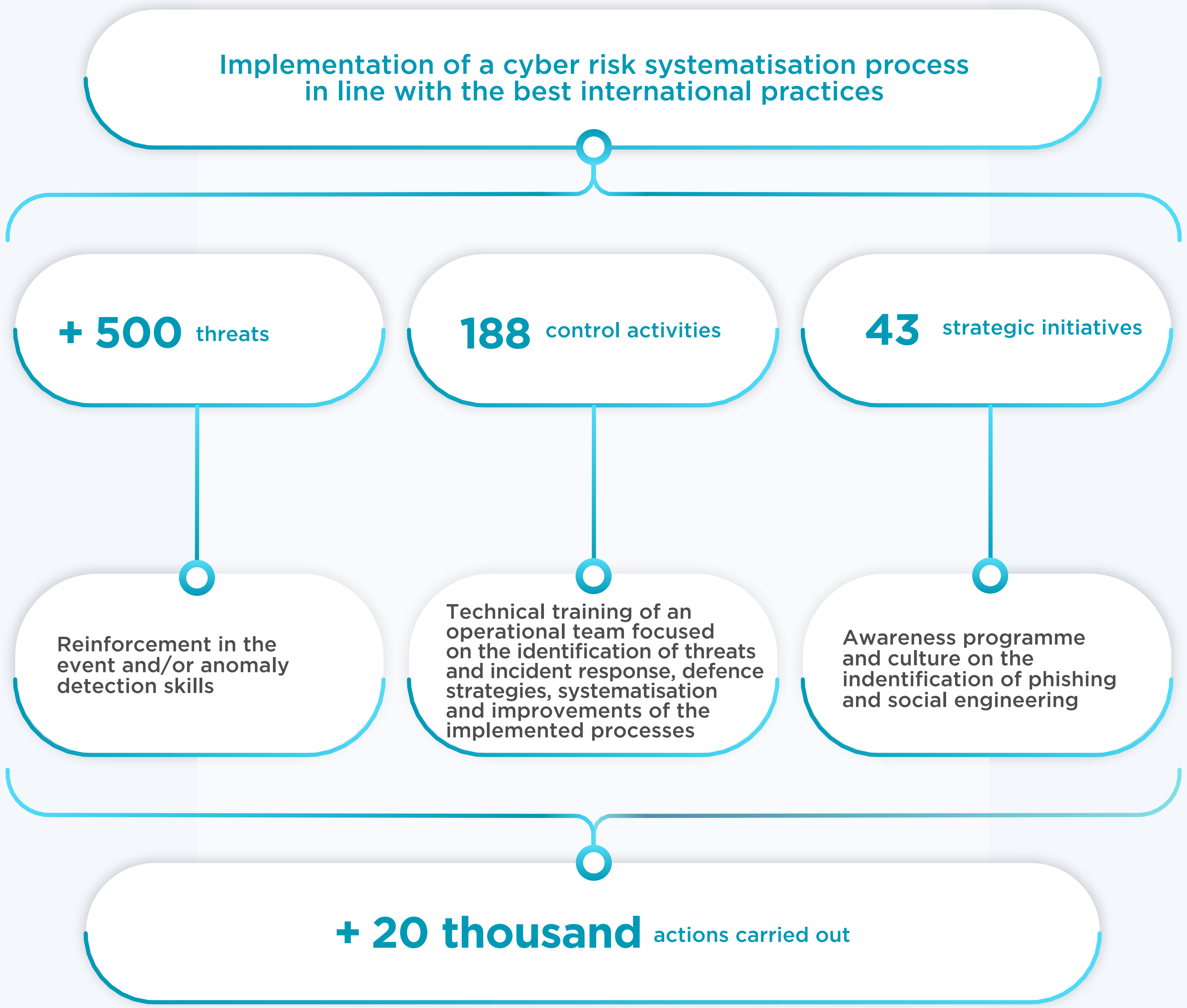
A cyberattack can affect the ability to operate and bring high financial costs and short and long-term consequences, thus affecting the reputation of brands for a long time, even after the breach has been resolved.

In response to the ever-evolving nature of cyber challenges and threats, and the increasing challenge of managing and mitigating them, the first cybersecurity risk assessment was conducted following the framework implemented. The main stages of the project were as follows:

1. Definition and formalisation of the framework;
2. Cybersecurity risk analysis;
3. Continuous monitoring of cybersecurity risk.

Considering the technical specificity of the cybersecurity risks and the control mechanisms assessed, the Risk Office works in collaboration with the Cyber Security Department (CSD), subject-matter expert, in assessing and monitoring cybersecurity risks and defining a governance model of the cybersecurity risk management framework that includes:

1. Organisation, roles and responsibilities over the framework, namely considering the involvement of the Risk Office, as the owner of the operational risk management system, and of CSD, as Subject Matter Expert.
2. Communication of a cybersecurity risk culture;
3. Risk-based control procedures and mechanisms for periodic review of the Organisation's risk framework and/or assessment.



3.7.7. Compliance

The compliance activities focus on the promotion, definition, approval and implementation of policies and processes aimed at ensuring that management bodies, functional structures and all Employees comply with the legislation, rules and regulations (internal and external) that guide the Bank's activities.

These standards make it possible to carry out appropriate compliance risk management at the strategic and operational levels and avoid the risk of the Institution incurring legal or regulatory sanctions and financial or reputational losses arising from failure to comply with laws, codes of conduct and rules of good business practice and duties to which it is subject.

Compliance performs its functions autonomously, independently and permanently, with total and free access to the Bank's internal information.

ATLANTICO's management model is based on the Policy on Prevention and Detection of Money Laundering and the Terrorist Financing and the Proliferation of Weapons of Mass Destruction, the Policy on Identification and Acceptance of Customers and the Policy on Sanctions, which define the activities aimed at carrying out of operations and the identification and acceptance of their players, as well as the control activities carried out by the areas of execution, Compliance and Internal Audit.

The Compliance function is based on two major units that complement each other: AML and Compliance.

AML (Anti-Money Laundering): responsible for monitoring all anti-money laundering and terrorist financing activities on a national and international basis with Correspondent Banks.

The key functions in the performance of this activity are:

- Defining rules, procedures and criteria for action in accordance with the legal standards associated with the processes of opening accounts;
- Strengthening the filtering process of Customers and operations;
- Ensuring an assertive Customer monitoring and acceptance process;
- Comply with the legal requirements associated with the closure of accounts;
- Ensuring the implementation of tools capable of identifying suspicious operations under the terms of the legislation;
- Parameterise a Customer risk matrix that guarantees the respective classification of the Customer risk level;
- Comply with the obligation to report to the relevant authorities; and
- Ensuring compliance and updating of KYC (Know Your Customer), KYT (Know Your Transaction), KYB (Know Your Business) and KYCC (Know Your Customer's Customer) policies and processes within the corresponding banking relationship.

In this context, the AML Unit took due care of **1,642** high-risk **Customers**, with no true positives or Customers who, due to their complexity, could jeopardise the Bank's reputation.

For the purposes of analysis, assessment and rating of the Customer's risk level, ATLANTICO has robust and automated tools that guarantee the daily rating of the risk, screening of its Customer database against sanction lists and PEP (Politically Exposed Person), namely: OFAC – Office of Foreign Assets Control, BOE (Official State Gazette – Spain), EU (European Union), PEP, UN (United Nations), HM Treasury (UK's Economic and Finance Ministry). These lists are incorporated in Dow Jones Risk & Compliance, Firco Continuity and Trust.

Taking a 360º view of the process of research, analysis and monitoring of Customers and operations, the Bank has implemented the following tools to prudently mitigate the risk of Money Laundering, Terrorist Financing and the Proliferation of Weapons of Mass Destruction:

- **EAGLE —** it's an AML tool, which has three modules, which provide a 360º view of the Customer profile in terms of KYC, KYT, KYCC and KYB. These modules are: risk matrix, Customer screening and AML rules for transactions. EAGLE also allows ATLANTICO to collect all the documentation the Bank deems important to include in the analysed alert or Customer profile.

- **FIRCO TRUST —** daily screening tool of the Bank's database for existing and pre-existing Customers, which includes ACCUITY's sanctions lists in an online database, such as: OFAC, PEP, HMT, BOE, UN and EU.

- **FIRCO CONTINUITY —** transaction screening tool, based on the logic of checking the originator of the transaction, the jurisdiction of origin and destination of the transaction and the recipient of the transaction. It includes ACCUITY's listings.

With regard to the collaboration and reporting obligation, the Bank reported to the Financial Intelligence Unit, in 2022:

13,023 Operations associated with cash transactions, exchange of different currencies, settlement of cheques and securities

44 Operations suspected of crimes underlying money laundering practices

7 Unsolicited communication

1 Sanctioned entity

Compliance: responsible for ensuring legal compliance of the Bank's processes, procedures and policies in line with legal standards, identification of internal and external factors with operational and reputational impact; preparation of the Compliance and AML training programme.

In 2022, as part of its responsibility to align processes and ensure full compliance with standards, Compliance participated in the updating, drafting and approval of:

130 Processes across the Bank

It has also disseminated and ensured the implementation of the necessary measures in relation to the publication of regulatory and legislative bodies' regulations.

Under the licensing of banking products and services in accordance with the provisions of BNA Circular Letter No. 01/DCF/2020 of 23 April, combined with Notice No. 03/2015, Compliance participated in the preparation and licensing of four (4) products, carried out the submission of three subscription forms and technical information sheets for financial products and services and one advertisement with the Regulator in the reporting period. It also monitored compliance with regulatory reports and took actions to mitigate the risk of non-compliance with regulatory deadlines.

Compliance performs its functions **autonomously, independently** and **permanently**, with total and **free access** to the Bank's internal information

3.7.8. Internal Audit

Internal Audit maintained a continuous focus on delivering an independent and objective service, aimed at adding value, improving operations, and advising the Board of Directors on the achievement of objectives, as determined by Article 37 of Notice No. 01/2022 of 28 January 2022 and ratified in its Internal Regulation, approved by the Board of Directors, which defines its mission, powers and responsibilities.

The definition of the strategic guidelines of the internal audit function is the responsibility of the Board of Directors, under the supervision and monitoring of the Audit Committee.

Considering global expectations, as well as economic and political uncertainties, technological advances, disruptions in business models, cyber threats and continuous regulatory movement, the Audit Department (AU) remains vigilant to each step of the Bank's and the market's growth and development. Although the challenges are increasing, the AU's operating model provides a positive scope in forecasting and diagnostic actions, to which the accelerated learning that has been established in the understanding of current and emerging risks, driven by opportunities for improvement in work methodology, the use of systems and the performance of increasingly remote activities, supported by comprehensive, model-based information analysis. The work carried out has enabled the AU's role and participation to be highlighted as ATLANTICO's third line of defence and a permanent partner in monitoring and strengthening the Internal Control System.

Based on the approved plan for 2022, the audits performed by the AU during the year under analysis reached a quantitative execution level of 95% (206). The AU also carried out several activities at the level of continuous monitoring (962), in the creation of new alerts (18) and projects (5). In the implementation of this plan, the perspective of promoting the development of work based on greater technological skills, Data Analytics, risk, compliance, accounting/financial and regulatory obligations, continued to be present, in order to strengthen the vision of an Audit Department more focused on the prevention/detection of the various types of risks and control.

Based on this operating approach, the AU intends to maximise the value it provides to the Bank, maintaining the focus on the main risk areas and an intervention aligned with the Strategic Plan for the 2021-2024 cycle, called **"PHIT 2.4"**, in line with the Bank's ambition to define a vision that is more **"Phited"** to the current context and aligned with the ability to transform itself, remaining faithful to its DNA and anticipating the future.

The new regulations in force, which derive from Notice No. 01/2022 of 28 January 2022, of Banco Nacional de Angola, continue to direct the Audit Department to ensure the implementation of an internal control system suited to the nature, dimension, and complexity of its activity, with the objectives of efficiency in the execution of operations, risk control, reliability of information and compliance with the applicable legal standards and internal guidelines. Aware of this importance, the Bank has not limited itself to viewing the Audit function as a legal requirement, but as a management ally and a guarantor of its fundamental pillars, and so, among other aspects, the Internal Audit Function Regulations were defined, as well as the reinforcement of its Annual Training Plan with specific actions, with a view to creating greater skills and ensuring strictness in the review of Internal Audit actions.

The work carried out has enabled the AU's role and participation to be highlighted as ATLANTICO's **third line of defence** and a **permanent partner** in monitoring and strengthening the Internal Control System

TYPE OF ACTIONS/AUDITS UNDERTAKEN

Weight distribution of actions/audits undertaken by segmentation

77% Business

23% Processes/ Services

Weight distribution of other activities

97.7% Monitoring

1.8% Controls/ Alerts

0.5% Projects

DESCRIPTION OF ACTIONS UNDERTAKEN

Description of deliverables	#
1. TRANSVERSAL	
Projects implemented	5
New preventive/detective controls/alerts implemented/created	18
Training provided	19
Opinions issued (products, processes, and projects)	109
Participation in the operational risk self-assessment process	14
Monitoring of external audits and inspections (BNA/external auditor)	14
2. AUDIT AND CONTINUOUS MONITORING	
Activities undertaken	**206**
Points of responses	1,151
Improvement recommendations/opportunities	120
Implementation/correction (average)	73%
Control actions and continuous monitoring	**962**
Operations reviewed	8,689 (*)
Analysed alerts	962
Shortcomings identified/operational errors or failures	657
Improvement recommendations/opportunities	4
Prevented situations	164
Deployment/correction	81%
3. FRAUD AND COMPLAINTS	
Cases and/or complaints received with indication of fraud	529
Whistle blowing channel (with materiality)	40
Closure – cases and/or complaints	74%
Closure – complaints (received through the whistle blowing channel)	93% (**)
OPINIONS ISSUED	**119**

(*) In the second half of 2022, the process/control associated with the referred item was transferred to the Payment Systems Department (PSD) (former Self-banking Business).

(**) 3 (three) complaints with indications of fraud forwarded to the Fraud and Complaints Unit (in progress).

HIGHLIGHT ACTIVITIES AND ACTIONS UNDERTAKEN

Design, implementation, and automation of projects (5) and new controls/alerts (18), with a view to ensuring greater suitability, review, and reinforcement of the Internal Audit function, as well as providing greater efficiency and agility in the daily activities and tasks performed.

Dynamization of an educational activity related to detecting and communicating risk of fraud events for all the Bank's Employees.

Conducting of a transversal and complete audit (service USSD – *400#), by a multidisciplinary team involving the various internal areas of the AU, to add more value in the analyses and results.

Participation in first dive (19) training courses, in order to share its mission, scope and action with the Bank's new Employees, as well as to reinforce the need to safeguard the adequate control environment.

Maintenance of routines/controls at the operational level, with a view to promoting solutions for monitoring and preventing negative events, whether reported or not by other units, mainly the Fraud Unit.

Training of Employees in IS and Data Analytics, with the promotion of a training project focused on technical training on "SQL Database and Alerts and Controls", with a view to enabling the proper exercise of the Internal Audit function, given the current challenges and emerging risks.

Maintenance of the implementation of remote verification actions (audit by evidence), on a systematic basis, using selected and processed information, with a view to ensuring the adequacy of the internal control system, as well as mitigating negative events that may jeopardise the image or reputation of the Bank.

Identification of recommendations/opportunities for improvement with financial impacts, with a view to mitigating loss events to contribute to the Bank's profitability.

Differentiated and closely monitored high-risk Agencies, as well as held feedback meetings with Managers and Regional Deputy Directors.

Implementation of the alignment actions resulting from the Quality Assurance programme, which periodically evaluates the actions carried out by the AU to ensure continuous improvement and adoption of the best international Internal Audit practices.

Focus on monitoring the implementation of internal and external recommendations, with reinforcement of the Audit Department's action on the audited departments.

Monitoring of Internal Control KPIs, as well as carrying out the necessary assessments for correction and opportunities for improvement based on the events identified.

3.8. Financial resilience

3.8.1. Table of indicators

Net profit
AOA **3.5** billion
AOA **+ 70** million *vs.* Dec.21.

Return on equity
1.9%
- 0.03 p.p. *vs.* Dec. 21

Return on assets
0.2%
+ 0.04 p.p. *vs.* Dec. 21

Solvency ratio
19.1%
- 1.5 p.p. *vs.* Dec. 21

Operating income
AOA **64** billion
+ 8% *vs.* Dec. 21

Operating expenses
AOA **55.6** billion
- 1.3% *vs.* Dec. 21

Operating expenses on Total Assets
3.5%
+ 0.2% *vs.* Dec. 21

Assets
AOA **1,584** billion
- 8% *vs.* Dec. 21

Deposits from customers
AOA **1,365** billion
- 4% *vs.* Dec. 21

Net credit
AOA **454** billion
+ 3% *vs.* Dec. 21

Credit at risk
19.4%
- 0.7 p.p. *vs.* Dec. 21

Hedging of impairment on credit at risk
129%
+ 4.4 p.p. *vs.* Dec. 21

3.8.2. Summary of activity performance

3.8.2.1. Framework

2022 was marked by positive signs of recovery in the macro context and in the country's economic activities. These signs of improvement and stability are marked by a deceleration in inflation levels, around 13.9% in December 2022, compared to 27% in the same period last year, as well as a drop in interest rates that signal the recovery of the economic growth and, in the case of ATLANTICO, makes it possible to reinforce confidence in the strategic options outlined in the Phit 2.4 Strategic Plan.

During this period of the Bank's activity, the focus was on strengthening resilience, namely in terms of solvency and efficiency indicators. Meanwhile, there was a significant growth in the number of Customers, as a result of investments made in the non-face-to-face channels, having increased ATLANTICO's portfolio by around 496 thousand new Customers by the end of 2022.

In parallel with the Customer base, in 2022, the deposits portfolio in national currency (NC) grew approximately AOA 133,709 million, while the portfolio in foreign currency (FC) registered a decrease of USD 246 million, representing an overall decrease.

Income from banking activity showed a favourable performance of 8% compared to the same period last year, benefiting from the 62% growth in net interest income and 25% and 19%, respectively, from commissions and foreign exchange results, in 2022.

In terms of Loans, the Bank remains one of the main institutions supporting families and companies, with the portfolio in NC having grown by around AOA 28,103 million until the end of December 2022.

Also, throughout 2022, there was an improvement trend in the main indicators of the Bank's activity compared to the previous period. ATLANTICO will continue to implement a set of strategic measures, namely the change in its mix of assets, which aim at the structural improvement of profitability, efficiency, and solvency indicators.

3.8.2.2. Net profit

Net profit for the period amounted to AOA 3,498 million, having registered an increase of AOA 70 million, equivalent to 2% compared to the same period last year, as a result of the following events:

- Financial margin growth in the amount of AOA 12,430 million, corresponding to 62%;
- Net commission growth of approximately 25%;
- Growth in foreign exchange results in the amount of AOA 3,598 million, and;
- Notwithstanding the reinforcement of impairments of approximately AOA 5,732 million.

3.8.2.3. Solvency

At the end of December 2022, the solvency ratio remained above the regulatory limit, having been fixed at 19.1%, representing a slight decrease in relation to the same period in the order of 1.5 p.p., in a context of greater capital requirements in the scope of the implementation of the supervision equivalence project conducted by Banco Nacional de Angola.

The Bank remains one of the main institutions supporting **families and companies,** with the portfolio in national **currency having grown by around AOA 28,103 million**

3.8.3. Changes in the financial statements

3.8.3.1. Changes in the balance sheet

In 2022, the global evolution of the balance sheet was marked by the reduction of assets and liabilities in 8% and 9%, respectively, explained essentially, on the assets side, by the appreciation of the NC against the FC (US dollar) of about 9.2%, by the maturity of public debt securities denominated in FC and the reinforcement of the securities portfolio in NC. Regarding liabilities, it should be noted the decrease in exposure to the money market, the increase of resources in local currency and the reduction of resources in FC.

BALANCE SHEET (AOA million)

			Δ	
	Dec. 22	Dec. 21	ABS	%
Cash and deposits at central banks	214,231	344,971	(130,741)	(38)
Loans and advances to credit institutions	46,169	51,143	(4,974)	(10)
Financial assets at fair value through profit or loss	260,386	268,231	19,409	7
Financial assets at fair value through other comprehensive income	54,236	3,014	51,222	-
Financial assets at amortised cost				
Debt securities	306,297	369,305	(63,008)	(17)
Loans and advances to Customers (net)	453,601	440,985	11,986	3
Other loans and advances to credit institutions	30,547	33,815	(3,268)	(10)
Other property, plant and equipment	103,860	87,883	15,977	18
Intangible assets	13,022	15,477	(2,455)	(16)
Current tax assets	2,547	2,462	91	4
Deferred tax assets	3,750	3,417	333	10
Other assets	95,632	93,314	2,949	3
Total assets	**1,584,278**	**1,714,018**	**(102,481)**	**(6)**
Deposits from central banks and other credit institutions	7,322	83,715	(76,393)	(91)
Deposits from Customers and other deposits	1,364,668	1,422,950	(58,282)	(4)
Financial liabilities and liabilities at fair value through profit and loss	2,030	1	29,282	-
Provisions	2,927	3,561	(634)	(18)
Deferred tax liabilities	153	30	123	405
Other liabilities	17,469	17,777	(301)	(2)
Total liabilities	**1,394,569**	**1,528,034**	**(106,206)**	**(7)**
Share capital	142,325	142,325	-	0
Share premium	70,707	70,707	-	0
Treasury stock	(842)	(842)	-	0
Other reserves and retained earnings	(26,264)	(29,692)	3,428	(12)
Revaluation reserves	284	57	228	402
Net profit/(loss) for the period	3,498	3,428	70	2
Total Equity	**189,709**	**185,983**	**3,726**	**2**
TOTAL LIABILITIES AND EQUITY	**1,584,278**	**1,714,018**	**(102,480)**	**(6)**

3.8.3.1.1. Assets

a) Cash and deposits at central banks

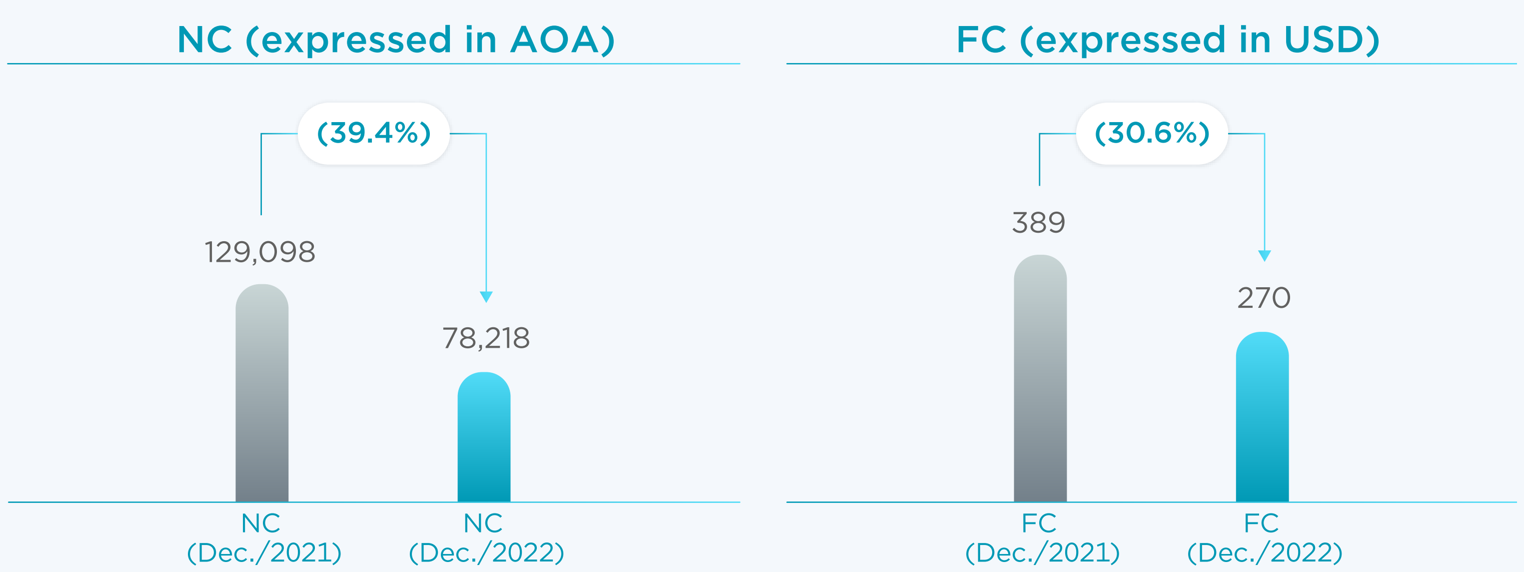
Cash and deposits at central banks amounted to AOA 214,231 million. When compared to December 2021, there is a decrease in the amount of AOA 130,741 million, with greater emphasis on Loans and advances to the Central Bank (BNA), which showed a decrease of AOA 136,819 million. In the opposite direction, Cash registered an increase of approximately AOA 6,079 million.

Cash and deposits at central banks amounted to AOA 214,231 million

CASH AND DEPOSITS AT CENTRAL BANKS (AOA million)

	Dec. 22	Dec. 21	Δ ABS
CASH			
In national currency	22,867	16,334	6,533
In foreign currency	4,314	4,769	(454)
Total cash	**27,181**	**21,103**	**6,079**
CASH AND DEPOSITS AT CENTRAL BANKS			
In national currency	55,351	112,764	(57,413)
In foreign currency	131,698	211,105	(79,406)
Total demand deposits at BNA	**187,049**	**323,869**	**(136,819)**
Total cash and deposits at central banks	**214,231**	**344,971**	**(130,741)**
National currency	**78,218**	**129,098**	**(50,880)**
Foreign currency translated to AOA	**136,013**	**215,874**	**(79,861)**
Foreign currency translated to USD	**270**	**389**	**(119)**

CASH AND DEPOSITS (AOA million)



In terms of currency (Cash and cash equivalents), there was a decrease in cash in FC in the order of AOA 79,861 million, influenced, on the one hand, by the appreciation of the Kwanza against the US Dollar, which throughout the year registered a variation of 9.2%, and, on the other hand, by the decrease in FC of approximately 30.6%. The same behaviour was registered by the NC, which decreased 39.4% compared to the end of December 2021.

b) Debt securities

At the end of December 2022, ATLANTICO's securities portfolio was mostly composed of securities in FC (USD), in the order of 66%. The global securities portfolio stood at AOA 306,297 million, representing a decrease of AOA 63,008 million, compared to the AOA 369,305 million calculated as at 31 December 2021.

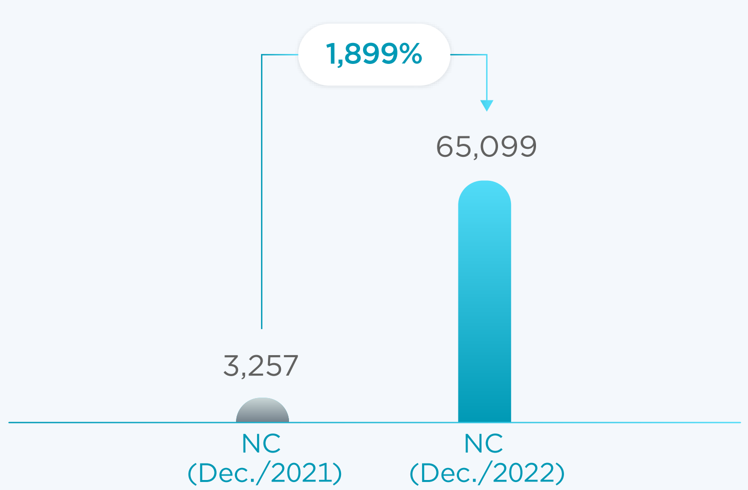
DEBT SECURITIES (AOA million)

	Dec. 22	Dec. 21	Δ ABS	Δ %
In national currency	65,099	3,257	61,842	1,899
In foreign currency	202,194	322,176	(119,982)	(37)
Indexed	43,409	49,315	(5,906)	(12)
Impairment	(4,404)	(5,443)	1,039	(19)
	306,297	**369,305**	**(63,008)**	**(17)**

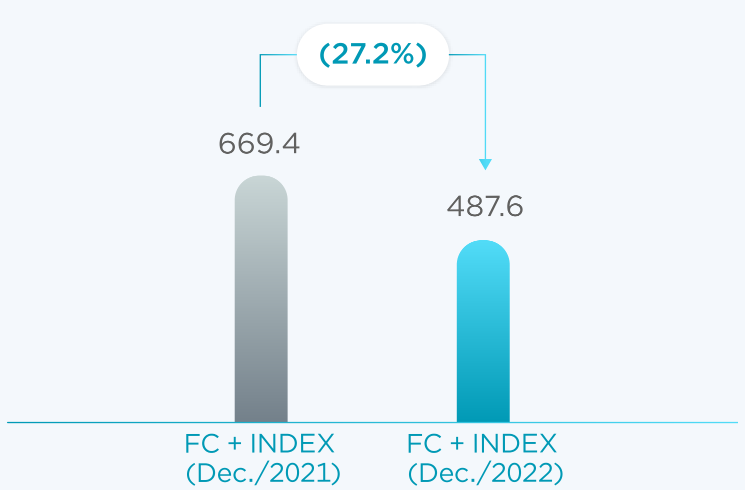
The decrease seen in the overall securities portfolio expressed in kwanzas, in the order of AOA 63,008 million, results from the decrease in FC by AOA 119,982 million, associated with the maturity of securities in the order of AOA 99,209 million and exchange appreciation in the second half of 2022.

DEBT SECURITIES (AOA million)

NC (expressed in AOA)



FC + INDEX (expressed in USD)



c) Loans and advances to Customers

In 2022, the loan portfolio amounted to AOA 609,847 million, representing an increase of AOA 21,529 million, equivalent to 4%, compared to the AOA 588,318 million amounted as at 31 December 2021.

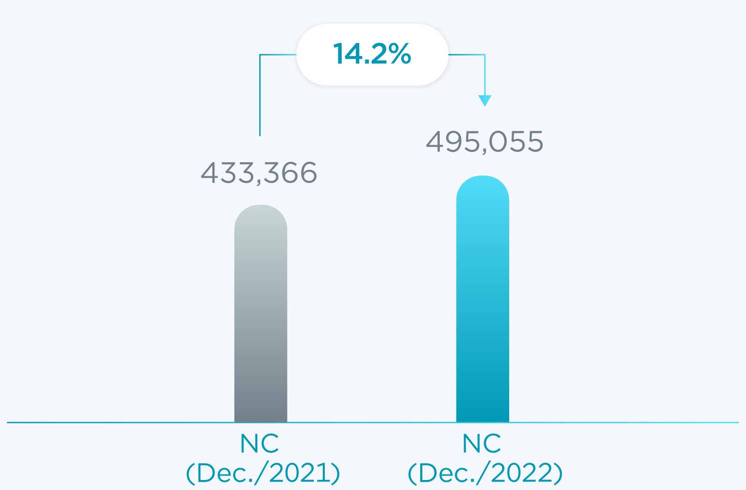
GROSS CREDIT (AOA million)

	Dec. 22	Dec. 21	Δ ABS	Δ %
In national currency	495,055	433,366	61,689	14
In foreign currency	103,645	110,219	(6,574)	(6)
Indexed	11,148	44,734	(33,586)	(75)
	609,847	**588,319**	**21,529**	**4**

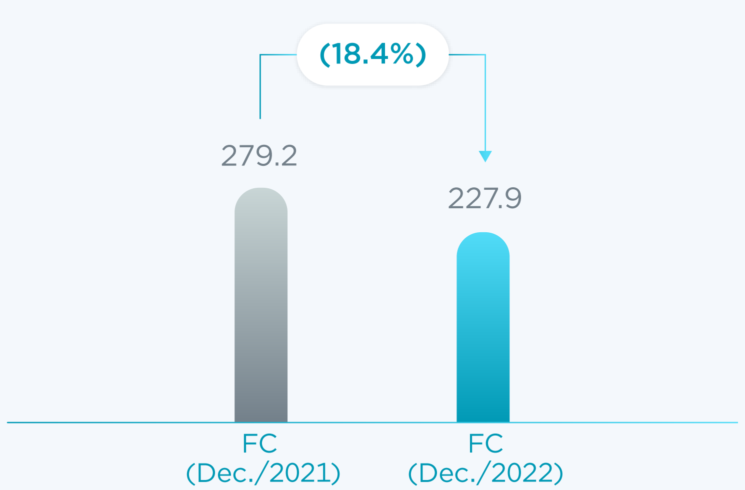
The trend seen in the overall loan portfolio is explained by the influence of foreign exchange in FC, with a negative impact of approximately AOA 6,574 million, equivalent to 6%, as opposed to credit in NC which registered an increase of AOA 61,689 million, equivalent to 14%, as a result of the Bank's continued support for the National economy.

LOANS AND ADVANCES TO CUSTOMERS (AOA million)

NC (expressed in AOA)



FC (expressed in USD)



d) Other loans and advances to credit institutions

The portfolio of Other loans and advances to credit institutions recorded a decrease in the amount of AOA 3,268 million compared to the month of December 2021. This decrease, especially in FC investments, results from the decrease in liquidity available to invest in the interbank money market.

OTHER LOANS AND ADVANCES TO CREDIT INSTITUTIONS (AOA million)

			Δ	
	Dec. 22	Dec. 21	ABS	%
In national currency	19,087	4,720	14,367	304
In foreign currency	11,461	29,095	(17,634)	(61)
	30,547	**33,815**	**(3,268)**	**(10)**

e) Other Property, plant and equipment

The Bank's property, plant and equipment showed an evolution of approximately AOA 15,977 million, totalling AOA 103,860 million in December 2022. The growth verified is mainly related to improvement works in the real estate park (improvements in rented properties and adaptation works in the branch networks within the scope of the contact centre project) and investments in IT equipment.

OTHER PROPERTY, PLANT AND EQUIPMENT (AOA million)

			Δ	
	Dec. 22	Dec. 21	ABS	%
Property	63,715	45,762	17,953	39
Equipment	9,313	7,958	1,356	17
Work in progress	26,197	26,325	(128)	0
Assets under right of use	4,635	7,838	(3,203)	(41)
	103,860	**87,883**	**15,977**	**18**

f) Intangible assets

Regarding intangible assets, the decrease observed compared to the end of 2021 is associated with the normal process of their depreciation.

INTANGIBLE ASSETS (AOA million)

			Δ	
	Dec. 22	Dec. 21	ABS	%
Automated data-processing system	12,330	14,788	(2,458)	(17)
Other intangible assets	692	688	4	1
	13,022	**15,477**	**(2,455)**	**(16)**

3.8.3.1.2. Liabilities

In the second half of 2022, ATLANTICO's liabilities amounted to AOA 1,394,569 million, representing a decrease of AOA 133,465 million (9%) compared to 2021. This negative change is associated with the liabilities denominated in FC, particularly deposits in FC, which represent 40% of the deposit portfolio. ATLANTICO's liabilities are mainly composed of Loans and advances from Customer in the order of 98%.

a) Deposits from Customers and other loans

As at 31 December 2022, total Deposits from Customers amounted to AOA 1,364,668 million compared to the AOA 1,422,950 million from the previous period, showing a decrease of approximately 4%, equivalent to AOA 58,282 million.

DEPOSITS FROM CUSTOMERS AND OTHER LOANS

(AOA million)

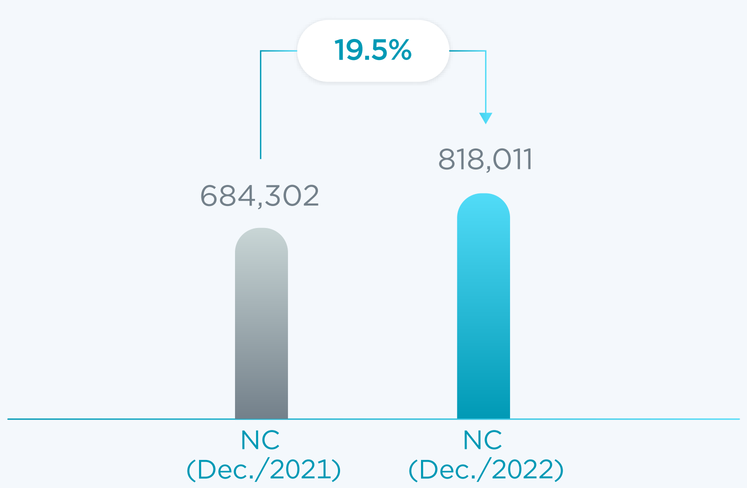
	Dec. 22	Dec. 21	Δ ABS	Δ %
In national currency	818,011	684,302	133,709	20
In foreign currency	546,658	738,649	(191,991)	(26)
	1,364,668	**1,422,950**	**(58,282)**	**(4)**

Regarding the composition of the portfolio by currency, the reduction in FC resources in the order of AOA 191,991 million, equivalent to 26%, results on the one hand, from the commercial effect, and on the other, from the appreciation of the Kwanza against the USD (-9.2%), while in the NC, there is a 20% increase as a result of resource-taking.

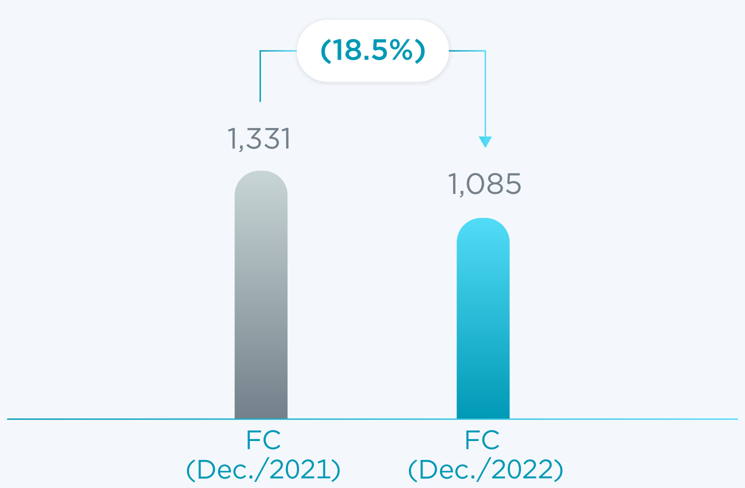
DEPOSITS FROM CUSTOMERS

(AOA million)

NC (expressed in AOA)



FC (expressed in USD)



b) Deposits from central banks and other credit institutions

Deposits from central banks and other credit institutions recorded a decrease of AOA 76,393 million compared to December 2021, reaching AOA 7,322 million in December 2022, compared to the AOA 83,715 million achieved on 31 December 2021.

The decrease verified in this item is in line with ATLANTICO's strategy to increasingly reduce the need to resort to financing lines via the interbank money market to support operations, considering its strategy of improving commercial funding levels.

DEPOSITS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

(AOA million)

	Dec. 22	Dec. 21	Δ ABS	Δ %
Funding	-	80,585	(80,585)	(100)
In national currency	-	16,500	(16,500)	(100)
In foreign currency	-	64,085	(64,085)	(100)
Interest payable	-	75	(75)	(100)
Similar transactions	7,322	3,054	4,267	140
	7,322	**83,715**	**(76,393)**	**(91)**

3.8.3.2. Changes in the income statement

INCOME STATEMENT (AOA million)

			Δ	
	Dec. 22	Dec. 21	ABS	%
Interest and similar income	95,774	89,219	6,555	7
Interest and similar expense	(63,319)	(69,195)	5,876	(8)
Net interest income	**32,454**	**20,024**	**12,430**	**62**
Fee and commission income	27,291	21,190	6,101	29
Fee and commission expense	(6,878)	(4,882)	(1,996)	41
Profit/(loss) from fees and commissions	**20,414**	**16,308**	**4,105**	**25**
Net gains/(losses) arising from financial assets and liabilities through profit or loss	(3,093)	3,945	(7,039)	(178)
Net gains/(losses) arising from foreign exchange differences	22,451	18,854	3,598	19
Profit/(loss) arising from the sale of other assets	(884)	4,604	(5,487)	(119)
Gains arising from financial operations	134	4,254	(4,120)	(97)
Other operating income	(7,506)	(8,759)	1,252	(14)
Profit/(loss) from financial operations	**11,102**	**22,898**	**(11,796)**	**(52)**
Bank activity	**63,970**	**59,231**	**4,739**	**8**
Staff costs	(26,994)	(26,784)	(211)	1
Supplies and services	(18,434)	(18,451)	17	(0.09)
Depreciation and amortisation for the period	(10,139)	(11,039)	900	(8)
Provisions and impairment of other assets	6,831	(10,817)	17,648	(163)
Impairment for financial assets at amortised cost	(11,341)	11,036	(22,377)	(203)
Provisions and impairment of other assets net of reversals	4	13	(9)	(71)
Impairment for financial assets through other comprehensive income	(731)	261	(993)	(380)
Profit/(loss) before tax from continuing operations	**3,165**	**3,451**	**(286)**	**(8)**
Income tax	333	(23)	355	(1,564)
Current Tax	-	-	-	-
Deferred Tax	333	(23)	355	(1,564)
NET PROFIT/(LOSS) FOR THE PERIOD	**3,498**	**3,428**	**70**	**2**

a) Net interest income

Net interest income stood at AOA 32,454 million in the first half of 2022, having recorded a year-on-year increase of AOA 12,430 million, equivalent to 62%. This favourable evolution was essentially due to the combination of the following effects:

1. Increase in interest and similar income of approximately AOA 6,555 million, resulting from the growth in credit interest of approximately AOA 4,073 million, interest from investments in credit institutions of approximately AOA 2,012 million, and a slight improvement in interest from securities of approximately 2%, notwithstanding the impact of the appreciation of the NC in relation to the structure of the portfolio consisting mostly of securities in FC and indexed.

2. Decrease in interest and similar expense of approximately AOA 5,876 million, equivalent to 8%, influenced mainly by:

   I. The charges associated with deposits of approximately AOA 3,868 million, as a result of the decrease in the volume of deposits applied in FC and the decrease in the average rates of deposits in NC, and
   II. The decrease witnessed in interest on Deposits from central banks and other credit institutions of approximately AOA 2,007 billion, equivalent to 39%.

NET INTEREST INCOME (AOA million)

	Dec. 22	Dec. 21	Δ ABS	Δ %
Interest and similar income	**95,774**	**89,219**	**6,555**	**7**
Interest from loans to Customers	69,808	65,735	4,073	6
Interest from debt securities	23,710	23,241	470	2
Interest from deposits and other investments	2,255	243	2,012	828
Interest from financial assets at fair value through other comprehensive income				
Interest and similar expense	**63,319**	**69,195**	**(5,876)**	**(8)**
Interest from deposits of Customers	60,147	64,015	(3,868)	(6)
Interest from loans of central banks and other financial institutions	3,172	5,180	(2,007)	(39)
Interest from leases				
NET INTEREST INCOME	**32,454**	**20,024**	**12,430**	**62**

b) Complementary margin

The results from the Bank's complementary services amounted to AOA 31,516 thousand, having decreased by AOA 7,691 million when compared to the same period last year. This decrease was caused by the following events:

- Other financial assets and liabilities at fair value through profit or loss in the amount of AOA 7,039 million;
- Profit/(loss) from the sale of other assets in the amount of AOA 5,487 million;
- Profit/(loss) from the investment amounts at amortised cost of approximately AOA 4,120 million.

This scenario was offset by favourable growth:

i) In profit/(loss) and services commissions in the order of AOA 4,105 million, resulting from the increase in electronic transactions commissions, demand deposit account maintenance commissions, custody and market transactions commissions, credit line opening/renewal and maintenance commissions, among others with a positive performance at the end of 2022;

ii) Foreign exchange results of approximately AOA 3,598 million, derived from gains obtained from FC purchase and sale transactions of approximately AOA 4,533 million, despite the decrease in results from the revaluation of assets and liabilities of approximately AOA 935 million.

COMMISSIONING (AOA million)

	Dec. 22	Dec. 21	Δ ABS	Δ %
Commissions received	**27,291**	**21,190**	**6,101**	**29**
Electronic transactions	10,355	7,236	3,119	43
VISA fees	3,155	3,830	(675)	(18)
Transfers issued/received	4,356	3,229	1,127	35
Demand Deposits account maintenance	1,361	1,099	262	24
Guarantees provided	772	1,055	(283)	(27)
Custody commissions and market transactions	1,160	923	238	26
Opening of lines of credit/renewals and maintenance	1,277	837	440	53
Documentary credits openings	455	765	(310)	(40)
Structuring operations and financial advisory	244	135	109	80
Withdrawals	280	127	153	121
Other fee and commissions	3,876	1,955	1,921	98
Fee and commission expense	**(6,878)**	**(4,882)**	**(1,996)**	**41**
PROFIT/(LOSS) FROM FEES AND COMMISSIONS	**20,414**	**16,308**	**8,097**	**25**

ATLANTICO kept a strong focus on **structural control of expenses** in order to improve **operational and financial efficiency**

c) Operating expenses

In December 2022, operating costs amounted to AOA 55,567 million, representing a moderate decrease of 1%, compared to AOA 56,273 million in the same period last year.

This decrease was caused by:

- Third party supplies, with AOA 7,226 million, remain in line when compared to the same period last year, at -0.04%;
- Third-party services amounting to AOA 11,207 million, which increased by -0.1% over the same period last year, and finally;
- Depreciation, which was down 8% year-on-year.

The year-on-year evolution of costs was well below the inflation recorded in December 2022, with ATLANTICO maintaining a strong focus on structural control of expenses in order to improve operational and financial efficiency.

OPERATING EXPENSES

(AOA million)

	Dec. 22	Dec. 21	Δ ABS	Δ %
Remunerations	14,602	14,949	(348)	(2)
Allowances	4,604	4,144	460	11
Other charges	7,788	7,690	99	1
Staff costs	**26,994**	**26,784**	**211**	**0.8**
Communications	5,540	5,573	(33)	(1)
Water, energy, fuel and lubricants	225	303	(78)	(26)
Sundry materials	1,461	1,353	108	8
External supplies	**7,226**	**7,229**	**(3)**	**(0.0)**
Consulting and audit	5,938	6,047	(109)	(2)
Security and surveillance	1,899	1,596	303	19
Maintenance and repair	1,140	1,555	(415)	(27)
Travel and lodging	999	1,021	(22)	(2)
IT services	462	209	433	208
Publications, advertising and publicity	303	258	46	18
Rental costs	48	78	(30)	(38)
Other expenses	238	458	-	-
External services	**11,207**	**11,222**	**(14)**	**(0.1)**
Supplies and services	**18,434**	**18,451**	**(17)**	**(0.1)**
Depreciation and amortisation for the period	10,139	11,039	(900)	(8)
TOTAL OPERATING EXPENSES	**55,567**	**56,273**	**(707)**	**(1.3)**

i) Staff costs

Regarding Staff costs, there is an increase of 1% when compared to the same period last year. This increase is due to the remuneration adjustment policy.

ii) Supplies and services

Supplies and services stood at AOA 18,434 million, a figure that represents a cost structure similar to the same period last year. The similarity verified is a reflection of a restructuring of the management model for energy and fuel expenses, maintenance and repair, and insurance.

iii) Depreciation and amortisation for the period

Depreciation and amortisation showed an evolution in line with the average useful life of the underlying assets, with a decrease of 8% in the period under analysis when compared to the same period last year.

4

FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

4.1.
Individual financial statements

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2022 AND 2021

(Thousands of AOA)

	Notes	31-12-2022	31-12-2021
Assets			
Cash and deposits at central banks	4	214,230,500	344,971,397
Loans and advances to credit institutions repayable on demand	5	46,169,024	51,143,348
Financial assets at fair value through profit or loss	6	260,385,874	268,230,596
Financial assets at fair value through other comprehensive income	7	54,236,351	3,014,167
Financial assets at amortised cost			
Debt securities	8	306,297,438	369,305,246
Loans and advances to customers	9	453,601,310	440,985,217
Other loans and advances to central banks and credit institutions	10	30,547,298	33,814,994
Other property, plant and equipment	11	103,859,695	87,882,647
Intangible assets	12	13,022,100	15,476,651
Non-current assets held for sale	13	-	-
Current tax assets	14	2,546,736	2,462,185
Deferred tax assets	14	3,750,143	3,417,453
Other assets	15	95,631,885	93,313,647
TOTAL ASSETS		**1,584,278,354**	**1,714,017,548**
Liabilities and Equity			
Deposits from central banks and other credit institutions	16	7,321,923	83,714,792
Deposits from customers and other loans	17	1,364,668,411	1,422,950,424
Financial liabilities at fair value through profit or loss	6	2,030,008	1,412
Provisions	18	2,926,832	3,560,689
Deferred tax liabilities	14	152,875	30,261
Other liabilities	19	17,469,183	17,776,674
TOTAL LIABILITIES		**1,394,569,232**	**1,528,034,252**
Share capital	20	142,324,747	142,324,747
Share premiums	20	70,707,406	70,707,406
Treasury shares	20	(841,657)	(841,657)
Revaluation reserves	21	284,357	56,645
Other reserves and retained earnings	21	(26,263,845)	(29,692,213)
Individual net profit/(loss) for the period		3,498,114	3,428,368
TOTAL EQUITY		**189,709,122**	**185,983,296**
TOTAL LIABILITIES AND EQUITY		**1,584,278,354**	**1,714,017,548**

The following notes form an integral part of these financial statements.

INDIVIDUAL INCOME STATEMENT FOR THE PERIODS ENDED 31 DECEMBER 2022 AND 2021

(Thousands of AOA)

	Notes	31-12-2022	31-12-2021
Interest and similar income	22	95,773,570	89,219,004
Interest and similar expenses	22	(63,319,084)	(69,194,709)
Net interest income		**32,454,486**	**20,024,295**
Fees and commissions income	23	27,291,483	21,190,482
Fees and commissions expense	23	(6,877,822)	(4,882,041)
Profit/(loss) from fees and commissions		**20,413,661**	**16,308,441**
Profit/(loss) from financial assets and liabilities at fair value through profit or loss	24	(3,093,397)	3,945,382
Profit/(loss) from investments at amortised cost	25	134,431	4,254,411
Profit/(loss) from foreign exchange differences	26	22,451,332	18,853,715
Profit/(loss) from the sale of other assets	27	(883,728)	4,603,592
Other operating income	34	(7,506,367)	(8,758,842)
Profit/(loss) from financial operations		**11,102,271**	**22,898,258**
Operating income		**63,970,418**	**59,230,994**
Staff costs	28	(26,994,278)	(26,783,597)
Supplies and services	29	(18,433,543)	(18,450,955)
Depreciation and amortisation for the period	11, 12 and 30	(10,139,056)	(11,038,885)
Provisions and impairment of other assets net of reversals	13, 15, 18 and 31	6,830,761	(10,817,104)
Impairment of other financial assets	5 and 32	3,838	13,283
Impairment for financial assets at amortised cost	8, 9, 10 and 33	(11,341,301)	11,036,040
Impairment of financial assets at fair value through other comprehensive income	21	(731,416)	261,314
Profit/(loss) before tax from continuing operations		**3,165,423**	**3,451,090**
Income tax			
Deferred Tax	14	332,691	(22,722)
Profit/(loss) after tax from continuing operations		**3,498,114**	**3,428,368**
INDIVIDUAL NET PROFIT/(LOSS) FOR THE PERIOD		**3,498,114**	**3,428,368**
Average number of ordinary shares issued	35	53,821,603	53,821,603
Basic earnings per share (in AOA)	35	0.06	0.06
Diluted earnings per share (in AOA)	35	0.06	0.06

The following notes form an integral part of these financial statements.

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2022 AND 2021

(Thousands of AOA)

	Notes	31-12-2022	31-12-2021
Individual net profit/(loss) for the period		**3,498,114**	**3,428,368**
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss			
Debt instruments at fair value through other comprehensive income			
Changes in fair value	21	1,081,743	(493,377)
Transfer to profit or loss for impairment recorded in the period	21	(731,416)	261,314
Tax impact	21	(122,615)	81,222
		227,712	**(150,842)**
INDIVIDUAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,725,826**	**3,277,526**

The following notes form an integral part of these financial statements.

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2022 AND 2021

(Thousands of AOA)

					Other reserves and retained earnings				
	Share capital	Share premiums	Treasury shares	Revaluation reserves	Legal reserve	Other reserves and retained earnings	Total	Individual net profit/(loss) for the period	Total Equity
BALANCE AS AT 31-12-2020 (RESTATED)	**142,324,747**	**70,707,406**	**(841,657)**	**207,486**	**19,845,525**	**(41,758,837)**	**(21,913,313)**	**(7,778,900)**	**182,705,769**
Appropriation of net profit for the period									
Transfer to reserves and retained earnings	-	-	-	-	-	(7,778,900)	(7,778,900)	7,778,900	-
Changes in fair value, net of tax	-	-	-	(150,841)	-	-	-	-	(150,841)
Individual net profit/(loss) for the period	-	-	-	-	-	-	-	3,428,368	3,428,368
BALANCE AS AT 31-12-2021	**142,324,747**	**70,707,406**	**(841,657)**	**56,645**	**19,845,525**	**(49,537,737)**	**(29,692,213)**	**3,428,368**	**185,983,296**
Appropriation of net profit for the period									
Transfer to legal reserve	-	-	-	-	342,837	-	342,837	(342,837)	-
Transfer to reserves and retained earnings	-	-	-	-	-	3,085,531	3,085,531	(3,085,531)	-
Changes in fair value, net of tax	-	-	-	227,712	-	-	-	-	227,712
Individual net profit/(loss) for the period	-	-	-	-	-	-	-	3,498,114	3,498,114
BALANCE AS AT 31-12-2022	**142,324,747**	**70,707,406**	**(841,657)**	**284,357**	**20,188,362**	**(46,452,206)**	**(26,263,845)**	**3,498,114**	**189,709,122**

The following notes form an integral part of these financial statements.

INDIVIDUAL CASH FLOW STATEMENT FOR THE PERIODS ENDED AT 31 DECEMBER 2022 AND 2021

(Thousands of AOA)

	Notes	31-12-2022	31-12-2021
Cash flows from operating activities			
Interest, commissions and other similar income received		126,892,721	78,799,894
Interest, commissions and other similar expense paid		(69,906,922)	(73,392,177)
Payments to employees and suppliers		(47,989,301)	(49,536,943)
Cash flows before changes in operating assets and liabilities		**8,996,498**	**(44,129,226)**
(Increases)/decreases in operating assets and liabilities:			
Financial assets at fair value through profit or loss		4,491,755	(1,985,218)
Financial assets at fair value through other comprehensive income		(48,609,618)	33,086,440
Financial assets at amortised cost			
Debt securities		66,178,292	54,559,351
Loans and advances to customers		(41,849,352)	28,699,129
Other loans and advances to credit institutions		3,635,368	49,851,664
Deposits from central banks and other credit institutions		(76,317,615)	69,595,434
Non-current assets held for sale		219,729	16,245,523
Deposits from customers and other loans		(52,751,427)	(134,605,916)
Other operating assets and liabilities		7,832,916	11,961,342
Net cash from operating activities before income tax		**(128,173,455)**	**83,278,523**
Income tax paid		248,140	(66,273)
Net cash from operating activities		**(127,925,315)**	**83,212,250**
Cash flows from investment activities			
Acquisitions of property, plant and equipment and intangible assets, net of disposals		(8,475,639)	(11,812,240)
Net cash from investment activities		**(8,475,639)**	**(11,812,240)**
Net cash from financing activities			
Payments relating to lease liabilities		(1,576,290)	(3,787,403)
Net cash from financing activities		**(1,576,290)**	**(3,787,403)**
Changes in cash and cash equivalents		**(137,977,243)**	**67,612,607**
Cash and cash equivalents at the beginning of the period		396,125,751	332,517,495
Effects of exchange rate changes on cash and cash equivalents		2,258,184	(4,004,351)
Cash and cash equivalents at the end of the period		**260,406,692**	**396,125,751**
Cash and cash equivalents (excluding impairment losses) include:			
Cash	4	27,181,063	21,102,512
Cash and deposits at central banks	4	187,049,438	323,868,885
Loans and advances to credit institutions repayable on demand	5	46,176,191	51,154,354
		260,406,692	**396,125,751**

The following notes form an integral part of these financial statements.

4.2.
Notes to the Financial Statements

Contents

Note 1

Introduction

Banco Millennium Atlântico, S.A., which also uses the brand ATLANTICO (hereinafter referred to as "Banco" or "ATLANTICO"), was incorporated by Public Deed on 31 August 2006. Through communication of Banco Nacional de Angola (hereinafter also referred to as "BNA") dated 6 November 2006, ATLANTICO was authorized and definitively registered as ATLANTICO, and started its business activity on 17 November 2006. ATLANTICO operates and has its head office in Angola, at Rua do Centro de Convenções de Talatona, Via S8, GU05B, Edifício ATLANTICO, Bloco 7/8, Bairro Talatona, Distrito Urbano da Samba, Luanda.

The Bank is dedicated to obtaining resources from third parties in the form of deposits or other, which applies, together with its own resources, in the granting of loans, in deposits at BNA, in investments in credit institutions, in the acquisition of securities and other assets, for which it is duly authorized. The Bank also provides other bank services and carries out various types of transactions in foreign currency, for which, as at 31 December 2022, it had a network of 96 bank branches.

Regarding the shareholder structure, as detailed in Note 20, the Bank is owned mainly by private Angolan shareholders.

In May 2016, the former Banco Privado Atlântico entered into a merger by incorporation with Banco Millennium Angola, S.A. creating Banco Millennium Atlântico, S.A. For accounting purposes, the merger produces effects on 1 January 2016.

Note 2

Accounting policies

2.1. Basis of presentation

In accordance with the provisions of Notice No. 05/2019 of 30 August, from Banco Nacional de Angola, the individual financial statements of Banco Millennium Atlântico, S.A., are prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IAS/IFRS). IAS/IFRS include accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and their predecessor bodies.

The financial statements are expressed in thousands of kwanzas (thousands of AOA) rounded to the nearest thousand. These were prepared in accordance with the historical cost principle, except for assets and liabilities recorded at fair value, namely financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The preparation of financial statements in accordance with IAS/IFRS requires the Bank to make judgements and estimates and to use assumptions that affect the application of accounting policies and the amounts of income, expenses, 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 assumptions and significant estimates are used in the preparation of the financial statements are described in Note 3.

The financial statements for the period ended 31 December 2022 were approved at the Board of Directors meeting held on 16 March 2023, and it is the Board of Directors' belief that they will be approved at the General Meeting of Shareholders without material changes.

The individual financial statements of Banco Millennium Atlântico, S.A, presented herein relate to the periods ended 31 December 2022 and 2021. In accordance with the legislation in force, the Bank prepares and presents separate consolidated financial statements.

2.2. Comparability of the information

The Bank adopted the standards whose application is mandatory for periods beginning on or after 1 January 2020. The accounting policies were consistently applied and are consistent with those used in the preparation of the prior period financial statements.

In 2021, the Bank's Board of Directors applied the provisions of IAS 29 for the first time, as it considered it to be the most appropriate requirement in accordance with IAS/IFRS. The application of the IAS 29 Standard after the period in which the characteristics of a hyperinflationary economic environment are observed, must respect the terms set out in IAS 8 Standard – Accounting Policies, Changes in Accounting Estimates and Errors, regarding the change of accounting policies, and the corresponding impacts must be reflected retrospectively. Accordingly, the Bank has retrospectively applied the new policy in its financial statements for the 2017 and 2018 financial years (restatement), and the impacts are presented with reference to the first comparative period presented, i.e., 1 January 2020.

The requirements presented by IAS/IFRS are generally applied retrospectively, by adjusting the opening balance sheet to the date of initial application.

2.3. Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency (Kwanza) at the exchange rate published on the date of the transaction.

Monetary assets and liabilities expressed in foreign currency are converted into the functional currency at the exchange rate issued by the BNA at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement under Profit/(loss) from foreign exchange differences (Note 26).

Non-monetary assets and liabilities expressed in foreign currency and recorded at historical cost are converted to the functional currency at the exchange rate published on the date of the transaction. Non-monetary assets and liabilities recorded at fair value are translated into the functional currency at the exchange rate published on the date the fair value is determined and recognised against the income statement, except for those recognised in financial assets at fair value though other comprehensive income, whose difference is recorded against equity.

The reference exchange rates of the Kwanza (AOA) against United States Dollar (USD) and Euro (EUR) were as follows:

EXCHANGE RATE	31-12-2022	31-12-2021
AOA/USD	503.691	554.981
AOA/EUR	537.438	629.015

2.4. Loans and advances to customers and account receivables

Loans and advances to customers and account receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market and are not intended to be sold in the short term. These categories include loans and advances to customers, cash and cash equivalents, other loans and advances to central banks and credit institutions and other receivables that are not traded in an active market. These are recorded by the contracted amounts, when originated by the Bank, or by amounts paid, when purchased from other entities.

Loans and advances to customers and account receivables are initially accounted for at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method and are presented in the balance sheet net of impairment losses. Interest calculated at the effective interest rate is recognised in net interest income.

Loans and advances to customers and account receivables are derecognised from the balance sheet when (i) the contractual rights of the Bank to their respective cash flows have expired, (ii) the Bank transferred substantially all associated risks and rewards of ownership, or (iii) notwithstanding the fact that the Bank may have retained part, but not substantially all the associated risks and rewards of ownership, control over the assets was transferred.

2.5. Financial instruments

Classification, initial recognition and subsequent measurement

In accordance with IFRS 9 – Financial instruments (IFRS 9), financial assets can be classified into three categories with different measurement criteria:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through profit or loss; and
- Financial assets measured at fair value through other comprehensive income.

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

With regards to the characteristics of contractual cash flows, the criterion is to assess whether these reflect solely payments of principal and interest (SPPI).

Business model

The standard identifies two relevant business models for the Bank's activity:

- Business model whose purpose is to hold the asset to collect its contractual cash flows (Hold to collect); and
- Business model whose purpose is both to collect contractual cash flows and to sell the financial assets (Hold to collect and sell).

- A debt financial instrument that (i) is managed under a business model whose purpose is to held financial assets in the portfolio and receive all of its contractual cash flows and (ii) has contractual cash flows on specific dates corresponding to solely payments of principal and interest on the outstanding principal – 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.
- A debt financial instrument that (i) is managed under a business model whose purpose is both to collect its contractual cash flows and the sale of financial assets and (ii) contains contractual clauses that give rise to cash flows corresponding to solely payments 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 sale.
- All other financial instruments should be measured at fair value through profit or loss (FVTPL).

The Bank assessed its business models based on a wide set of indicators, including its business plan and current risk management policies.

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

- Policies and goals established for the portfolio and the practical operability of these policies. In particular, how the management strategy focuses on receiving contractual interest, keeping a certain interest rate profile, adjusting the lifetime of financial assets to the lifetime of liabilities that sponsor these assets or generating cash flows through the sale of the assets;
- How the portfolio's performance is assessed and reported to the Bank's management bodies;
- Assessing the risks that affect the performance of the business model (and of the financial assets held under this business model) and how these risks are managed;

- The remuneration of business managers (e.g., the extent to which the compensation depends on the fair value of assets under management or contractual cash flows received); and
- Frequency, volume, and periodicity of sales in previous periods, the reasons for such sales and the expectations about future sales. However, sales information should not be considered separately, but as part of an overall assessment of how the Bank sets goals for managing financial assets and how cash flows are obtained.

Other business models

This model includes all portfolios managed in ways other than Hold to collect or Hold to collect and sale and includes particularly portfolios that:

- Are managed with the objective of generating cash flows through sale;
- Are managed, and whose performance is evaluated, on a fair value basis; or
- Meet the definition of held for negotiation.

The performance of financial assets that fall within these models is assessed on a fair value basis and are measured at fair value through profit or loss as they are neither held to collect contractual cash flows nor held to sell such financial assets.

Assess if contractual cash flows correspond solely to payments of principal and interest (SPPI)

For the purpose of this assessment, “principal” is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the compensation for the time value of money, the credit risk associated with the outstanding amount over a given period and for other risks and costs associated to the activity (e.g., liquidity risk and administrative costs), as well as a mark-up rate.

In the assessment of financial instruments in which contractual cash flows relate exclusively to the payments of principal and interest, the Bank considered the original contractual terms of the instrument. This assessment included the analysis of existing situations in which the contractual terms can change the periodicity and the amount of cash flows which fail to comply with the SPPI condition. In the assessment process, the Bank considered:

- Contingent events that may change the periodicity and amount of cash flows;
- Leverage characteristics;
- Prepayment and maturity extension terms;
- Provisions that may restrict the Bank’s right to claim cash flows relating to specific assets (e.g., non-recourse loans); and
- Characteristics that may change time-value compensation of money (e.g., periodic resetting of interest rates).

As previously mentioned, the Hold to collect business model establishes quantitative thresholds based on past experience in order to evaluate the frequency and materiality of sales. The threshold for frequency is defined according to the number of transactions in each period. The threshold for materiality is defined according to the weight of the book value of the asset to be disposed over the total portfolio.

The standard provides that sales may occur without it being necessary to change the business model, as long as the thresholds defined by the Bank of frequent and significant sales, close to maturity or due to deterioration of credit risk are not exceeded.

For financial assets classified in the Hold to collect business model, the frequency and significance thresholds defined by the Bank were exceeded. The sales are related to the Bank's need to adjust its short foreign exchange position within regulatory limits, in compliance with the provisions imposed by the BNA under Notice No. 13/2022, of 26 April, in 2022, and Notice No. 14/2019, of 29 November, in 2021, respectively. For this purpose, the Bank submitted to the BNA an exchange rate reset plan, mainly providing for the gradual disposal of the portfolio of treasury bonds indexed to the US dollar and non-indexed.

Accordingly, although the transactions have exceeded the thresholds of the Hold to collect business model, due to the fact that they were carried out under the currency reset plan agreed between the Bank and the BNA, in order to reduce the Bank's short foreign exchange position and comply with the regulatory foreign exchange position requirements, the Bank considers that these sales are within the framework and infrequent and therefore do not represent sufficient grounds to consider changing the business model originally defined for these assets at their origination.

With regards to the other financial instruments, namely equity and derivative instruments, these are, by definition, classified at fair value through profit or loss. For equity instruments, there is an irrevocable option to designate that all changes in fair value are recognised in other comprehensive income, in which case only dividends are recognised in profit or loss provided that they do not clearly represent a recovery of part of the investment cost as gains and losses are not reclassified to profit or loss even on derecognition/sale.

Reclassification

Financial assets are not reclassified after their initial recognition, except for the period after the Bank changes its business model to the management of financial assets. Financial assets are reclassified to other categories only if the business model used in their management changes. In such case, all affected financial assets are reclassified. The reclassification is applied prospectively from the date of reclassification, and no gains, losses (including impairment losses) or previously recognised interest are restated. Financial assets, at the date of their reclassification, are measured at fair value.

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

Reclassification of financial liabilities are not permitted.

Derecognition

I. The Bank derecognizes a financial asset when, and only when:

- The contractual rights to the cash flows from the financial asset expire; or
- It transfers the financial asset as set out in ii and iii and the transfer qualifies for derecognition in accordance with iv.

II. The Bank transfers a financial asset if, and only if, one of the following situations occurs:

- It transfers the contractual rights to receive the cash flows of the financial asset; or
- Retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions in iii.

III. When the Bank retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), the Bank treats the transaction as a transfer of a financial asset if, and only if, all the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;
- The Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- The Bank has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, it is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

IV. When the Bank transfers a financial asset (see ii. above), it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:

- If the Bank transfers substantially all the risks and rewards of ownership of the financial asset, it shall derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer;

- If the Bank retains substantially all the risks and rewards of ownership of the financial asset, it shall continue to recognize the financial asset;
- If the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset. In this case:

  a) If the Bank has not retained control, it shall derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer; and
  b) If the Bank has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

V. The transfer of risks and rewards is evaluated by comparing the Bank's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset.

VI. Whether the Bank has retained control (see iv. above) of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the entity has not retained control. In all other cases, the entity has retained control.

Assets pledged as collateral by the Bank through repurchase agreements and other transactions are not derecognised because the Bank holds substantially all the risks and rewards based on the pre-specified repurchase price and therefore the derecognition criteria are not met.

Financial liabilities are derecognised when the underlying obligation is discharged or cancelled or expires.

Modification of loans

In some circumstances, the Bank renegotiates or modifies the contractual cash flows of loans and advances to customers. In such cases, the Bank assesses whether the new terms of the contract are substantially different from the original terms. The Bank performs this analysis considering, among others, the following factors:

- Whether the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to an amount the borrower is expected to be able to pay;
- Whether any significant new terms have been introduced, such as profit-sharing or equity-based returns, that substantially affect the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency in which the loan was contracted;
- Inclusion of collateral, securities or other credit enhancement which significantly affects the credit risk associated with the loan.

If the terms of the contract are substantially different, the Bank derecognizes the original financial asset and recognizes a new asset at fair value and calculates its new effective interest rate. The date of renegotiation is considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new recognised financial asset is impaired at initial recognition, especially where the renegotiation was driven by the debtor being unable 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 substantially different, the 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 recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for impaired, originated or acquired financial assets).

After the modification, the Bank may determine that the credit risk has improved significantly and that the assets have moved from Stage 3 to Stage 2 (lifetime ECL) or from Stage 2 to Stage 1 (12-month ECL). This situation can only occur when the performance of the modified asset is in line with the new terms of the agreement during a period of twelve consecutive months. Additionally, the Bank continues to monitor whether there has been a significant increase in credit risk on these assets, applying specific models for modified assets.

Impaired financial assets

A financial asset is impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred. Financial assets impaired are referred to as Stage 3 assets. The Bank has adopted the internal definition of non-performing loans as a criterion for identifying credits under Stage 3. The internal definition of non-performing loans is governed by objective and subjective criteria and is used for the Bank's credit risk management.

Purchased or originated credit impaired (POCI)

Purchased or originated credit-impaired financial assets (POCI) are treated differently as these are "impaired". For these assets, the Bank, upon its initial recognition under Stage 3, records the asset at the net amount of the expected loss.

In subsequent measurement, an ECL with a lifetime PD is always calculated and its changes are recorded in the income statement. The associated interest is calculated by applying the effective interest rate to the net book value of the asset.

Asset write-off policy

The Bank recognizes a loan written off from assets when it has no reasonable expectations of recovering the full amount. This recording occurs after all actions undertaken by the Bank have proved unsuccessful.

Loans written off from assets must be subject to periodic reconciliation to control the amount included in off-balance sheet accounts, where, in accordance with legal requirements, they must remain recorded for a minimum of 10 years and as long as all collection procedures have not been exhausted.

Guarantees provided and irrevocable commitments

Liabilities for guarantees and irrevocable commitments are recorded under off-balance-sheet items at their fair value, with interest, commissions or other income being recorded in the income statement over their maturity period.

Performance guarantees are initially recognised at fair value, which is usually evidenced by the amount of commissions received over the contract period. Upon the breach of contract, the Bank has the right to revert the guarantee, and the amounts are recognised in Loans and advances to customers after the loss compensation is transferred to the collateral taker.

Financial assets measured at amortised cost

The Bank measures a financial asset at amortised cost if it meets, simultaneously, the following requirements and is not recorded at FVTPL (use of the Fair Value Option):

- The financial asset is held in a business model whose main purpose is to hold the asset to collect its contractual cash flows (HTC – Held to collect); and
- Its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI – Solely Payments of Principal and Interest).

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

Included in this category are debt securities, loans and advances to customers and other loans and advances to central banks and credit institutions and other receivables.

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 fair value at the time of their initial recognition. Gains and losses on subsequent changes in fair value are recorded in equity until they are sold, where they are reclassified to profit or loss for the period, except for equity instruments which are reclassified to retained earnings.

Interest is calculated using the effective interest rate method and recorded in the income statement under Interest and similar income.

Income from variable-income securities is recognised in the income statement under Income from equity instruments at the date these are allocated. According to this criteria, prepaid dividends are recorded as income for the period in which its distribution is approved.

Financial assets and liabilities at fair value through profit or loss

All financial assets that are not measured in accordance with the methods described above are measured at fair value through profit or loss. In addition, at initial recognition, the Bank may irrevocably classify a financial asset, which otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income and at fair value through profit or loss, if the classification significantly eliminates the accounting mismatch that would otherwise exist (Fair Value Option).

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

Financial assets and liabilities at fair value through profit or loss and other financial assets at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from the subsequent changes in fair value are recognised in the income statement.

The Bank uses the 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 fair value of the instrument, in accordance with the provisions of IFRS 13 – Fair value measurement (Note 38).

Gains and losses generated by the subsequent valuation recorded in the income statement, under Profit/(loss) from financial assets and liabilities at fair value through profit or loss. Interest is reflected under the caption Interest and similar income.

Financial assets at fair value through profit or loss include variable-income securities acquired with the aim of generating gains from short-term fluctuations in market prices. Trading derivatives with net value receivable (positive fair value) and options purchased are included in Financial assets at fair value through profit or loss. Trading derivatives with a net value payable (negative fair value) and options sold are included in Financial liabilities at fair value through profit or loss.

Shares

The Bank classifies under Financial assets and liabilities at fair value through profit or loss the shares held in collective investment undertakings (Investment Funds) managed by management companies of collective investment undertakings (Management Company) certified by the Capital Market Commission (CMC) of Angola, when applicable.

I. Classification and measurement

When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures, and associates either:

- **a)** At cost;
- **b)** At fair value, in accordance with IFRS 9, where applicable; or
- **c)** Using the equity method as described in IAS 28 – Investments in associates and joint ventures.

The Bank has elected the second option and has applied the same accounting method consistently to all investments in the same category.

On acquisition, the Bank records these assets at their purchase price, determined by the Management Company, based on accepted financial techniques for determining the fair value of the assets in portfolio, in accordance with the type of investment fund.

II. Subsequent measurement

The Bank determines the fair value of the shares by multiplying the number of shares held in each Fund by the share price/quotation and the closing price/quotation is updated and made available on a daily and monthly basis by the Management Company.

In order to assess and validate the fair value, the Bank uses valuation techniques that consider the specificity and type of each Investment Fund (Property, Real Estate or other), namely:

- Analysis of the accounting policies and valuation models (determining the fair value) of the investment portfolios held by these investment funds;
- Analysis of the opinions issued by independent auditors on the financial statements of investment funds, checking relevant matters with a potential impact on the price of shares; and
- Analysis of the suitability of the criteria and methodologies used by the Management Company to value the investment portfolio in accordance with the market's regulatory requirements.

The gains and losses arising from changes in the market value or fair value of shares are recorded in the income statement under Profit/(loss) from financial assets and liabilities at fair value through profit or loss (Note 24).

Other credit-risk assets

The impairment of assets that relate to advances, promissory contracts, and other amounts due is determined based on a similar methodology to that used for Loans and advances to customers. The impairment established for these assets is determined by the credit risk of the counterparty resulting from its financial capacity, the exposure at risk and the contractual features binding the balances, including the term in which they are expected to be received and the applicability of interest rate during the collection period.

When the same borrower has balances simultaneously under loan agreements and under this type of asset, impairment is calculated considering the total exposure, both on an individual or collective basis.

Notwithstanding the discount applicable to those assets through calculation of the current contract value, the balances related to real estate promissory contracts of purchase and sale follow a specific impairment calculation methodology based on the following elements:

- Contract seniority;
- Date of the last payment; and
- Percentage of the contract value paid, resulting in a maximum 25% impairment rate on the contract value after discounting the adjustment of the present value and the valuation value of the real estate asset underlying the contract after haircuts (the haircuts defined for non-current assets held for sale, in Directive No. 13/DSB/DRO/2019, are applied).

If the rate resulting from this determination process is lower than the impairment rate determined in the loan agreements (should this exposure be applicable to the borrower) the impairment rate of the loan is applied.

Amounts receivable from the promissory contracts ("CPCV" – "Contrato-Promessa de Compra e Venda")

I. Recognition of amounts receivable from promissory contracts

For the recognition of real estate CPCV, the Bank has defined and consistently applies an accounting policy in line with the relevant regulatory and legal framework, based on the following principles:

- CPCV comply with the requirements for recognition of contracts with borrowers; and
- The transfer of control of the property to the promissory purchaser is fulfilled upon completion of the CPCV, which establishes the immediate taking of ownership of the asset by the promissory purchaser, transferring to him/her all the risks and rewards inherent to the asset.

Accordingly, the property is derecognised for recognition of the related contract with the borrower – account receivable – and corresponding capital gains resulting from the sale of the property, when applicable (Note 27).

The capital gains are calculated as the difference between the historical cost and the sale value agreed upon the conclusion of the CPCV.

Considering the principles established by the accounting policy, the Bank only recognizes the value of the contract after the requirements previously mentioned have been fulfilled, therefore recording the gains in accordance with IFRS 15 – Revenue from contracts with customers (IFRS 15).

II. Impairment losses on CPCV

In accordance with the real estate assets profitability policy approved by the Bank, it is not expected that in the moment subsequent to a CPCV cancellation event the underlying asset would remain on the Bank's balance sheet as a non-current asset held for sale. However, the policy conservatively assumes that this will occur for the purposes of defining the applicable haircut, using that defined by Banco Nacional de Angola to determine what would be a maximum loss associated with a failure to perform the contract in accordance with its terms.

Sale transactions with repurchase agreement

Securities sold under repurchase agreements are held in the portfolio where they were originally recorded. The funds received are recorded as liabilities. The difference between the contracted repurchase value and the respective initial sale value is recognised on a straight-line basis in profit or loss over the life of the operation.

Impairment losses

IFRS 9 determines that the concept of impairment based on expected losses is applied to all financial assets other than financial assets measured at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income. Thus, when determining the ECL, macroeconomic factors are considered, whose changes impact the expected losses.

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

There are two methods for calculating impairment losses:

I. Individual analysis; and
II. Collective analysis.

The Bank measures the expected loss on an individual or collective basis for portfolios of financial instruments that share similar risk characteristics. The measurement of impairment losses is based on the present value of the expected cash flows of the asset using the asset's original effective interest rate, whether measured individually or collectively.

The objective of individual analysis is to ensure a more careful analysis of the status of customers with exposures considered individually significant in the Bank. The materiality of the exposures is determined by reference to qualitative and quantitative criteria reflecting the size, complexity and risk associated with the portfolio.

The assessment of impairment losses on an individual basis is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses at each balance sheet date, whether there is objective evidence of impairment.

The analysis of each customer/economic group, as well as the existence of impairment losses, should consider, among others, the following factors:

- Contractual aspects, by assessing potential non-compliance with contractual terms, or the existence of loans restructured due to customers' financial difficulties;
- Financial aspects, by assessing the potential reduction in gross revenues, or net income;
- The evaluation of guarantees received, including their nature, effective formalization, valuation and degree of coverage;
- Other aspects, by assessing potential instability in the management/shareholder structure, or the existence of insolvency proceedings.

In order to identify individually significant exposures, the Bank defined the amount of the institution's own funds as the benchmark for the identification of significant exposures. The criteria defined by the Bank for identifying individually significant customers or economic groups comply with the following assumptions:

- Customers/economic groups for which there is evidence of a significant increase in credit risk or objective evidence of impairment: 0.5% of the amount of the institution's own funds;
- Customers/economic groups for which there is no evidence of a significant increase in credit risk or objective evidence of impairment: 2% of the amount of the institution's own funds.

The materiality criteria adopted by the Bank ensure that portfolio coverage by individual analysis is above 80% of the value of credit exposure recorded in the Bank's assets, for a group of approximately 100 different customers.

The adoption of the materiality criteria recommended in BNA Instruction No. 08/2019, of 27 August, on Impairment losses for the loan portfolio (Instruction No. 08/2019), would define the need for individual analysis for an additional set of approximately 150 customers obtaining an increase in coverage of less than 10 p.p. ATLANTICO considered that the operational effort involved in the analysis of these customers is disproportionate to the estimated additional impact on the quality of the impairment calculation process and the calculated impairment amount.

The global exposure amount of each customer/economic group does not consider the application of translation factors for off-balance sheet exposures.

For the remaining segments of the loan portfolio, and for the individually significant exposures that do not show signs of impairment, the Bank carries out a collective analysis to determine impairment losses.

The ECL determination to be applied depends on the allocation of the contract to one of three stages. At the time of initial recognition, each contract is allocated to Stage 1 (except for Purchased or originated credit-impaired contracts: Purchased or Originated Credit-Impaired – POCI).

For each of the subsequent reporting dates, it is necessary to perform an analysis to the variation in the default risk from that date to the expected maturity of the contract.

The expected loss for credit risk is an estimate weighted by the probability of the present value of the credit losses. This estimate results from the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of several future macroeconomic scenarios discounted at the interest rate of the financial instruments.

Instruments subject to impairment calculation are divided into three stages considering their credit risk level, as follows:

- Stage 1: instruments for which there is no significant increase in credit risk since its initial recognition. In this case, impairment losses will correspond to expected credit losses resulting from default events that may occur within 12 months after the reporting date;
- Stage 2: instruments for which there is a significant increase in credit risk since its initial recognition, however no objective evidence of impairment exists. In this case, the amount of impairment will reflect expected credit losses over the expected residual life of the instrument;
- Stage 3: instruments for which there is objective evidence of impairment losses as a result of events that resulted in losses. In this case, the amount of impairment will reflect expected credit losses over the expected residual life of the instrument.

With the exception of purchased or originated with credit-impaired financial assets (POCI), impairment losses must be estimated in accordance with the following criteria and by an amount equal to:

- Expected loss on a 12-month credit risk, i.e., estimated total loss resulting from events of default of the financial instrument that may occur within 12 months after the reporting date (referred to as Stage 1); or
- Expected loss for credit risk to maturity, i.e., expected loss that is obtained through the difference between the contractual cash flows and the cash flows the entity expects to receive by the maturity of the contract, resulting from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3). A provision for an expected credit loss to maturity is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition or if the financial instrument is impaired.

IFRS 9 does not define a concept of default. However, the Bank has chosen to update its internal default definition by introducing a set of criteria to reflect a more forward-looking model for the recognition of expected losses on financial assets. For an operation to be classified in default, it is only necessary that one of the criteria is met. A given transaction/customer will cease to be flagged as default if it no longer meets the relevant entry criteria and upon completion of the relevant quarantine period, which varies in accordance with the criteria for flagging the transaction as being at risk of default:

- Transactions overdue for more than 30 days – 12 months (if the materiality criterion is not checked, there is no quarantine period);
- Transactions restructured due to financial difficulties that do not fall within Stage 3 criteria – 24 months (if the transaction has not been delayed by more than 30 days and, the capital exposure after 24 months from the origination date is less than 80% of the initial exposure; otherwise, a further 24-month quarantine is applied);
- Principal and/or interest written off from assets – 12 months.

Impairment requirements of IFRS 9 are complex and require Management decisions, estimates and assumptions, particularly in the following areas:

- Assessment of whether there has been a significant increase in credit risk since initial recognition; and
- Incorporation of forward-looking information in the ECL calculation.

ECL Calculation

ECL is weighted estimates of credit losses that will be determined as follows:

- Financial assets with no signs of impairment at the reporting date: the present value of the difference of all cash shortfalls (i.e., the difference between the cash flows due to the Bank under the contract and the cash flows the Bank expects to receive);
- Financial assets with impairment signs at the reporting date: the difference between the gross book value and the present value of the estimated cash flows; and
- Guarantees provided and undrawn loan commitments: the present value of the difference between the resulting contractual cash flows that are due to the Bank if the commitment is fulfilled and the cash flows that the Bank expects to receive.

The concept supporting the Bank's approach for the determination of impairment losses on loans subject to collective analysis is the definition of homogeneous segments that consider the quality of its assets and the characteristics of credit/customer risk. The Bank's impairment model considers firstly, non-significant customers or, individually significant customers classified in Stage 1 (after individual analysis), which are included in homogeneous segments with similar credit risk, considering the Bank's management model, and subject to the determination of impairment on a collective basis.

For the purpose of determining impairment losses for loans assessed on a collective basis, as mentioned above, and in accordance with the regulatory requirements set out in paragraph 11 of Instruction No. 08/2019, exposures must be grouped by homogeneous groups considering the quality of their assets/credit risk characteristics. The Bank's impairment model divides corporate customers by sector of economic activity and private customers by credit product.

Accordingly, the Bank ensures that for the purposes of analyzing these exposures and determining the risk parameters (PD and LGD), these have similar risk characteristics. Each segment is set up based on assumptions of statistical materiality (in order to estimate its risk profile) and relevance or adequacy to the various processes related to the Bank's credit risk management.

Based on the segmentation defined, the risk parameters that enable the expected loss to be quantified were determined, namely, the probability of the transaction/customer going into default (PD) and the estimated losses for that transaction/customer after default (LGD).

In accordance with IFRS 9, the Bank has developed ECL lifetime for financial assets as the present value of the difference between (1) the cash flows to which the entity is entitled under the agreement, and (2) the cash flows that the entity expects to receive. For assets that are not in default, the same principle applies.

The Bank defined the 12-month ECL as the portion of ECL lifetime that represents the expected credit losses that result from default events that may occur within 12 months after the reporting date. Accordingly, this principle applies to assets that are not in default.

The current methodology in the Bank defines that, for assets in default, the lifetime ECL is obtained through the loss value given the default, depending on the elapsed time since the asset entered in default.

With regard to the balances recorded under Cash and deposits at central banks (Note 4), Loans and advances to credit institutions repayable on demand (Note 5), Financial assets at amortised cost – Debt securities (Note 8) and Financial assets at amortised cost – Other loans and advances to central banks and credit institutions (Note 10), an analysis of expected losses is made in accordance with the following assumptions:

- For the balances recorded under Cash and deposits at central banks (Note 4) the Loss Given Default (LGD) is considered to be null since there are no risks of recovery, and no impairment is estimated, in accordance with Directive No. 13/DSB/DRO/2019, of 27 December 2019, of the BNA – Guidelines on the Recommendations for Implementation of the Asset Quality Review (AQA) Methodologies for the 2019 financial year;
- For the balances recorded under Loans and advances to credit institutions repayable on demand (Note 5), the entity's rating is verified, or, if not available, the rating of the country where it is headquartered. In accordance with Directive No. 13/DSB/DRO/2019, a Probability of Default (PD) equivalent to 1/12 (one twelfth) of the twelve-month PD is considered taking into account the counterparty's rating (or the country where the counterparty is headquartered if it has no rating) and an LGD of 60% for all counterparties that have not significantly increased their credit risk;
- For the balances recorded under Financial assets at amortised cost – Debt securities (Note 8) relating to Angolan public debt securities in national and foreign currency, the PD for sovereign debt of the rating associated with the Angolan State obtained through Moody's study "Sovereign default and recovery rates, 1983-2020" and the LGD associated with the sovereign default events occurred, indicated in the same study, in accordance with Directive No. 13/DSB/DRO/2019, is considered;
- For the balances recorded under Financial assets at amortised cost – Other loans and advances to central banks and credit institutions (Note 10), the entity's rating is verified, or, if not available, the rating of the country where it is headquartered. In accordance with Directive No. 13/DSB/DRO/2019, a 12-month PD is considered taking into account the counterparty's rating (or the country where the counterparty is headquartered if it has no rating) and an LGD of 60% for all counterparties that have not significantly increased their credit risk.

In addition, and notwithstanding the above, a 0% LGD is considered for the investments made with the BNA, as these are considered to have no credit risk, in accordance with Directive No. 13/DSB/DRO/2019.

Despite the requirements set out in Directive No. 13/DSB/DRO/2019 regarding the use of PDs per rating contained in Moody's publication, the Bank considers a minimum PD of 0.03% in line with best practices.

Significant increase in credit risk

The stage 2 rating is based on the observation of a significant increase in the credit risk level.

The Bank's impairment model provides for a significant increase in the level of credit risk for sovereign risks, supranational entities and financial institutions with ratings assigned by international agencies, and it occurs when the following triggers are met:

- When a downgrade of more than two notches is observed in at least two rating agencies in the period elapsed since the origination date of the asset; or
- When there is a default of credit obligations by that counterparty in a period longer than 30 days (activation of the internal rating scale, T1).

Once the significant increase in risk has been determined, the minimum monitoring period is 12 months, irrespective of any rating upgrade during that period, and the impairment rate cannot be reduced during that period.

The remaining borrowers, although classified with internal rating, are not yet considered to have sufficient maturity and amplitude of application of the internal rating models to consider that variable (defined as T1) in determining the significant increase in credit risk, and therefore the objective criteria established for the attribution of stage are applied.

The rating and scoring model defined by the Bank objectively describes the input, materiality and contamination criteria for a given exposure to be classified as having a significant increase in credit risk from the time of its initial recognition, as well as the monitoring period.

Inputs in ECL measurement

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

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Discount rate of cash flows corresponding to the effective interest rate of the contract (Discount Rate – DR); and
- These parameters will be achieved through internal statistical models and other relevant historical data, tailored to reflect forward-looking information.

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

The risk levels will be a highly relevant input for determining PDs associated with each exposure. The Bank will collect performance and default indicators on its credit risk exposures with analysis by types of customers and products.

LGD is the extent of the loss that is expected to occur if the exposure goes into default. The Bank estimates LGD parameters based on the historical recovery rates after counterparty defaults. LGD models consider the associated collaterals and the default time.

EAD represents the expected exposure if the exposure and/or the customer enter into default. The Bank will obtain EAD amounts from the counterparty's current exposure and potential changes to the current allowable amount under contractual conditions, including amortisations and prepayments. For commitments and financial guarantees, the EAD amount considers the credit conversion factor (CCF), which measures the proportion of the off-balance sheet exposure that is converted into equity exposure until the effective date, that is, the prospective potential amount that may be used in accordance with the agreement.

The discount rate to use according to the standard would be the effective interest rate of the contract.

As described above, with the exception of financial assets that consider a 12-month PD once they do not present a significant increase in credit risk, the Bank will calculate the ECL amount considering the risk of default during the maximum contractual period of the contract or, in some specific situations, based on behavioral maturity.

The analysis is updated on a monthly basis. Impairment losses identified are recorded against the income statement. If, in future periods, there is a reduction of the estimated loss, the impairment initially recorded is also reversed against the income statement.

Forward-looking information

According to this new model recommended by IFRS 9, the measurement of expected losses will also require the provision of forward-looking information, including trends and future scenarios, including macroeconomic data. In this context, estimates of expected credit impairment losses will include several macroeconomic scenarios whose probability will be assessed considering past events, the current status and future macroeconomic trends. In addition, IFRS 9 also proposes the identification of alternative scenarios for impairment calculation.

Under IFRS 9, the Bank conducted several correlation tests to incorporate forward-looking information both in its assessment of the significant risk increase and in the measurement of ECL.

A detailed analysis of available macroeconomic data was conducted to determine statistically significant relationships between them and portfolio default rates. Based on this analysis, prospective scenarios were assumed that include, besides the central scenario, best-case and worst-case scenarios. This analysis and consequent incorporation into the impairment model are carried out regularly by the Bank, including identification and testing of other macroeconomic data.

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. This model considered three different scenarios: (i) an economic development best-case scenario; (ii) an economic growth best-case scenario; and (iii) a worst-case scenario that included an increase in inflation rates.

Back-testing

Considering the complexity involved in calculating the risk parameters and determining the estimated impairment loss, in order to ensure the robustness of these elements, the Bank has defined a back-testing process with the aim of ensuring consistency between the estimated parameters (resulting from the calculation process based on historical information) and the observed parameters.

This back-testing process must be carried out at least on an annual basis, in line with the regulatory requirements set out in Notice No. 08/2019.

The back-testing defined, aims to assess the performance of the different risk factors, namely the base parameters and the calculation assumptions. The proposed methodology consists of the following assumptions:

- Analysis of a sample of transactions comprising the portfolio analyzed collectively, on a given reference date;
- The development of the selected sample is monitored for a period of 12 months;
- Subsequently, the evidence resulting from this development is compared with the assumptions used in the model for calculating impairment losses, namely with regard to risk factors.

The PD back-testing methodology aims to assess the difference between the observed PD and the estimated PD (resulting from the calculation process). As the parameter to be applied in the impairment calculation process was estimated based on historical data it is fundamental to ensure that the difference between them is not significant, therefore the observed PD is calculated for each period and based on the estimated PD.

The LGD back-testing methodology aims to assess the difference between the recovery value observed in the last 12 months and the estimated LGD (resulting from the calculation process which used the Chain Ladder algorithm). This comparison is made on an aggregate basis and confidence intervals are used for each estimated value.

With respect to the validation of the model/action plan, it may be required, depending on the back-testing results, to carry out corrective measures such as model redevelopment or calibration.

The Bank has set the frequency for monitoring the model and ensuring the improvement and implementation of corrective measures for the inconsistencies that are identified in the validation process.

Financial liabilities

Financial liabilities are mainly composed of deposits from central banks, other credit institutions and customers' deposits. These liabilities are initially measured at fair value, which normally refers to the consideration received, net of transaction costs, and are subsequently stated at amortised cost, in accordance with the effective interest rate method on a straight-line basis.

Changes in the fair value of financial liabilities arising from changes in the entity's own credit risk are recognised in equity unless this accounting treatment results in an accounting mismatch. Subsequent reclassifications of these changes to profit or loss are not permitted, including on the repurchase of these liabilities.

2.6. Equity instruments

A financial 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, regardless from its legal form, showing a residual interest in the assets of an entity after deducting all 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.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

2.7. Property, plant and equipment

Recognition and measurement

Property, plant and equipment are recorded at acquisition cost less accumulated depreciation and impairment losses. Costs includes expenses which are directly attributable to the acquisition of goods.

Under the IAS 29 Standard, in the event of hyperinflation, banking financial institutions must update the measurement of property, plant and equipment on a monthly basis based on the Consumer Price Index.

The amount resulting from monetary revaluation must be reflected monthly as a credit to a profit or loss account, against the gross value and accumulated depreciation items of property, plant and equipment.

Subsequent costs

Subsequent costs are recognised as a separate asset only when it is likely that future economic benefits will result for the Bank. All other repairs and maintenance expenses are recognised as costs as they are incurred following the accrual principle.

Depreciation

Land is not depreciated. Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Own use properties (Buildings)	25 to 50
Equipment	
Furniture and material	8 to 10
Machinery and tools	4 to 10
IT equipment	3 to 6
Indoor facilities	4 to 10
Transport equipment	3 to 4
Security equipment	6 to 15

Whenever there is an indication that an asset may be impaired, IAS 36 – Impairment of Assets (IAS 36) requires that its recoverable amount is estimated, and an impairment loss shall be recognised when the net book value of the asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of future cash flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

As mentioned in Note 2.12., this caption includes right-of-use assets arising from lease agreements.

The implementation of IAS 29 has no impact on the determination of the useful life of each class of assets.

2.8. Intangible assets

Recognition and measurement

Intangible assets are recorded at acquisition cost less accumulated depreciation and impairment losses.

Under the IAS 29 Standard, in the event of hyperinflation, banking financial institutions must update the measurement of property, plant and equipment monthly based on the Consumer Price Index.

The amount resulting from monetary revaluation must be reflected monthly as a credit to a profit or loss account, against the gross value and accumulated amortisation items of property, plant and equipment.

Software

The costs incurred with the acquisition of software from third parties are capitalized as well as additional expenses incurred by the Bank necessary for their implementation. These costs are amortised on a straight-line basis over the estimated useful life, which normally corresponds to 5 years.

Research and development expenditure

Costs directly related to the development of computer applications, whose use can be expected to generate future economic benefits extending beyond one year, are recognised and recorded as intangible assets.

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

Goodwill

Goodwill recorded in the financial statements results from the difference between the value defined in the merger of Banco Millennium Angola S.A. and the value at which the assets and liabilities of that entity were recorded in the accounts. Goodwill is recognised as an asset and recorded at acquisition cost and is not subject to amortisation.

According to IAS 36, the recoverable amount of goodwill shall be the highest between its value in use (i.e., the present value of the future cash flows expected from its use) and its fair value less costs of sale. Based on these criteria, ATLANTICO performed an evaluation that considers, among others, the following factors:

- An estimate of the future cash flows generated;
- Time value of money;
- A risk premium related with uncertainty; and
- Other factors related with the markets' financial current situation, in particular inflation and exchange rate development and interest rates growth.

The assumptions used for this assessment may change with the change in economic and market conditions.

The review of the assumptions used, and the development of macroeconomic and market conditions may result in changes in these assumptions and, consequently, in the recoverable amount of goodwill.

Impairment recorded for goodwill cannot be reversed.

2.9. Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted in the Bank's financial statements at their historical cost less any impairment losses.

In the specific case of the shares held by the Bank, the Bank has chosen to classify and measure at fair value, in accordance with IFRS 9, using one of the options under IAS 27 (Note 2.6.).

Subsidiaries are entities (including investment funds) controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to the variability in returns resulting from its involvement with that entity and might set hold of them through the power it holds over its relevant activities (*de facto control*).

Associates are entities over which the Bank has significant influence, but not control over their financial and operating policies. It is assumed that the Bank has significant influence when it holds 20% or more of the voting rights of the investee. If the Bank holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Bank does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Bank is normally demonstrated in one or more of the following ways:

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

Dividends are recorded as income in the period in which the decision to distribute them among subsidiaries and associates is taken.

Impairment losses

The recoverable amount of investments in subsidiaries and associates is reviewed whenever there is evidence of impairment. Impairment losses are determined based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. Impairment losses identified are recorded in the income statement being subsequently reversed, if there is a reduction of the estimated impairment loss, in a subsequent period. The recoverable amount is determined as the highest between the value in use of the assets and the fair value less selling costs, and is calculated using valuation methodologies, supported by discounted cash flow techniques, considering market conditions, time value of money and business risks.

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 and related liabilities that include at least a non-current asset) and discontinued operations are classified as held for sale when there is an intention to sell the referred assets and liabilities and when the referred assets are available for immediate sale and its sale is highly probable.

The Bank also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, which are available for immediate sale and its sale is highly probable.

Immediately before classification as non-current assets held for sale, measurement is performed in accordance with the applicable IAS/IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

The Bank also classifies as non-current assets held for sale, the investments held for credit recovery, which are initially measured at the lower of their fair value net of selling costs and the book value of the loan at the date when the recovery occurs, or the judicial decision is formalized.

Assets recorded under this caption are not depreciated. The fair value of these assets is determined based on periodic valuations performed by independent expert valuers. Additionally, and in accordance with Directive No. 13/DSB/DRO/2019, this valuation is adjusted based on specific discount rates according to the seniority of the valuation. Whenever the value resulting from these valuations (net of costs to sell) is lower than the book value, impairment losses are recorded under Provisions and impairment for other assets.

The valuations of this real estate are carried out according to one of the following approaches, applied according to the specific situation of the property:

I. Market Approach
The market method has as reference transaction values of similar and comparable real estate properties to the one studied through market research conducted in the area.

II. Income Approach
The purpose of this method is to estimate the value of the property from the capitalization of its net income, updated to the present moment, using the discounted cash flow method.

III. Cost Approach
The cost approach is intended to reflect the amount that would be currently required to replace the asset under current conditions, decomposing the value of the property into its fundamental components.

The valuations carried out are conducted by independent expert valuers registered with CMC. The valuation reports are analyzed internally, to assess the adequacy of assumptions, comparing the historical sales values with the revalued values of the properties, in order to keep updated the parameters and valuation processes to the market evolution.

In addition, as these are assets whose fair value level in the IFRS 13 hierarchy corresponds mainly to level 3, given the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Bank carries out internal analyses on the assumptions used, which may imply additional adjustments to their fair value.

Given that circumstances considered unlikely and beyond the Bank's control may occur, the sale of these assets may not be completed until one year after the date of classification. In such circumstances, the Bank remains committed to the plan to dispose of the assets by making efforts, inter alia, such as the engagement of an expert and intermediary agent, active advertising, review of the sale price according to the context so that it is reasonable compared to its current fair value.

When the legal term of 12 months has elapsed without the assets being sold (extendable with the authorization of the BNA), a new valuation is carried out, aimed at determining the updated market value, with a view to the possible establishment of the corresponding impairment.

2.11. Leases

In accordance with IFRS 16:

- As lessee, the standard defines a single accounting model, with the recognition of right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments;
- As lessor, the accounting depends on the financial or operational classification.

The Bank has adopted IFRS 16 using the modified retrospective approach, which has no impact on equity as, with the exception of prior or accrued lease payments related to that lease recognised in the balance sheet immediately before the date of initial application, there are no differences between the right to use the asset and the lease liability at the time of initial recognition (1 January 2019).

Lease definition

The Bank evaluates whether an agreement is or contains a lease on the basis of the lease definition. In accordance with IFRS 16, an agreement is, or contains, a lease if it transfers the right to use an identified asset (the underlying asset) for a specified period of time in return for consideration.

On the commencement date or at the revaluation of an agreement containing a leasing component, the Bank allocates the consideration in the agreement for each leasing component and not the leasing on the basis of its individual relative price. However, for leases in which the entity is a lessee, it has been decided not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

As lessee

From the lessee's point of view, the Bank leases several real estate properties used for the Bank's branches and central services.

As lessee, the Bank previously classified leases as operating or finance leases on the basis of an overall assessment of whether the lease transfers substantially all the risks and rewards associated with ownership of the underlying assets.

The Bank records right-of-use assets under Property, plant and equipment, that is, in the same caption as the underlying assets of the same nature that are its property.

The Bank records lease liabilities under Other liabilities in the balance sheet.

The Bank recognizes a right-of-use asset and a lease liability at the inception of the lease.

Right-of-use assets

Right-of-use assets are initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurements of lease liabilities. Right-of-use assets are depreciated from the commencement date to the end of the useful life of the underlying asset, or to the end of the lease term if shorter.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments to be paid over the lease term, discounted at the implicit rate of the lease or, if the rate cannot be readily determined, at the Bank's incremental financing rate. The Bank generally uses its incremental financing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the expected amount to be paid under a residual value guarantee, or, if appropriate, changes in the assessment of whether a call or renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Judgement in determining the term of the lease

The Bank has applied judgement to determine the lease term of some agreements in which it is the lessee, which include renewal 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 renew 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 the Bank will exercise such options will have an impact on the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognised.

The Bank has the option, namely in property lease agreements, to lease the assets for additional periods of 1 to 5 years. The Bank applies judgement in assessing whether it is reasonably certain to exercise the renewal option, i.e. it considers all relevant factors that create an economic incentive to exercise it or not.

As lessor

When the Bank acts as lessor, at the beginning of the lease it determines whether it should be classified as an operating lease or a finance lease.

In order to classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all the risks and rewards inherent to ownership of the underlying asset. If the lease transfers substantially all the risks and rewards inherent to ownership of the underlying asset, it is classified as a finance lease, otherwise as an operating lease. As part of this assessment, the Bank considers some indicators such as whether the lease is held for most of the economic life of the asset.

Finance leases

Lease agreements are recorded in the balance sheet as loans granted for the equivalent of 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 capital amortisation, also included in rents, is deducted from the value of the loans and advances to customers. Recognition of interest reflects a constant periodical return rate over the remaining net investment of the lessor.

If an agreement contains both lease and non-lease components, the Bank applies IFRS 15 to allocate the contractual amounts.

Operating leases

Payments made by the Bank under operating lease agreements are recorded as expenses in the periods to which they relate, when applicable.

2.12. Taxes

Income taxes

Income tax recognised in profit or loss comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items that are moved in equity, a fact that requires its recognition in that caption. Deferred taxes recognised in equity arising from the revaluation of financial assets available at fair value through other comprehensive income and cash flow hedging derivatives are subsequently recognised in profit or loss in the moment the results were originated.

Current tax

Current tax is the expected tax payable on the taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Following the publication of Law No. 19/14 of 22 October, which came into force on 1 January 2015, recently amended by Law No. 26/20 of 20 July, the Industrial Tax is subject to provisional assessment in a single instalment to be carried out in August, calculated by applying a rate of 2% on the amount resulting from financial intermediation, calculated in the first six months of the previous fiscal year, excluding income subject to Capital Gains Tax, unless a loss was established in the previous year.

According to the legislation in force, industrial and other tax returns may be subject to revision and correction by the tax authorities within five years following the year to which they relate.

Law No. 26/20 of 20 July has increased the rate of Industrial Tax for activities in the banking sector from 30% to 35%. Moreover, this Law establishes rules with relevant impacts on the determination of taxable profit, such as:

- Costs/income with potential/realized exchange rate changes – In view of the new wording of Articles 13(c) and 14(c) of the Corporate Income Tax Code, as amended by Law No. 26/20 of 20 July, only realized favorable and unfavorable exchange rate changes are considered as income and costs for tax purposes. In view of the above, the Bank must exclude from the net profit for the period the amounts of potential favorable and unfavorable exchange rate changes recorded in the year.
- Costs with impairment losses on collateralized loans – In view of the new wording of Article No. 45 of the Industrial Tax Code, as amended by Law No. 26/20 of 20 July, the provisions set up for collateralized loans are not accepted, except for the part not covered.
- Costs with Property Tax – According to the new wording of Article No. 18(a) of the Corporate Tax Code, as amended by Law No. 26/20 of 20 July, Property Tax is not accepted as a cost deductible from taxable profit.

The assumptions for applying the above rules for the purpose of determining taxable profit are described in Note 3.3.

Deferred tax

Deferred tax assets and liabilities are the amounts of income taxes recoverable or payable in future periods as a result of deductible or taxable temporary differences between the value of assets and liabilities in the balance sheet and their tax base, using the tax rates approved or substantially approved on the balance sheet date and which are expected to be applied when the temporary differences are reversed (IAS 12).

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill, not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that probably they will not reverse in the foreseeable future.

Deferred taxes assets are recognised to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary differences for taxation purposes (including reportable taxable losses).

The Bank offsets, as established in IAS 12 – Income Taxes (IAS 12), paragraph 74, deferred tax assets and liabilities when (i) it has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Capital Gains Tax (IAC)

Presidential Legislative Decree No. 2/14 of 20 October, in force since 19 November 2014, reviewed and introduced several legislative changes to the IAC Code, following the Tax Reform project.

IAC is applied generally on income from the Bank's financial investments. The rate varies from 5% (in case of interest, amortisation premiums or reimbursement and other forms of remuneration of government securities, bonds, equity securities or other similar securities issued by any company, which are admitted to trading on a regulated market and with a maturity equal or greater than three years) and 15%. Notwithstanding the above, regarding income from government debt securities, in accordance with the latest understanding of Tax Authorities addressed to ABANC, only those arising from securities issued on or after 1 January 2012 are subject to this tax. Furthermore, it should be noted that, according to the position of the Tax Authorities also communicated to ABANC, the exchange rate revaluations of public debt securities issued in national currency but indexed to foreign currency, issued since 1 January 2012, should be subject to Industrial Tax.

Furthermore, under the terms of Article 18 of the Industrial Tax Code, the CGT itself is not accepted as a deductible expense for the purposes of determining taxable profit. However, income subject to CGT, as provided for in Article 47 of the Industrial Tax Code, will be deducted from taxable profit.

Property tax

Property tax (IP)

On 9 August 2020, the new Property Tax Code (CIP), which is levied on the ownership of own property, rents and real estate transfer, approved by Law No. 20/20 of 9 July, came into force.

According to the new CIP, three rate brackets are foreseen for urban buildings:

- 0.1%, for properties with an asset value up to AOA 5,000 thousand, including;
- AOA 5,000 thousand, for properties with an asset value between AOA 5,000 thousand and up to AOA 6,000 thousand, including; and
- 0.5%, for properties with an asset value above AOA 6,000 thousand (applicable over the excess of AOA 5,000 thousand).

Specific rates apply to building land (0.6%) and rural buildings (sum of hectares). Additionally, an increase in Property Tax rates is applicable in the case of unoccupied urban buildings.

With regard to properties leased by the Bank, as a lessee, the Bank withholds the tax due, at the effective rate of 15%, on the payment or delivery of rents on leased properties.

SISA and Real Estate Transfer Tax

Pursuant to the CIP, approved by Law No. 20/20 of 9 July, Property Tax on real estate transfer tax is levied at a rate of 2% on the transfer, whether for valuable consideration or not, of the right of ownership or equivalent rights, namely the usufruct, surface right and easement, including acquisitive prescription (usucaption) on real estate.

Value Added Tax

The Bank, as a taxable person registered with the Tax Office of Large Taxpayers, is covered by the general VAT system since the entry into force of this tax on 1 October 2019.

As a taxpayer registered at the Tax Office of Large Taxpayers, the Bank, since the entry into force of VAT, has been included in the General VAT System, and is required to comply with all the rules and reporting obligations laid down in this context.

Under the terms of the VAT Code approved by Law No. 7/19 of 24 April and the amendments introduced by Law No. 17/19 of 13 August, they are subject to this tax: (i) the transfer of goods and services carried out within national territory, for consideration, by a taxable person acting as such; and (ii) the import of goods. The VAT revoked and replaced the Consumption Tax which until then had been in force in the legal system

Nevertheless, the VAT Code provides for the exemption of certain transactions, namely financial intermediation transactions, including those described in Annex III to this Code, unless they give rise to the payment of a specific and predetermined fee or consideration for their performance. These exemption transactions do not entitle the taxable person to deduct the VAT incurred on the acquisition of goods and services connected with their performance.

Considering that the Bank is a taxable person that carries out transactions which grant the right to deduct (i.e., transactions subject to VAT) and transactions which do not grant the right to deduct (i.e., transactions which are exempt from this tax under the aforementioned terms), the VAT incurred by the Bank on its purchases of goods and services is only partially deductible using the pro rata method. In the meantime, AGT, through Instruction No. 000003/DNP/DSIVA/AGT/2020 of 10 February, authorized the recovery of VAT through the actual allocation method in certain transactions carried out by financial institutions (e.g., financial leases).

According to the legislation in force, periodic VAT returns may be subject to revision and correction by the tax authorities within five years following the year to which they relate.

Tax replacement

In the course of its business, the Bank acts as a substitute taxpayer, withholding tax from third parties, which is subsequently paid to the State.

Stamp Duty

Stamp Duty is levied, in general, on all acts, contracts, documents, titles, transactions and other facts provided for in the table attached to the Stamp Duty Code, or in special laws, occurring within the national territory.

According to the Stamp Duty Code, approved by Presidential Legislative Decree No. 3/14 of 21 October, the Bank is responsible for the settlement of Stamp Duty due by its customers on most banking operations such as financing and collection of interest on financing.

Industrial Tax

In accordance with the provisions of Article No. 67 of Law No. 19/14 of 22 October, amended by Law No. 26/20 of 20 July, the rendering of services of any nature by taxpayers with effective management or permanent establishment in Angola is subject to taxation by withholding at a rate of 6.5%.

Furthermore, in accordance with the provisions of Articles No. 71 and following of Law No. 19/14, of 22 October, amended by Law No. 26/20, of 20 July, the rendering of services of any nature by taxpayers without head office, effective management, or permanent establishment in Angola, are subject to Industrial Tax by withholding at a rate of 15%.

Where payments for services rendered to entities resident in Portugal and the United Arab Emirates, Double Taxation Agreements (ADT) may apply and, accordingly, a lower rate of withholding tax may be applicable, provided the required formalities are fulfilled.

2.13. Employee benefits

Defined-contribution plans

For defined-contribution plans, the liabilities related to the benefit attributable to the Bank's employees are recognised as an expense of the period when due. Prepaid contributions are recognised as an asset if a refund or reduction of future payments is available.

Short-term employee benefits

Short-term employee benefits are recorded as a cost once the associated service has been provided. A liability is recognised for the amount expected to be settled if the Bank has a present legal or constructive obligation to pay this amount as a result of a service rendered in the past by the employee and that liability can be estimated reliably.

Holiday allowance

The General Labor Law, Law No. 7/15, of 15 June, establishes that the amount of holiday allowance payable to employees each year is a right they acquired in the immediately preceding year. As a result, the Bank records the amounts relating to holiday payable in the following year at the end of the year.

Benefits associated with the termination of functions

Benefits associated with the termination of functions are recognised as cost, whichever is earlier, between the time where the Bank can no longer withdraw the offer of these benefits or when the group recognizes costs associated with a restructuring. If benefits are not expected to be net benefits within 12 months, these are then discounted.s.

Pension fund liabilities

Law No. 07/04 of 15 October, which revoked Law No. 18/90, of 27 October, which regulates the Angolan Social Security system, foresees the attribution of retirement pensions to all Angolan workers registered at the Social Security. The value of these pensions is calculated based on a table proportional to the number of service years applied to the average monthly gross wages received in the periods immediately preceding the date on which the worker ceases to work. According to Presidential Decree No. 227/18, of 27 September, the contribution rates for this system are 8% for the employer and 3% for the workers.

By resolution of the Bank's Board of Directors, ATLANTICO is making contributions under a defined contribution plan, corresponding to a fixed percentage of 8% of the monthly pensionable salary of each employee (5% by the Bank and 3% by the employee), in order to ensure employees hired locally or their families, the entitlement to cash benefits covering old-age, disability or death pension supplements. The old-age retirement pension is awarded to employees if they are 60 years old and have at least 5 years of continuous service at the Bank. The disability benefit is granted to employees who have 5 years of continuous service and who have been diagnosed with total and permanent disability equal to 100%. In case of death, employees may appoint beneficiaries and respective percentages of the reimbursement's distribution.

In December 2017, the Bank has set up a Pension Fund, called ATLANTICO Pension Fund, to which the amounts of contributions made to date have been transferred. Since its setting-up, the Fund has been managed by Fortaleza Seguros, S.A.

ATLANTICO started to discount monthly the amount equivalent to the salary of the employees who joined the Fund, thus maintaining its contribution of 5% on the salary of those employees. This discount is initially kept under the caption Provisions and at the moment immediately afterwards, is transferred to the Pension Fund.

Variable remuneration paid to employees and directors

The Bank assigns variable remuneration to its employees and directors as a result of their performance (performance bonus). It is the responsibility of the Board of Directors and the Assessment, Remuneration and Welfare Board of the Governing Bodies to set the relevant allocation criteria for each employee and director, respectively, whenever they are allocated. The variable remuneration paid to employees and directors is recorded against profit or loss in the period to which they relate, although payable in the following year (See Note 28).

2.14. Provisions

Provisions are recognised when (i) the Bank 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 to settle a present legal or constructive obligation as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions for loan commitments and financial guarantees is made in accordance with the impairment model implemented when adopting IFRS 9, as described in Note 2.6.

The measurement of provisions follows the principles defined in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, regarding the best estimate of the expected cost, the most probable result of the actions in progress and considering the risks and uncertainties inherent to the process.

In cases where the discount effect is material, provisions correspond to actual value of the expected future payments, discounted at a rate that considers the risk associated to the obligation.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate and are reversed against profit or loss in the proportion of the payments that are not probable.

The provisions are derecognised through their use for the obligations for which they were initially recognised or for the cases that the situations were no longer observed

2.15. Interest income

Interest income and expense for financial instruments measured at amortised cost are recognised under Interest and similar income or Interest and similar expenses, using the effective interest rate method. Interest on financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss are also recognised in net interest income.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (example: early payment options) but without considering future impairment losses. The calculation includes all fees and commissions paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction except for 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 interest rate 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 loans, the following aspects are considered in accordance with IFRS 15 and IFRS 9:

- Interest income for overdue loans secured by collaterals up to the limit of prudently evaluated coverage is recorded against profit or loss on the assumption that there is a reasonable probability of recoverability; and
- Interest already recognised and unpaid relating to loans past due for more than 90 days, which are not covered by collateral are written off, and are only recognised when received, as their recovery is considered to be remote, and recognised off balance sheet.

For financial assets classified under stage 3, interest is recognised in profit or loss, in net interest income, based on their carrying amount net of impairment.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Profit/(loss) from financial assets and liabilities at fair value through profit or loss.

2.16. Dividends

Dividends (income from equity instruments) are recognised in the income statement when the right to receive the dividends is attributed. Dividends are recorded under Profit/(loss) from financial operations, Profit/(loss) from other financial instruments at fair value through profit or loss or other income, depending on the classification of the underlying instrument.

2.17. Fees and commissions income/(expense)

Fees and commissions income/(expense) is recognised according to performance obligations:

- Fees and commissions which are earned as services are rendered are recognised in profit or loss in the period to which they relate in accordance with IFRS 15;
- Fees and commissions that are earned from a service rendered, are recognised as income when the service is completed in accordance with IFRS 15;
- Fees and commissions that are an integral part of the effective interest rate of a financial instrument, are recognised in net interest income in accordance with IFRS 9.

2.18. Fiduciary activities

Assets held under fiduciary activities are not recognised in the Bank's financial statements. Fees and commissions arising from this activity are recognised in the income statement in the period to which they relate.

2.19. Financial guarantees and commitments

Financial guarantees are contracts which require the Bank to make specific payments in order to reimburse the holder for a loss incurred as a result of a debtor's failure to comply with a payment. Irrevocable commitments have the purpose of providing credit under predetermined conditions.

Liabilities arising from financial guarantees or commitments given to provide a loan at an interest rate below market value are initially recognised at fair value and the initial fair value is amortised over the useful life of the guarantee or commitment. Subsequently the liability is recorded at the higher of the amortised amount and the present value of any payment expected to be settled.

2.20. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances of the captions Cash and deposits at central banks and Loans and advances to credit institutions repayable on demand (Notes 4 and 5), and do not include impairment losses.

2.21. Earnings per share

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

Diluted earnings per share are calculated by adjusting the effect of all potential dilutive ordinary shares to the weighted average number of ordinary shares outstanding and to the net profit attributable to the Bank's shareholders.

If the earnings per share are changed as a result of a share premium or discount or other event that changes the potential number of ordinary shares or changes in accounting policies, the calculation of earnings per share for all periods presented is adjusted retrospectively.

Note 3

Critical accounting estimates and judgements use in the preparation of the financial statements

IAS/IFRS set out a range of accounting treatments and require the Board of Directors to apply judgement and make estimates in deciding which treatment is most appropriate. The main accounting estimates and judgements used in the application of the accounting principles by the Bank are presented in this Note, with the objective of improving the understanding of how their application affects the results reported by the Bank and their disclosure. A broad description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Board of Directors, the Bank reported results would differ if a different treatment was chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements give a true and fair view, in all material respects, of the Bank's equity and financial position and results.

3.1. Impairment of financial assets at amortised cost and fair value through other comprehensive income

The critical judgements with the greatest impact on the recognised amounts of impairment of financial assets at amortised cost and at fair value through other comprehensive income are as follows:

- Evaluation of the business model: the classification and measurement of financial assets depends on the SPPI test results and on the business model definition. The Bank determines the business model based on how it wants to manage financial assets and business objectives. The Bank monitors whether the classification of the business model is appropriate based on the analysis of the early derecognition of assets at amortised cost or at fair value through other comprehensive income, considering whether a prospective change of the asset is required;
- Significant increase in credit risk: as described in Note 2.6. – Financial instruments, the determination of the transfer of an asset from stage 1 to stage 2 for impairment purposes is carried out based on a significant increase in its credit risk, and IFRS 9 does not objectively define what represents a significant increase in credit risk;
- With specific regard to the significant increase in credit risk for sovereign risks, supranational entities and financial institutions with ratings assigned by international agencies, it is the Board of Directors' understanding that a downgrade of more than two notches by at least two rating agencies in the period since the origination date of the asset is reasonable and in compliance with the requirements of IFRS 9;
- Banks' definition for assets with similar credit risk characteristics: when expected credit losses are measured within a collective model, financial instruments are bundled based on the same risk characteristics. The Bank monitors the suitability of the credit risk characteristics to ensure that appropriate reclassification of assets is carried out in the event of a change in the credit risk characteristics;
- Models and assumptions used: the Bank uses several models and assumptions when measuring the estimate of expected credit losses. The judgement is applied in the identification of the most suitable model for each type of asset as well as in the determination of assumptions used in these models. In addition, in compliance with the IFRS 9 regulation that explains the need for the impairment result to consider multiple scenarios, a methodology for incorporating scenario analysis into the risk parameters was implemented. Accordingly, the collective impairment calculation considers several scenarios with a specific weighting, based on the internally defined methodology on scenario – definition of multiple perspectives of macroeconomic development, with a relevant probability of occurrence.

These aspects have special emphasis on the impairment of debt securities issued by the Republic of Angola (Note 8), and consequently on the analysis of their recoverability.

Impairment losses on loans and advances to customers and account receivables

The Bank reviews its loan portfolio regularly in order to assess the existence of impairment losses, as described in the accounting policy in Note 2.6.

The process of evaluating the loan portfolio and account receivables to determine whether an impairment loss should be recognised is subject to several estimates and judgements. This process includes factors such as probability of default, credit ratings, the value of the collaterals associated to each operation, recovery rates and cash flow estimates, either from future cash flows or the time of their receipt.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses recognised with a consequent impact in the income statement of the Bank.

The calculation of impairment associated to loans and advances to customers and accounts receivable is based, among other factors and when applicable, on the valuations of collateral from loan operations, such as mortgages of real estate. These valuations were performed under the assumption that all conditions of the real estate market will be maintained, during the lifetime of the operations, and reflected the best estimate of the fair value of those collaterals at the balance sheet date.

Property valuations are prepared by independent experts registered with the CMC, which have implied a set of assumptions whose verification is subject to uncertainty in view of the current circumstances of the real estate market. Additionally, the Bank also uses estimates as to the date of recovery and sale of the real estate collateral.

Furthermore, the recovery of loans and advances granted to customers and other account receivables (Notes 9 and 15), which has underlying business plans of the borrowers and evaluation of collateral, may be significantly impacted by the development of macroeconomic indicators in Angola.

3.2. Fair value of other financial assets and liabilities valued at fair value

The fair value of a financial instrument is the price at which an orderly sale transaction of an asset or transfer of a liability would be completed between market players at the balance sheet date.

Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which considers the market conditions, time value, yield curve and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair value.

With particular emphasis on the measurement of real estate assets, held directly and indirectly (Notes 6 and 13), whose impairment tests are based on valuations made by independent experts registered with the Capital Market Commission of Angola which takes into account the prospects for the evolution of macroeconomic indicators for Angola and assumptions involving a high degree of subjectivity, and whose verification is subject to uncertainty in view of the current circumstances of the real estate market, as well as the analysis of real estate risk management performed by the Bank (Note 39).

Consequently, the use of different methodologies or of different assumptions or judgements in applying a particular model may have produced financial results that differ from those reported.

3.3. Income taxes

The Bank is subject to Industrial Tax and is considered a Group A taxpayer.

Income taxes (current or deferred) are recognised in profit or loss, except where transactions giving rise to it have been carried in other equity items. In such situations, the corresponding tax is also carried against equity, and does not affect the income statement.

The current tax estimate for the years ended 31 December 2022 and 2021 was calculated in accordance with Law No. 26/20, of 20 July, using the applicable tax rate of 35%.

Tax returns are subject to review and correction by tax authorities for a 5-year period, which may extend to 10 years. This may lead to possible corrections to taxable income for previous years due to different interpretations of tax law. However, no significant correction is to be expected in respect to those years and, if it occurs, no significant impacts on the financial statements are expected.

Taxes losses generated in each year, as provided for in the Industrial Tax Code, may be deducted from taxable profit in the following 5 years.

In order to determine the overall amount of income tax payable, certain interpretations and estimates were required. There are several transactions and calculations for which the assessment of taxes payable is uncertain during the normal course of business, with emphasis on the aspects set out in Note 2.13., resulting from the new wording of Law No. 26/20, of 20 July, namely, (i) income/expenses with potential/realized foreign exchange valuations, (ii) impairment losses on secured loans and (iii) property tax, as well as assumptions made by the Bank in determining income tax and deferred taxes, which are still subject to ratification by the Angolan Tax Authorities (AGT).

Deferred taxes are calculated using the tax rates expected to be in force when the temporary differences are reversed, which correspond to the rates enacted or substantively enacted at the balance sheet date. Thus, for the year ended 31 December 2022 and 2021, deferred tax was generally calculated based on a 35% rate.

In accordance with the Board of Directors' understanding of the requirements of IAS 12, deferred tax liabilities should be recognised in their entirety, whereas a deferred tax asset should only be recognised if it is certain that future taxable profit will be sufficient to allow the benefit of the loss to be realized. Accordingly, the Bank, calculated deferred tax assets up to the limit of the deferred tax liabilities, and these amounts have been offset in the financial statements.

Other interpretations and estimates could result in a different level of income taxes, current or deferred, recognised in the period or in an analysis of their recoverability (Note 14).

3.4. Measurement of promissory contracts

The Bank recognizes at the initial moment, when the requirements for derecognition of the asset are met, the value of the contract with a borrower and related capital gains, including exchange rate revaluation, in the case of indexed CPCV.

In contracts with payment plans with a term longer than one year and no agreed interest rate, the Bank records the discount effect associated to the contracted payment plan, adjusting the fair value of the financial asset to its present value.

The calculation of impairment is based on a maximum loss associated with a failure to perform the contract according to its terms. The Bank defined a maximum rate of 25% as a threshold for the classification in Stage 3 of the individually significant exposures (as a result of the credit impairment model), applying this concept in the CPCV, according to the verification of the defined risk criteria (Note 2.6.).

In addition to the evaluation factors described above, the Bank monitors the financial capacity of the borrower and its continuing interest in keeping the promise contracted on a regular basis, reflecting the results of this monitoring in the assessment of impairment.

Alternative methodologies and the use of different assumptions and risk criteria could result in a different level of impairment losses recognised with a consequent impact in the profit or loss of the Bank.

Additionally, the measurements and impairment tests on the CPCV (Notes 15) are based, among other factors, on valuations made by independent experts registered with the Capital Market Commission of Angola, which have implied a set of assumptions whose verification is subject to uncertainty in view of the current circumstances of the real estate market.

Note 4

Cash and deposits at central banks

This caption is analyzed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Cash		
In national currency	22,866,722	16,333,740
In foreign currency	4,314,340	4,768,772
	27,181,062	**21,102,512**
Demand deposits at Banco Nacional de Angola		
In national currency	55,350,966	112,764,101
In foreign currency	131,698,471	211,104,784
	187,049,438	**323,868,885**
	214,230,500	**344,971,397**

The caption Demand deposits at the Banco Nacional de Angola includes mandatory deposits whose purpose is to satisfy legal reserve requirements. These deposits do not bear interest.

As at 31 December 2022, reserve requirements are determined in accordance with the provisions of Instruction No. 02/2021 of 10 February, Instruction No. 08/2021 of 14 May and Directive No. 11/2022 of 12 December.

As at 31 December 2021, reserve requirements were calculated in accordance with the provisions of Instruction No. 02/2021 of 10 February, Instruction No. 08/2021 of 14 May, Directive No. 05/DMA/2021 of 5 May, Directive No. 06/DMA/DSP/2021 of 21 May and Directive No. 07/DMA/2021 of 6 July.

Reserve requirements are established in national and foreign currency according to the respective denomination of the liabilities that form their reserve base.

As at 31 December 2022 and 2021, the minimum reserve requirements for demand deposits with the BNA were calculated by applying the ratios summarized in the following table:

		31-12-2022		31-12-2021	
		National currency	**Foreign currency**	National currency	Foreign currency
Rate on Tax Base					
Central Government	Daily calculation	100%	100%	100%	100%
Local Governments and Municipal Administrations	Daily calculation	17%	100%	22%	100%
Other sectors	Weekly calculation	17%	22%	22%	22%

As at 31 December 2022, the amount of up to 80% of the assets representing the value of disbursements of loans in national currency granted to projects in the agriculture, livestock, forestry and fisheries sectors may be deducted from the requirement in national currency and good standing, provided they have a residual maturity higher than or equal to 24 (twenty-four) months. The same applies to credits defined in accordance with Article 8 of Notice No. 10/2022 of 6 April, on granting credit to the real sector of the economy, whatever the residual maturity, and to the credits defined in accordance with Article 10 of Notice No. 09/2022 of 6 April, on granting credit for housing, whatever the residual maturity.

As at 31 December 2021, the amount of up to 80% of the assets representing the value of disbursements of loans in national currency granted to projects in the agriculture, livestock, forestry and fisheries sectors may be deducted from the requirement in national currency, provided they have a residual maturity higher than or equal to 24 months. The same applies to the total amount of loans granted for the production of essential goods that show a deficit in national production supply, raw materials and the investment required for their production, including in investment for the acquisition of technology, machinery and equipment under the terms of BNA's Notice No. 10/2020 of 1 April, on granting credit to the real sector of the economy, whatever the residual maturity.

During 2015, BNA converted part of ATLANTICO's cash requirements in USD, into securities denominated in the same currency, whose amount as at 31 December 2021, amounted to AOA 108,015,851 thousand (Note 8). These debt securities were accounted at their acquisition cost and subsequently measured as described in Note 2.5., until their maturity date on 19 December 2022.

As at 31 December 2022 and 2021, the minimum reserve requirements in foreign currency may be made up 20% with the amounts deposited with the BNA and 50% in Treasury Bonds in foreign currency, belonging to the own portfolio and relating to the issue of 10 December 2015.

The methodology for calculating impairment loss is described in Note 2.5.

Note 5

Loans and advances to credit institutions repayable on demand

This caption is analyzed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Loans and advances to credit institutions repayable on demand in Angola		
Demand Deposits	186,898	156,499
Cheques receivable	8,491,644	6,173,041
	8,678,542	**6,329,540**
Loans and advances to credit institutions repayable on demand abroad		
Demand Deposits	37,497,649	44,824,814
	37,497,649	**44,824,814**
Impairment losses (Note 32)	(7,168)	(11,006)
	46,169,024	**51,143,348**

As at 31 December 2022 and 2021, the balance of Cheques receivable relates to cheques submitted for settlement in the business day sessions following the reference date of the financial statements.

As at 31 December 2022 and 2021, Loans and advances to credit institutions repayable on demand – abroad shows (i) amounts of AOA 336,225 thousand and AOA 157,528 thousand, respectively, which aim to ensure the provisioning in the corresponding Bank for the daily settlement of the use of VISA cards and (ii) amounts of AOA 6,088,168 thousand and AOA 3,070,173 thousand which aim to ensure the provisioning in the Bank for the fulfilment of signed agreements related to import documentary credit facilities, for later settlement with the customer.

As at 31 December 2022 and 2021, Loans and advances to credit institutions repayable on demand, in the country and abroad, do not bear interest.

The methodology for calculating impairment loss is described in Note 2.5.

Note 6

Financial assets and liabilities at fair value through profit or loss

This caption is analyzed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Financial assets at fair value through profit or loss		
Other variable income securities		
Shares	260,203,725	267,782,882
Loans and advances to customers	182,149	148,956
Derivatives		
Derivative financial instruments with positive fair value	-	298,758
	260,385,874	**268,230,596**
Financial liabilities at fair value through profit or loss		
Derivatives		
Derivative financial instruments with negative fair value	2,030,008	1,412
	2,030,008	**1,412**

As at 31 December 2022 and 2021, the amount of Other variable-income securities refers to shares held in the following Collective Investment Undertakings (Investment Funds):

(Thousands of AOA)

31-12-2022	Issuing Entity	Country	Activity/ Typology *	Currency	Shareholding	Acquisition cost (currency)	Opening value (in currency)	Increases/ Reductions of capital	Fair value adjustments	Book value
Financial assets at fair value through profit or loss										
Other variable income securities										
Pactual Property Fund – FIIF	Private	Angola	CIU	AOA	99.50%	8,295,000	257,123,937	-	(3,347,733)	253,776,204
Dual Impact Fund – FCR	Private	Angola	CIU	AOA	100.00%	500,000	-	2,576,000	20,760	3,096,760
Atlântico Protecção – FIMF	Private	Angola	CIU	AOA	100.00%	1,010,355	1,610,710	-	(120,637)	1,490,073
FIPA Fund	Private	Luxembourg	CIU	USD	5.13%	122	1,064,839		(253,377)	811,462
FIPA Fund II	Private	Luxembourg	CIU	USD	8.42%	-	746,128		283,098	1,029,226
						9,805,477	**260,545,614**	**2,576,000**	**(3,417,889)**	**260,203,725**

* Collective Investment Undertaking

(Thousands of AOA)

31-12-2021	Issuing Entity	Country	Activity/ Typology *	Currency	Shareholding	Acquisition cost (currency)	Opening value (in currency)	Increases/ Reductions of capital	Fair value adjustments	Book value
Financial assets at fair value through profit or loss										
Other variable income securities										
Pactual Property Fund – FIIF	Private	Angola	CIU	AOA	99.50%	8,295,000	194,669,287	58,695,245	3,759,405	257,123,937
Atlântico Liquidez – FIMA	Private	Angola	CIU	AOA	58.53%	3,317,000	6,425,937	-	811,331	7,237,268
Atlântico Protecção – FIMF	Private	Angola	CIU	AOA	100.00%	1,010,355	1,813,588	-	(202,878)	1,610,710
FIPA Fund	Private	Luxembourg	CIU	USD	5.13%	122	1,919	-	-	1,064,839
FIPA Fund II	Private	Luxembourg	CIU	USD	8.42%	-	1,344	-	-	746,128
						12,622,477	**202,912,075**	**58,695,245**	**4,367,858**	**267,782,882**

* Collective Investment Undertaking

The Pactual Property – FIIF, Atlântico Liquidez – FIMA, Atlântico Protecção – FIMF and Dual Impact Fund investment funds are managed by SG Hemera Capital Partners – SGOIC, S.A., formerly Atlântico Gestão de Activos – SGOIC, S.A., whereas the FIPA Fund and FIPA II Fund investment funds are managed by Angola Capital Partners, LLC. These funds are valued according to the share prices published daily by these Management Companies, as disclosed in Note 2.5.

During 2022, the Bank will carry out the following operations in relation to shares:

- Redemption of 66,354 shares, between April and October 2022, corresponding to all the shares held in Fundo Atlântico Liquidez – FIMA; and
- Initial subscription of 3,075 shares, in February 2022, corresponding to the amount of AOA 3,075,000 thousand, by cash contribution to the Collective Investment Undertaking in the form of a risk capital investment fund called "Dual Impact Fund – Fundo de Capital de Risco de Subscrição Particular".

During 2021 and 2020, the Bank acquired new shares of the Pactual Property Fund – FIIF through the following capital increases:

- On 30 June 2020, by subscribing 35,246 shares of the Fund for the amount of AOA 44,828,452 thousand, of which 32,729 shares by contribution in kind through transfer of real estate corresponding to AOA 41,626,944 thousand and 2,517 shares by contribution in cash corresponding to AOA 3,201,508 thousand;
- On 31 December 2020, by subscribing 81,830 shares in the amount of AOA 102,834,673 thousand, of which 78,095 shares by contribution in kind through transfer of real estate corresponding to AOA 98,141,184 thousand and 3,735 shares by contribution in cash corresponding to AOA 4,693,489 thousand. Additionally, on this date, the Fund became the owner of a second participant, with the Bank now holding 99.32% of the share capital (100% before this date); and
- On 30 November 2021, by subscribing 47,536 shares in the amount of AOA 58,695,245 thousand, of which 45,928 shares by contribution in kind through transfer of real estate corresponding to AOA 56,710,028 thousand and 1,608 shares by contribution in cash corresponding to AOA 1,985,218 thousand, with the Bank now holding 99.5% of share capital.

The capital increases made by contributions in kind of (i) real estate received as payment in kind of loan obligations, previously recorded under Non-current assets held for sale (Note 13), and (ii) Own use properties whose use was discontinued, previously recorded under Property, plant and equipment (Note 11), were previously valued, and their transfer amount corresponds to the arithmetic average of the value of three valuations, obtained from three independent expert valuers, registered with the CMC. Accordingly, the Bank derecognised the properties against the subscription of shares at their market value, and the difference between the book value of the derecognised properties and their market value is recognised as capital gains or losses on the sale of other assets under Profit/(loss) from the sale of other assets (Note 27).

As at 31 December 2022 and 2021, the amounts recorded under Loans and advances to customers refer to six and seven loan transactions, respectively, whose cash flows do not meet the SPPI criterion (Solely Payments of Principal and Interest). As at 31 December 2022 and 2021, the nominal amounts of these loans amounts to AOA 1,226,937 thousand and AOA 1,255,550 thousand, respectively, in local and foreign currency, classified in Stage 3 of impairment, due to default over 90 days, with a fair value of AOA 182,149 thousand and AOA 148,956 thousand, respectively.

As at 31 December 2022 and 2021, the amounts recorded under Derivatives – Derivative financial instruments with positive fair value and Derivatives – Derivative financial instruments with negative fair value is related to SWAP operations in EUR/USD currencies, contracted with Instituto Nacional de Segurança Social and Banco Comercial Português, S.A., respectively, with a view to hedge the foreign exchange position.

As at 31 December 2022 and 2021, the aforementioned derivative operations show a negative net value of AOA 2,030,008 thousand and a positive net value of AOA 297,346 thousand, respectively.

As provided for in IFRS 13, as at 31 December 2022 and 2021, financial instruments are measured in accordance with the following valuation hierarchy levels:

The main parameters used, during the year ended 31 December 2022 and 2021, in the valuation model, as well as the description of the valuation levels provided for in IFRS 13, are described in Note 38.

(Thousands of AOA)

31-12-2022	Level 1 Quoted prices in active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Financial assets at fair value through profit or loss				
Other variable income securities				
Shares	-	-	260,203,725	260,203,725
Loans and advances to customers	-	-	182,149	182,149
	-	**-**	**260,385,874**	**260,385,874**
Financial liabilities at fair value through profit or loss				
Derivatives				
Derivative financial instruments with negative fair value	-	2,030,008	-	2,030,008
	-	**2,030,008**	**-**	**2,030,008**

(Thousands of AOA)

31-12-2021	Level 1 Quoted prices in active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Financial assets at fair value through profit or loss				
Other variable income securities				
Shares	-	-	267,782,882	267,782,882
Loans and advances to customers	-	-	148,956	148,956
Derivatives				
Derivative financial instruments with positive fair value	-	298,758	-	298,758
	-	**298,758**	**267,931,838**	**268,230,596**
Financial liabilities at fair value through profit or loss				
Derivatives				
Derivative financial instruments with negative fair value	-	1,412	-	1,412
	-	**1,412**	**-**	**1,412**

As at 31 December 2022 and 2021, the breakdown of financial assets measured at fair value, by residual maturity, is as follows:

(Thousands of AOA)

31-12-2022	Below 3 months	Undefined maturity	Total
Financial assets at fair value through profit or loss			
Other variable income securities	-	260,203,725	260,203,725
Loans and advances to customers	-	182,149	182,149
	-	**260,385,874**	**260,385,874**
Financial liabilities at fair value through profit or loss			
Derivatives			
Derivative financial instruments with negative fair value	2,030,008	-	2,030,008
	2,030,008	**-**	**2,030,008**

(Thousands of AOA)

31-12-2021	Below 3 months	Undefined maturity	Total
Financial assets at fair value through profit or loss			
Other variable income securities	-	267,782,882	267,782,882
Loans and advances to customers	-	148,956	148,956
Derivatives			
Derivative financial instruments with positive fair value	298,758	-	298,758
	298,758	**267,931,838**	**268,230,596**
Financial liabilities at fair value through profit or loss			
Derivatives			
Derivative financial instruments with negative fair value	1,412	-	1,412
	1,412	**-**	**1,412**

Note 7

Financial assets at fair value through other comprehensive income

This caption is analyzed as follows:

(Thousands of AOA)

31-12-2022	Cost (1)	Potential added value Positive	Potential added value Negative	Interest	Amount Book value
Bonds and other fixed-income securities					
Issued by public entities	51,419,198	750,275	(1,009,072)	1,315,084	52,475,485
Issued by other entities	1,239,855	124,908	(111,432)	78,146	1,331,477
Shares	**429,389**	**-**	**-**	**-**	**429,389**
	53,088,442	**875,183**	**(1,120,504)**	**1,393,230**	**54,236,351**

(1) Acquisition cost for shares and other equity instruments and amortised cost for debt securities.

(Thousands of AOA)

31-12-2021	Cost (1)	Potential added value Positive	Potential added value Negative	Interest	Amount Book value
Bonds and other fixed-income securities					
Issued by public entities	806,439	586,149	(560,145)	44,202	876,645
Issued by other entities	1,622,252	137,627	(115,717)	63,971	1,708,133
Shares	**429,389**	**-**	**-**	**-**	**429,389**
	2,858,080	**723,776**	**(675,862)**	**108,173**	**3,014,167**

(1) Acquisition cost for shares and other equity instruments and amortised cost for debt securities.

In accordance with the accounting policy described in Note 2.5., debt securities at fair value through other comprehensive income are impaired as a result of the adoption of IFRS 9, as set out in the defined model.

As at 31 December 2022 and 2021, the caption Bonds and other fixed income securities – From other issuers refers to non-adjustable Treasury bonds issued by the Angolan State. As at 31 December 2022, the balance mainly relates to 243,407 units of non-adjustable Treasury bonds with an average residual maturity of approximately 3 years, acquired on a regulated market.

As at 31 December 2022 and 2021, the caption Bonds and other fixed income securities – From other issuers relates to the subscription of securities relating to a corporate issue of Angolan public debt, which took place during 2015, through the Avenir Entity.

As at 31 December 2022 and 2021, Bonds and other fixed-income securities presents the following changes:

(Thousands of AOA)

	31-12-2021	Acquisitions	Maturities	Disposals	Exchange rate effect (Note 26)	Changes in fair value	31-12-2022
Bonds and other fixed-income securities							
Issued by public entities							
Non-adjustable Treasury Bonds	876,645	51,223,882	(611,122)	-	-	986,080	52,475,485
	876,645	**51,223,882**	**(611,122)**	**-**	**-**	**986,080**	**52,475,485**
Issued by other entities							
Foreign currency bonds	1,708,133	-	-	-	(382,398)	5,742	1,331,477
	2,584,778	**51,223,882**	**(611,122)**	**-**	**(382,398)**	**991,822**	**53,806,962**

(Thousands of AOA)

	31-12-2020 (Restated)	Acquisitions	Maturities	Disposals	Exchange rate effect (Note 26)	Changes in fair value	31-12-2021
Bonds and other fixed-income securities							
Issued by public entities							
Non-adjustable Treasury Bonds	3,052,803	15,247	(1,839,216)	(173,088)	-	(179,101)	876,645
	3,052,803	**15,247**	**(1,839,216)**	**(173,088)**	**-**	**(179,101)**	**876,645**
Issued by other entities							
Foreign currency bonds	2,258,777	-	-	-	(276,590)	(274,054)	1,708,133
	5,311,580	**15,247**	**(1,839,216)**	**(173,088)**	**(276,590)**	**(453,155)**	**2,584,778**

Shares includes the financial investment in EMIS – Empresa Interbancária de Serviços, S.A. (EMIS), which was set up to manage electronic facilities for payments and other complementary services. As at 31 December 2022 and 2021, the Bank holds a 10.14% interest of this Company's share capital and additional financial investments amounting to AOA 429,389 thousand.

As provided for in IFRS 13, as at 31 December 2022 and 2021, financial instruments are measured in accordance with the following valuation hierarchy levels.

The main parameters used, during the year ended 31 December 2022 and 2021, in the valuation model, as well as the description of the valuation levels provided for in IFRS 13, are described in Note 38.

(Thousands of AOA)

31-12-2022	Level 1 Quoted prices in active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Bonds and other fixed-income securities				
Issued by public entities	-	52,475,485	-	52,475,485
Issued by other entities	-	1,331,477	-	1,331,477
Shares	-	-	429,389	429,389
	-	**53,806,962**	**429,389**	**54,236,351**

(Thousands of AOA)

31-12-2021	Level 1 Quoted prices in active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Bonds and other fixed-income securities				
Issued by public entities	-	876,645	-	876,645
Issued by other entities	-	1,708,133	-	1,708,133
Shares	-	-	429,389	429,389
	-	**2,584,778**	**429,389**	**3,014,167**

As at 31 December 2022 and 2021, the breakdown of financial assets at fair value through other comprehensive income, by residual maturity periods, is as follows:

(Thousands of AOA)

31-12-2022	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Undefined maturity	Total
Bonds and other fixed-income securities						
Issued by public entities	28,354,383	444,590	4,538,658	19,137,854	-	52,475,485
Issued by other entities	-	1,331,477	-	-	-	1,331,477
Shares	-	-	-	-	429,389	429,389
	28,354,383	**1,776,067**	**4,538,658**	**19,137,854**	**429,389**	**54,236,351**

(Thousands of AOA)

31-12-2021	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Undefined maturity	Total
Bonds and other fixed-income securities						
Issued by public entities	-	362,011	514,634	-	-	876,645
Issued by other entities	-	-	1,708,133	-	-	1,708,133
Shares	-	-	-	-	429,389	429,389
	-	**362,011**	**2,222,767**	**-**	**429,389**	**3,014,167**

Changes in the fair value reserve during the year are detailed in Note 21.

Note 8

Financial assets at amortised cost – Debt securities

This caption is analyzed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Bonds and other fixed-income securities		
Issued by public entities		
Foreign currency Treasury Bonds	202,194,207	322,176,163
Non-adjustable Treasury Bonds	65,098,672	4,922,780
Treasury Bonds indexed to the US Dollar	43,409,044	47,649,560
	310,701,923	**374,748,503**
Impairment losses	(4,404,485)	(5,443,257)
	306,297,438	**369,305,246**

The fair value of the investment portfolio at amortised cost is disclosed in Note 38, within the scope of the disclosure requirements set out in IFRS 7 and IFRS 9.

In accordance with the accounting policy described in Note 2.5., debt securities measured at amortised cost are impaired as a result of the adoption of IFRS 9, as set out in the defined model (Note 2.5.).

In October 2022, the rating agency Moody's revised the rating of the debt of the Republic of Angola, maintaining the external rating at B3 from stable to positive. According to the note published, reference is made to the positive impacts, on the macroeconomic environment associated with the increase in the price of oil and the stability observed in terms of exchange rates. In January 2023, the rating agency Fitch revised the rating of the debt of the Republic of Angola, maintaining the external rating at B-, seen as a positive outlook for the Angolan economy. According to the published note, reference is made to the positive impacts on the macroeconomic climate associated with the increase in oil prices and improved tax management.

Directive No. 13/DSB/DRO/2019, which includes the recommendations for implementing the methodologies of the Asset Quality Assessment (AQA) exercise, states that "In the specific case of impairment losses for national public debt in national and foreign currency (measured at amortised cost), the following criteria should be considered: (i) 12-month probability of default (PD) for Angola's rating published in Moody's study "Sovereign default and recovery rates" applicable to the period concerned; and (ii) loss given default (LGD) associated with the sovereign default events verified, as indicated in the same study. The Bank has adopted this methodology as its accounting policy for this matter.

In accordance with the accounting policy described in Note 2.5., the assessment of the significant increase in credit risk for the determination of the impairment stage should be based on the date of origination of the assets.

It should be noted that for the calculation of impairment on 31 December 2021, Moody's "Sovereign default and recovery rates 1983-2020" was considered, which on this date gives an implicit impairment rate of 1.484% (PD of 2.473% and LGD of 60%) for Stage 1 operations.

As at 31 December 2021 the caption Financial assets at amortised cost – Debt securities includes AOA 108,015,851 thousand, relating to an issue of Treasury Bonds of the Republic of Angola in US dollars falling due in December 2022 which, according to information obtained from the Bank, was originated in December 2015 as a result of a translation process of the balance of foreign currency deposit accounts held by the Bank with Banco Nacional de Angola (BNA). In December 2022, the aforementioned bond matured, and the Bank received the corresponding repayment of the total nominal value and accrued interest, divided into (i) cash of USD 125,000,000 and (ii) 7,045 units of a new bond with a nominal value of USD 70,450,000 and a residual maturity of less than six months, by mutual agreement with the issuer of these bonds.

In the period ended 31 December 2022 and 2021, the caption presents the following changes:

(Thousands of AOA)

	31-12-2021	Acquisitions	Maturities	Disposals	Exchange rate effect (Note 26)	Change in amortised cost	31-12-2022
Bonds and other fixed-income securities							
Issued by public entities							
Foreign currency Treasury Bonds	322,176,163	34,754,679	(107,705,163)	(38,956,626)	-	(8,074,846)	202,194,207
Non-adjustable Treasury Bonds	4,922,780	59,257,201	(1,693,357)	-	-	2,612,048	65,098,672
Treasury Bonds indexed to the US Dollar	47,649,560	-	-	-	(4,065,951)	(174,565)	43,409,044
	374,748,503	**94,011,880**	**(109,398,520)**	**(38,956,626)**	**(4,065,951)**	**(5,637,363)**	**310,701,923**

(Thousands of AOA)

	31-12-2020 (Restated)	Acquisitions	Maturities	Disposals	Exchange rate effect (Note 26)	Change in amortised cost	31-12-2021
Bonds and other fixed-income securities							
Issued by public entities							
Foreign currency Treasury Bonds	318,470,851	51,912,288	-	-	(48,303,831)	96,855	322,176,163
Non-adjustable Treasury Bonds	11,663,341	-	(4,436,094)	(2,059,652)	-	(244,815)	4,922,780
Treasury Bonds indexed to the US Dollar	99,936,283	43,496	(4,130,752)	(6,828,370)	(40,244,179)	(1,126,918)	47,649,560
	430,070,475	**51,955,784**	**(8,566,846)**	**(8,888,022)**	**(88,548,010)**	**(1,274,878)**	**374,748,503**

In the periods ended 31 December 2022 and 2021, the disposal of financial assets classified in this business model are the result of a series of sales under the currency swap plan implemented by the Bank.

The disposal of financial assets classified in this business model exceed the defined thresholds of frequency. However, the Bank considers that since these are not significant sales, associated to a plan with a regulatory framework that justifies sales above the threshold, this does not jeopardize or changes the business model originally defined/classified for this portfolio of assets (Note 2.5.).

As at 31 December 2022 and 2021, the breakdown of financial assets measured at amortised cost, by residual maturity, is as follows:

(Thousands of AOA)

31-12-2022	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Bonds and other fixed-income securities					
Issued by public entities					
Foreign currency Treasury Bonds	-	68,995,605	133,198,602	-	202,194,207
Non-adjustable Treasury Bonds	1,884,888	693,171	18,907,130	43,613,483	65,098,672
Treasury Bonds indexed to the US Dollar	-	-	43,409,044	-	43,409,044
Impairment losses	(26,106)	(1,006,703)	(2,773,284)	(598,392)	(4,404,485)
	1,858,782	**68,682,073**	**192,741,492**	**43,015,091**	**306,297,438**

(Thousands of AOA)

31-12-2021	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Bonds and other fixed-income securities					
Issued by public entities					
Foreign currency Treasury Bonds	-	108,015,851	214,160,312	-	322,176,163
Non-adjustable Treasury Bonds	179,231	1,578,673	3,164,876	-	4,922,780
Treasury Bonds indexed to the US Dollar	-	-	23,218,687	24,430,873	47,649,560
Impairment losses	(2,522)	(23,389)	(5,068,240)	(349,106)	(5,443,257)
	176,709	**109,571,135**	**235,475,635**	**24,081,767**	**369,305,246**

As at 31 December 2022 and 2021, Financial assets measured at amortised cost – Debt securities are as follows:

(Thousands of AOA)

31-12-2022	Issuing Entity	Average rate	Nominal value	Acquisition cost	Interest	Premium/ Discount	Impairment losses	Book value
Bonds and other fixed-income securities								
Issued by public entities								
Foreign currency Treasury Bonds	Angolan State	6.40%	200,337,504	200,337,504	1,765,757	90,946	(2,882,972)	199,311,235
Non-adjustable Treasury Bonds	Angolan State	16.13%	62,284,961	62,284,961	2,781,232	32,479	(907,269)	64,191,403
Treasury Bonds indexed to the US Dollar	Angolan State	7.96%	43,623,206	13,816,737	760,378	(974,540)	(614,244)	42,794,800
			306,245,671	**276,439,202**	**5,307,367**	**(851,115)**	**(4,404,485)**	**306,297,438**

(Thousands of AOA)

31-12-2021	Issuing Entity	Average rate	Nominal value	Acquisition cost	Interest	Premium/ Discount	Impairment losses	Book value
Bonds and other fixed-income securities								
Issued by public entities								
Foreign currency Treasury Bonds	Angolan State	6.35%	320,173,477	368,477,309	2,214,849	(212,163)	(3,091,758)	319,084,405
Non-adjustable Treasury Bonds	Angolan State	7.96%	47,689,158	13,816,737	831,248	(870,846)	(2,280,164)	45,369,396
Treasury Bonds indexed to the US Dollar	Angolan State	13.69%	4,721,118	4,721,117	129,558	72,104	(71,335)	4,851,445
			372,583,753	**387,015,163**	**3,175,655**	**(1,010,905)**	**(5,443,257)**	**369,305,246**

Changes in impairment losses for financial assets measured at amortised cost were as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Opening balance	**5,443,257**	**33,715,517**
Increases/(Reversals) (Note 33)	(842,753)	(26,458,763)
Foreign exchange differences and other (Note 26)	(196,019)	(1,813,497)
CLOSING BALANCE	**4,404,485**	**5,443,257**

Note 9
Financial assets at amortised cost – Loans and advances to customers

This caption is analyzed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Domestic loans		
Corporate		
Loans	341,529,851	336,652,059
Current account loans	9,727,703	9,338,164
Overdrafts	1,194,077	275,539
Credit cards	483,031	216,627
	352,934,662	**346,482,389**
Retail		
Loans	45,167,867	21,660,986
Mortgages	5,356,281	5,544,901
Employees	4,109,712	5,507,963
Credit cards	2,889,189	1,942,229
Consumer loans	987,391	600,319
Overdrafts	29,789	2,881,515
	58,540,229	**38,137,913**
	411,474,891	**384,620,302**
Foreign loans		
Retail		
Employees	158,223	1,350
Credit cards	58,931	10,583
Consumer loans	565	-
Overdrafts	601	74
	218,320	**12,007**
TOTAL OUTSTANDING LOANS	**411,693,211**	**384,632,309**
Overdue loans		
Below 1 year	7,685,540	4,788,707
1 to 3 years	8,413,776	10,607,231
Above 3 years	80,051,359	80,926,281
	96,150,675	**96,322,219**
TOTAL LOANS GRANTED	**507,843,886**	**480,954,528**
Interest receivable	102,003,330	107,363,996
TOTAL LOANS GRANTED AND INTEREST RECEIVABLE	**609,847,216**	**588,318,524**
Impairment losses	(156,245,906)	(147,333,307)
	453,601,310	**440,985,217**

Notices No. 10/2021 and 10/2022 of the Banco Nacional de Angola require credit to be granted to the real sector of the economy, as well as the requirements to be met. For loans granted or restructured under this Notice, the total cost of the loan on the borrower, including the interest rate and commissions, cannot exceed 7.5% per annum (all-in-cost). In turn, the Bank can deduct the full amount of the loan in the value of the reserve requirements established. Accordingly, in relation to the new loans granted under Notice No. 10/2022, which have an interest rate limit of 7.5% and release of reserve requirements that the Bank can apply to other interest-bearing assets, it is the Bank's understanding that the fair value of the loans does not differ from their nominal value.

As at 31 December 2022 and 2021, exposure and impairment established by segment and situation is detailed as follows:

(Thousands of AOA)

	31-12-2022							
	Exposure					Impairment losses		
Segment	**Total exposure**	**Outstanding loan**	**Of which restructured**	**Overdue loan**	**Of which restructured**	**Total impairment**	**Outstanding loans**	**Overdue loans**
Corporate								
Loans	490,686,105	424,063,443	333,334,489	66,622,662	47,569,471	(92,056,693)	(56,575,248)	(35,481,445)
Current account loans	14,712,294	10,149,419	8,318,045	4,562,875	1,385,148	(3,390,076)	(247,289)	(3,142,787)
Overdrafts	17,058,250	4,453,828	-	12,604,422	-	(5,454,855)	(66,863)	(5,387,991)
Credit cards	483,031	483,031	-	-	-	(14,793)	(14,793)	-
	522,939,679	**439,149,721**	**341,652,535**	**83,789,959**	**48,954,619**	**(100,916,417)**	**(56,904,194)**	**(44,012,223)**
Retail								
Loans	64,776,754	60,126,189	34,636,587	4,650,566	3,150,731	(44,347,912)	(41,068,682)	(3,279,230)
Overdrafts	6,515,331	797,159	-	5,718,174	-	(4,952,495)	(1,700)	(4,950,796)
Mortgages	5,799,704	5,393,543	214,162	406,161	-	(3,539,155)	(1,083,088)	(2,456,067)
Employees	4,293,880	4,283,365	-	10,515	-	(454,807)	(350,381)	(104,426)
Credit cards	2,948,121	2,948,120	-	-	-	(189,364)	(189,364)	-
Consumer loans	2,573,746	998,445	26,677	1,575,301	269,031	(1,845,755)	(162,146)	(1,683,609)
	86,907,536	**74,546,820**	**34,877,427**	**12,360,717**	**3,419,763**	**(55,329,489)**	**(42,855,362)**	**(12,474,127)**
	609,847,216	**513,696,541**	**376,529,961**	**96,150,675**	**52,374,382**	**(156,245,906)**	**(99,759,556)**	**(56,486,350)**

(Thousands of AOA)

31-12-2021								
	Exposure					Impairment losses		
Segment	Total exposure	Outstanding loan	Of which restructured	Overdue loan	Of which restructured	Total impairment	Outstanding loans	Overdue loans
Corporate								
Loans	507,270,679	436,186,257	347,340,705	71,084,422	47,958,424	(113,224,294)	(76,020,421)	(37,203,873)
Current account loans	14,703,198	9,740,282	7,997,293	4,962,916	1,526,195	(3,788,157)	(378,937)	(3,409,220)
Overdrafts	14,645,653	652,286	-	13,993,367	-	(6,688,354)	(14,340)	(6,674,014)
Credit cards	216,945	216,945	-	-	-	(12,419)	(12,419)	-
	536,836,475	**446,795,770**	**355,337,998**	**90,040,705**	**49,484,619**	**(123,713,224)**	**(76,426,117)**	**(47,287,107)**
Retail								
Loans	31,771,590	28,601,155	3,452,114	3,170,435	1,178,605	(14,822,459)	(11,785,935)	(3,036,524)
Overdrafts	4,133,170	2,937,147	-	1,196,023	-	(3,252,529)	(2,107,841)	(1,144,688)
Mortgages	2,190,933	606,048	33,082	1,584,885	281,255	(1,774,034)	(138,808)	(1,635,226)
Employees	5,539,210	5,526,627	-	12,583	-	(339,127)	(125,433)	(213,694)
Credit cards	1,952,494	1,952,494	-	-	-	(62,851)	(62,851)	-
Consumer loans	5,894,652	5,577,064	233,963	317,588	1,154	(3,369,083)	(689,535)	(2,679,548)
	51,482,049	**45,200,535**	**3,719,159**	**6,281,514**	**1,461,014**	**(23,620,083)**	**(14,910,403)**	**(8,709,680)**
	588,318,524	**491,996,305**	**359,057,157**	**96,322,219**	**50,945,633**	**(147,333,307)**	**(91,336,520)**	**(55,996,787)**

As at 31 December 2022 and 2021, changes in inflows and outflows in the restructured exposure are detailed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Opening balance of restructured loan portfolio (gross)	**410,002,790**	**307,911,314**
Loans restructured in the period	5,092,372	19,404,222
Accrued interest of restructured loan portfolio	40,795,638	86,983,497
Settlement of restructured loans (partial or total)	(7,307,379)	(4,296,243)
Write-offs	(3,075,665)	-
Other	(16,603,413)	-
CLOSING BALANCE OF RESTRUCTURED LOAN PORTFOLIO (GROSS)	**428,904,343**	**410,002,790**

As at 31 December 2022 and 2021, restructured exposure and impairment established by segment and situation is detailed as follows:

(Thousands of AOA)

	Loans			Impairment
31-12-2022	**Outstanding**	**Overdue**	**Total**	**losses**
Corporate	**341,652,535**	**48,954,619**	**390,607,154**	**(76,108,222)**
Retail				
Consumption	26,677	269,031	295,709	(287,751)
Mortgages	214,162	-	214,162	(200,728)
Other	34,636,587	3,150,731	37,787,318	(27,466,320)
	376,529,961	**52,374,382**	**428,904,343**	**(104,063,021)**

(Thousands of AOA)

	Loans			Impairment
31-12-2021	Outstanding	Overdue	Total	losses
Corporate	**355,337,998**	**49,484,620**	**404,822,618**	**(96,509,390)**
Retail				
Consumption	33,082	281,255	314,337	(305,867)
Mortgages	233,963	1,154	235,117	(213,773)
Other	3,452,114	1,178,604	4,630,718	(1,123,757)
	359,057,157	**50,945,633**	**410,002,790**	**(98,152,787)**

As at 31 December 2022 and 2021, restructured exposure and impairment established by segment and stage is detailed as follows:

(Thousands of AOA)

	Impairment stage				
31-12-2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Impairment losses**
Corporate	**6,448,773**	**271,224,807**	**112,933,573**	**390,607,154**	**(76,108,222)**
Retail					
Consumption	-	23,877	271,832	295,709	(287,751)
Mortgages	-	27,298	186,864	214,162	(200,728)
Other ends	-	-	37,787,319	37,787,319	(27,466,320)
	6,448,773	**271,275,983**	**151,179,588**	**428,904,343**	**(104,063,021)**

(Thousands of AOA)

	Impairment stage				
31-12-2021	Stage 1	Stage 2	Stage 3	Total	Impairment losses
Corporate	**5,911,551**	**231,491,831**	**167,419,236**	**404,822,618**	**(96,509,390)**
Retail					
Consumptions	-	27,559	286,778	314,337	(305,867)
Mortgages	-	27,421	207,696	235,117	(213,773)
Other ends	-	-	4,630,718	4,630,718	(1,123,757)
	5,911,551	**231,546,811**	**172,544,428**	**410,002,790**	**(98,152,787)**

As at 31 December 2022 and 2021, the breakdown of exposure by residual maturity, excluding interest receivable, is detailed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Below 3 months	1,358,226	23,531,501
3 to 12 months	1,514	30,828,659
1 to 5 years	180,204,962	145,722,562
Above 5 years	230,128,510	184,549,587
Undefined maturity	96,150,674	96,322,219
	507,843,886	**480,954,528**

As at 31 December 2022 and 2021, the breakdown of exposure by rate type, including interest receivable, is detailed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Fixed rate	154,432,521	99,829,836
Variable rate	455,414,695	488,488,688
	609,847,216	**588,318,524**

Changes occurred in impairment losses of Loans and advances to Customers at amortised cost are detailed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Opening balance	**147,333,307**	**145,410,566**
Increases/(Reversals) (Note 33)	12,446,429	15,525,227
Interest increase stage 3	11,608,771	-
Charge-offs	(14,107,192)	(3,674,598)
Foreign exchange differences and other (Note 26)	(1,035,410)	(9,927,888)
CLOSING BALANCE	**156,245,906**	**147,333,307**

As at 31 December 2022 and 2021, the exposure and impairment established, by stage, is detailed as follows:

(Thousands of AOA)

	Impairment stage			
31-12-2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Total exposure	40,934,199	341,653,239	227,259,778	609,847,216
Impairment losses	(555,263)	(36,443,103)	(119,247,540)	(156,245,906)
	40,378,936	**305,210,136**	**108,012,238**	**453,601,310**

(Thousands of AOA)

	Impairment stage			
31-12-2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Total exposure	52,932,598	283,620,917	251,765,009	588,318,524
Impairment losses	(781,843)	(23,942,303)	(122,609,161)	(147,333,307)
	52,150,755	**259,678,614**	**129,155,848**	**440,985,217**

As at 31 December 2022 and 2021, the exposure transfer matrix, by stage, is detailed as follows:

(Thousands of AOA)

	Impairment stage			
31-12-2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Stage as at 01-01-2022				
Stage 1	32,665,200	18,611,027	629,904	51,906,131
Stage 2	202,099	223,411,381	27,869,698	251,483,178
Stage 3	29	2,030,306	165,198,950	167,229,285
Exposures originated in 2022	8,066,871	97,600,525	33,561,226	139,228,622
	40,934,199	**341,653,239**	**227,259,778**	**609,847,216**

(Thousands of AOA)

	Impairment stage			
31-12-2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Stage as at 01-01-2021				
Stage 1	40,611,630	26,808,242	2,733,266	70,153,138
Stage 2	154,950	212,196,526	51,624,949	263,976,425
Stage 3	-	27,651,238	190,303,041	217,954,279
Exposures originated in 2021	12,166,018	16,964,911	7,103,753	36,234,682
	52,932,598	**283,620,917**	**251,765,009**	**588,318,524**

As at 31 December 2022 and 2021, the detail of exposure and impairment losses established, by segment and stage with the respective classifications, is as follows:

(Thousands of AOA)

31-12-2022													
	Exposure									**Impairment losses**			
Segment	**Total exposure**	**Credit in Stage 1**	**Of which recovered**	**Credit in Stage 2**	**Of which recovered**	**Of which restructured**	**Credit in Stage 3**	**Of which recovered**	**Of which restructured**	**Total impairment**	**Credit in Stage 1**	**Credit in Stage 2**	**Credit in Stage 3**
Corporate													
Loans	490,686,105	21,390,653	-	334,610,886	14,181,320	269,515,704	134,684,566	8,684,414	111,388,256	(92,056,693)	(171,963)	(35,227,176)	(56,657,554)
Current account loans	14,712,294	7,591,636	-	1,709,103	-	1,709,103	5,411,555	12,374	1,545,317	(3,390,076)	(62,069)	(41,086)	(3,286,922)
Overdrafts	17,058,250	47,715	11	785,788	4,766	-	16,224,746	19,873	-	(5,454,855)	(467)	(82,911)	(5,371,476)
Credit cards	483,031	439,759	243	31,856	10,884	-	11,416	2,141	-	(14,793)	(2,952)	(2,288)	(9,552)
	522,939,679	**29,469,763**	**255**	**337,137,633**	**14,196,970**	**271,224,807**	**156,332,283**	**8,718,801**	**112,933,573**	**(100,916,417)**	**(237,451)**	**(35,353,461)**	**(65,325,505)**
Retail													
Loans	64,776,754	2,874,813	20,327	2,434,166	235,626	-	59,467,775	255,830	37,787,319	(44,347,912)	(113,706)	(183,338)	(44,050,868)
Mortgages	2,573,746	595,723	-	264,847	90,227	23,877	1,713,176	78,639	271,832	(1,845,755)	(30,382)	(118,740)	(1,696,633)
Employees	4,293,880	3,992,058	32,147	265,505	212,909	-	36,316	1,871	-	(454,807)	(97,957)	(278,513)	(78,337)
Overdrafts	6,515,331	14,162	73	479,044	1,413	-	6,022,125	903,118	-	(4,952,495)	(380)	(184,941)	(4,767,174)
Credit cards	2,948,121	2,483,521	12,637	292,961	47,879	-	171,639	93,114	-	(189,364)	(40,614)	(13,434)	(135,316)
Consumer loans	5,799,705	1,504,158	136,661	779,083	284,602	27,298	3,516,465	988,398	186,864	(3,539,155)	(34,773)	(310,676)	(3,193,706)
	86,907,537	**11,464,435**	**201,844**	**4,515,606**	**872,655**	**51,175**	**70,927,496**	**2,320,971**	**38,246,015**	**(55,329,489)**	**(317,812)**	**(1,089,642)**	**(53,922,035)**
	609,847,217	**40,934,199**	**202,099**	**341,653,239**	**15,069,625**	**271,275,983**	**227,259,778**	**11,039,771**	**151,179,588**	**(156,245,906)**	**(555,263)**	**(36,443,103)**	**(119,247,540)**

(Thousands of AOA)

31-12-2021													
	Exposure									Impairment losses			
Segment	Total exposure	Credit in Stage 1	Of which recovered	Credit in Stage 2	Of which recovered	Of which restructured	Credit in Stage 3	Of which recovered	Of which restructured	Total impairment	Credit in Stage 1	Credit in Stage 2	Credit in Stage 3
Corporate													
Loans	507,270,679	31,475,604	33,934	275,335,336	9,992,975	229,579,262	200,459,739	14,240,377	165,719,867	(113,224,294)	(647,524)	(21,605,615)	(90,971,155)
Current account loans	14,703,198	6,618,445	-	2,285,107	-	1,912,569	5,799,646	653,000	1,699,369	(3,788,157)	(2,244)	(219,857)	(3,566,056)
Overdrafts	14,645,653	164,522	21	118,505	1,781	-	14,362,626	159,152	-	(6,688,354)	(829)	(14,147)	(6,673,378)
Credit cards	216,945	184,553	1,405	20,910	2,156	-	11,482	3,174	-	(12,419)	(1,928)	(1,691)	(8,800)
	536,836,475	**38,443,124**	**35,360**	**277,759,858**	**9,996,912**	**231,491,831**	**220,633,493**	**15,055,703**	**167,419,236**	**(123,713,224)**	**(652,525)**	**(21,841,310)**	**(101,219,389)**
Retail													
Loans	31,771,590	5,505,848	37,818	2,254,634	314,207	-	24,011,108	1,116,687	4,630,718	(14,822,459)	(79,363)	(183,331)	(14,559,765)
Consumer loans	5,894,652	1,805,486	-	693,752	125,446	27,421	3,395,414	990,897	207,696	(3,369,083)	(12,198)	(177,544)	(3,179,341)
Employees	5,539,210	5,178,221	74,084	328,399	132,512	-	32,590	5,212	-	(339,127)	(24,950)	(253,040)	(61,137)
Overdrafts	4,133,170	52,970	1,202	2,124,042	1,396	-	1,956,158	826,032	-	(3,252,529)	(183)	(1,370,397)	(1,881,949)
Credit cards	1,952,494	1,720,381	6,486	163,958	32,223	-	68,155	30,469	-	(62,851)	(7,991)	(1,595)	(53,265)
Mortgages	2,190,933	226,568	-	296,274	92,339	27,559	1,668,091	46,224	286,778	(1,774,034)	(4,633)	(115,086)	(1,654,315)
	51,482,049	**14,489,474**	**119,590**	**5,861,059**	**698,123**	**54,980**	**31,131,516**	**3,015,521**	**5,125,192**	**(23,620,083)**	**(129,318)**	**(2,100,993)**	**(21,389,772)**
	588,318,524	**52,932,598**	**154,950**	**283,620,917**	**10,695,035**	**231,546,811**	**251,765,009**	**18,071,224**	**172,544,428**	**(147,333,307)**	**(781,843)**	**(23,942,303)**	**(122,609,161)**

As at 31 December 2022 and 2021, the detail of exposure and impairment losses established by segment and by range of days past due is presented as follows:

(Thousands of AOA)

	31-12-2022													
	Exposure							Impairment losses						
	Stage 1	Stage 2			Stage 3			Stage 1	Stage 2			Stage 3		
Segment	**≤30 days**	**≤30 days**	**>30 days**	**≤90 days**	**≤30 days**	**>30 days**	**≤90 days**	**≤30 days**	**≤30 days**	**>30 days**	**≤90 days**	**≤30 days**	**>30 days**	**≤90 days**
Corporate														
Loans	21,390,653	329,139,598	5,471,288	-	47,861,817	1,346,414	85,476,336	(171,963)	(35,222,858)	(4,318)	-	(21,180,427)	(85,381)	(35,391,747)
Current account loans	7,591,636	1,709,103	-	-	671,379	-	4,740,176	(62,069)	(41,086)	-	-	(144,135)	-	(3,142,787)
Overdrafts	47,715	663,827	80,443	41,518	106	119	16,224,521	(467)	(66,403)	(11,739)	(4,770)	(91)	(102)	(5,371,284)
Credit cards	439,759	31,856	-	-	11,416	-	-	(2,952)	(2,288)	-	-	(9,552)	-	-
	29,469,763	**331,544,385**	**5,551,731**	**41,518**	**48,544,717**	**1,346,533**	**106,441,032**	**(237,451)**	**(35,332,635)**	**(16,056)**	**(4,770)**	**(21,334,205)**	**(85,482)**	**(43,905,817)**
Retail														
Loans	2,874,813	2,396,542	36,769	855	50,342,523	116,074	9,009,178	(113,706)	(160,209)	(22,481)	(648)	(40,794,767)	(107,427)	(3,148,674)
Consumer loans	595,723	231,486	33,361	-	32,474	47,083	1,633,619	(30,382)	(100,567)	(18,172)	-	(31,197)	(43,615)	(1,621,822)
Employees	3,992,058	230,288	16,460	18,758	2,451	43	33,823	(97,957)	(246,275)	(14,622)	(17,616)	(6,150)	(105)	(72,083)
Overdrafts	14,162	10,804	429,825	38,415	3,513	14,166	6,004,446	(380)	595	(182,888)	(2,648)	(1,915)	(13,343)	(4,751,916)
Credit cards	2,483,521	292,961	-	-	171,639	-	-	(40,614)	(13,434)	-	-	(135,316)	-	-
Mortgages	1,504,158	672,040	107,043	-	831,948	84,408	2,600,109	(34,773)	(246,982)	(63,695)	-	(801,334)	(80,621)	(2,311,751)
	11,464,435	**3,834,121**	**623,458**	**58,028**	**51,384,548**	**261,774**	**19,281,174**	**(317,812)**	**(766,871)**	**(301,859)**	**(20,912)**	**(41,770,679)**	**(245,111)**	**(11,906,246)**
	40,934,199	**335,378,505**	**6,175,189**	**99,546**	**99,929,265**	**1,608,307**	**125,722,207**	**(555,263)**	**(36,099,506)**	**(317,915)**	**(25,682)**	**(63,104,883)**	**(330,593)**	**(55,812,063)**

(Thousands of AOA)

	31-12-2021													
	Exposure							Impairment losses						
	Stage 1	Stage 2			Stage 3			Stage 1	Stage 2			Stage 3		
Segment	≤30 days	≤30 days	>30 days	≤90 days	≤30 days	>30 days	≤90 days	≤30 days	≤30 days	>30 days	≤90 days	≤30 days	>30 days	≤90 days
Corporate														
Loans	31,475,604	273,444,308	3,752	1,887,276	108,616,282	3,653,960	88,189,497	(647,524)	(21,513,968)	(1,497)	(90,150)	(53,858,929)	(1,010,158)	(36,102,068)
Current account loans	6,618,445	2,285,107	-	-	653,000	-	5,146,646	(2,244)	(219,857)	-	-	(156,837)	-	(3,409,219)
Overdrafts	164,522	2,254	98,390	17,861	134,072	9,513	14,219,041	(829)	(60)	(11,943)	(2,144)	(13,451)	(7,223)	(6,652,704)
Credit cards	184,553	20,910	-	-	11,482	-	-	(1,928)	(1,691)	-	-	(8,800)	-	-
	38,443,124	**275,752,579**	**102,142**	**1,905,137**	**109,414,836**	**3,663,473**	**107,555,184**	**(652,525)**	**(21,735,576)**	**(13,440)**	**(92,294)**	**(54,038,017)**	**(1,017,381)**	**(46,163,991)**
Retail														
Loans	5,505,848	2,186,023	68,611	-	16,768,310	201,139	7,041,659	(79,363)	(152,431)	(30,900)	-	(11,554,142)	(97,445)	(2,908,178)
Consumer loans	226,568	248,357	47,596	321	33,697	12,517	1,621,877	(4,633)	(104,384)	(10,521)	(181)	(29,790)	(11,827)	(1,612,698)
Employees	5,178,221	157,851	149,823	20,725	7,203	135	25,252	(24,950)	(87,662)	(155,478)	(9,900)	(12,821)	(255)	(48,061)
Overdrafts	52,970	2,024,122	98,758	1,162	820,197	2,626	1,133,335	(183)	(1,310,333)	(59,901)	(163)	(797,324)	(2,403)	(1,082,222)
Credit cards	1,720,381	163,958	-	-	68,155	-	-	(7,991)	(1,595)	-	-	(53,265)	-	-
Mortgages	1,805,486	654,441	39,311	-	537,613	116,874	2,740,927	(12,198)	(166,327)	(11,217)	-	(511,009)	(108,046)	(2,560,286)
	14,489,474	**5,434,752**	**404,099**	**22,208**	**18,235,175**	**333,291**	**12,563,050**	**(129,318)**	**(1,822,732)**	**(268,017)**	**(10,244)**	**(12,958,351)**	**(219,976)**	**(8,211,445)**
	52,932,598	**281,187,331**	**506,241**	**1,927,345**	**127,650,011**	**3,996,764**	**120,118,234**	**(781,843)**	**(23,558,308)**	**(281,457)**	**(102,538)**	**(66,996,368)**	**(1,237,357)**	**(54,375,436)**

As at 31 December 2022 and 2021, the detail of exposure and impairment losses established, by segment and by granting year, is presented as follows:

(Thousands of AOA)

	31-12-2022														
	2019 and preceding years			2020			2021			2022			Total		
Segment	Number of transactions	Total exposure	Impairment losses	Number of transactions	Total exposure	Impairment losses	Number of transactions	Total exposure	Impairment losses	Number of transactions	Total exposure	Impairment losses	Number of transactions	Total exposure	Impairment losses
Corporate															
Loans	275	286,111,336	(69,738,261)	43	71,498,234	(12,573,760)	47	27,798,115	(3,169,758)	42	105,278,420	(6,574,914)	407	490,686,105	(92,056,693)
Current account loans	23	3,194,858	(2,679,191)	1	1,545,317	(463,595)	2	2,368,108	(173,037)	11	7,604,011	(74,253)	37	14,712,294	(3,390,076)
Overdrafts	1,193	17,020,472	(5,438,623)	175	8,730	(4,912)	233	12,325	(6,287)	439	16,723	(5,033)	2,040	17,058,250	(5,454,855)
Credit cards	480	292,241	(12,693)	88	67,043	(680)	81	40,937	(203)	124	82,810	(1,216)	773	483,031	(14,792)
	1,971	**306,618,907**	**(77,868,768)**	**307**	**73,119,324**	**(13,042,947)**	**363**	**30,219,485**	**(3,349,285)**	**616**	**112,981,964**	**(6,655,416)**	**3,257**	**522,939,680**	**(100,916,416)**
Retail															
Loans	582	29,727,694	(16,851,049)	188	1,514,559	(275,352)	107	465,698	(103,060)	333	33,068,804	(27,118,451)	1,210	64,776,755	(44,347,912)
Consumer loans	1,113	1,677,763	(1,613,262)	25	36,115	(27,394)	109	229,743	(87,157)	744	630,126	(117,940)	1,991	2,573,747	(1,845,753)
Employees	1,860	2,844,298	(382,626)	50	230,329	(5,892)	265	787,546	(44,477)	174	431,706	(21,812)	2,349	4,293,879	(454,807)
Overdrafts	57,745	5,289,514	(3,955,561)	11,085	227,114	(194,257)	30,294	551,851	(497,446)	19,793	446,851	(305,232)	118,917	6,515,330	(4,952,496)
Credit cards	3,910	2,317,033	(169,817)	457	182,982	(8,443)	296	114,294	(6,446)	1,283	333,812	(4,659)	5,946	2,948,121	(189,365)
Mortgages	62	4,365,155	(2,671,870)	8	527,787	(270,064)	6	673,116	(486,351)	1	233,646	(110,872)	77	5,799,704	(3,539,157)
	65,272	**46,221,457**	**(25,644,185)**	**11,813**	**2,718,886**	**(781,402)**	**31,077**	**2,822,248**	**(1,224,937)**	**22,328**	**35,144,945**	**(27,678,966)**	**130,490**	**86,907,536**	**(55,329,490)**
	67,243	**352,840,364**	**(103,512,953)**	**12,120**	**75,838,210**	**(13,824,349)**	**31,440**	**33,041,733**	**(4,574,222)**	**22,944**	**148,126,909**	**(34,334,382)**	**133,747**	**609,847,216**	**(156,245,906)**

(Thousands of AOA)

	31-12-2021														
	2018 and preceding years			2019			2020			2021			Total		
Segment	Number of transactions	Total exposure	Impairment losses	Number of transactions	Total exposure	Impairment losses	Number of transactions	Total exposure	Impairment losses	Number of transactions	Total exposure	Impairment losses	Number of transactions	Total exposure	Impairment losses
Corporate															
Loans	390	367,123,770	(92,789,293)	65	50,803,219	(10,451,565)	47	64,948,201	(7,151,157)	52	24,395,489	(2,832,279)	554	507,270,679	(113,224,294)
Current account loans	21	3,200,965	(2,727,067)	3	257,579	(161,460)	5	2,137,300	(731,488)	16	9,107,354	(168,142)	45	14,703,198	(3,788,157)
Overdrafts	1,758	14,584,594	(6,651,523)	170	38,675	(35,305)	115	14,328	(726)	72	8,056	(801)	2,115	14,645,653	(6,688,354)
Credit cards	361	107,625	(10,731)	220	64,855	(1,234)	75	19,487	(207)	62	24,978	(248)	718	216,945	(12,419)
	2,530	**385,016,954**	**(102,178,614)**	**458**	**51,164,328**	**(10,649,564)**	**242**	**67,119,316**	**(7,883,578)**	**202**	**33,535,877**	**(3,001,470)**	**3,432**	**536,836,475**	**(123,713,224)**
Retail															
Loans	422	19,129,504	(12,993,939)	219	6,795,514	(934,560)	195	4,442,537	(444,514)	452	1,404,035	(449,446)	1,288	31,771,590	(14,822,459)
Consumer loans	1,157	1,801,057	(1,664,970)	-	-	-	63	49,784	(37,018)	380	340,092	(72,046)	1,600	2,190,933	(1,774,034)
Employees	1,952	3,761,800	(242,390)	539	268,817	(79,311)	53	315,222	(1,498)	287	1,193,371	(15,927)	2,831	5,539,210	(339,127)
Overdrafts	66,667	3,705,111	(2,906,493)	45,611	193,244	(170,011)	14,819	103,873	(90,764)	21,430	130,942	(85,261)	148,527	4,133,170	(3,252,529)
Credit cards	2,207	1,598,049	(48,766)	1,296	222,331	(10,248)	428	83,621	(2,392)	243	48,493	(1,446)	4,174	1,952,494	(62,851)
Mortgages	56	4,207,929	(2,638,058)	8	745,642	(376,658)	8	556,033	(220,979)	5	385,048	(133,388)	77	5,894,652	(3,369,083)
	72,461	**34,203,450**	**(20,494,616)**	**47,673**	**8,225,548**	**(1,570,788)**	**15,566**	**5,551,070**	**(797,165)**	**22,797**	**3,501,981**	**(757,514)**	**158,497**	**51,482,049**	**(23,620,083)**
	74,991	**419,220,404**	**(122,673,230)**	**48,131**	**59,389,876**	**(12,220,352)**	**15,808**	**72,670,386**	**(8,680,743)**	**22,999**	**37,037,858**	**(3,758,984)**	**161,929**	**588,318,524**	**(147,333,307)**

As at 31 December 2022 and 2021, the detail of exposure and impairment losses established, by segment and type of analysis, is presented as follows::

(Thousands of AOA)

	31-12-2022					
	Individual impairment		Collective impairment		Total	
Segment	**Total exposure**	**Impairment losses**	**Total exposure**	**Impairment losses**	**Total exposure**	**Impairment losses**
Corporate						
Loans	448,852,561	(78,239,427)	41,833,544	(13,817,266)	490,686,105	(92,056,693)
Current account loans	6,098,836	(2,353,054)	8,613,458	(1,037,022)	14,712,294	(3,390,076)
Overdrafts	14,439,507	(2,971,919)	2,618,743	(2,482,936)	17,058,250	(5,454,855)
Credit cards	3,313	(925)	479,719	(13,867)	483,032	(14,792)
	469,394,216	**(83,565,325)**	**53,545,464**	**(17,351,091)**	**522,939,680**	**(100,916,416)**
Retail						
Loans	57,296,967	(40,831,799)	7,479,788	(3,516,113)	64,776,755	(44,347,912)
Consumer loans	-	-	2,573,747	(1,845,753)	2,573,747	(1,845,753)
Employees	-	-	4,293,879	(454,807)	4,293,879	(454,807)
Overdrafts	3,840,114	(2,659,586)	2,675,216	(2,292,910)	6,515,330	(4,952,496)
Credit cards	348	(273)	2,947,773	(189,092)	2,948,121	(189,365)
Mortgages	205,665	(10,298)	5,594,039	(3,528,859)	5,799,704	(3,539,157)
	61,343,094	**(43,501,956)**	**25,564,442**	**(11,827,534)**	**86,907,536**	**(55,329,490)**
	530,737,310	**(127,067,281)**	**79,109,906**	**(29,178,625)**	**609,847,216**	**(156,245,906)**

(Thousands of AOA)

	31-12-2021					
	Individual impairment		Collective impairment		Total	
Segment	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses
Corporate						
Loans	444,904,428	(97,983,945)	62,366,251	(15,240,349)	507,270,679	(113,224,294)
Current account loans	6,594,736	(2,554,444)	8,108,462	(1,233,713)	14,703,198	(3,788,157)
Overdrafts	11,563,079	(3,921,594)	3,082,574	(2,766,760)	14,645,653	(6,688,354)
Credit cards	2,156	(478)	214,789	(11,941)	216,945	(12,419)
	463,064,399	**(104,460,461)**	**73,772,076**	**(19,252,763)**	**536,836,475**	**(123,713,224)**
Retail						
Loans	21,385,289	(11,358,621)	10,386,301	(3,463,838)	31,771,590	(14,822,459)
Consumer loans	-	-	2,190,933	(1,774,034)	2,190,933	(1,774,034)
Employees	-	-	5,539,210	(339,127)	5,539,210	(339,127)
Overdrafts	2,011,081	(1,310,181)	2,122,089	(1,942,348)	4,133,170	(3,252,529)
Credit cards	1,221	(232)	1,951,273	(62,619)	1,952,494	(62,851)
Mortgages	328,059	(23,623)	5,566,593	(3,345,460)	5,894,652	(3,369,083)
	23,725,650	**(12,692,657)**	**27,756,399**	**(10,927,426)**	**51,482,049**	**(23,620,083)**
	486,790,049	**(117,153,118)**	**101,528,475**	**(30,180,189)**	**588,318,524**	**(147,333,307)**

As at 31 December 2022 and 2021, the detail of exposure and impairment losses established, by type of analysis and business sector, is presented as follows:

(Thousands of AOA)

31-12-2022	Real Estate		Wholesale and Retail Trade		Construction		Manufacturing Industry		Retail		Other		Total	
	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses
Individual impairment	185,609,520	(32,045,270)	83,131,186	(17,331,964)	117,955,858	(39,955,085)	105,193,047	(17,076,407)	29,209,549	(16,549,947)	9,638,150	(4,108,609)	530,737,310	(127,067,281)
Collective impairment	284,189	(10,106)	13,669,655	(4,995,930)	13,041,864	(2,119,492)	10,581,019	(4,980,348)	24,542,916	(11,799,039)	16,990,263	(5,273,711)	79,109,906	(29,178,625)
	185,893,709	**(32,055,375)**	**96,800,841**	**(22,327,894)**	**130,997,722**	**(42,074,577)**	**115,774,066**	**(22,056,755)**	**53,752,465**	**(28,348,986)**	**26,628,413**	**(9,382,320)**	**609,847,216**	**(156,245,906)**

(Thousands of AOA)

31-12-2021	Real Estate		Wholesale and Retail Trade		Construction		Manufacturing Industry		Retail		Other		Total	
	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses
Individual impairment	170,172,906	(28,395,301)	78,754,842	(14,721,304)	99,488,893	(36,582,035)	94,876,871	(18,596,772)	23,725,650	(12,692,658)	19,770,887	(6,165,048)	486,790,049	(117,153,118)
Collective impairment	726,186	(20,789)	11,776,459	(5,766,878)	14,237,185	(1,726,620)	16,284,780	(4,230,250)	29,003,190	(12,388,475)	29,500,675	(6,047,177)	101,528,475	(30,180,189)
	170,899,092	**(28,416,090)**	**90,531,301**	**(20,488,182)**	**113,726,078**	**(38,308,655)**	**111,161,651**	**(22,827,022)**	**52,728,840**	**(25,081,133)**	**49,271,562**	**(12,212,225)**	**588,318,524**	**(147,333,307)**

As at 31 December 2022 and 2021, the detail of exposure and impairment losses established, by type of analysis and geography, is presented as follows:

(Thousands of AOA)

	Angola		**Portugal**		**Other countries**		**Total**	
31-12-2022	**Total exposure**	**Impairment losses**	**Total exposure**	**Impairment losses**	**Total exposure**	**Impairment losses**	**Total exposure**	**Impairment losses**
Individual impairment	528,389,201	(125,729,094)	2,348,109	(1,338,187)	-	-	530,737,310	(127,067,281)
Collective impairment	78,756,041	(29,040,819)	304,512	(114,592)	49,353	(23,213)	79,109,905	(29,178,624)
	607,145,242	**(154,769,913)**	**2,652,621**	**(1,452,779)**	**49,353**	**(23,213)**	**609,847,216**	**(156,245,906)**

(Thousands of AOA)

	Angola		Portugal		Other countries		Total	
31-12-2021	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses	Total exposure	Impairment losses
Individual impairment	486,790,049	(117,153,118)	-	-	-	-	486,790,049	(117,153,118)
Collective impairment	101,445,485	(30,109,447)	69,237	(61,408)	13,753	(9,334)	101,528,475	(30,180,189)
	588,235,534	**(147,262,565)**	**69,237**	**(61,408)**	**13,753**	**(9,334)**	**588,318,524**	**(147,333,307)**

As at 31 December 2022 and 2021, the analysis of the fair value of guarantees underlying the loan portfolio of the corporate, construction and real estate development and housing segments is as follows:

(Thousands of AOA)

	Corporate				**Construction and Retail Trade**				**Mortgages**			
	Real Estate		**Other guarantees**		**Real Estate**		**Other guarantees**		**Real Estate**		**Other guarantees**	
31-12-2022	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**
< AOA 50 M	7	163,302	1,013	2,614,003	1	20,000	83	225,145	28	379,120	65	42,995
≥ AOA 50 M and < AOA 100 M	9	629,379	25	1,349,300	-	-	2	185,552	22	666,648	1	50,000
≥ AOA 100 M and < AOA 500 M	28	3,625,135	42	9,079,124	7	1,652,791	14	2,628,535	27	1,968,051	4	294,988
≥ AOA 500 M and < AOA 1,000 M	11	2,335,833	6	3,853,123	2	607,455	7	1,313,793	-	-	-	-
≥ AOA 1,000 M and < AOA 2,000 M	17	16,931,333	4	4,686,129	2	1,188,037	4	9,754	-	-	-	-
≥ AOA 2,000 M and < AOA 5,000 M	10	14,756,772	4	9,344,358	4	6,794,024	2	4,126,617	1	46,740	-	-
≥ AOA 5,000 M	20	121,197,533	2	55,499,354	13	159,959,814	5	11,508,198	1	4,312,059	-	-
	102	**159,639,287**	**1,096**	**86,425,389**	**29**	**170,222,121**	**117**	**19,997,592**	**79**	**7,372,619**	**70**	**387,983**

(Thousands of AOA)

	Corporate				Construction and Retail Trade				Mortgages			
	Real Estate		Other guarantees		Real Estate		Other guarantees		Real Estate		Other guarantees	
31-12-2021	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< AOA 50 M	13	237,905	1,292	2,670,694	-	-	98	153,377	17	318,552	5	17,237
≥ AOA 50 M and < AOA 100 M	10	597,293	41	2,708,985	2	174,000	3	105,034	20	767,413	-	-
≥ AOA 100 M and < AOA 500 M	31	4,532,791	81	17,089,210	6	1,096,901	11	2,901,433	27	2,176,467	1	94,132
≥ AOA 500 M and < AOA 1,000 M	16	3,469,589	8	4,957,019	2	613,492	7	1,244,325	1	292,203	-	-
≥ AOA 1,000 M and < AOA 2,000 M	16	11,223,355	3	2,897,076	1	1,042,840	3	1,251,432	-	-	-	-
≥ AOA 2,000 M and < AOA 5,000 M	17	29,643,127	2	8,800,265	4	7,269,155	5	299,439	1	61,354	-	-
≥ AOA 5,000 M	11	85,804,438	2	30,325,951	15	163,046,388	6	19,664,108	2	4,311,155	-	-
	114	**135,508,498**	**1,429**	**69,449,200**	**30**	**173,242,776**	**133**	**25,619,148**	**68**	**7,927,144**	**6**	**111,369**

As at 31 December 2022 and 2021, the loan-to-value ratio of the corporate, construction and property development and housing segments is presented as follows:

(Thousands of AOA)

31-12-2022						
Segment/Ratio	**Number of properties**	**Number of other real guarantees**	**Credit in Stage 1**	**Credit in Stage 2**	**Credit in Stage 3**	**Impairment losses**
Corporate						
No guarantee provided	-	-	4,507,209	7,938,347	24,532,446	(19,038,649)
< 50%	32	143	65,573	1,235,382	11,054,270	(8,771,678)
≥ 50% and < 75%	7	77	736,962	305,563	10,252,035	(2,760,018)
≥ 75% and < 100%	4	62	5,287,339	59,803,245	11,555,238	(15,864,157)
< 100%	59	814	9,249,624	76,496,708	15,192,792	(7,306,558)
	102	**1,096**	**19,846,708**	**145,779,245**	**72,586,779**	**(53,741,059)**
Construction and Retail Trade						
No guarantee provided	-	-	1,136,654	64,426,681	26,385,219	(26,411,004)
< 50%	-	36	1,632,161	16,616,077	51,634	(1,430,507)
≥ 50% and < 75%	6	12	6,454,244	32,679,390	547,353	(7,634,808)
≥ 75% and < 100%	4	10	231	15,763,812	4,110,397	(3,447,008)
< 100%	19	59	399,764	61,872,428	52,650,900	(8,252,031)
	29	**117**	**9,623,056**	**191,358,388**	**83,745,503**	**(47,175,358)**
Mortgages						
No guarantee provided	-	-	1,309,463	458,942	2,063,818	(2,251,644)
< 50%	3	45	106,931	85,449	81,248	(93,743)
≥ 50% and < 75%	2	7	-	-	140,514	(134,669)
≥ 75% and < 100%	2	6	32,780	81,606	-	(75,392)
< 100%	72	12	989,544	236,868	1,643,120	(1,443,984)
	79	**70**	**2,438,718**	**862,865**	**3,928,700**	**(3,999,431)**
	210	**1,283**	**31,908,481**	**338,000,498**	**160,260,983**	**(104,915,848)**

(Thousands of AOA)

31-12-2021						
Segment/Ratio	**Number of properties**	**Number of other real guarantees**	**Credit in Stage 1**	**Credit in Stage 2**	**Credit in Stage 3**	**Impairment losses**
Corporate						
No guarantee provided	-	-	4,232,014	2,292,392	10,639,509	(8,488,054)
< 50%	35	157	13,946,258	46,922,322	10,112,522	(6,562,269)
≥ 50% and < 75%	4	136	2,880,503	20,480,985	7,968,543	(3,394,913)
≥ 75% and < 100%	5	85	4,169,889	46,197,833	10,055,934	(8,847,880)
< 100%	70	1,051	2,552,320	3,704,632	61,478,248	(37,932,517)
	114	**1,429**	**27,780,984**	**119,598,164**	**100,254,756**	**(65,225,633)**
Construction and Retail Trade						
No guarantee provided	-	-	727,796	8,721,038	5,670,820	(3,276,752)
< 50%	5	32	9,013,449	24,781,497	37,245,939	(15,400,252)
≥ 50% and < 75%	6	15	12,088,127	17,110,594	18,077,773	(7,211,444)
≥ 75% and < 100%	3	13	25,212	46,922,238	20,988,709	(9,782,970)
< 100%	16	73	1,535,051	49,088,808	37,853,025	(22,277,135)
	30	**133**	**23,389,635**	**146,624,175**	**119,836,266**	**(57,948,553)**
Mortgages						
< 50%	4	2	173,823	-	235,178	(232,505)
≥ 50% and < 75%	1	-	-	-	154,467	(146,785)
≥ 75% and < 100%	2	-	-	-	7,070	(6,374)
< 100%	61	4	538,050	371,684	7,799,351	(4,363,415)
	68	**6**	**711,873**	**371,684**	**8,196,066**	**(4,749,079)**
	212	**1,568**	**51,882,492**	**266,594,023**	**228,287,088**	**(127,923,265)**

As at 31 December 2022 and 2021, the analysis of the fair value and the net book value of properties received as recovery or foreclosure, recorded under Non-current assets held for sale (Note 13), by type of real estate, is as follows:

(Thousands of AOA)

	31-12-2022			31-12-2021		
Type of property	**Number of properties**	**Valuation value of the asset**	**Net book value**	Number of properties	Valuation value of the asset	Net book value
Land						
Urban	-	-	-	1	1,362,506	-
Constructed buildings						
Mortgages	-	-	-	1	994,400	-
	-	**-**	**-**	**2**	**2,356,906**	**-**

As at 31 December 2022 and 2021, the analysis of the net book value of properties received as recovery or foreclosure, recorded under Non-current assets held for sale (Note 13), by type of real estate and seniority, is as follows:

(Thousands of AOA)

	31-12-2022				31-12-2021			
Time elapsed since the payment/foreclosure	**< 1 Year**	**≥ 1 year and < 2.5 years**	**≥ 2.5 years and < 5 years**	**Net book value**	< 1 Year	≥ 1 year and < 2.5 years	≥ 2.5 years and <5 years	Net book value
Land								
Urban	-	-	-	-	-	1,362,506	-	1,362,506
Constructed buildings								
Mortgages	-	-	-	-	-	994,400	-	994,400
	-	**-**	**-**	**-**	**-**	**2,356,906**	**-**	**2,356,906**

As at 31 December 2022 and 2021, the detail of exposure, by segment and internal risk degree, is presented as follows:

(Thousands of AOA)

	31-12-2022									
	Low risk level			Medium risk level	High risk level				No rating	Total
Segment	**B1**	**B2**	**B3**	**C**	**D**	**E**	**F**	**G**	**-**	
Corporate										
Loans	-	6,435,447	7,548,278	79,196,362	66,181,683	38,359,549	892,182	165,747,505	126,325,100	490,686,105
Current account loans	-	-	717,635	6,844,994	2,297,680	1,805,206	-	139,282	2,907,498	14,712,294
Overdrafts	-	-	2	657,070	539,715	1,272,675	36,733	9,232,537	5,319,518	17,058,250
Credit cards	-	293	8,197	22,980	31,002	27,604	-	7,240	385,715	483,032
		6,435,740	**8,274,112**	**86,721,405**	**69,050,079**	**41,465,034**	**928,915**	**175,126,564**	**134,937,831**	**522,939,680**
Retail										
Loans	132,184	198,247	659,363	5,708,435	137,510	292	-	58,674	57,882,051	64,776,755
Consumer loans	-	31,024	176,669	515,042	35,452	541	619	11,772	1,802,628	2,573,747
Employees	83	-	23,440	-	-	-	18,517	-	4,251,839	4,293,879
Overdrafts	29	493	2,242	202,251	6,180	766	-	861	6,302,506	6,515,329
Credit cards	2,947	23,908	31,073	15,364	6,723	487	3	3,053	2,864,564	2,948,122
Mortgages	-	278,352	376,964	134,894	618,924	292,232	-	125,228	3,973,109	5,799,704
	135,242	**532,025**	**1,269,753**	**6,575,986**	**804,789**	**294,318**	**19,139**	**199,588**	**77,076,697**	**86,907,537**
	135,242	**6,967,765**	**9,543,865**	**93,297,391**	**69,854,868**	**41,759,353**	**948,054**	**175,326,152**	**212,014,528**	**609,847,217**

(Thousands of AOA)

31-12-2021										
	Low risk level			Medium risk level	High risk level				No rating	Total
Segment	B1	B2	B3	C	D	E	F	G	-	
Corporate										
Loans	10,334	34,978,780	37,397,349	70,534,001	48,201,491	48,879,614	15,124,488	93,367,865	158,776,757	507,270,679
Current account loans	-	-	405,091	460,787	9,984,363	537,847	-	138,996	3,176,114	14,703,198
Overdrafts	-	4	2,547	108,523	582,475	1,293,663	1,878	6,182,448	6,474,115	14,645,653
Credit cards	979	7,650	5,159	8,415	9,337	8,670	-	2,785	173,950	216,945
	11,313	**34,986,434**	**37,810,146**	**71,111,726**	**58,777,666**	**50,719,794**	**15,126,366**	**99,692,094**	**168,600,936**	**536,836,475**
Retail										
Loans	240,615	341,831	688,069	4,568,571	134,549	505	-	105,625	25,691,825	31,771,590
Consumer loans	-	3,974	97,347	163,249	30,976	-	-	3,923	1,891,464	2,190,933
Employees	157	-	-	-	-	-	-	-	5,539,053	5,539,210
Overdrafts	5	125	2,853	10,008	1,845	2	-	643	4,117,689	4,133,170
Credit cards	645	6,833	11,053	10,713	1,297	230	-	265	1,921,458	1,952,494
Mortgages	-	46,062	386,368	101,319	275,902	325,140	-	141,924	4,617,937	5,894,652
	241,422	**398,825**	**1,185,690**	**4,853,860**	**444,569**	**325,877**	**-**	**252,380**	**43,779,426**	**51,482,049**
	252,735	**35,385,259**	**38,995,836**	**75,965,586**	**59,222,235**	**51,045,671**	**15,126,366**	**99,944,474**	**212,380,362**	**588,318,524**

As at 31 December 2022 and 2021, the disclosure of risk factors associated with the impairment model, by segment, is as follows:

(Thousands of AOA)

31-12-2022				
	Probability of default (%)			
Segment	Stage 1	Stage 2	Stage 3	Loss given default (%)
Corporate				
Loans	2%	11%	100%	92%
Current account loans	2%	11%	100%	92%
Overdrafts	2%	11%	100%	87%
Credit cards	2%	11%	100%	83%
Retail				
Loans	6%	21%	100%	96%
Consumer loans	6%	21%	100%	97%
Employees	1%	11%	-	94%
Overdrafts	3%	6%	100%	95%
Credit cards	3%	7%	100%	94%
Mortgages	3%	13%	100%	97%

(Thousands of AOA)

31-12-2021				
	Probability of default (%)			
Segment	Stage 1	Stage 2	Stage 3	Loss given default (%)
Corporate				
Loans	4%	17%	100%	90%
Current account loans	4%	15%	100%	90%
Overdrafts	4%	15%	100%	85%
Credit cards	4%	15%	100%	79%
Retail				
Loans	2%	21%	100%	92%
Consumer loans	2%	12%	100%	95%
Employees	0%	7%	-	89%
Overdrafts	1%	2%	100%	90%
Credit cards	1%	1%	100%	90%
Mortgages	1%	6%	100%	95%

As at 31 December 2022 and 2021, the risk factors associated with the impairment model by segment recorded (i) an improvement in the probability of default, reflecting a lower number of loans that went into default, in particular in the corporate segment in Stage 2 and (ii) a deterioration of the loss given default, resulting from the non-materialization of the legal processes in progress.

In order to determine the forward-looking effect in the update of the default probabilities calculation, the Bank only considered the effect of the oil price evolution with a two-year lag in the default rates projection of the Companies. In the Retail segment, the Bank decided not to carry out the forward-looking effect when calculating the probabilities of default.

As at 31 December 2022 and 2021, finance leases, by residual maturity, is presented as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Outstanding rents and residual values		
Below 1 year	4,785,583	5,010,637
1 to 5 years	3,785,551	8,866,826
Above 5 years	2,099,504	3,241,016
	10,670,638	**17,118,478**
Outstanding interest		
Below 1 year	793,721	1,766,929
1 to 5 years	1,264,183	2,920,032
Above 5 years	837,449	1,319,989
	2,895,352	**6,006,950**
Outstanding principal		
Below 1 year	3,991,862	3,243,708
1 to 5 years	2,521,368	5,946,794
Above 5 years	1,262,056	1,921,026
	7,775,286	**11,111,528**
Impairment losses	(442,967)	(545,468)
	7,332,318	**10,566,060**

There are no finance lease agreements with contingent rents.

Note 10

Financial assets at amortised cost – Other loans and advances to central banks and credit institutions

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Other loans and advances to credit institutions in Angola		
Loans and advances	14,000,000	-
Reverse repurchase agreement transactions	4,996,993	5,000,000
Interest receivable	112,800	5,642
	19,109,793	**5,005,642**
Other loans and advances to credit institutions abroad		
Loans and advances	11,458,096	29,090,457
Interest receivable	2,672	4,535
	11,460,768	**29,094,992**
Impairment losses (Note 32)	(23,263)	(285,640)
	30,547,298	**33,814,994**

As at 31 December 2022 and 2021, the breakdown of Other loans and advances to central banks and credit institutions, excluding interest receivable, by residual maturities, is as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Below 3 months	25,305,807	33,304,031
3 to 12 months	5,149,282	786,426
	30,455,089	**34,090,457**

As at 31 December 2022 and 2021, the breakdown of Other loans and advances to central banks and credit institutions, including interest receivable, by currency, is as follows:

(Thousands of AOA)

	31-12-2022			31-12-2021		
	Gross exposure	Impairment losses	Net Exposure	Gross exposure	Impairment losses	Net Exposure
In AOA	19,109,793	-	19,109,793	5,005,641	(96,518)	4,909,123
In USD	10,580,183	(18,692)	10,561,491	28,308,566	(188,383)	28,120,183
In EUR	880,585	(4,571)	876,014	786,427	(739)	785,688
	30,570,561	**(23,263)**	**30,547,298**	**34,100,634**	**(285,640)**	**33,814,994**

As at 31 December 2022, the balance of Other loans and advances to credit institutions in the country – Loans and advances, refers to two liquidity providing operations on the interbank money market with a maturity of 7 days, without interest.

As at 31 December 2022 and 2021, the balance of Other loans and advances to credit institutions in the country – Reverse repurchase agreement transactions, refers to short-term REPO operations carried out on the interbank money market, with an average annual interest rate of 11.45% and 18.70%, respectively.

As at 31 December 2022 and 2021, Other loans and advances to credit institutions abroad include operations that are mainly acting as collateral for documentary credit transactions for Customers' imports.

As at 31 December 2022 and 2021, Other loans and advances to credit institutions abroad bears interest at an average annual rate of 1.47% and 0.33%, respectively.

As at 31 December 2022 and 2021, exposures relating to loans and advances are classified in Stage 1.

Changes in impairment losses for other loans and advances to central banks and credit institutions measured at amortised cost are as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Opening balance	**285,640**	**388,144**
Increases/(Reversals) (Note 33)	(262,377)	(102,504)
CLOSING BALANCE	**23,263**	**285,640**

Note 11
Property, plant and equipment

The changes in this caption are detailed as follows:

(Thousands of AOA)

	Gross amount					Depreciation, amortisation and impairment losses						Net amount	
	Balance as at 31-12-2021	Acquisitions	Disposals/ Write-offs	Transfers	**Balance as at 31-12-2022**	Balance as at 31-12-2021	Amortistion for the period	Acquisitions	Disposals/ Write-offs	Transfers	**Balance as at 31-12-2022**	31-12-2021	**31-12-2022**
Real Estate													
For own use	35,767,695	14,595,655	473,647	-	50,836,997	(5,480,329)	(738,218)	(79,351)	(91,258)	-	(6,389,156)	30,287,366	44,447,841
Improvements to leased properties	13,260,294	2,240,556	(875,017)	-	14,625,833	(4,228,347)	(410,592)	(39,909)	33,282	-	(4,645,566)	9,031,947	9,980,267
Other	6,442,531	2,706,656	137,394	-	9,286,581	-	-	-	-	-	-	6,442,531	9,286,581
	55,470,520	**19,542,867**	**(263,975)**	**-**	**74,749,411**	**(9,708,676)**	**(1,148,810)**	**(119,260)**	**(57,976)**	**-**	**(11,034,722)**	**45,761,844**	**63,714,689**
Other assets under construction													
For own use	12,824,846	-	-	(733,081)	12,091,765	-	-	-	-	-	-	12,824,846	12,091,765
Advances	13,500,079	-	(128,400)	733,081	14,104,760	-	-	-	-	-	-	13,500,079	14,104,760
	26,324,925	**-**	**(128,400)**	**-**	**26,196,525**	**-**	**-**	**-**	**-**	**-**	**-**	**26,324,925**	**26,196,525**
Equipment													
IT equipment	18,938,468	4,265,351	(3,827,665)	-	19,376,154	(14,463,583)	(1,438,178)	(237,202)	3,774,682	-	(12,364,281)	4,474,885	7,011,873
Indoor facilities	3,079,322	99,213	(619,883)	-	2,558,652	(2,432,999)	(192,561)	(1,765)	616,857	-	(2,010,468)	646,323	548,183
Furniture and material	7,074,203	-	(315,271)	-	6,758,932	(5,872,307)	(486,846)	-	314,707	-	(6,044,447)	1,201,896	714,485
Security equipment	5,057,647	14,459	(176,961)	-	4,895,146	(4,157,258)	(333,358)	(657)	176,766	-	(4,314,508)	900,389	580,638
Machinery and tools	2,240,656	45,646	(529,031)	-	1,757,271	(2,040,844)	(75,999)	(3,680)	532,015	-	(1,588,509)	199,812	168,762
Transport equipment	3,708,352	65,593	(1,568,801)	-	2,205,145	(3,349,753)	(194,639)	(2,733)	1,529,800	-	(2,017,325)	358,599	187,820
Other	3,132,103	7,224	(475,201)	-	2,664,126	(2,956,497)	(80,500)	(770)	475,199	-	(2,562,568)	175,606	101,558
	43,230,751	**4,497,486**	**(7,512,812)**	**-**	**40,215,426**	**(35,273,241)**	**(2,802,081)**	**(246,808)**	**7,420,025**	**-**	**(30,902,105)**	**7,957,510**	**9,313,320**
Other property, plant and equipment													
Other	2,709	-	(4)	-	2,705	(2,692)	(10)	-	-	-	(2,702)	17	3
	2,709	**-**	**(4)**	**-**	**2,705**	**(2,692)**	**(10)**	**-**	**-**	**-**	**(2,702)**	**17**	**3**
Right-of-use assets													
Real Estate	10,792,390	-	(4,815,884)	-	5,976,506	(2,954,039)	(1,158,113)	-	2,770,804	-	(1,341,348)	7,838,351	4,635,158
	10,792,390	**-**	**(4,815,884)**	**-**	**5,976,506**	**(2,954,039)**	**(1,158,113)**	**-**	**2,770,804**	**-**	**(1,341,348)**	**7,838,351**	**4,635,158**
	135,821,295	**24,040,353**	**(12,721,075)**	**-**	**147,140,573**	**(47,938,648)**	**(5,109,015)**	**(366,068)**	**10,132,853**	**-**	**(43,280,878)**	**87,882,647**	**103,859,695**

(Thousands of AOA)

	Gross amount					Depreciation, amortisation and impairment losses						Net amount	
	Balance as at 31-12-2020 (Restated)	Acquisitions	Disposals/ Write-offs	Transfers	Balance as at 31-12-2021	Balance as at 31-12-2020 (Restated)	Amortisation for the period	Acquisitions	Disposals/ Write-offs	Transfers	Balance as at 31-12-2021	31-12-2020 (Restated)	31-12-2021
Real Estate													
For own use	47,313,970	16,679	(12,062,054)	499,100	35,767,695	(5,869,448)	(726,781)	(227)	1,112,857	3,270	(5,480,329)	30,287,366	47,313,970
Improvements to leased properties	16,736,928	25,670	(2,613,389)	(888,915)	13,260,294	(5,381,384)	(434,014)	(286)	1,374,904	212,433	(4,228,347)	9,031,947	16,736,928
Other	11,800,547	-	(5,358,016)	-	6,442,531	-	-	-	-	-	-	6,442,531	11,800,547
	75,851,445	**42,349**	**(20,033,459)**	**(389,815)**	**55,470,520**	**(11,250,832)**	**(1,160,795)**	**(513)**	**2,487,761**	**215,703**	**(9,708,676)**	**45,761,844**	**75,851,445**
Other assets under construction													
For own use	26,343,251	14,020	(32,346)	(13,500,079)	12,824,846	-	-	-	-	-	-	12,824,846	26,343,251
Advances	-	-	-	13,500,079	13,500,079	-	-	-	-	-	-	13,500,079	-
	26,343,251	**14,020**	**(32,346)**	**-**	**26,324,925**	**-**	**-**	**-**	**-**	**-**	**-**	**26,324,925**	**26,343,251**
Equipment													
IT equipment	17,783,984	982,253	(217,583)	389,814	18,938,468	(12,846,988)	(1,491,335)	(125,015)	215,458	(215,703)	(14,463,583)	4,474,885	17,783,984
Indoor facilities	3,142,533	14,383	(77,594)	-	3,079,322	(2,237,047)	(271,556)	(1,052)	76,655	-	(2,432,999)	646,323	3,142,533
Furniture and material	7,363,524	-	(242,376)	(46,945)	7,074,203	(5,553,312)	(588,653)	-	239,340	30,318	(5,872,307)	1,201,896	7,363,524
Security equipment	5,223,913	14,380	(180,646)	-	5,057,647	(3,898,492)	(412,255)	(1,201)	154,690	-	(4,157,258)	900,389	5,223,913
Machinery and tools	2,201,151	53,190	(13,685)	-	2,240,656	(1,941,958)	(100,993)	(7,978)	10,085	-	(2,040,844)	199,812	2,201,151
Transport equipment	4,089,500	-	(381,148)	-	3,708,352	(3,326,050)	(387,693)	-	363,990	-	(3,349,753)	358,599	4,089,500
Other	355,786	-	(69,170)	2,845,487	3,132,103	(297,265)	(171,595)	-	69,167	(2,556,804)	(2,956,497)	175,606	355,786
	40,160,392	**1,064,206**	**(1,182,202)**	**3,188,356**	**43,230,751**	**(30,101,112)**	**(3,424,080)**	**(135,246)**	**1,129,385**	**(2,742,189)**	**(35,273,241)**	**7,957,510**	**40,160,392**
Other property, plant and equipment													
Other	2,883,229	-	-	(2,880,520)	2,709	(2,528,901)	(277)	-	-	2,526,486	(2,692)	17	2,883,229
	2,883,229	**-**	**-**	**(2,880,520)**	**2,709**	**(2,528,901)**	**(277)**	**-**	**-**	**2,526,486**	**(2,692)**	**17**	**2,883,229**
Right-of-use assets													
Real Estate	10,692,167	-	100,223	-	10,792,390	(1,658,993)	(1,314,471)	-	19,425	-	(2,954,039)	7,838,351	10,692,167
	10,692,167	**-**	**100,223**	**-**	**10,792,390**	**(1,658,993)**	**(1,314,471)**	**-**	**19,425**	**-**	**(2,954,039)**	**7,838,351**	**10,692,167**
	155,930,484	**1,120,575**	**(21,147,784)**	**(81,979)**	**135,821,295**	**(45,539,838)**	**(5,899,623)**	**(135,759)**	**3,636,571**	**-**	**(47,938,648)**	**87,882,647**	**155,930,484**

As described in Note 2.2., during 2021, the Bank adopted IAS 29 Standard, and proceeded to the monetary updating of the gross amounts and accumulated depreciation of property, plant and equipment from their origination date to 1 January 2019. The amount resulting from this monetary revaluation was recorded under the caption Revaluation reserves and other reserves and retained earnings (Note 21).

As at 31 December 2022, the caption Real estate – Own use, includes two office units located on floors 5 and 6 of buildings 7 and 8 of the Cidade Financeira condominium, located in Luanda – Talatona, which were received as a result of the "Agreement for the termination of the promissory contract" of the contract entered into between the Bank and a third party entity. The parties agreed that the contract would be terminated with immediate effect, that all risks and benefits associated with the properties would be transferred to the Bank with immediate effect and that the Bank would not return the deposit paid by the third party. The termination of this contract was carried out through the derecognition of the properties previously included in the caption Other assets (Note 15) for their respective appraised value of AOA 12,688,209 thousand, calculated by an independent real estate appraiser on 13 March 2022. As these fractions were leased to the Bank, the effect recorded under the caption Right-of-use assets – Real Estate, corresponds to the cancellation of the lease in accordance with the requirements of IFRS 16.

As at 31 December 2022, the increase in the caption Real estate – Improvements to leased properties, corresponds mainly to improvement works in the real estate portfolio, namely improvements in leased properties and adaptations in the branch networks as part of the Contact Centre project.

As at 31 December 2022 and 2021, the caption Assets under construction includes the amount of AOA 26,196,525 thousand and AOA 26,324,925 thousand, respectively, related to the construction of the Bank's new headquarters building in Luanda Bay. As at 31 December 2022 and 2021, the caption Assets under construction – Advances amounting to AOA 14,104,760 thousand and AOA 13,500,079 thousand, respectively, essentially corresponds to the lag between the financial execution of the CPCV signed with the promoter and the execution of the works resulting from the construction methodology applied to this project, due to the specific characteristics of this Parcel.

As at 31 December 2022, the increase in Equipment – IT equipment, mainly corresponds to investments related to the purchase of equipment and materials for cyber risk management.

As at 31 December 2022 and 2021, the caption Right-of-use assets – Real Estate corresponds to assets under lease, in accordance with the requirements of IFRS 16, adopted on 1 January 2019, as described in Note 2.11.

As at 31 December 2021, the balance of disposals/write-offs corresponds essentially to the sale, by realization in kind, of own use properties whose use was discontinued, under a capital increase operation in the Pactual Property Fund (Note 6). Accordingly, the Bank derecognised the properties against the subscription of shares at their market value, and the difference between the book value of the derecognised properties and their market value is recognised as capital gains or losses on the sale of other assets under Profit/(loss) from the sale of other assets (Note 27).

As at 31 December 2021, the balance of transfers includes the amount associated to artistic assets, which during the period was reclassified to Other assets (Note 15).

Note 12
Intangible assets

The changes in this caption are detailed as follows:

(Thousands of AOA)

	Gross amount					**Accumulated amortisations**					**Accumulated impairment losses**		**Net amount**	
	Balance as at 31-12-2021	**Acquisitions**	**Disposals/ Write-offs**	**Transfers**	**Balance as at 31-12-2022**	**Balance as at 31-12-2021**	**Amortisation for the period**	**Acquisitions**	**Disposals/ Write-offs**	**Balance as at 31-12-2022**	**Balance as at 31-12-2021**	**Balance as at 31-12-2022**	**31-12-2021**	**31-12-2022**
Automatic data processing systems	33,513,867	2,058,911	(1,597,532)	-	33,975,246	(18,725,453)	(4,460,706)	(147,893)	1,689,010	(21,645,042)	-	-	14,788,414	12,330,204
Goodwill	51,349,585	-	-	-	51,349,585	-	-	-	-	-	(51,349,585)	(51,349,585)	-	-
Other intangible assets	2,880,188	53,406	-	-	2,933,594	(2,191,951)	(54,039)	(1,335)	5,627	(2,241,698)	-	-	688,237	691,896
	87,743,640	**2,112,317**	**(1,597,532)**	**-**	**88,258,425**	**(20,917,404)**	**(4,514,745)**	**(149,228)**	**1,694,637**	**(23,886,740)**	**(51,349,585)**	**(51,349,585)**	**15,476,651**	**13,022,100**

(Thousands of AOA)

	Gross amount					Accumulated amortisations					Accumulated impairment losses		Net amount	
	Balance as at 31-12-2020 (Restated)	Acquisitions	Disposals/ Write-offs	Transfers	Balance as at 31-12-2021	Balance as at 31-12-2020 (Restated)	Amortisation for the period	Acquisitions	Disposals/ Write-offs	Balance as at 31-12-2021	Balance as at 31-12-2020 (Restated)	Balance as at 31-12-2021	31-12-2020 (Restated)	31-12-2021
Automatic data processing systems	27,633,530	6,389,730	(763,247)	253,854	33,513,867	(13,846,398)	(4,290,393)	(671,173)	82,511	(18,725,453)	-	-	13,787,132	14,788,414
Goodwill	51,349,585	-	-	-	51,349,585	-	-	-	-	-	(51,349,585)	(51,349,585)	-	-
Assets under construction	11,780	242,074	-	(253,854)	-	-	-	-	-	-	-	-	11,780	-
Other intangible assets	2,646,629	233,559	-	-	2,880,188	(2,150,014)	(30,683)	(11,254)	-	(2,191,951)	-	-	496,615	688,237
	81,641,524	**6,865,363**	**(763,247)**	**-**	**87,743,640**	**(15,996,412)**	**(4,321,076)**	**(682,427)**	**82,511**	**(20,917,404)**	**(51,349,585)**	**(51,349,585)**	**14,295,527**	**15,476,651**

As described in Note 2.2., during 2021, the Bank adopted IAS 29 Standard, and proceeded to the monetary updating of the gross amounts and accumulated amortisation of intangible assets from their origination date to 1 January 2019. The amount resulting from this monetary revaluation was recorded under the caption Revaluation reserves and other reserves and retained earnings (Note 21).

Goodwill refers to the difference between the fair value of the assets and liabilities and the amount determined within the scope of the valuation made at the time of the merger between Banco Privado Atlântico, S.A. and Banco Millennium Angola, S.A. According to the accounting policy described in Note 2.9., goodwill is subject to impairment tests in accordance with the model defined, under IAS 36. In this context, and within the scope of the application of IAS 29 and IAS 8, the Bank has reviewed the recoverability analyses of goodwill on restated periods (retrospective effects). In this context, based on the assessment carried out as at 31 December 2017, resulting from the increase in Equity (within the scope of the application of the IAS 29 Standard), it is verified that the estimated recoverable amount is lower than its balance sheet value, which supported the recognition of impairment on the full amount of this asset, on that date.

Note 13
Non-current assets held for sale

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Real Estate	-	2,392,425
Impairment losses	-	(2,392,425)
	-	-

As described in Note 2.2., during 2021, the Bank adopted IAS 29 Standard, and proceeded to the monetary updating of the gross amounts and accumulated impairment of the Other non-current assets held for sale from their origination date to 1 January 2019. The amount resulting from this monetary revaluation was recorded under the caption Revaluation reserves and other reserves and retained earnings (Note 21).

As at 31 December 2021, the amount under the caption Non-current assets held for sale – real estate, relates to real estate received as a contribution in kind in the amount of AOA 2,393,425 thousand, available for immediate sale. In accordance with the requirements described in Note 2.10., the Bank has recognised impairment losses on the entire book value of these properties due to circumstances considered beyond the Bank's control, which made it difficult to sell these assets.

As at 31 December 2022, the Bank noted the evolution of the conditions that led to the full provisioning of the properties and proceeded to their sale through the signing of promissory contracts (Note 15). The difference between the book value of the derecognised properties and their market value is recognised in the income statement as gain or loss on sale of other assets under the caption Profit/(loss) from the sale of other assets (Note 27).

In the period ended 31 December 2022 and 2021, the caption presents the following changes:

(Thousands of AOA)

	Balance as 31-12-2021					Impairment losses (Note 31)		Balance as at 31-12-2022		
	Gross amount	Impairment losses	Net amount	Inflows	Disposals	Increases	Reversals, charge-offs and transfers	Gross amount	Impairment losses	Net amount
Properties received in lieu of payment	2,392,425	(2,392,426)	(1)	-	(2,392,425)	-	2,392,425	-	(1)	(1)
	2,392,425	**(2,392,426)**	**(1)**	**-**	**(2,392,425)**	**-**	**2,392,425**	**-**	**(1)**	**(1)**

(Thousands of AOA)

	Balance as at 31-12-2020 (Restated)					Impairment losses (Note 31)		Balance as at 31-12-2021		
	Gross amount	Impairment losses	Net amount	Inflows	Disposals	Increases	Reversals, charge-offs and transfers	Gross amount	Impairment losses	Net amount
Properties received in lieu of payment	8,157,099	(547,234)	7,609,865	28,346,005	(34,110,679)	(2,392,425)	547,233	2,392,425	(2,392,426)	(1)
Other properties	261,034	(74,006)	187,028	-	(261,034)	-	74,006	-	-	-
	8,418,133	**(621,240)**	**7,796,893**	**28,346,005**	**(34,371,713)**	**(2,392,425)**	**621,239**	**2,392,425**	**(2,392,426)**	**(1)**

Inflows refer to real estate received as payment in kind as part of the recovery of a set of loans granted to customers.

Disposals presented above correspond to disposals of properties through (i) payments in kind to Fundo Pactual Property – FIIF (Note 6), (ii) signing of promissory contracts (Note 15) and (iii) direct sales to third parties.

Gains and losses resulting from the difference between the amount recorded in the balance sheet and the sale value charged on the promissory contracts (Note 15) and direct sales to third parties, were recorded in the income statement, under Profit/(loss) from the sale of other assets (Note 27).

Where the asset is not disposed of within 12 months, the Bank assesses whether the requirements continue to be met, namely the sale was not made for reasons beyond the Bank's control. The Bank shall ensure that all necessary actions have been taken to enable the sale and that the asset continues to be actively marketed and at reasonable selling prices given the market circumstances (Note 2.10.).

Note 14

Taxes

As at 31 December 2022 and 2021, the caption Current tax assets is presented as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Current tax assets		
Other taxes receivable	2,546,736	2,462,185
	2,546,736	**2,462,185**

As at 31 December 2022 and 2021, the caption Current tax assets includes (i) taxes recoverable through the provisional settlement of Industrial Tax for the financial years 2017 and 2018, in the amounts of AOA 694,824 thousand and AOA 543,364 thousand, respectively, (ii) an amount to be recovered from the Tax Authorities (AGT) in the amount of AOA 580,295 thousand, and (iii) provisional settlement of Industrial Tax on services (withholding tax) for the years 2021 and 2022 in the amounts of AOA 58,958 thousand and AOA 51,729 thousand, respectively.

For the period of 2021, the Bank was exempted, by means of letters from AGT, from the settlement and payment of the provisional Industrial Tax, in accordance with the provisions of Article 66 (10) of the Industrial Tax Code, as amended by Law No. 26/20 of 20 July.

As at 31 December 2022 and 2021, Deferred tax assets and Deferred tax liabilities are analysed as follows:

(Thousands of AOA)

	Assets		Liabilities		Net	
	31-12-2022	31-12-2021	**31-12-2022**	31-12-2021	**31-12-2022**	31-12-2021
Deferred tax assets/(liabilities)						
Loans and advances to customers (direct and indirect)	1,887,188	1,554,498	-	-	1,887,188	1,554,498
Securities portfolio	152,159	152,159	(152,875)	(30,261)	(716)	121,898
Other provisions for risks and charges	1,710,796	1,710,796	-	-	1,710,796	1,710,796
Potential changes in foreign exchange rates	-	-	(1,872,257)	(21,386,789)	(1,872,257)	(21,386,789)
Impairment not accepted	-	-	1,872,257	18,239,737	1,872,257	18,239,737
Tax losses carried forward	-	-	-	3,147,052	-	3,147,052
	3,750,143	**3,417,453**	**(152,875)**	**(30,261)**	**3,597,268**	**3,387,192**

In 2020, Law No. 26/20 of 20 July was published which introduced several amendments to the corporate income tax system provided for in the Industrial Tax Code, namely to Articles No. 13 and 14 (Income or gains/Costs or expenses) and Article No. 45 (Provisions). In particular, a rewording of the rules on income and gains of a financial nature has been carried out, as provided for in Articles 13(c) and 14(c) of the Industrial Tax Code, so that only realized favorable and unfavorable exchange rate changes will now be considered as income and costs of this nature. Moreover, Article No. 45 of the Industrial Tax Code has been amended, with the introduction of a new number 4 to the list of articles, which now states that "Provisions set up for collateralized loans are not accepted, except for the part not covered."

Accordingly, for the purposes of calculating current and deferred tax, the Bank considered the effects arising from the changes in the Industrial Tax Code, namely those related to (i) costs and income with unrealized exchange rate valuations and devaluations and (ii) costs with impairment losses on amounts of loans secured by collaterals.

It should be noted that these tax changes are under review and discussion between Associação Angolana de Bancos (ABANC) and the Angolan Tax Authority (AGT), with some uncertainties persisting as to (i) the procedures for calculating these adjustments, (ii) the type of deferred tax assets and liabilities to be considered on the effects of unrealized exchange rate changes and (iii) the type and valuation of collaterals for purposes of determining impairment losses not accepted for tax purposes.

In view of the above and in accordance with the provisions of IAS 12, deferred tax liabilities should be recognised in their entirety, whereas a deferred tax asset should only be recognised if it is certain that future taxable profit will be sufficient to allow its recoverability to be evidenced within the period laid down in the tax law. Accordingly, the Bank, using the best possible estimate, calculated the Industrial Tax for 2021 and 2020, considering the changes disclosed in the AGT letter (reference No. 1633/GAGA/GJ/AGT/2021, of 8 April), and the projections of the tax results for the next 5 years.

As at 31 December 2022, it was calculated (i) deferred tax liabilities related to potential exchange rate changes in the amount of AOA 1,872,257 thousand, considering the net effect of this nature of deferred tax, (ii) deferred tax assets related to impairment losses on loans secured by collaterals in the period in the amount of AOA 1,872,257 thousand.

As at 31 December 2021, it was calculated (i) deferred tax liabilities related to potential exchange rate changes in the amount of AOA 21,386,789 thousand, considering the net effect of this nature of deferred tax, (ii) deferred tax assets related to impairment losses on loans secured by collaterals in the period in the amount of AOA 18,239,737 thousand and (iii) deferred tax assets related to tax losses generated in the period and in previous periods in the amount of AOA 3,147,052 thousand.

The Bank records deferred tax assets and deferred tax liabilities on an offsetting basis, since they relate to income taxes levied by the same tax authority and considering that the taxable temporary differences are expected to reverse in the same period.

As these deferred tax assets and liabilities are offset, their impact on the income statement is null, and no materially relevant future financial impacts are anticipated, resulting from the aforementioned Law and further clarifications to be made by the AGT.

Changes in Deferred tax assets and Deferred tax liabilities are presented as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Opening balence	**3,387,192**	**3,328,691**
Recorded in profit or loss	332,691	(22,722)
Recorded in reserves - other comprehensive income	(122,615)	81,222
CLOSING BALANCE (ASSETS/(LIABILITIES))	**3,597,268**	**3,387,192**

As at 31 December 2022 and 2021, tax recorded in profit or loss and reserves is as follows:

(Thousands of AOA)

	31-12-2022		31-12-2021	
	Recorded in profit or loss	Recognised in reserves	Recorded in profit or loss	Recognised in reserves
Loans and advances to customers (direct and indirect)	332,691	-	(22,722)	-
Securities portfolio	-	(122,615)	-	81,222
Deferred Tax	**332,691**	**(122,615)**	**(22,722)**	**81,222**
TOTAL TAX RECOGNISED	**332,691**	**(122,615)**	**(22,722)**	**81,222**

As at 31 December 2022 and 2021, the estimated industrial tax of the Bank can be analysed as follows:

(Thousands of AOA)

	31-12-2022		31-12-2021	
	%	Amount	%	Amount
Profit/(loss) before tax		**3,165,423**		**3,451,090**
Tax rate	35.00		35.00	
Tax assessed based on the tax rate		1,107,898		1,207,882
Changes to positive equity (Article No. 13) - Adoption of IAS 29	-	n.a.	305.87	10,555,900
Excessive amortisation (Article No. 40)	0.43	13,717	18.02	621,904
Unforeseen provisions (Article No. 45)	8.81	278,889	81.26	2,804,223
Capital Gains Tax and Property Tax (Article No. 18)	13.01	411,717	13.08	451,268
Fines and penalties for infringements (Article No. 18)	10.06	318,446	26.15	902,352
Adjustments related to prior and extraordinary periods (Article No. 18)	14.81	468,833	8.33	287,427
Currency valuations (Article No. 13/14)	1,156.10	36,595,574	233.89	8,071,592
Income subject to Capital Gains Tax (Article No. 47)	(279.31)	(8,841,264)	(241.68)	(8,340,508)
Unforeseen provisions (Article No. 45)	(650.96)	(20,605,707)	(8.67)	(299,140)
Other	(43.67)	(1,382,496)	(32.03)	(1,105,266)
Tax losses - Consumer goods	(264.28)	(8,365,607)	(439.21)	(15,157,632)
Tax payable - Current tax liability	**-**	**-**	**-**	**-**
Other expense/(income) – Industrial Tax	-	-	-	-
Income tax	**-**	**-**	**-**	**-**

As at 31 December 2022, the Bank did not recognize deferred tax assets on the amount of recoverable tax losses, as explained above. Thus, as at 31 December 2022, the Bank has an amount of AOA 308,906 thousand of tax losses carried forward, over which no deferred tax asset is recognised.

In accordance with the applicable legislation, tax losses carried forward can be used for a period of 5 years.

Income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan Government, whose issue is regulated by Presidential Decree No. 259/10, of 18 November and Presidential Decree No. 31/12, 30 of January, is exempted from all taxes.

In addition, Presidential Legislative Decree No. 5/11, of 30 December (revised and republished by Presidential Legislative Decree No. 2/14, of 20 October) implemented a rule subjecting income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State to Capital Gains Tax.

Nevertheless, in accordance with the provisions of Article No. 47 of the Industrial Tax Code and the Law amending the Industrial Tax Code (Law No. 19/14 of 22 October, in force since 1 January 2015, and Law No. 26/20 of 20 July, respectively), income subject to Capital Gains Tax will be deducted in the determination of the taxable amount.

Thus, to determine taxable profit for the periods ended on 31 December 2022 and 2021, such income was deducted from taxable profit.

Likewise, the expenditure calculated with the assessment of Capital Gains Tax is not accepted for tax purposes for the calculation of taxable profit, as provided for in Article No. 18(1)(a) of the Industrial Tax Code.

Notwithstanding the above, regarding income from public debt securities, in accordance with the latest understanding of Tax Authorities addressed to ABANC (letter with reference No. 196/DGC/AGT/2016 of 17 May 2016), only those arising from securities issued on or after 1 January 2013 are subject to this tax.

It should also be noted that, according to AGT's position, the exchange revaluations of public debt securities issued in national currency but indexed to foreign currency, issued since 1 January 2013, should be subject to Business Tax.

Note 15
Other assets

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Debtors from promissory contracts	60,394,533	74,753,903
Sundry debtors	33,103,382	25,165,773
Other assets		
Other pending transactions	11,601,077	9,875,019
Deferred expenses	5,555,811	5,167,035
Escrow accounts	3,253,624	3,337,469
Administrative public sector	174,600	375,427
Precious metals, coins, medals and other valuables	2,210	2,210
Other assets	684,658	840,794
	21,271,979	**19,597,953**
	114,769,895	**119,517,629**
Impairment losses	(19,138,010)	(26,203,982)
	95,631,885	**93,313,647**

As at 31 December 2022 and 2021, the caption Debtors from promissory contracts refers to amounts receivable under real estate sale agreements, which are mostly recorded in foreign currency, whose accounting policy is described in Note 2.5. The real estate properties were previously recorded under Non-current assets held for sale (Note 13) and the capital gains and losses arising from their sale were recorded under Profit/(loss) from the sale of other assets (Note 27), whose accounting policy is described in Note 2.10.

During the period ended 31 December 2022, the decrease in the balance of Debtors from promissory contracts is mainly due to the termination and derecognition of a promissory contract (CPCV) signed between the Bank and a third party (Note 11). This event was prompted by a letter sent by the third party to the Bank in which it expressed its intention to terminate the existing contract. The parties agreed that the contract would be terminated with immediate effect, that all risks and benefits associated with the properties would be transferred to the Bank with immediate effect and that the Bank would not return the deposit paid by the third party.

During the period ended 31 December 2022, the caption Debtors from promissory contracts was impacted by the appreciation of the Kwanza against the US Dollar, the signing of two new CPCV agreements, partial settlements of CPCV contracts and the triggering of a contractual clause of a CPCV contracts resulting in the increase of the outstanding price against the caption Profit/(loss) from foreign exchange differences, as described in Note 26.

As at 31 December 2022 and 2021, the caption Other assets – Sundry debtors refers to other assets with credit risk, namely: (i) amounts receivable under the "Angola Invest" Program of the Ministry of Economy and Planning, (ii) debt acknowledgement agreements through the assignment of the contractual position in loan agreements with customers; (iil) agreements for the assignment of surface rights; and (iv) mandate agreements, which are contracts entered into by the Bank with third parties, accounted for in accordance with the accounting policy described in Note 2.6. The increase in the balance of this caption is mainly due to the recognition of amounts receivable relating to the execution of the capital component covered by the guarantee provided under the "Angola Invest" Program of loans and advances to customers, previously included in "Loans and advances to customers" (Note 9), for which the Bank has initiated the process of recovery from the competent entities.

Changes occurred in impairment losses in Other assets are disclosed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Opening balance	**26,203,982**	**22,208,616**
Increases/(Reversals) (Note 31)	(4,235,113)	8,876,462
Foreign exchange differences and other (Note 26)	(2,830,859)	(4,881,096)
CLOSING BALANCE	**19,138,010**	**26,203,982**

The methodology for calculating impairment loss is described in Note 2.5.

Nota 16

Deposits from central banks and other credit institutions

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Deposits from credit institutions in Angola		
Interbank market transactions	7,321,923	16,500,000
	7,321,923	**16,500,000**
Deposits from credit institutions abroad		
Interbank market transactions	-	64,085,091
	-	**64,085,091**
Other deposits	-	3,054,424
Interest payable	-	75,277
	7,321,923	**83,714,792**

As at 31 December 2022 and 2021, the caption Deposits from credit institutions in Angola – Interbank market transactions refers to short-term liquidity funding, respectively

As at 31 December 2021, Deposits from credit institutions abroad – Interbank market transactions refers to an overdraft, in foreign currency, resulting from the settlement of payment orders abroad, which was settled in the following month.

As at 31 December 2021, Other deposits refers to the amounts pending interbank clearing.

As at 31 December 2022 and 2021, the transactions are short term with a residual maturity below 3 months.

As at 31 December 2021, transactions in local currency bear interest at the annual average rate of 12.28%.

Note 17
Deposits from customers and other loans

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Demand deposits from residents		
In national currency		
Corporate	218,375,526	191,732,897
Retail	98,851,873	96,397,157
	317,227,399	**288,130,054**
In foreign currency		
Corporate	134,785,707	244,876,727
Retail	41,885,161	46,055,367
	176,670,869	**290,932,094**
	493,898,268	**579,062,148**
Demand deposits from non-residents		
In national currency		
Corporate	652,505	1,117,468
Retail	11,375,925	4,161,770
	12,028,430	**5,279,238**
In foreign currency		
Corporate	1,093,209	1,348,377
Retail	2,253,656	1,588,324
	3,346,295	**2,936,701**
	15,375,295	**8,215,939**
TOTAL DEMAND DEPOSITS	**509,273,563**	**587,278,087**
Term deposits in national currency		
From residents		
Corporate	318,257,141	234,484,485
Retail	153,141,567	142,845,092
From non-residents	7,129,516	2,194,284
	478,528,224	**379,523,861**
Term deposits indexed to the US Dollar		
From residents		
Retail	-	911,396
	-	**911,396**
Term deposits in foreign currency		
From residents		
Corporate	183,701,370	205,151,225
Retail	156,542,280	207,366,597
From non-residents	5,068,658	1,929,348
	345,312,307	**414,447,170**
TOTAL TERM DEPOSITS	**823,840,531**	**749,882,427**
Total interest payable on term deposits	11,408,179	12,554,332
TOTAL TERM DEPOSITS AND INTEREST PAYABLE	**835,248,711**	**807,436,759**
Other loans in foreign currency		
Principal	19,587,983	27,749,050
Interest payable	558,154	486,528
TOTAL OTHER LOANS AND INTEREST PAYABLE	**20,146,137**	**28,235,578**
	1,364,668,411	**1,422,950,424**

As at 31 December 2022 and 2021, Other foreign loans in foreign currency corresponds to a financing granted by the International Finance Corporation, an organization of the World Bank, in the amount of USD 50,000 thousand, contracted on 23 May 2019, with the disbursement taking place on 26 February 2021 with the conclusion of the relevant amendment. The financing is due on 15 March 2026, with repayment in half-yearly instalments starting on 15 March 2022, and is remunerated in accordance with the 6-month Libor plus a spread of 5.75%.

The operation is intended to provide the Bank with financial means to finance micro, small and medium-sized enterprises in previously defined sectors, with specific conditions, namely transactions to be carried out in Kwanzas, with a minimum amount equivalent to USD 10 thousand and a maximum amount equivalent to USD 1,000 thousand, and a minimum maturity of 18 months.

As at 31 December 2022 and 2021, term deposits by residual maturity, excluding interest payable are detailed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Term deposits in national currency		
Below 3 months	282,080,394	220,662,450
3 to 6 months	94,732,560	63,453,996
6 to 12 months	101,715,270	95,407,415
	478,528,224	**379,523,861**
Term deposits indexed to the US Dollar		
6 to 12 months	-	911,396
	-	**911,396**
Term deposits in foreign currency		
Below 3 months	127,747,379	149,532,184
3 to 6 months	101,539,303	137,062,319
6 to 12 months	116,025,625	127,852,667
	345,312,307	**414,447,170**
	823,840,531	**794,882,427**

As at 31 December 2022 and 2021, term deposits by currency and average interest rate, excluding interest payable, are detailed as follows:

(Thousands of AOA)

	31-12-2022		31-12-2021	
	Average interest rate	Amount	Average interest rate	Amount
In AOA	12.06%	478,528,224	15.05%	379,523,861
Indexed to the USD	-	-	3.50%	911,396
In USD	1.17%	312,159,895	1.34%	373,643,038
In EUR	0.05%	33,152,412	0.39%	40,804,132
		823,840,531		**794,882,427**

Note 18
Provisions

The changes in this caption are detailed as follows:

(Thousands of AOA)

	Provisions for guarantees and commitments	Other provisions for risks and charges	Total
BALANCE AS AT 31-12-2020 (RESTATED)	**1,017,882**	**2,914,650**	**3,932,532**
Increases/Reversals (Note 31)	50,083	119,374	169,457
Foreign exchange differences and other (Note 26)	(37,836)	(503,464)	(541,300)
BALANCE AT 31 DECEMBER 2021	**1,030,129**	**2,530,560**	**3,560,689**
Increases/Reversals (Note 31)	73,827	(277,050)	(203,223)
Foreign exchange differences and other (Note 26)	(160,128)	(270,506)	(430,635)
BALANCE AT 31 DECEMBER 2022	**943,828**	**1,983,004**	**2,926,832**

As at 31 December 2022 and 2021, the caption Provisions for guarantees and commitments records provisions for estimated impairment losses for off-balance sheet balances that show the possibility and conversion into loans and advances to Customers, namely guarantees provided, documentary credits and undrawn credit facilities.

As at 31 December 2022 and 2021, Other provisions for risks and charges is intended to cover certain contingencies arising from the Bank's activity and is reviewed at each reporting date with the purpose of reflecting the best estimate of the amount and associated probability of payment.

As at 31 December 2022 and 2021, the balance of Other provisions for risks and charges includes the amount of AOA 1,613,380 thousand and AOA 1,885,178 thousand, respectively, relating to contributions to be made by the Bank in the Pension Fund.

Note 19
Other liabilities

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Lease liabilities	5,470,195	8,239,756
Accrued expenses	3,552,502	3,427,030
Sundry creditors	2,224,951	169,941
Administrative and marketing expenses payable	2,062,852	838,495
Liabilities with employees	1,757,109	1,406,733
VAT payable from clearance/captive	1,113,370	542,937
Tax charges payable - withheld from third parties	1,076,760	1,700,057
Social Security contribution	164,921	163,624
Other	46,524	1,288,101
	17,469,183	**17,776,674**

As at 31 December 2022 and 2021, the caption Lease liabilities corresponds to the present value of lease payments to be settled over the lease term, recognised under IFRS 16, as described in Note 2.11.

As at 31 December 2022 and 2021, the breakdown of lease liabilities by residual maturities is presented as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
1 to 5 years	49,406	2,906,387
Above 5 years	5,420,788	5,333,369
	5,470,195	**8,239,756**

As at 31 December 2022 and 2021, the caption Accrued expenses includes amounts payable to service providers for telecommunications, security, valuables transportation, cleaning and other services.

As at 31 December 2022, the caption Sundry creditors mainly includes (i) costs related to the guarantee corresponding to the financing obtained from the International Finance Corporation, amounting to AOA 965,411 thousand, and (ii) other costs related to other guarantees and commitments undertaken by the Bank, amounting to AOA 488,977 thousand.

As at 31 December 2022, the caption Administrative and marketing expenses payable includes expenses payable for services rendered to the Bank, mainly related to VISA network services.

As at 31 December 2022 and 2021, the balance of Liabilities with employees includes the amount of AOA 1,133,049 thousand and AOA 1,193,090 thousand, respectively, related to holiday allowances.

Note 20

Share capital, share premiums and treasury shares

Ordinary shares

The Bank was incorporated with a share capital of AOA 801,728 thousand (equivalent to USD 10,000 at the exchange rate in force on 6 and 21 November 2006), represented by 1,000,000 nominal shares of USD 10 each, fully subscribed and paid up in cash.

In June 2009, a capital increase in the amount of AOA 6,510,772 thousand (equivalent to USD 55,000), represented by 5,500,000 new shares with a nominal value of USD 10 each, was fully subscribed and paid up by the incorporation of retained earnings (AOA 268,346 thousand), conversion of a subordinated loan (AOA 300,886 thousand), cash inflows (AOA 3,504,040 thousand) and through the issue of preferred shares without voting rights, non-redeemable in the amount of AOA 2,437,500 thousand (equivalent to USD 32,500). Preferred shares were issued for USD 25,14 each, which included a share premium of USD 15.14 per share.

In June 2011, a capital increase in the amount of AOA 4,949,243 thousand (equivalent to USD 52,500), represented by 5,250,000 new shares with a nominal value of USD 10 each, was fully subscribed and paid up by the incorporation of retained earnings (AOA 3,764,524 thousand) and cash inflows (AOA 1,184,719 thousand).

In November 2011, a new capital increase was carried out in the amount of AOA 4,763,650 thousand (equivalent to USD 50,000), represented by 5,000,000 new shares with a nominal value of USD 10 each, was fully subscribed and paid up through cash inflows. As part of this new capital increase, additional cash inflows in the amount of AOA 2,029,207 thousand were made with a view to maintaining the equivalent in AOA of all the USD shares incorporated to the share capital, based on the exchange rate of 13 December 2011.

In September 2013, ATLANTICO incorporated in its share capital, share premiums of preferred shares, issued in June 2009, in the amount of AOA 1,467,930 thousand, through the issue of 1,144,740 new ordinary shares, with a nominal value of AOA 1,000 each, in the amount of AOA 1,144,740 thousand and the adjustment of the nominal value of 1,292,760 preferred shares to AOA 1,000, in the amount of AOA 323,190 thousand. Additionally, and on the same date, ATLANTICO carried out a capital increase by incorporation of retained earnings, in the amount of AOA 205,400, in order to make the Bank's share capital equivalent to USD 200,000,000, at the exchange rate of 6 September 2013.

In December 2013, the Bank converted preferred shares without voting rights, non-redeemable, in the amount of AOA 1,292,760 thousand into ordinary shares in equal number and nominal value. Also in December 2013, a capital increase in the amount of AOA 14,897,900 thousand, represented by 14,897,900 new shares with a nominal value of AOA 1,000, was fully subscribed, through the incorporation of retained earnings in the amount of AOA 4,879,700 thousand (equivalent to USD 50,000 at the exchange rate of 17 December 2013) and cash inflows in the amount of AOA 9,759,400 thousand (equivalent to USD 100,000 at the exchange rate of 17 December 2013). As part of this new capital increase, retained earnings in the amount of AOA 258,800 thousand were also incorporated in order to maintain the equivalent in AOA of the Bank's share capital, corresponding to USD 350,000 at the exchange rate of 17 December 2013. As at 31 December 2013, this capital increase was not yet fully paid up, with cash inflows in the amount of AOA 975,940 thousand still to be undertaken. In 2014, cash inflows in the amount of AOA 975,940 thousand were made and the above-mentioned capital increase was fully paid up.

As a result of the operations described above, as at 31 December 2015, the Bank's share capital amounted to AOA 34,157,900 thousand, represented by 34,157,900 ordinary shares with a nominal value of AOA 1,000.

In 2016, with the merger and contribution in kind made with the assets of Banco Millennium Angola, S.A, the capital increase referred to in the minutes under the transaction carried out amounted to AOA 21,939,787 thousand, corresponding to 21,939,787 new shares. Simultaneously, a share premium of AOA 40,782,829 thousand was also generated.

Considering the existence of own shares received within the merger, it was decided to cancel the own shares held. On this basis, the share capital of ATLANTICO is reduced from AOA 56,097,687 thousand to AOA 53,821,603 thousand, as a result of the extinction of 2,276,084 fully paid-up own shares of which, as a result of the merger, ATLANTICO will become holder, based on Articles No. 461 and 372(4)(a), of the Commercial Companies Code.

As described in Note 41, in 2021, the Bank has retrospectively applied the IAS 29 Standard, accounting for the accumulated impact arising from the monetary revaluation of the Bank's capital, recorded up to 1 January 2019 under Share capital. As at 31 December 2019, the impact of the application of monetary revaluation, amounted to AOA 88,503,144 thousand.

As at 31 December 2022 and 2021, the Bank's share capital in the amount of AOA 142,324,747 thousand was represented by 53,821,603 ordinary shares, with a nominal value of AOA 1,000, fully subscribed and paid up by different shareholders and by the monetary revaluation effect described above.

As at 31 December 2022 and 2021, the Shareholder structure is as follows:

	31-12-2022		31-12-2021	
	Number of shares	% of shareholding	Number of shares	% of shareholding
Interlagos Equity Partners, S.A.	16,023,355	29.77%	16,023,355	29.77%
BCP África, SGPS, Lda.	12,124,244	22.53%	12,124,244	22.53%
Sotto Financial Group S.A.R.L	10,657,874	19.80%	10,657,874	19.80%
Jasper Capital Partners - Investimentos e Participações, S.A.	9,753,116	18.12%	9,753,116	18.12%
Quadros - Gestão de Activos, SA	2,220,263	4.13%	2,220,263	4.13%
Fundação ULWAZI (former Fundação Atlântico)	1,247,223	2.32%	1,247,223	2.32%
Gemcorp Fund I LP	1,024,737	1.90%	1,024,737	1.90%
Treasury shares (ATLANTICO)	492,182	0.91%	492,182	0.91%
Other entities	278,609	0.52%	278,609	0.52%
	53,821,603	**100.00%**	**53,821,603**	**100.00%**

Share premiums

The capital increase made in 2016 under the merger by incorporation led to a share premium of AOA 40,782,829 thousand. The balance of share premiums was reduced in the amount of AOA 4,589,246 thousand as a result of the dividends distributed in 2016 related to 2015 from Banco Millennium Angola, S.A. and in the amount of AOA 1,361,574 thousand, under the acquisition of treasury shares. Additionally, the amount related to costs with capital increases amounts to AOA 21,940 thousand. As described in Note 41, the adoption of IAS 29 on the share premium arising from the merger resulted in an impact of AOA 35,897,337 thousand. Accordingly, as at 31 December 2019 and subsequent years the restated amount of Share premiums totals AOA 70,707,406 thousand.

Treasury shares

During 2016, the Bank acquired treasury shares in the amount of AOA 492,182 thousand with a corresponding share premium of AOA 1,361,574 thousand under a settlement of an amount receivable by a shareholder. The share price calculation within this operation was based on the same market multiple adopted in the merger process of Banco Privado Atlântico S.A. and Banco Millennium Angola, S.A.

As described in Note 2.2., the adoption of IAS 29 on treasury shares resulted in an impact of AOA 349,475 thousand. Accordingly, as at 31 December 2019 and subsequent years, the restated amount of Treasury shares totals AOA 841,657 thousand.

Note 21
Reserves and retained earnings

Legal reserveal

This caption consists entirely of Legal reserve, which can only be used to cover previous year losses or to increase share capital.

Angolan legislation applicable to the banking sector requires that 10% of the profit for the year must be transferred to the legal reserve until it is equal to the share capital.

Revaluation reserve (fair value reserves)

Fair value reserve represents the potential capital gains and losses relating to the financial assets' portfolio at fair value through other comprehensive income, net of impairment recognised in the income statement in the period and/or in previous periods. The value of this reserve is disclosed net of deferred taxes.

Changes in fair value reserve, net of deferred taxes, can be analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Opening balance	**56,645**	**207,486**
Changes in fair value (net of disposals)	1,081,743	(493,377)
Recognised impairment	(731,416)	261,314
Deferred taxes recognised in reserves	(122,615)	81,222
CLOSING BALANCE	**284,357**	**56,645**

Revaluation reserves, Other reserves and Retained earnings

The changes in this caption are detailed as follows:

(Thousands of AOA)

	Revaluation reserves			Other reserves and retained earnings			
	Gross fair value reserve	Deferred tax reserve	Total	Legal reserve	Other reserves and retained earnings	Total	Total reserves and retained earnings
BALANCE AS AT 31-12-2020 (RESTATED)	**319,209**	**(111,723)**	**207,486**	**19,845,525**	**(41,758,837)**	**(21,913,313)**	**(21,705,827)**
Changes in fair value	(232,064)	81,223	(150,841)	-	-	-	(150,841)
Transfer to retained earnings	-	-	-	-	(7,778,900)	(7,778,900)	(7,778,900)
BALANCE AT 31-12-2021	**87,145**	**(30,500)**	**56,645**	**19,845,525**	**(49,537,737)**	**(29,692,213)**	**(29,635,568)**
Changes in fair value	350,327	(122,615)	227,712	-	-	-	227,712
Transfer to legal reserve	-	-	-	342,837	-	342,837	342,837
Transfer to retained earnings	-	-	-	-	3,085,531	3,085,531	3,085,531
BALANCE AS AT 31-12-2022	**437,472**	**(153,115)**	**284,357**	**20,188,362**	**(46,452,206)**	**(26,263,845)**	**(25,979,488)**

By unanimous resolution of the General Meeting held on 27 April 2022, it was decided to apply the amount corresponding to the net profit obtained in the previous period (2021): 90% in free reserves and 10% in legal reserves.

Note 22
Net interest income

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Interest and similar income		
Interest from financial assets at amortised cost		
Interest from loans and advances to customers	69,808,073	65,735,388
Interest from debt securities	23,775,436	22,962,534
Interest from other loans and advances to credit institutions	688,267	183,576
Interest from financial assets at fair value through other comprehensive income	1,501,794	337,506
	95,773,570	**89,219,004**
Interest and similar expenses		
Interest from deposits	(58,633,541)	(62,199,781)
Interest from deposits from central banks and other credit institutions	(3,324,101)	(4,815,061)
Lease interest	(1,361,442)	(2,179,867)
	(63,319,084)	**(69,194,709)**
	32,454,486	**20,024,295**

As at 31 December 2022 and 2021, the caption Interest from loans and advances to customers includes the amount of AOA 332,691 thousand and AOA 783,389 thousand, respectively, relating to commissions and other income accounted for under the effective interest rate method, as established in IAS/IFRS and detailed in Note 2.15.

As at 31 December 2022 and 2021, the caption Interest from loans and advances to customers also includes the amount of AOA 259,971 thousand and AOA 646,421 thousand, relating to the effect of loans and advances to employees, in accordance with IAS 19.

As at 31 December 2022 and 2021, loans at fair value through profit or loss, described in Note 6, are in default for more than 90 days (Stage 3), and for this reason the Bank no longer recognizes interest on these operations, in accordance with the accounting policy described in Note 2.15.

Note 23
Profit/(loss) from fees and commissions

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Fees and commissions income		
Electronic transactions	10,354,908	7,236,174
Transfers issued/received	4,356,277	3,228,818
VISA	3,155,079	3,829,954
DO account maintenance	1,360,684	1,098,788
Opening of credit facilities/renewals and maintenance	1,277,112	836,653
Custody commissions and market transactions	1,160,415	922,888
Guarantees provided	771,784	1,054,897
Documentary letters of credit	455,316	764,961
Withdrawing	279,967	126,739
Operations structuring and financial advisory	244,145	135,478
Foreign exchange transactions	45,927	64,244
Other	3,829,868	1,890,888
	27,291,483	**21,190,482**
Fees and commissions expense		
Electronic transactions	(6,079,013)	(4,233,400)
Foreign transactions	(465,337)	(527,039)
Other	(333,472)	(121,602)
	(6,877,822)	**(4,882,041)**
	20,413,661	**16,308,441**

As at 31 December 2022 and 2021, the caption Fees and commissions income – Electronic transactions, is essentially related to gains obtained with commissions from transactions carried out in the Bank's own Automated Teller Machines (ATM) and Point-of-Sale (POS), which recorded a significant growth justified by the increase in the number of transactions carried out in these payment subsystems.

As at 31 December 2022 and 2021, the caption Fees and commissions income – Other essentially corresponds to earnings obtained from commissions on products and offers marketed at the Bank's branches, namely, Private, Women, University, Salary, and other offers.

As at 31 December 2022 and 2021, the increase in Fees and commissions expense – Other, is essentially due to the increase in the number of transactions carried out by ATLANTICO customers in ATMs and TPAs belonging to other Banks.

Note 24

Profit/(loss) from financial assets and liabilities at fair value through profit or loss

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022			31-12-2021		
	Income	**Expense**	**Total**	Income	Expense	Total
Other variable income securities						
Shares	-	(4,104,719)	(4,104,719)	4,751,318	-	4,751,318
Loans and advances to customers	23,725	-	23,725	-	(805,920)	(805,920)
Derivatives	987,597	-	987,597	-	(16)	(16)
	1,011,322	**(4,104,719)**	**(3,093,397)**	**4,751,318**	**(805,936)**	**3,945,382**

This caption includes the change in fair value and the result of the disposal of Other variable income securities recorded in the financial assets portfolio at fair value through profit or loss, fair value of loans and advances to customers whose contractual cash flows do not comply with SPPI (Solely Payments of Principal and Interest), and the capital gains and losses on derivatives in the portfolio, as disclosed in Note 2.5.

Note 25

Profit/(loss) from investments at amortised cost

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022			31-12-2021		
	Income	**Expense**	**Total**	Income	Expense	Total
Bonds and other fixed-income securities						
Issued by public entities	134,431	-	134,431	4,254,411	-	4,254,411
	134,431	**-**	**134,431**	**4,254,411**	**-**	**4,254,411**

The balance of this caption is mainly related to the disposal of Treasury Bonds indexed to the US Dollar, associated with the exchange rate reset plan (Notes 2.5. and 8.).

Note 26

Profit/(loss) from foreign exchange differences

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Profit/(loss) from currency purchase and sale transactions	14,675,618	15,331,205
Profit/(loss) from revaluation of assets and liabilities	7,775,713	3,522,510
	22,451,332	**18,853,715**

As at 31 December 2022 and 2021, in accordance with the accounting policy described in Note 2.3., foreign exchange gains and losses on own and customer transactions in foreign currencies, namely hedging of import documentary credits, foreign exchange transactions abroad, direct sale of foreign currency and other similar transactions, are recorded in the caption Profit/(loss) from currency purchase and sale transactions.

Additionally, as at 31 December 2021, the caption Profit/(loss) from currency purchase and sale transactions includes the effect of AOA 12,221,016 thousand, related to the activation of a contractual clause of a CPCV classified under Other assets (Note 15).

As at 31 December 2022 and 2021, the caption Profit/(loss) from revaluation of assets and liabilities includes the foreign exchange gains and losses obtained on the revaluation of the foreign exchange position of monetary assets and liabilities denominated in, or indexed to, foreign currency, in accordance with the accounting policy described in Note 2.3.

Note 27

Profit/(loss) from the sale of other assets

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Subscription of shares in the Pactual Property Fund	-	4,603,592
Promissory contracts	(883,728)	-
	(883,728)	**4,603,592**

As at 31 December 2022 and 2021, the balance of this caption corresponds mainly to gains obtained from the disposal of non-current assets held for sale (Note 13) and property, plant and equipment (Note 11).

Note 28

Staff costs

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Wages and salaries	17,435,827	17,774,568
Mandatory social charges	3,474,336	2,992,126
Other staff costs	6,084,116	6,016,903
	26,994,278	**26,783,597**

As at 31 December 2022 and 2021, the caption Staff costs includes the amount of AOA 4,761 thousand and AOA 426,505 thousand, respectively, relating to the effect of loans and advances to employees and management bodies, in accordance with IAS 19.

The number of Bank employees, considering permanent and fixed-term contract employees, is detailed by professional category, as follows:

	31-12-2022	31-12-2021
Senior management functions	105	111
Management functions	328	290
Specific functions	516	483
Administrative and other functions	503	619
	1,452	**1,503**

As at 31 December 2022 and 2021, staff costs relating to members of the Board of Directors and Other Corporate Bodies were as follows:

(Thousands of AOA)

	31-12-2022					
	Board of Directors	Other Corporate Bodies				Total
		Supervisory Board	Welfare Board	General Meeting	Total	
Remunerations	1,773,230	152,414	173,167	19,621	345,202	2,118,432
Other remuneration	1,505,620	-	-	-	-	1,505,620
Other social charges	219,360	-	-	-	-	219,360
	3,498,210	**152,414**	**173,167**	**19,621**	**345,202**	**3,843,412**

(Thousands of AOA)

	31-12-2021					
	Board of Directors	Other Corporate Bodies				Total
		Supervisory Board	Welfare Board	General Meeting	Total	
Remunerations	1,589,526	27,018	118,226	9,885	155,129	1,744,655
Other remuneration	916,179	-	-	-	-	916,179
	2,505,705	**27,018**	**118,226**	**9,885**	**155,129**	**2,660,834**

Note 29

Supplies and services

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Audit and advisory	5,938,030	6,046,780
Communication and shipment	5,540,165	5,573,127
Security and surveillance	1,898,996	1,595,972
Consumables	1,460,867	1,352,833
Maintenance and repair	1,139,814	1,555,314
Travel and representation	998,924	1,021,174
IT services	642,018	208,722
Advertising and publications	303,252	257,507
Water, energy and fuel	225,037	303,169
Rents & Leases	48,214	77,861
Other	238,228	458,496
	18,433,543	**18,450,955**

As at 31 December 2022 and 2021, the balance of Audit and advisory and Security and surveillance includes significant amounts related to the Bank's investments in the development and strengthening of the digital business.

Note 30

Depreciation and amortisation for the period

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Other property, plant and equipment (Note 11)		
Real Estate		
Real Estate	1,268,071	1,161,308
Equipment		
IT equipment	1,675,380	1,616,350
Furniture and material	486,846	588,653
Security equipment	334,016	413,456
Transport equipment	197,372	387,693
Indoor facilities	194,326	272,608
Machinery and tools	79,679	108,971
Other	81,270	171,596
Right-of-use assets		
Real Estate	1,158,112	1,314,470
Other property, plant and equipment	11	227
	5,475,082	**6,035,382**
Intangible assets (Note 12)		
Automatic data processing systems	4,608,600	4,961,566
Other intangible assets	55,373	41,937
	4,663,973	**5,003,503**
	10,139,056	**11,038,885**

Note 31

Provisions and impairment of other assets

This caption is analysed as follows::

(Thousands of AOA)

	31-12-2022	31-12-2021
Increases		
Non-current assets held for sale (Note 13)	-	(2,392,425)
Other assets (Note 15)	(1,060,033)	(8,876,461)
Provisions (Note 18)	(73,827)	(169,457)
Reversals		
Non-current assets held for sale (Note 13)	2,392,425	621,239
Other assets (Note 15)	5,295,146	-
Provisions (Note 18)	277,050	-
	6,830,761	**(10,817,104)**

As at 31 December 2022 and 2021, the caption Provisions includes contributions to the ATLANTICO Pension Fund, as defined in Note 2.13.

As at 31 December 2022, the reversal in the caption Non-current assets available for sale arises from the sale of two properties through promissory contracts (Note 13).

As at 31 December 2022, the reversal of Other assets essentially refers to the termination and derecognition of a promissory contract entered into between the Bank and a third party entity (Note 15).

Note 32

Impairment of other financial assets

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Charges net of reversals		
Loans and advances to credit institutions repayable on demand (Note 5)	3,838	13,283
	3,838	**13,283**

As at 31 December 2022 and 2021, the balance of this caption results from the application of the requirements of Directive No. 13/DSB/DRO/2019 on its loans and advances to credit institutions repayable on demand.

Note 33

Impairment for financial assets at amortised cost

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Charges net of reversals		
Debt securities (Note 8)	(842,752)	(26,458,763)
Loans and advances to customers (Note 9)	12,446,429	15,525,227
Other loans and advances to central banks and credit institutions (Note 10)	(262,377)	(102,504)
	11,341,301	**(11,036,040)**

As at 31 December 2022 and 2021, the balance of this caption results from the application of the requirements of Directive No. 13/DSB/DRO/2019 on its other loans and advances to credit institutions.

Note 34

Other operating income

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Non-recurrent income on credit operations	224,767	369,247
Direct and indirect taxes	(3,567,459)	(4,517,363)
Deposit guarantee fund	(932,152)	(1,136,447)
Contributions and donations	(278,353)	(197,289)
Other	(2,953,170)	(3,276,990)
	(7,506,367)	**(8,758,842)**

As at 31 December 2022 and 2021, the caption Direct and indirect taxes includes the amount of AOA 925,912 thousand and AOA 1,212,391 thousand, respectively, referring to Capital Gains Tax.

As at 31 December 2022 and 2021, the caption Deposit Guarantee Fund corresponds to payments of the periodic contribution to the Deposit Guarantee Fund, in accordance with BNA Notice No. 01/19 of 2019 January.

Note 35

Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the effect of all potential dilutive ordinary shares to the weighted average number of ordinary shares outstanding and to the net profit attributable to the Bank's shareholders.

As at 31 December 2022 and 2021, Earnings per share are detailed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Individual net profit/(loss) attributable to shareholders of the Bank	**3,498,114**	**3,428,368**
Weighted average number of ordinary shares issued	53,821,603	53,821,603
Weighted average number of treasury shares in portfolio	(841,657)	(492,182)
Average number of ordinary shares outstanding	**52,979,946**	**53,329,421**
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK (IN AOA)	**66.03**	**64.29**
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK (IN AOA)	**66.03**	**64.29**

Note 36
Off-balance sheet accounts

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Guarantees provided	33,922,097	32,794,696
Commitments to third parties	14,701,868	11,205,264
Liabilities for services rendered	416,464,775	429,186,274
Guarantees received	(1,843,093,705)	(2,019,879,468)
	(1,378,004,964)	**(1,546,693,234)**

Guarantees provided and commitments to third parties include exposures that are subject to ECL calculation according to the impairment model defined by the Bank and in accordance with the requirements of IFRS 9.

Bank guarantees provided are banking operations that do not result in the mobilization of Funds by the Bank.

As at 31 December 2022 and 2021, the exposure and impairment losses associated with guarantees provided, by stage, are detailed as follows:

(Thousands of AOA)

31-12-2022	Stage 1	Stage 2	Stage 3	Total
Gross amount	27,338,995	1,807,720	4,775,383	33,922,097
Impairment losses (Note 18)	(40,399)	(259,259)	(644,169)	(943,828)
	27,298,596	**1,548,460**	**4,131,214**	**32,978,270**

(Thousands of AOA)

31-12-2021	Stage 1	Stage 2	Stage 3	Total
Gross amount	26,773,329	1,518,755	4,502,612	32,794,696
Impairment losses (Note 18)	(84,379)	(59,280)	(886,470)	(1,030,129)
	26,688,950	**1,459,475**	**3,616,142**	**31,764,567**

Documentary credits correspond to commitments by the Bank, on behalf of its customers, which ensure the payment of a specified amount to the supplier of a given good or service, within a fixed term, against the presentation of the documentation confirming the shipment of goods or the rendering of services. The irrevocable condition arises from the fact that the commitment is non-cancellable or amended without the agreement of all parties involved.

Revocable and irrevocable commitments represent contractual agreements to extend credit to the Bank's customers (for example undrawn credit facilities). These agreements are generally, contracted for fixed periods of time or with other expiring requirements, and usually require the payment of a commission. Substantially, all credit commitments require that customers maintain certain conditions verified at the time the credit was granted.

Notwithstanding the characteristics of these commitments, the analysis of these operations follows the same basic principles of any commercial operation, namely the solvency of the customer and of the underlying business, and the Bank requires that these operations be duly covered by collaterals when necessary. Considering that is expected that the majority of these commitments expire without having been used, the indicated amounts do not represent necessarily future cash flow needs.

Financial instruments recorded as Guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in Note 2.6. The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Bank in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

The Bank provides custody services, asset management, investment management and advisory services that involve taking decisions of buying and selling several types of financial instruments. For certain services rendered, targets and profitability levels are set out for assets under management.

In the context of fiduciary activities, the Bank provides custody services to its customers.

Note 37

Transactions with related parties

In accordance with IAS 24 – Related party disclosures, the Bank considers the following to be related parties:

1. All entities owning qualified shareholdings that directly or indirectly hold 2% or more of ATLANTICO's share capital;

2. All entities in which shareholders directly or indirectly hold more than 10% of the share capital, falling within the point 1, or in which they are the effective beneficiaries;

3. All entities in which ATLANTICO owns, directly or indirectly, at least 10% of the share capital or voting rights of the subsidiary company or that, for any reason, allows for the exercise of the control and/or significant influence in the management of the subsidiary company;

4. Any person or entity, who has a relationship with the holder of a qualified shareholding of one of the following types:

   a. Spouse or unmarried partner, parents, grandparents, children, grandchildren and household members; and
   b. Entities in which some of the persons listed in the previous paragraph a) hold a qualified shareholding.

5. Entities that are directly or indirectly in a control or group relationship with ATLANTICO (cf. definitions in paragraphs 5 and 6 below of Title IV);

6. Members of the management and supervisory bodies as well as any person or entity, irrespective of its legal form, that has a relationship with a member of the management and/or supervisory bodies of one of the following:

   a. Spouse or unmarried partner, parents, grandparents, children, grandchildren and household members;
   b. Entities controlled by the member of the ATLANTICO's administrative and supervisory bodies, and entities in which they hold a qualified shareholding; and
   c. Entities controlled by one of the persons listed in paragraph a) and/or in which they hold a qualified shareholding.

7. Entities in which members of the management and/or supervisory body exercise management or supervisory functions;

8. Key management personnel of ATLANTICO and their family members: first-line Directors, their spouses, descending and ascending relatives, in direct line up to the second degree;

9. Entity hired by ATLANTICO to provide post-employment benefit plans for ATLANTICO employees.

As at 31 December 2022 and 2021, the members of the Board of Directors, the Supervisory Board and the General Meeting, the shareholders, subsidiaries and other shareholdings, as well as other entities under the Bank's control with which balances and/or transactions are recorded, are as follows:

Shareholders
Interlagos Equity Partners, S.A.
BCP África SGPS, Lda.
Sotto Financial Group, SARL
Jasper Capital Partners – Investimentos e Participações S.A.
Quadros – Gestão de Activos, S.A.
Fundação ULWAZI

Members of the Board of Directors
António João Assis de Almeida
Daniel Gustavo Carvalho dos Santos
Miguel Nuno André Raposo Alves[1]
Ana Patrícia Pereira Gabriel Tavares
Augusto Costa Ramiro Baptista[2]
Éder Nuno Vicente Samuel de Sousa
Hermenegilda de Fátima Agostinho Lopes Benge
Isabel Regina do Espírito Santo
Paulo Fernando Cartaxo Tomás
João da Conceição Ribeiro Mendonça
Elpidio Ferreira Lourenço Neto
José Miguel Bensliman Schorcht da Silva Pessanha
José Carlos Manuel Burity
Ana Catarina Nunes de Souza e Sá[1]
Mauro André dos Santos Neves
Madalena Adriano Domingos de Lemos Neto[1]
Vanessa Fernandes de Oliveira Mendonça[1]
Miguel Maya Dias Pinheiro[2]
Diogo Baptista Russo Pereira da Cunha[2]

Members of the Supervisory Board
Maria Cristina Santos Ferreira
José Pedro Porto Dordio
Nuno Gonçalo de Teodósio e Cruz Cachado de Oliveira
António Guilherme Rodrigues Frutuoso de Melo
Nelson Luís Vieira Teixeira

Members of the Board of the General Meeting
João Manuel Pedro
Fernando Magiolo Magarreiro
Patrícia Correia Dias

Other related entities
Banco Comercial Português S.A.
Banco Privado Atlântico Europa, S.A.
Atlântico Protecção – FIMF
Atlântico Liquidez – FIMA
Atlântico Property – FIIF
Fortaleza Seguros, S.A.
SG Hemera Capital Partners - SGOIC, S.A.
Odell Global Investors - SGOIC, S.A.
Human Experience Consulting, Lda.
Milos Capital Partners, S.A.
Dual Impact Fund, FCR

[1] Started in 2022
[2] Terminated in 2022

As at 31 December 2022 and 2021, the balances with related parties are detailed as follows:

(Thousands of AOA)

31-12-2022	Shareholders	Board of Directors	Other key management personnel and family members	Other related parties	Total
Assets					
Loans and advances to credit institutions repayable on demand	4,472,027	-	-	11,442,484	15,914,511
Financial assets at fair value through profit or loss	-	-	-	258,363,037	258,363,037
Financial assets at amortised cost					
Loans and advances to customers	22,647,228	21,192,189	2,357,258	-	46,196,675
Other loans and advances to central banks and credit institutions	10,745,618	-	-	-	10,745,618
Other assets	6,747,833	-	-	3,525,803	10,273,636
TOTAL ASSETS	**44,612,706**	**21,192,189**	**2,357,258**	**273,331,324**	**341,493,477**
Liabilities					
Customer resources	7,972,092	13,800,098	2,646,123	13,592,776	38,011,089
TOTAL LIABILITIES	**7,972,092**	**13,800,098**	**2,646,123**	**13,592,776**	**38,011,089**

(Thousands of AOA)

31-12-2021	Shareholders	Board of Directors	Other key management personnel and family members	Other related parties	Total
Assets					
Loans and advances to credit institutions repayable on demand	1,359,396	-	-	8,746,234	10,105,630
Financial assets at fair value through profit or loss	-	-	-	265,971,914	265,971,914
Financial assets at amortised cost					
Loans and advances to customers	11,018,388	3,097,723	2,064,104	286	16,180,501
Other loans and advances to central banks and credit institutions	786,269	-	-	8,327,030	9,113,299
Other assets	6,391,537	-	-	582,047	6,973,584
TOTAL ASSETS	**19,555,590**	**3,097,723**	**2,064,104**	**283,627,511**	**308,344,928**
Liabilities					
Deposits from central banks and other credit institutions	64,085,091	-	-	-	64,085,091
Customer resources	5,525,625	12,079,884	2,912,210	19,592,517	40,110,236
TOTAL LIABILITIES	**69,610,716**	**12,079,884**	**2,912,210**	**19,592,517**	**104,195,327**

As at 31 December 2022 and 2021, the income and expenses recognised in net interest income for the period, arising from the Bank's transactions with related parties were as follows:

(Thousands of AOA)

31-12-2022	Shareholders	Board of Directors	Other key management personnel and family members	Other related parties	Total
Interest from loans and advances to customers	1,102,915	2,183,093	173,771	649,730	4,109,509
Interest and similar income	**1,102,915**	**2,183,093**	**173,771**	**649,730**	**4,109,509**
Interest from deposits	(369,567)	(921,739)	(56,297)	(889,410)	(2,237,013)
Interest and similar expenses	**(369,567)**	**(921,739)**	**(56,297)**	**(889,410)**	**(2,237,013)**
NET INTEREST INCOME	**733,349**	**1,261,353**	**117,474**	**(239,679)**	**1,872,496**

(Thousands of AOA)

31-12-2021	Shareholders	Board of Directors	Other key management personnel and family members	Other related parties	Total
Interest from loans and advances to customers	1,282,393	58,843	433,618	-	1,774,854
Interest and similar income	**1,282,393**	**58,843**	**433,618**	**-**	**1,774,854**
Interest from deposits	(286,229)	(864,670)	(82,563)	(508,264)	(1,741,725)
Interest and similar expenses	**(286,229)**	**(864,670)**	**(82,563)**	**(508,264)**	**(1,741,725)**
NET INTEREST INCOME	**996,164**	**(805,827)**	**351,055**	**(508,264)**	**33,129**

The remuneration costs and other benefits granted to the Bank's key management personnel (short- and long-term) are disclosed in Note 28.

All transactions with related parties are carried out at regular market prices, using the principle of fair value.

Note 38

Fair value of financial assets and liabilities

Fair value is based on quoted market prices, whenever available. Otherwise, fair value is determined based on cash-flow discounting techniques. Cash flows for the different instruments are calculated according with its financial characteristics and discount rates used include both the market interest rate curve and the current risk levels of the respective issuer.

Therefore, the fair value obtained is influenced by parameters used in the evaluation model, that necessarily have some degree of subjectivity and exclusively reflect the value attributed to different financial instruments.

As at 31 December 2022 and 2021, the fair value of financial instruments is presented as follows:

(Thousands of AOA)

31-12-2022	Net book value	Fair value of financial instruments			Total book value
		Measured at fair value	Measured at amortised cost	Total	
Assets					
Financial assets at fair value through profit or loss					
Shares	260,203,725	260,203,725	-	260,203,725	260,203,725
Loans and advances to customers	182,149	182,149	-	182,149	182,149
	260,385,874	**260,385,874**	-	**260,385,874**	**260,385,874**
Financial assets at fair value through other comprehensive income					
Bonds and other fixed-income securities	53,806,962	53,806,962	-	53,806,962	53,806,962
Shares	429,389	429,389	-	429,389	429,389
	54,236,351	**54,236,351**	**-**	**54,236,351**	**54,236,351**
Financial assets at amortised cost					
Debt securities	306,297,438	-	306,297,438	306,297,438	306,297,438
Loans and advances to customers	453,601,310	-	453,601,310	453,601,310	453,601,310
Other loans and advances to central banks and credit institutions	30,547,298	-	30,547,298	30,547,298	30,547,298
	790,446,046	**-**	**790,446,046**	**790,446,046**	**790,446,046**
TOTAL ASSETS	**1,105,068,271**	**314,622,225**	**790,446,046**	**1,105,068,271**	**1,105,068,271**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivatives	2,030,008	2,030,008	-	2,030,008	2,030,008
	2,030,008	**2,030,008**	-	**2,030,008**	**2,030,008**
Financial liabilities at amortised cost					
Deposits from customers and other loans					
Term deposit	835,248,710	-	835,248,710	835,248,710	835,248,710
Other loans	20,146,137	-	20,146,137	20,146,137	20,146,137
	855,394,847	-	**855,394,847**	**855,394,847**	**855,394,847**
TOTAL LIABILITIES	**857,424,855**	**2,030,008**	**855,394,847**	**857,424,855**	**857,424,855**

(Thousands of AOA)

31-12-2021	Net book value	Fair value of financial instruments			Total book value
		Measured at fair value	Measured at amortised cost	Total	
Assets					
Financial assets at fair value through profit or loss					
Shares	267,782,882	267,782,882	-	267,782,882	267,782,882
Loans and advances to customers	148,956	148,956	-	148,956	148,956
Derivatives	298,758	298,758	-	298,758	298,758
	268,230,596	**268,230,596**	-	**268,230,596**	**268,230,596**
Financial assets at fair value through other comprehensive income					
Bonds and other fixed-income securities	2,584,778	2,584,778	-	2,584,778	2,584,778
Shares	429,389	429,389	-	429,389	429,389
	3,014,167	**3,014,167**	**-**	**3,014,167**	**3,014,167**
Financial assets at amortised cost					
Debt securities	369,305,248	-	369,305,248	369,305,248	369,305,248
Loans and advances to customers	440,985,217	-	440,985,217	440,985,217	440,985,217
Other loans and advances to central banks and credit institutions	33,814,994	-	33,814,994	33,814,994	33,814,994
	844,105,459	**-**	**844,105,459**	**844,105,459**	**844,105,459**
TOTAL ASSETS	**1,115,350,222**	**271,244,763**	**844,105,459**	**1,115,350,222**	**1,115,350,222**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivatives	1,412	1,412	-	1,412	1,412
	1,412	**1,412**	**-**	**1,412**	**1,412**
Financial liabilities at amortised cost					
Deposits from central banks and other credit institutions					
Deposits from credit institutions	80,660,368	-	80,660,368	80,660,368	80,660,368
Deposits from customers and other loans					
Term deposit	807,436,759	-	807,436,759	807,436,759	807,436,759
Other loans	20,146,137	-	20,146,137	20,146,137	20,146,137
	908,243,264	**-**	**908,243,264**	**908,243,264**	**908,243,264**
TOTAL LIABILITIES	**908,244,676**	**1,412**	**908,243,264**	**908,244,676**	**908,244,676**

The Bank uses the following hierarchy for fair value, with 3 levels in the valuation of financial instruments (assets and liabilities), which reflects the level of judgement, the observability of the data used, and the importance of the parameters used in determining the fair value of the instrument, in accordance with the provisions of IFRS 13:

- Level 1: Fair value is determined based on unadjusted quoted prices, captured in transactions in active markets involving identical instruments to the ones being valued. If there is more than one active market for the same financial instrument, the relevant price is the one prevailing in the main market of the instrument, or the most advantageous market for which there is access;

- Level 2: Fair value is determined using valuation techniques based on observable inputs 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 in estimating the fair value of the same financial instrument. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities but whose markets have the lowest liquidity; and

- Level 3: Fair value is determined based on unobservable inputs in active markets using techniques and assumptions that market participants would use to value the same instruments, including assumptions about inherent risks, the valuation technique used, and the inputs used and review processes to test the accuracy of the values obtained.

The Bank considers an active market for a given financial instrument at the measurement date, depending on the turnover and liquidity of the transactions carried out, the relative volatility of quoted prices and the readiness and availability of the information, and the following conditions should apply:

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

- The above quotations change regularly; and

- There are executable quotes from more than one entity. A parameter used in a valuation technique is considered observable in the market, if the following conditions are met:

  - If its value is determined in an active market;

  - If there is an OTC market and it is reasonable to assume that the conditions of an active market are met, except for the condition of trading volumes; and

  - The parameter value can be obtained by the inverse calculation of prices of financial instruments or derivatives where the remaining parameters required for initial assessment are observable in a liquid market or an OTC market that comply with the preceding paragraphs.

As at 31 December 2022 and 2021, all financial assets recorded at fair value were classified in levels 2 and 3, despite the fact that, in some situations, these were prices verified on the Angolan capital market (BODIVA). Because this market started its activity at the end of 2016, given the low liquidity and depth of the capital market and the early stage it is now, they were not considered to have the necessary conditions to be classified at level 1.

The main methodologies and assumptions used in estimating the fair value of financial assets and liabilities recorded in the balance sheet at amortised cost are analysed as follows:

Cash and deposits at central banks, Loans and advances to credit institutions repayable on demand and Other loans and advances to central banks and credit institutions

Considering the short maturity of these financial instruments, the amount in the balance sheet is a reasonable estimate of its 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 accounted at fair value for Angolan public debt securities. The fair value is based on market quotations available at BODIVA, whenever these are available. Otherwise, fair value is estimated through numerical models based on discounted cash-flow techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and respective maturities.

Interest rates are determined based on information disseminated by financial content providers and BNA. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are also used in the projection of the non-deterministic cash flows, such as indexes.

For investment funds, the best fair value estimate considered is the financial statements of these bodies at the Bank's balance sheet date and, where possible, with the Auditor's Report.

Financial assets at amortised cost – Debt securities

The fair value of these instruments is based on market prices, whenever these are available. Otherwise, fair value is estimated through the update of expected cash-flows of future capital and interest for these instruments.

For disclosure purposes, it is presumed that Treasury Bills (where applicable) have short-term residual maturities and that Treasury Bonds in foreign currency bear interest rates in line with the comparable market rates in force, therefore their book value substantially represents the fair value of these assets.

Loans and advances to customers

The fair value of loans and advances to customers is calculated based on the update of expected principal and interest future cash flows, considering that the payments of the instalments occur in the contractually defined dates. The expected future cash flows of homogeneous credit portfolios, such as mortgage loans, are estimated on a portfolio basis. The discount rates used are the current rates charged for loans with similar characteristics.

Other assets

Other assets classified at fair value through profit or loss were valued in accordance with the assumptions defined in the internal model for the valuation of assets at fair value in the level 3 hierarchy. The model estimates the fair value of these assets by the sum of the discounted cash flows at a valuation benchmark rate defined based on the assumptions made in the internal model. The fair value of other assets at amortised cost is presumed to be their carrying amount.

Deposits from central banks and other credit institutions

The fair value of loans and advances to customers is calculated based on the update of expected principal and interest future cash flows, considering that the payments of the instalments occur in the contractually defined dates.

Deposits from customers and other loans

The fair value of these financial instruments is calculated based on the expected principal and interest future cash flows. The discount rate used reflects the rates charged for deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no material differences in their fair value.

Concerning the exchange rates, the Bank uses in its valuation models the spot rate observed in the market at the time of the valuation.

As at 31 December 2022 and 2021, the credit quality of financial assets, is presented as follows:

(Thousands of AOA)

31-12-2022	Rating origin	Rating level	Total exposure	Impairment losses	Net exposure
Loans and advances to customers	Internal rating	Low	16,646,871	(1,605,262)	15,041,609
		Medium	93,297,391	(12,664,117)	80,633,275
		High	287,888,426	(44,376,095)	243,512,331
	No rating	Not available	212,014,527	(97,600,432)	114,414,095
Other assets	External rating	A+ to A-	12,931,395	(875)	12,930,519
		BBB+ to BBB-	16,493,447	(1,159)	16,492,288
		BB+ to BB-	16,862,799	(11,760)	16,851,039
		B+ to B-	573,525,791	(4,421,121)	569,104,670
	No rating	Not available	585,889,025	(70,590,498)	515,298,527
			1,815,549,672	**(231,271,319)**	**1,584,278,354**

(Thousands of AOA)

31-12-2021	Rating origin	Rating level	Total exposure	Impairment losses	Net exposure
Loans and advances to customers	Internal rating	Low	74,633,829	(24,298,231)	50,335,598
		Medium	75,965,586	(7,926,815)	68,038,771
		High	225,338,747	(26,278,254)	199,060,493
	No rating	Not available	212,380,361	(88,830,006)	123,550,355
Other assets	External rating	A+ to A-	20,217,422	(2,093)	20,215,329
		BBB+ to BBB-	39,039,706	(18,750)	39,020,956
		BB+ to BB-	1,444,189	(607)	1,443,582
		B+ to B-	719,571,772	(5,718,452)	713,853,320
	No rating	Not available	521,647,485	(23,148,341)	498,499,144
			1,890,239,097	**(176,221,549)**	**1,714,017,548**

Note 39

Risk Management

The Bank is subject to different types of risk in the course of its business. Risk management is carried out centrally with respect to the specific risks of each business.

The risk management policy aims to define the profile for each risk identified as material to the Bank, with a view to protecting the Bank's soundness, as well as the guidelines for implementing a risk management system that allows the identification, assessment, monitoring, control, and reporting of all material risks inherent to the Bank's 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 to, are of particular importance.

Main risk categories

Credit – Credit risk is the uncertainty of recovering an investment and its return, due to a debtor's (or guarantor, if applicable) inability to fulfil its financial commitments to the Bank, causing a financial loss to the creditor. Credit risk is reflected in debt securities or other receivables.

Market – Market risk reflects the potential loss that can be incurred by a given portfolio as a result of changes in rates (interest and exchange rates) and/or in the prices of the different financial instruments that comprise it, considering both the correlations between them and the respective volatilities. Therefore, Market Risk encompasses the risk of interest rate, exchange rate and other price risks.

Liquidity – Liquidity risk reflects the Bank's inability to meet its obligations associated with financial liabilities at each maturity date without incurring in significant losses due to deteriorating access to finance (financing risk) and/or the sale of its assets below their normal market value (market liquidity risk).

Real Estate – Real estate risk results from the probability of negative impacts on the Bank's income and/or capital due to unfavorable changes in the market price.

Operational – Operational risk is the probability of failures or inappropriateness of internal procedures, information systems, human behavior, or external events.

Internal organization

The Risk Office (ROF) is part of ATLANTICO's organizational structure and takes autonomous and independent direct accountability for the risk management system. This Department has no direct responsibility over any risk-taking function, which depends on the hierarchical and functional structure of the Board of Directors (CA) and is monitored daily by a director appointed by the Executive Committee (CE).

The Board of Directors is responsible for defining, approving, and implementing a risk management system that identifies, assesses, controls and monitors all the 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 position.

The Board of Directors is responsible for (i) approving the operating regulations of the ROF; (ii) ensuring adequate material and human resources for the performance of risk management functions; (iii) ensuring that risk management activities have sufficient independence, status and visibility and are subject to periodic reviews; (iv) approving the exposure limits to the different material risks to which the Bank is exposed; and (v) setting general guidelines for the risk management system and definition of the Bank's risk profile, formalized in the risk management policy.

ROF is responsible for identifying, assessing, and monitoring materially relevant risks to the Bank, as well as monitoring the adequacy and effectiveness of measures taken to address any shortcomings in the risk management system.

The Bank's structural units are responsible for the effective control of risks and compliance with the internal procedures defined by the CE.

The risk management system is documented through policies, internal rules (processes) and procedure manuals.

During 2021, the BNA issued Notice No. 08/2021, which establishes a new regulatory and prudential framework for the Angolan financial system arising from the supervisory equivalence program under implementation. The regulatory package consisting of the aforementioned Notice and supplementary Instructions revokes the regulations published in 2016, which guided risk management and regulatory limits until this date. The Bank is currently in the process of implementing the guidelines contained in the regulatory package that came into force in 2022.

Risk Assessment

Credit Risk

Credit risk models play a key role in the credit decision process. Therefore, the loan portfolio's decision-making process is based on a set of policies, through scoring models for Retail and Corporate customers' portfolios and rating for the corporate segment.

Credit decisions depend on risk classifications and compliance with several rules on the financial standing and behavior of the proposers. There are relative scoring models for the main consumer credit portfolios, namely mortgages and individual loans, including the necessary segmentation between customers and non-customers (or recent customers).

The main goals of credit risk management are:

- Define the provisioning rules/impairment calculations;
- Define the process of risk analysis;
- Analyze concentration/individual, sector and geographic risks;
- Define and monitoring the internal boundaries for counter parties;
- Monitoring the implementation of risks cutback plans, through a follow-up of the overdue credit portfolio.

In order to mitigate the credit risk, the portfolio analysis includes the following criteria:

- Customer's background, to seek the existence of credit defaults, pledges or debts;
- Exposure limits to credit risk, where, in accordance with the counterparties' credit capacity, it is established an internal rating, as well as the definition of maximum limits to counterparties;
- Default risk where customers with high probability of default rating are rejected;
- Personal or real guarantees at the credit conception, in order to mitigate the Bank's exposure to the respective counterparty.

As at 31 December 2022 and 2021, the information on the Bank's exposure to credit risk by type of financial assets, including off-balance sheet exposure, is detailed as follows:

(Thousands of AOA)

31-12-2022	Gross carrying amount	Impairment losses	Net book value
Balance sheet items			
Cash and deposits at central banks	214,230,500	-	214,230,500
Loans and advances to credit institutions repayable on demand	46,176,191	(7,167)	46,169,024
Financial assets at fair value through profit or loss	260,385,874	-	260,385,874
Financial assets at fair value through other comprehensive income	54,236,351	-	54,236,351
Financial assets at amortised cost			
Debt securities	310,701,923	(4,404,485)	306,297,438
Loans and advances to customers	609,847,216	(156,245,906)	453,601,310
Other loans and advances to central banks and credit institutions	30,570,561	(23,263)	30,547,298
Other assets	114,769,894	(19,138,009)	95,631,885
	1,640,918,511	**(179,818,830)**	**1,461,099,680**
Off-balance sheet items			
Documentary credit	17,916,012	(578,983)	17,337,028
Guarantees provided	16,006,086	(364,844)	15,641,242
	33,922,097	**(943,828)**	**32,978,270**
	1,674,840,608	**(180,762,658)**	**1,494,077,950**

(Thousands of AOA)

31-12-2021	Gross carrying amount	Impairment losses	Net book value
Balance sheet items			
Cash and deposits at central banks	344,971,397	-	344,971,397
Loans and advances to credit institutions repayable on demand	51,154,354	(11,006)	51,143,348
Financial assets at fair value through profit or loss	268,230,596	-	268,230,596
Financial assets at fair value through other comprehensive income	3,014,167	-	3,014,167
Financial assets at amortised cost			
Debt securities	374,748,503	(5,443,257)	369,305,246
Loans and advances to customers	588,318,524	(147,333,307)	440,985,217
Other loans and advances to central banks and credit institutions	34,100,634	(285,640)	33,814,994
Other assets	119,517,628	(26,203,981)	93,313,647
	1,784,055,803	**(179,277,191)**	**1,604,778,612**
Off-balance sheet items			
Documentary credit	24,623,880	(641,484)	23,982,396
Guarantees provided	8,170,816	(388,645)	7,782,171
	32,794,696	**(1,030,129)**	**31,764,567**
	1,816,850,499	**(180,307,320)**	**1,636,543,179**

As at 31 December 2022 and 2021, the breakdown by sector of activity of the exposure of loans and advances to customers, including guarantees provided and documentary credit, is as follows:

(Thousands of AOA)

31-12-2022						
	Loans and advances to customers				Impairment losses	
Business sector	Outstanding	Overdue	Guarantees provided and documentary credit	Total exposure	Amount	%
Real Estate	152,974,929	32,918,780	-	185,893,709	(32,055,375)	17%
Wholesale and Retail Trade	83,756,481	13,044,360	9,334,835	106,135,676	(22,327,894)	21%
Construction	124,977,747	6,019,975	4,553,495	135,551,217	(42,074,577)	31%
Manufacturing Industry	95,103,146	20,670,920	6,908,465	122,682,532	(22,056,755)	18%
Retail	41,390,644	12,361,821	1,050,763	54,803,228	(28,348,986)	52%
Other	15,493,595	11,134,817	12,074,539	38,702,952	(9,382,319)	24%
	513,696,542	**96,150,674**	**33,922,097**	**643,769,313**	**(156,245,906)**	**24%**

(Thousands of AOA)

31-12-2021						
	Loans and advances to customers				Impairment losses	
Business sector	Outstanding	Overdue	Guarantees provided and documentary credit	Total exposure	Amount	%
Real Estate	137,200,408	33,698,684	-	170,899,092	(28,416,094)	17%
Construction	107,706,610	6,019,468	3,763,362	117,489,440	(21,139,726)	18%
Manufacturing Industry	89,017,279	22,144,372	6,824,122	117,985,773	(38,616,595)	33%
Wholesale and Retail Trade	76,718,222	13,813,079	3,040,440	93,571,741	(22,910,501)	24%
Retail	44,802,684	7,926,156	1,217,471	53,946,311	(25,737,535)	48%
Other	36,551,102	12,720,460	17,949,301	67,220,863	(12,644,427)	19%
	491,996,305	**96,322,219**	**32,794,696**	**621,113,220**	**(149,464,878)**	**24%**

As at 31 December 2022 and 2021, the geographical concentration of credit risk is presented as follows:

(Thousands of AOA)

31-12-2022	Geaography			
	Angola	Portugal	Other	Total
Loans and advances to customers	607,145,242	2,652,621	49,353	609,847,216
Guarantees provided and documentary credit	33,818,152	-	103,945	33,922,097
	640,963,394	**2,652,621**	**153,298**	**643,769,313**

(Thousands of AOA)

31-12-2021	Geaography			
	Angola	Portugal	Other	Total
Loans and advances to customers	588,235,534	69,237	13,753	588,318,524
Guarantees provided and documentary credit	32,690,751	-	103,945	32,794,696
	620,926,285	**69,237**	**117,698**	**621,113,220**

As at 31 December 2022 and 2021, the exposure to credit risk by financial asset class, rating level and stage, is presented as follows:

(Thousands of AOA)

31-12-2022	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Total
Loans and advances to customers				
Low level	8,699,168	6,763,168	1,184,535	16,646,871
Medium level	12,870,243	70,439,731	9,987,417	93,297,391
High level	8,502,748	205,221,660	74,164,020	287,888,428
No rating	10,862,040	59,228,680	141,923,806	212,014,526
Gross carrying amount	**40,934,199**	**341,653,239**	**227,259,778**	**609,847,216**
Impairment losses	(555,263)	(36,443,103)	(119,247,540)	(156,245,906)
NET BOOK VALUE	**40,378,936**	**305,210,136**	**108,012,238**	**453,601,310**

(Thousands of AOA)

31-12-2021	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Total
Loans and advances to customers				
Low level	4,419,749	40,594,347	29,619,733	74,633,829
Medium level	8,130,955	62,895,078	4,939,553	75,965,586
High level	25,612,247	137,806,090	61,920,411	225,338,748
No rating	14,769,647	42,325,402	155,285,312	212,380,361
Gross carrying amount	**52,932,598**	**283,620,917**	**251,765,009**	**588,318,524**
Impairment losses	(781,843)	(23,942,303)	(122,609,161)	(147,333,307)
NET BOOK VALUE	**52,150,755**	**259,678,614**	**129,155,848**	**440,985,217**

With regard to the quality of credit risk of the financial assets, the Bank, based on internal rating levels, is developing the necessary tools to disclose information along these lines.

Nevertheless, it is important to consider the following aspects related to credit risk mitigation of the Bank's financial assets:

- Real estate guarantees and financial collaterals, which allow a direct reduction in the position value, are important for credit risk mitigation. Personal protection guarantees, with a substitution effect in the position at risk, are also considered;

- Credit operations collateralized by financial guarantees are considered for direct reductions, namely deposits, Angolan state bonds and other similar guarantees;

- Regarding real mortgage guarantees, the valuation of assets is performed by independent valuers registered with the Capital Market Commission (CMC) of Angola. The revaluation of the assets is performed through assessments on-the-site, performed by a technical valuer, in accordance with best market practices;

- The model for calculating impairment losses on the loans and advances to customers portfolio was implemented in 2018, governed by the general principles defined in IFRS 9, as well as the guidelines and iterations of IAS/IFRS implementation with Banco Nacional de Angola, in order to align the calculation process with the best international practices;

- The Bank's impairment model begins with the segmentation of the credit portfolio customers into separate groups, according to their stage and depending on the existence of signs of impairment (which include internal and external information) and the size of the set of exposures of each economic/customer group;

- The assessment of impairment losses on an individual basis is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses, at each balance sheet date, the expected impairment loss (ECL);

- For each one of the customers/active loans, a set of impairment signs is verified, which includes internal and external information. This information increases impairment values, since these represent an increase in the risk of default;

- It should be noted that a restructured loan is a sign of impairment and, therefore, the loan portfolio marked as restructured is included in the loans with signs of impairment;

- In the group of homogeneous populations, customer exposures are subject to collective analysis;

- The amount of impairment for customers subject to individual analysis is calculated using the discounted cash flow method and macroeconomic scenarios with impacts on the recovery strategy, i.e., the amount of impairment corresponds to the difference between the value of the loan and the sum of the expected cash flows related to the various operations of the customer, adjusted to the macroeconomic scenarios and updated according to the effective interest rate of each operation.

Market Risk

Market Risk is controlled, in a short- and long-term vision, for the bank portfolio.

The main players involved in the daily management of Market and Liquidity Risk are the Financial and Markets Department and the Risk Office.

The Financial and Markets Department is responsible for the selection and performance of market operations and for liquidity management, considering the limits defined in the Bank's risk profile.

The Risk Office is responsible for the identification, measurement, and monitoring of risks, always ensuring that the defined limits are met.

The Bank is subject to reporting under Notice 08/2021 of 18 June and Instruction 22/2021 of 31 March, regarding the Interest Rate Risk in the banking portfolio (financial instruments not held in the portfolio of financial assets at fair value through profit or loss).

As at 31 December 2022 and 2021, the total portfolios of financial assets at fair value through other comprehensive income and at amortised cost are mainly concentrated in loans and advances to customers, representing 54 % and 52 %, respectively, and in public debt securities (National Treasury Bonds), representing 36 % and 44 %, respectively.

The assessment of the interest rate risk originated by operations from the banking portfolio is made by risk sensitivity analysis.

Based on the financial characteristics of each contract, cash flows are projected according to the dates of rate resetting and possible behavioral assumptions considered.

The aggregation of the expected cash flows, at each range of days, for each of the currencies analysed, allows the determination of the interest rate gaps by resetting maturity.

Following the recommendations of BNA's Instruction No. 22/2021 of 31 March, the Bank calculates its exposure to the balance sheet interest rate risk based on the methodology defined in the Instruction. It also carries out the quantification of the economic capital requirements for the interest rate risk of the banking portfolio, based on the simulation of a 260-day historical value at risk (VaR) with a 99% confidence interval (considering all the institution's positions, sensitive to interest rate fluctuations and related to currencies representing more than 5% of total assets or liabilities), in accordance with Instruction No. 10/2021 of 7 July.

As at 31 December 2022 and 2021, the financial instruments for interest rate risk are detailed as follows:

(Thousands of AOA)

	Exposure to				
31-12-2022	**Fixed rate**	**Variable rate**	**Not subject to interest rate risk**	**Derivatives**	**Total**
Assets					
Cash and deposits at central banks	-	-	214,230,500	-	214,230,500
Loans and advances to credit institutions repayable on demand	-	-	46,169,024	-	46,169,024
Financial assets at fair value through profit or loss	-	182,149	260,203,725	-	260,385,874
Financial assets at fair value through other comprehensive income	53,806,962	-	429,389	-	54,236,351
Financial assets at amortised cost	-	-	-	-	
Debt securities	306,297,438	-	-	-	306,297,438
Loans and advances to customers	132,806,599	320,794,711	-	-	453,601,310
Other loans and advances to central banks and credit institutions	30,547,298	-	-	-	30,547,298
Other assets	-	-	95,631,885	-	95,631,885
	523,458,297	**320,976,860**	**616,664,523**	**-**	**1,461,099,680**
Liabilities					
Deposits from central banks and other credit institutions	-	-	7,321,923	-	7,321,923
Deposits from customers and other loans	855,394,847	-	509,273,563	-	1,364,668,411
Financial liabilities at fair value through profit or loss	-	-	943,693	1,086,315	2,030,008
Other liabilities	5,470,195	-	11,998,988	-	17,469,183
	860,865,042	**-**	**529,538,168**	**1,086,315**	**1,391,489,524**
	(337,406,744)	**320,976,860**	**87,126,355**	**(1,086,315)**	**69,610,156**

(Thousands of AOA)

31-12-2021	Exposure to Fixed rate	Exposure to Variable rate	Not subject to interest rate risk	Derivatives	Total
Assets					
Cash and deposits at central banks	-	-	344,971,397	-	344,971,397
Loans and advances to credit institutions repayable on demand	-	-	51,143,348	-	51,143,348
Financial assets at fair value through profit or loss	-	148,955	267,782,883	298,758	268,230,596
Financial assets at fair value through other comprehensive income	2,584,778	-	429,389	-	3,014,167
Financial assets at amortised cost					
Debt securities	369,305,246	-	-	-	369,305,246
Loans and advances to customers	78,648,503	362,336,714	-	-	440,985,217
Other loans and advances to central banks and credit institutions	33,814,994	-	-	-	33,814,994
Other assets	11,801,729	-	81,511,918	-	93,313,647
	496,155,250	**362,485,669**	**745,838,935**	**298,758**	**1,604,778,612**
Liabilities					
Deposits from central banks and other credit institutions	80,660,368	-	3,054,424	-	83,714,792
Deposits from customers and other loans	835,672,336	-	587,278,088	-	1,422,950,424
Financial liabilities at fair value through profit or loss	-	-	-	1,412	1,412
Other liabilities	8,239,758	-	9,536,916	-	17,776,674
	924,572,462	**-**	**599,869,428**	**1,412**	**1,524,443,302**
	(428,417,212)	**362,485,669**	**145,969,507**	**297,346**	**80,335,310**

As at 31 December 2022 and 2021, the financial instruments with exposure to interest rate risk according to the maturity or resetting date had the following structure:

(Thousands of AOA)

	Resetting dates/Maturity dates								
31-12-2022	**Below 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 3 years**	**3 to 5 years**	**Above 5 years**	**Undetermined**	**Total**
Assets									
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	182,149	182,149
Financial assets at fair value through other comprehensive income	28,160,300	182,900	-	1,656,655	933,400	3,483,400	19,554,800	-	53,971,455
Financial assets at amortised cost									
Debt securities	-	1,787,000	40,883,226	32,776,315	163,315,973	26,521,857	40,961,300	-	306,245,671
Loans and advances to customers	197,443,499	77,354,612	11,864,967	1,003,679	22,996,291	1,273,600	99,756,563	-	411,693,211
Other loans and advances to central banks and credit institutions	26,548,320	503,691	3,000,000	403,079	-	-	-	-	30,455,089
	252,152,119	**79,828,203**	**55,748,193**	**35,839,727**	**187,245,665**	**31,278,857**	**160,272,663**	**182,149**	**802,547,576**
Liabilities									
Deposits from central banks and other credit institutions	-	-	-	-	-	-	-	-	-
Deposits from customers and other loans	132,230,423	277,597,350	196,618,364	217,394,395	-	-	-	-	823,840,531
Other liabilities	-	-	-	-	-	5,470,195	-	-	5,470,195
	132,230,423	**277,597,350**	**196,618,364**	**217,394,395**	**-**	**5,470,195**	**-**	**-**	**829,310,726**
	119,921,696	**(197,769,147)**	**(140,870,171)**	**(181,554,668)**	**187,245,665**	**26,763,150**	**160,272,663**	**182,149**	**(26,763,150)**

(Thousands of AOA)

31-12-2021	Below 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Undetermined	Total
	Resetting dates/Maturity dates								
Assets									
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	148,956	148,956
Financial assets at fair value through other comprehensive income	-	341,400	-	269,723	1,802,321	18,516	-	-	2,431,960
Financial assets at amortised cost									
Debt securities	-	167,170	1,526,187	107,705,163	165,813,067	72,956,834	24,415,332	-	372,583,753
Loans and advances to customers	174,162,133	76,491,183	35,920,278	42,217,269	1,668,430	6,846,757	47,326,259	-	384,632,309
Other loans and advances to central banks and credit institutions	31,408,693	2,220,020	-	471,919	-	-	-	-	34,100,632
Other assets	-	-	-	-	-	-	-	14,846,614	14,846,614
	205,570,826	**79,219,773**	**37,446,465**	**150,664,074**	**169,283,818**	**79,822,107**	**71,741,591**	**14,995,570**	**808,744,224**
Liabilities									
Deposits from central banks and other credit institutions	16,500,000	-	-	-	-	-	-	-	16,500,000
Deposits from customers and other loans	109,529,100	260,665,534	200,516,315	224,171,478	-	-	-	-	794,882,427
Other liabilities	-	-	-	-	-	8,239,756	-	-	8,239,756
	126,029,100	**260,665,534**	**200,516,315**	**224,171,478**	**-**	**8,239,756**	**-**	**-**	**819,622,183**
	79,541,726	**(181,445,761)**	**(163,069,850)**	**(73,507,404)**	**169,283,818**	**71,582,351**	**71,741,591**	**14,995,570**	**(10,877,959)**

As at 31 December 2022 and 2021, the average interest rates for the main categories of financial assets and liabilities, as well as the related average balances and income and expenses for the period are as follows:

(Thousands of AOA)

	31-12-2022			31-12-2021		
	Average balance for the period	**Interest for the period**	**Average interest rate**	Average balance for the period	Interest for the period	Average interest rate
Financial assets						
Cash and cash equivalents	41,136,877	-	0.00%	56,999,208	-	0.00%
Financial assets at amortised cost						
Loans and advances to customers	440,644,543	69,808,073	15.84%	456,513,795	65,735,388	14.40%
Debt securities	313,874,521	23,775,436	7.57%	383,085,455	22,962,534	5.98%
Other loans and advances to central banks and credit institutions	34,543,217	688,267	1.99%	108,169,440	183,576	0.22%
Financial assets at fair value through other comprehensive income	11,843,932	1,501,794	12.68%	3,661,751	337,506	9.22%
Financial assets at fair value through profit or loss	266,929,647	-	0.00%	231,902,657	-	0.00%
	1,108,972,738	**95,773,570**		**1,240,332,306**	**89,219,004**	
Financial liabilities						
Deposits from central banks and other credit institutions	1,295,219,162	60,149,023	4.64%	41,259,620	3,077,174	7.46%
Deposits from customers and other loans	19,868,127	1,808,619	9.10%	1,534,813,112	63,937,667	4.17%
Other liabilities						
Lease liabilities	5,470,195	1,361,442	24.89%	8,239,756	2,179,868	26.46%
	1,320,557,484	**63,319,084**		**1,584,312,488**	**69,194,709**	

The sensitivity to the balance sheet interest rate risk, by currency, is calculated through the difference between the present value of the interest rate mismatch, discounted at market interest rates in force, and the discounted value of the same cash flows simulating parallel shifts of the market interest rate yield curve.

As at 31 December 2022 and 2021, the breakdown of assets and liabilities, by currency, net of impairment, is presented as follows:

(Thousands of AOA)

31-12-2022	Kwanzas	Kwanza indexed to the US Dollar	US Dollar	Euro	Other currencies	Total
Assets						
Cash and deposits at central banks	78,217,689	-	82,298,251	53,484,896	229,664	214,230,500
Loans and advances to credit institutions repayable on demand	8,671,375	-	21,855,109	14,007,004	1,635,536	46,169,024
Financial assets at fair value through profit or loss	231,291,046	-	29,094,828	-	-	260,385,874
Financial assets at fair value through other comprehensive income	52,904,874	-	1,331,477	-	-	54,236,351
Financial assets at amortised cost						
Debt securities	64,191,403	39,911,828	202,194,207	-	-	306,297,438
Loans and advances to customers	372,223,365	2,895,643	74,873,698	3,608,604	-	453,601,310
Other loans and advances to central banks and credit institutions	-	-	29,666,713	880,585	-	30,547,298
Other property, plant and equipment	103,859,695	-	-	-	-	103,859,695
Intangible assets	13,022,100	-	-	-	-	13,022,100
Current tax assets	2,546,736	-	-	-	-	2,546,736
Deferred tax assets	3,750,143	-	-	-	-	3,750,143
Other assets	58,801,832	787,229	35,066,934	921,518	54,372	95,631,885
TOTAL ASSETS	**989,480,256**	**43,594,700**	**476,381,217**	**72,902,608**	**1,919,573**	**1,584,278,354**
Liabilities						
Deposits from central banks and other credit institutions	7,318,396	-	3,527	-	-	7,321,923
Deposits from customers and other loans	818,010,841	1,976	483,025,781	62,489,445	1,140,368	1,364,668,411
Financial liabilities at fair value through profit or loss	2,030,008	-	-	-	-	2,030,008
Provisions	724,925	6,430	(0)	2,195,476	-	2,926,832
Deferred tax liabilities	141,819	6,339	4,717	-	-	152,875
Other liabilities	13,963,962	-	1,694,404	1,810,371	446	17,469,183
TOTAL LIABILITIES	**842,189,951**	**14,745**	**484,728,429**	**66,495,292**	**1,140,814**	**1,394,569,232**
	147,290,305	**43,579,955**	**(8,347,212)**	**6,407,316**	**778,758**	**189,709,122**

(Thousands of AOA)

31-12-2021	Kwanzas	Kwanza indexed to the US Dollar	US Dollar	Euro	Other currencies	Total
Assets						
Cash and deposits at central banks	129,097,842	-	82,298,251	53,484,896	229,664	265,110,654
Loans and advances to credit institutions repayable on demand	6,329,540	-	21,855,109	14,007,004	1,635,536	43,827,189
Financial assets at fair value through profit or loss	266,119,780	-	1,841,527	-	-	267,961,307
Financial assets at fair value through other comprehensive income	1,306,034	-	1,331,477	-	-	2,637,511
Financial assets at amortised cost						
Debt securities	4,851,445	39,911,828	202,194,207	-	-	246,957,480
Loans and advances to customers	332,294,338	2,895,643	74,873,697	3,608,602	2	413,672,283
Other loans and advances to central banks and credit institutions	4,909,123	-	29,666,713	880,585	-	35,456,421
Other property, plant and equipment	87,882,647	-	-	-	-	87,882,647
Intangible assets	15,476,651	-	-	-	-	15,476,651
Non-current assets held for sale	-	-	-	-	-	-
Current tax assets	2,462,185	-	-	-	-	2,462,185
Deferred tax assets	3,417,453	-	-	-	-	3,417,453
Other assets	23,005,489	787,229	35,066,934	921,518	54,371	59,835,541
TOTAL ASSETS	**877,152,527**	**43,594,700**	**449,127,915**	**72,902,606**	**1,919,574**	**1,444,697,322**
Liabilities						
Deposits from central banks and other credit institutions	19,629,690	-	61,769,424	2,315,678	-	83,714,792
Deposits from customers and other loans	683,375,945	925,872	663,173,019	74,253,983	1,221,605	1,422,950,424
Financial liabilities at fair value through profit or loss	-	-	-	1,412	-	1,412
Provisions	1,119,402	34,112	-	2,407,175	-	3,560,689
Deferred tax liabilities	4,008	18,584	7,669	-	-	30,261
Other liabilities	6,420,838	-	10,404,988	826,363	124,485	17,776,674
TOTAL LIABILITIES	**710,549,883**	**978,568**	**735,355,100**	**79,804,611**	**1,346,090**	**1,528,034,252**
	166,602,644	**42,616,132**	**(286,227,185)**	**(6,902,005)**	**573,484**	**(83,336,930)**

As at 31 December 2022 and 2021, the sensitivity analysis of the book value of financial instruments to changes in exchange rates is presented as follows:

(Thousands of AOA)

31-12-2022	**-20%**	**-10%**	**-5%**	**5%**	**10%**	**20%**
Currency						
US Dollar	(96,945,686)	(48,472,843)	(24,236,421)	24,236,421	48,472,843	96,945,686
Kwanza indexed to the US Dollar	(2,949)	(1,475)	(737)	737	1,475	2,949
Euro	(13,299,058)	(6,649,529)	(3,324,765)	3,324,765	6,649,529	13,299,058
Other currencies	(228,163)	(114,081)	(57,041)	57,041	114,081	228,163
	(110,475,856)	**(55,237,928)**	**(27,618,964)**	**27,618,964**	**55,237,928**	**110,475,856**

(Thousands of AOA)

31-12-2021	**-20%**	**-10%**	**-5%**	**5%**	**10%**	**20%**
Currency						
US Dollar	(150,597,342)	(75,298,671)	(37,649,335)	37,649,335	75,298,671	150,597,342
Kwanza indexed to the US Dollar	(15,386,190)	(7,693,095)	(3,846,547)	3,846,547	7,693,095	15,386,190
Euro	(4,922,809)	(2,461,404)	(1,230,702)	1,230,702	2,461,404	4,922,809
Other currencies	(408,891)	(204,446)	(102,224)	102,224	204,446	408,891
	(171,315,232)	**(85,657,616)**	**(42,828,808)**	**42,828,808**	**85,657,616**	**171,315,232**

On the date of this report, the Bank's assets and liabilities do not present relevant revaluation impacts, considering that the exchange rate of the Kwanza (AOA) against the United States Dollar (USD) and the Euro (EUR), reference currencies in the foreign exchange market, are close to those published by Banco Nacional de Angola on 31 December 2022.

Liquidity Risk

In addition to regulatory ratios, liquidity risk is assessed using internal metrics defined by the Bank's management, namely exposure limits, intraday liquidity risk, Net Stable Funding Required (NSFR), and the weight of liquid assets in total assets. This control is reinforced with the monthly execution of sensitivity analysis, in order to characterize the Bank's risk profile and ensure that fulfils its obligations in a liquidity crisis scenario.

The purpose of liquidity management is to maintain adequate liquidity levels to meet short, medium- and long-term funding needs. Liquidity risk is monitored daily, and several reports are prepared for control, monitor and support to the decision-making process of the Risk Committee.

The evolution of the liquidity situation is performed based particularly on future cash flows estimated for various time horizons, considering the Bank's balance sheet. To the calculated values is added the analysis day's liquidity position and the amount of assets considered highly liquid in the portfolio of uncommitted assets, determining the cumulative liquidity gap for different time horizons. Additionally, monitoring of liquidity positions from a prudential standpoint is also performed, calculated according to the rules required by BNA's Instruction No. 14/2021 of 27 September (revoked Instruction No. 09/2019 of 27 August).

As at 31 December 2022 and 2021, the total contractual cash flows by residual maturities of the Bank's financial assets and liabilities, are presented as follows:

(Thousands of AOA)

	Contractual residual maturities						
31-12-2022	**On demand**	**Below 3 months**	**3 to 12 months**	**1 to 5 years**	**Above 5 years**	**Undetermined**	**Total**
Assets							
Cash and deposits at central banks	214,230,500	-	-	-	-	-	214,230,500
Loans and advances to credit institutions repayable on demand	46,169,024	-	-	-	-	-	46,169,024
Financial assets at fair value through profit or loss	-	-	-	-	182,149	260,203,725	260,385,874
Financial assets at fair value through other comprehensive income	28,160,300	194,083	1,776,066	4,538,658	19,137,855	429,389	54,236,351
Financial assets at amortised cost							
Debt securities	-	1,858,783	68,682,073	192,741,491	43,015,091	-	306,297,438
Loans and advances to customers	426	79,157,519	4,712,694	125,643,876	184,555,160	59,531,634	453,601,310
Other loans and advances to central banks and credit institutions	736,390	26,404,971	3,405,937	-	-	-	30,547,298
Other assets	-	-	-	-	78,734,014	16,897,871	95,631,885
	289,296,641	**107,615,356**	**78,576,771**	**322,924,025**	**325,624,269**	**337,062,619**	**1,461,099,680**
Liabilities							
Deposits from central banks and other credit institutions	7,321,923	-	-	-	-	-	7,321,923
Deposits from customers and other loans	3,316,621	923,634,487	417,571,166	20,146,137	-	-	1,364,668,411
Financial liabilities at fair value through profit or loss	-	1,086,316	943,692	-	-	-	2,030,008
Provisions	-	-	-	-	-	2,926,832	2,926,832
Other liabilities	-	-	-	17,469,183	-	-	17,469,183
	10,638,544	**924,720,802**	**418,514,858**	**37,615,320**	**-**	**2,926,832**	**1,394,416,356**
Liquidity gap	**278,658,097**	**(817,105,446)**	**(339,938,087)**	**285,308,705**	**325,624,269**	**334,135,787**	**66,683,324**
ACCRUED LIQUIDITY GAP	**278,658,097**	**(538,447,350)**	**(878,385,437)**	**(593,076,732)**	**(267,452,463)**	**66,683,324**	

(Thousands of AOA)

	Contractual residual maturities						
31-12-2021	**On demand**	**Below 3 months**	**3 to 12 months**	**1 to 5 years**	**Above 5 years**	**Undetermined**	**Total**
Assets							
Cash and deposits at central banks	344,971,397	-	-	-	-	-	344,971,397
Loans and advances to credit institutions repayable on demand	51,143,348	-	-	-	-	-	51,143,348
Financial assets at fair value through profit or loss	298,760	-	-	-	148,955	267,782,881	268,230,596
Financial assets at fair value through other comprehensive income	-	362,011	281,736	1,941,031	-	429,389	3,014,167
Financial assets at amortised cost							
Debt securities	-	175,946	109,099,019	236,052,277	23,978,004	-	369,305,246
Loans and advances to customers	11,017	14,579,466	38,617,597	153,042,126	174,997,628	59,737,383	440,985,217
Other loans and advances to central banks and credit institutions	-	33,343,523	471,471	-	-	-	33,814,994
Other assets	-	-	-	76,322,209	-	16,991,438	93,313,647
	396,424,522	**48,460,946**	**148,469,823**	**467,357,643**	**199,124,587**	**344,941,091**	**1,604,778,612**
Liabilities							
Deposits from central banks and other credit institutions	67,139,526	16,575,266	-	-	-	-	83,714,792
Deposits from customers and other loans	9,045,561	955,967,664	428,768,481	29,168,718	-	-	1,422,950,424
Financial liabilities at fair value through profit or loss	1,412	-	-	-	-	-	1,412
Subordinated liabilities	-	-	-	-	-	-	-
Other liabilities	-	-	-	17,776,674	-	-	17,776,674
	76,186,499	**972,542,930**	**428,768,481**	**46,945,392**	**-**	**-**	**1,524,443,302**
Liquidity gap	**320,238,023**	**(924,081,984)**	**(280,298,658)**	**420,412,251**	**199,124,587**	**344,941,091**	**80,335,310**
ACCRUED LIQUIDITY GAP	**320,238,023**	**(603,843,961)**	**(884,142,619)**	**(463,730,368)**	**(264,605,781)**	**80,335,310**	

As at 31 December 2022 and 2021, the liquidity ratio calculated in accordance with Instruction No. 14/2021 of 27 September, amounts to 278 % and 237 %, respectively.

This Instruction defines as the minimum advisable, a liquidity ratio of 100% for cash flows in national currency and aggregate cash flows in all currencies, and 150% for exposure to cash flows in foreign currency. The BNA has defined the same minimum observation ratios as those for liquidity.

As at 31 December 2022 and 2021, the Bank has observation ratios of 1 to 3 months at 260% and 363 %, respectively, 3 to 6 months at 365% and 460 %, respectively, and 6 to 12 months at 429 % and 478%, respectively.

Real Estate Risk

As at 31 December 2022 and 2021, the exposure to real estate (direct and indirect) is as follows:

(Thousands of AOA)

	31-12-2022	31-12-2021
Shares held in Real Estate funds (Note 6)	253,776,204	257,123,937
Loans for real estate development (Note 9)	175,159,354	164,526,372
Properties received in lieu of payment for loan operations (Note 13)	-	2,392,425
Promissory Contracts (Note 15)	60,627,552	78,582,953
	489,563,111	**502,625,687**

The Bank uses the expertise of SG Hemera Capital Partners, SGOIC, S.A. (HCP), Sociedade Gestora de Organismos de Investimento Colectivo (OIC) that manages the real estate investment funds (FII) in which it is an investor, and which has a high level of expertise in real estate funds, to obtain additional information in the assessment of real estate risk. The management company is a non-banking financial entity, supervised by the CMC – Capital Market Commission, and audited by an independent auditor. OIC under its management, including the FII in which the Bank is an investor, are also supervised by the CMC and independently audited by a company that, as a regulatory imperative, is different from the one that audits the Management Company.

The “Análise de Benchmark do Mercado Imobiliário Angolano 2022” report, prepared by the Management Company, is a fundamental element, as it adds to the market information a universe of assessments that is particularly significant for the Bank's exposure and validates them within a reasonable range, in a transparent manner, reinforcing our confidence in the value of the investment unit, reported in terms of its reflection of the fair value of the asset and also in the quality of the valuations. The Bank carefully identifies warning signs that make it possible to identify risks in advance and, in the half-yearly stress tests, simulates the impacts of contraction of the real estate value in the functional accounting currency.

At each moment, the conclusions and determination of impairment on ANCDV's and FII's Credit result from specific methodologies that depend directly on the assessment of the specific quality of these assets and their fair value, with any market benchmarks performed by the Bank and HCP being accessory instruments in this analysis. Regarding Credit and ANCDV's, the Bank follows the regulatory guidelines within the scope of the frequency of revaluations (and most of the portfolio is already fully complied with), as well as the discounts applicable for seniority of evaluations and timing of recovery, so that the impairment methodologies are adjusted to the values of the properties one by one when these are the base factors of the strategy of recovery of the credit and values. The amount recorded on the Bank's balance sheet of the units of the Pactual Property Fund is calculated using the amount of the unit reported monthly by the HCP, which is subject to regular validation by its independent auditors.

Considering the warning signs identified, namely some parameters in evaluations performed in 2022 and the analyses performed so far, the Bank's conclusion is that the evolution of the real estate market in Angola, during 2022, in Kwanzas, is adequately expressed in the value of assets recorded in the balance sheet as at 31 December 2022.

Operational

The Bank's Risk Office performs the corporate operational risk management function of the Bank, which is supported by the existence of counterparts in different organizational units that ensure the adequate implementation of operational risk management in the Bank.

The Bank has initiated a set of guidelines and actions aimed at better alignment of systems, human resources, and processes in order to allow an effective continuous mitigation of Operational Risk, making a continuous investment to be in line with the best international practices.

The management of ATLANTICO's Operational Risk is based on an organizational model by processes, which allows the Bank to adopt an end-to-end perspective of the value chain of products and services in Operational Risk management, involving the entire organization and enhancing transversal responsibility.

The identification of events that might generate Operational Risk and respective assessment is performed at the level of the organic units by the process owners of the different Operational Risk processes.

Operational Risk management is performed using three instruments:

- Identification of events of losses resulting from Operational Risks and respective mitigation actions performed by Departments;
- Risk self-assessment meetings organized by those responsible for each process and which allow the Bank to take a qualitative approach to identifying potential risks through a structured analysis from a procedural perspective;
- Identification and quantification of Key Risk Indicators (KRI), that is, metrics that identify changes in the risk profile or in the effectiveness of process controls, allowing the preventive implementation of corrective actions.

Capital Management and Solvency Ratio

The Bank's own funds are calculated in accordance with the applicable regulatory standards, namely with Notice No. 08/2021 of 18 June and Instruction No. 19/2021 of 27 October.

The solvency ratio reflects the ratio of regulatory own funds and the sum of the value of regulatory own funds requirements for credit risk and counterparty credit risk (Instruction No. 15/2021), own funds requirements for market risk and credit risk of counterparties in the trading portfolio (Instruction No. 16/2021), regulatory capital requirements for operational risk (Instruction No. 13/2021), regulatory capital requirements for adjustment risk and credit assessment (Instruction No. 18/2021), and regulatory capital requirement for excess to the large exposures limit (Instruction No. 12/2022).

Angolan financial institutions shall maintain a level of own funds compatible with the nature and scale of operations, ensuring at all times a minimum a minimum regulatory Solvency Ratio of 8% (10% as at 31 December 2021).

Regulatory own funds comprise:

- Core Tier 1 capital – includes: (i) Paid-up share capital; (ii) Positive retained earnings from previous periods; (iii) Legal, statutory and other reserves arising from undistributed earnings, or set up for capital increase; (iv) Positive net income from the previous period; (v) Provisional positive net income for the current period; (vi) Issue premiums in respect of items falling under the previous subparagraphs; (vii) Equity instruments whose issue conditions have been previously approved by Banco Nacional de Angola;
- The negative elements of the core Tier 1 capital — include: (i) Treasury shares held at book value in the balance sheet; (ii) Loss carried forward from previous periods; (iii) Net loss from the previous period; (iv) Provisional net loss for the current period; (v) Intangible assets less amortisation, including goodwill included in the valuation of significant investments of the institution; (vi) Expenses with deferred costs related to pension liabilities; (vii) Deferred tax assets that depend on future profitability; (viii) Adjustments on losses through impairment of financial instruments in relation to that determined by Banco Nacional de Angola in the prudential supervision; (ix) Positive revaluation differences resulting from the application of the equity method; (x) Actuarial losses not recognised in the income

statement; (xi) The amount of the elements to be deducted from the additional Tier 1 capital elements that exceed the institution's additional Tier 1 capital elements; (xii) The exposure amount of incomplete transactions; (xiii) The core Tier 1 capital instruments of Financial Institutions held directly, indirectly and synthetically with which the institution has cross-holdings that Banco Nacional de Angola considers to have been established to artificially inflate the institution's own funds; (xiv) The applicable amount of core Tier 1 capital instruments of Financial Institutions held by the institution directly, indirectly and synthetically, if the institution does not have a significant investment in such entities; (xv) The applicable amount of core Tier 1 capital instruments of financial institutions held by the institution directly, indirectly and synthetically, if the institution has a significant investment in such entities, excluding underwriting positions held for a period of five (5) business days or less; and (xvi) Any tax on core Tier 1 capital that is foreseeable at the time it is calculated, unless the institution appropriately adjusts the amount of core Tier 1 capital items to the extent that such tax reduces the amount to which those items may be used to hedge risks or losses;

- Additional Tier 1 capital – includes: (i) Preferred shares; (ii) Hybrid and/or convertible instruments; (iii) Other instruments whose issue conditions have been previously approved by Banco Nacional de Angola and which do not fall under Articles 18 and 22 of Notice No. 8/2021; (iv) Issue premiums relating to the items included in the previous items;

- The negative elements of the additional Tier 1 capital — include: (i) Additional Tier 1 capital instruments held directly, indirectly and synthetically, including additional Tier 1 capital instruments that the institution may be required to purchase as a result of existing contractual obligations; (ii) The additional Tier 1 capital instruments of financial institutions held directly, indirectly and synthetically, with which the institution has cross-holdings that Banco Nacional de Angola considers to have been set up to artificially inflate the institution's own funds; (iii) The applicable amount of the additional Tier 1 capital instruments of financial institutions held directly, indirectly and synthetically, if the institution does not have a significant investment in those financial institutions; (iv) The applicable amount of additional Tier 1 capital instruments of Financial Institutions held directly, indirectly and synthetically by the institution, where the institution has a significant investment in those Financial Institutions, excluding underwriting positions held for a period of five business days or less; (v) The amount of items required to be deducted from Tier 2 capital items in excess of the institution's Tier 2 capital items; and (vi) Any tax on additional Tier 1 capital elements that is foreseeable at the time it is calculated, except where the institution appropriately adjusts the amount of additional Tier 1 capital elements to the extent that that tax reduces the amount by which those elements may be allocated to cover risks or losses;

- Tier 2 capital – includes: (i) Redeemable preferred shares; (ii) Reserves from the revaluation of own use properties; (iii) Subordinated Debt, in the form of loans or bonds issued, whose issue conditions have been previously approved by Banco Nacional de Angola and comply with the requirements of Article 23 of Notice No. 8/2021; (iv) Other instruments whose issue conditions have been previously approved by Banco Nacional de Angola and comply with the requirements of Article 23 and are not included in Article 18 or 20, both of this Notice; and (v) Issue premiums relating to items included in the previous sub-paragraphs;

- The negative elements of the Tier 2 capital – include: (i) Tier 2 capital instruments held directly, indirectly and synthetically, including additional Tier 2 capital instruments that the institution may be required to purchase as a result of existing contractual obligations; (ii) The Tier 2 capital instruments of financial institutions held directly, indirectly and synthetically, with which the institution has cross-holdings that Banco Nacional de Angola considers to have been set up to artificially inflate the institution's own funds; (iii) The applicable amount of the Tier 2 capital instruments of financial institutions held directly, indirectly and synthetically, if the institution does not have a significant investment in those financial institutions; (iv) The applicable amount of Tier 2 capital instruments of Financial Institutions held directly, indirectly and synthetically by the institution, where the institution has a significant investment in those Financial Institutions, excluding underwriting positions held for a period of five business days or less;

- Deductions to original and additional own funds – include:

  I. Instruments issued or obtained by other financial institutions, of which the Institutions are holders, provided for in Article No. 5(2)(a) and (i) and Article No. 7(2)(a), (d) and (f), both of Notice No. 02/2016. This deduction should consider the book value in the balance sheet, net of provisions, and should met the following conditions:

    a. If the Institution has a participation above 10% (ten percent) of the investee's share capital, all of the aforementioned instruments shall be deducted, or

    b. If the Institution has a participation below or equal to 10% (ten percent) of the investee's share capital, and if above ten 10% (ten percent) of the investor's share capital, all of the aforementioned instruments shall be deducted, except 10% (ten percent) of the investor's own funds, determined before this deduction;

  II. The surplus against the limits established in Notice 9/2016, on prudential limits on large risks.

Positive income referred to in the previous points may only be considered when certified by the chartered accountant, member of the supervisory board or statutory auditor and by the external auditor.

As at 31 December 2022 and 31 December 2021, the summary of the Bank's capital requirement calculations, are as follows:

(Thousands of AOA)

		31-12-2022
Regulatory own funds requirements		
Credit and counterparty risk		64,623,817,
Operational Risk		8,112,392
Market risk and counterparty credit risk in the trading book		1,226,838
	A	**73,963,047**
Regulatory own funds		
Tier 1 capital		176,687,020
Additional Tier 2 capital		-
	B	**176,687,020**
		C=B/A*8%
Regulatory solvency ratio		**19.11%**

(Thousands of AOA)

		31-12-2021
Regulatory own funds requirements		
Credit and counterparty risk		73,632,889
Operational Risk		8,434,079
Market risk and counterparty credit risk in the trading book		927,603
	A	**82,994,571**
Regulatory own funds		
Original own funds		170,436,274
Additional own funds		39,215
Deductions to original and additional own funds		(9,507)
	B	**170,465,982**
		C=B/A*10%
Regulatory solvency ratio		**20.54%**

Note 40

Recently issued accounting standards and interpretations

Voluntary policy changes

During the period there were no voluntary changes in accounting policies, compared to those considered in the preparation of the previous year financial information.

New standards and interpretations applicable to the period

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

Amendment to IFRS 3

This amendment corresponds to the updated reference to the 2018 conceptual framework; additional requirements for analysis of liabilities under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognised in a business combination.

Amendment to IAS 16 – Proceeds before intended use

This amendment corresponds to a change in IAS 16 for the prohibition of deducting from the cost of a tangible asset income related to the sale of products before the asset is available for use.

Amendment to IAS 37 – Onerous Contracts

This amendment corresponds to clarification that costs of compliance with a contract correspond to costs directly related to the contract.

Annual improvements 2018-2020

These essentially correspond to amendments to the following standards:

- IFRS 1 – practical expedient that allows a subsidiary that first adopts IFRS at a later date than its parent to opt to measure cumulative translation differences in respect of all foreign operations at the amount that would be included in the parent's financial statements based on the parent's date of transition to IFRS;
- IFRS 9 – clarifies the fees that should be included in the 10% test for the purpose of derecognition of a financial liability;
- AS 41 – eliminates the requirement to exclude tax-related cash flows in the measurement at fair value.

There were no significant effects on the Bank's financial statements arising from the adoption of these new standards, interpretations, amendments, and revisions referred to above.

New standards and interpretations already issued, which will come into force in future periods

The following standards, interpretations, amendments, and revisions have mandatory application in future periods:

IFRS 17 – Insurance Contracts

This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation, and disclosure. This standard replaces IFRS 4 – Insurance Contracts.

Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates

This amendment issued by IASB in February 2021 changes the definition of accounting estimate for monetary amount in financial statements subject to measurement uncertainty.

Amendment to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosures of Accounting Policies

This amendment, issued by the IASB in February 2021, clarifies that material accounting policies, rather than significant accounting policies, should be disclosed and provides examples of how to identify a material accounting policy.

Amendment to IAS 12 Income Taxes – Deferred Taxes

This amendment issued by IASB in May 2021 clarifies that the exemption of initial recognition of deferred taxes does not apply in transactions that produce equal amounts of taxable and deductible temporary differences.

Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information

This amendment issued by IASB in December 2021 introduces changes on comparative information to present when an Entity simultaneously adopts IFRS 17 and IFRS 9.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current and Non-current; Deferral of Effective Date; Non-current Liabilities with Covenants

This amendment issued by IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date. The amendment to non-current liabilities with covenants clarifies that only conditions that must be met on or before the balance sheet date are relevant for the purpose of current/non-current classification and defers the effective date to 1 January 2024.

Amendment to IFRS 16 – Leases – Lease liabilities in sale and leaseback transactions

This amendment, issued by the IASB in September 2022, clarifies how a lessee seller should account for a sale and leaseback transaction that meets the criteria in IFRS 15 to be classified as a sale.

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

Note 41
Ukraine's Invasion

In February 2022, the Russian Federation invaded Ukraine, which resulted in the enforcement of sanctions, at international level, directed at the Russian Federation and Belarus, as well as certain entities related to these countries.

The Board of Directors believes that given that events are evolving on a daily basis, future negative impacts may occur on the world economy and financial system, as well as on the evolution of the Angolan economy and its financial system, in particular.

Consequently, there could be possible future impacts on the main accounting estimates used by the Board of Directors in the preparation of the Bank's individual financial statements, which are disclosed in Note 3.

In this context, we highlight the estimates made for the valuation of real estate assets, particularly those held by investment funds majority-owned by the Bank, which considered the outlook for the evolution of Angola's macroeconomic indicators and assumptions made by expert valuers, and which have a high degree of subjectivity.

Therefore, the realization of the Bank's consolidated assets at their balance sheet amounts as at 31 December 2022 may be influenced by the development of the Angolan economy and the success of its future operations.

Note 42
Events after the reporting period

Up to the date of publication of these financial statements, there were no subsequent events to report.

Note 43
Note added for translation

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese version prevails.

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CERTIFICATES

Deloitte.

INDEPENDENT AUDITOR'S REPORT
(Translation of a report originally issued in Portuguese – see footnote on page 2)

To the Shareholders
of Banco Millennium Atlântico, S.A.

Introduction

1. We have audited the accompanying individual financial statements of Banco Millennium Atlântico, S.A., (hereinafter referred to as "the Bank"), which comprise the Balance Sheet as of December 31, 2022 that presents a total of 1 584 278 354 thousands of Kwanzas and shareholders' equity of 189 709 122 thousands of Kwanzas, including a net profit of 3 498 114 thousands of Kwanzas, the individual statements of profit and loss, other comprehensive income, changes in equity and cash flows for the year then ended and the corresponding notes.

Board of Directors responsibility for the individual Financial Statements

2. Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards ("IFRS") and for such internal control that it determines necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an independent opinion on the individual financial statements based on our audit, which was conducted in accordance with Technical Standards from Angola Institute of Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the individual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the individual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the individual financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, the individual financial statements referred to in paragraph 1 above present fairly, in all material respects, for the purposes indicated in paragraph 8 below, the financial position of Banco Millennium Atlântico, S.A. as of December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS").

Deloitte.

Emphasis of a Matter

7. As disclosed in Note 41 of the financial statements, in February 2022 the Russian Federation invaded Ukraine which resulted in the imposition of sanctions, at the international level, directed to the Russian Federation and Belarus, as well as to certain entities related to these countries. As indicate in Note 41 of the financial statements, the Board of Directors believes that since events are evolving on a daily basis, there may be negative future impacts on the world economy and financial system, as well on the evolution of the Angolan economy and its financial system, in particular. Consequently, possible future impacts may occur and affect the main accounting estimates considered by the Board of Directors in the preparation of the Bank's individual financial statements, which are disclosed in Note 3 of the financial statements. In this context, it is worth mentioning the estimates made on the valuation of real estate assets, in particular those held by investment funds majority owned by the Bank, which considered the prospects for the evolution of macroeconomic indicators for Angola and assumptions made by valuation experts, and which have a high degree of subjectivity. In this way, the realization of the Bank's assets at balance sheet values as at December 31, 2022 may be influenced by the evolution of the Angolan economy and the success of its future operations.

   Our opinion is not modified with respect to this matter.

Other matters

8. The attached financial statements refer to the individual activity of the Bank and were prepared by the Board of Directors for approval by the General Meeting of Shareholders and to comply with the legal requirements and those of Banco Nacional de Angola for the presentation of individual financial statements. As disclosed in Note 6 of the financial statements, the item "Financial assets at fair value through profit and loss" includes participation units in a real estate investment fund ("Fund") mainly held by the Bank, measured at fair value in the amount of 258 363 037 thousand Kwanzas. The attached financial statements do not include the effect of the full consolidation of this Fund, which will be done in consolidated financial statements to be approved and published separately.

Luanda, April 14, 2023

Deloitte & Touche – Auditores, Limitada
Represented by José António Mendes Garcia Barata
OCPCA member no. 20130163

EXPLANATION ADDED FOR TRANSLATION
(This report is a translation of a report originally issued in Portuguese. Therefore, according to Deloitte & Touche Auditores, Limitada internal procedures, the report should not be signed. In the event of discrepancies, the Portuguese language version prevails.)

Report of the Supervisory Board

(This report is a free translation to English from the original Portuguese version)

To the Shareholders,

1. The Supervisory Board hereby submits its report and advice on the management report and financial statements in both individual and consolidated basis of Banco Millennium Atlântico, S.A. prepared by the Board of Directors relating to the year of 2022, in fulfilment of the legal provisions contained in articles nr. 441.1. g), nr. 442 and nr. 443 of the Companies Act ("*Lei das Sociedades Comerciais*"), and in article nr. 30.1 of the company bylaws.
2. The Supervisory Board held meetings with the members of the Board of Directors and the Executive Committee responsible for the financial area as it considered necessary and was promptly and fully informed on the resolutions of the Executive Committee, Board of Directors and decisions and recommendations from the Shareholders.
3. In the performance of its duties, this Board had the opportunity to witness the professionalism, commitment and transparency of the procedures adopted by the Executive Committee as well as by the Board of Directors and other officers of the Bank.
4. The Supervisory Board carried out all checks it deemed useful and necessary. It monitored the preparation of the financial statements and analysed the individual and consolidated reports from the external auditor, taking into account the emphasis of matter and other matters that are hereby reproduced, as well as managed to obtain all clarifications it requested in relation thereto from the Bank, and watched over the compliance of legal and regulatory provisions, bylaws and rules issued by the supervisory authorities and also with the general policies, rules and practices established internally.
5. Moreover, this Supervisory Board did not identify any situation that did not comply with the bylaws and legal provisions, or with the applicable accounting policies, criteria, rules and practices. It is however recommended, in line with what was reported by the External Auditor during the meetings with the Audit Committee also attended by the Supervisory Board, a follow up of the valuation process of the real estate properties held by the Pactual Property Fund.
6. All things considered, including the contents of the financial statements and the report from the external auditor, we are of the opinion that the Annual General Meeting should:

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- Approve the report prepared by the Board of Directors and the financial statements in both individual and consolidated basis of Banco Millennium Atlântico, S.A. relating to the year ended on the 31st of December 2022;
- Approve the application of results of the fiscal year of 2022 proposed by the Board of Directors, as follows:
  - a) Legal reserve (10%), in the amount of AOA 342,836, 760 thousand; and
  - b) Retained earnings (90%), in the amount of AOA 3,085,530, 830 thousand.
- Propose a motion of praise and recognition for the performance of the Board of Directors.

Luanda, the 14th of April 2023

The Supervisory Board,

SIGNED ON THE ORIGINAL
Nuno Gonçalo de Teodósio e Cruz e Cachado de Oliveira – Chairman of the Supervisory Board

SIGNED ON THE ORIGINAL
António Guilherme Rodrigues Frutuoso de Melo – Member of the Supervisory Board

SIGNED ON THE ORIGINAL
José Pedro Porto Pais Dordio – Member of the Supervisory Board

SIGNED ON THE ORIGINAL
Nélson Luís Vieira Teixeira – Member of the Supervisory Board

SIGNED ON THE ORIGINAL
Maria Cristina Santos Ferreira – Accounting Expert – Supervisory Board

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2022 ANNUAL REPORT

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