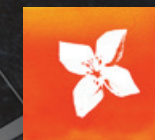


# Annual Report 2022



BFA



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## Chairman's Statement



### Rui Jorge Carneiro Mangureira

Chairman of the Board  
of Directors

On behalf of the Board of Directors, it is with great pleasure and delight that I present BFA's Annual Report for the fiscal year 2022. FY2022 was expected to be a positive year and a return to 'business as usual', but it was jeopardized early on by the Russia-Ukraine military conflict, which further deepened the scale of the global economic problems, namely the rise in inflation rates, interest rates, and the ongoing challenges in the global supply chains that are still being felt currently as a consequence of the Covid-19 outbreak.

The worldwide consequences of these events were visible and had an impact on the global economic growth, which ultimately recorded a slowdown to 3.4%, following a 6% growth recorded in FY2021.



# Chairman’s Statement

Whilst major global economies have seen a reversal of the economic expansion trends that took place in FY2021, the economic scenario recorded in Angola was quite the opposite.

Despite the setbacks and challenges of the global macroeconomic environment, in FY2022 the Angolan economy reported a 2.8% GDP rise, following a 0.8% growth rate recorded in FY2021, which put an end to the country’s five-year recession. Furthermore, the country witnessed a relief from the pressure of high inflation rates, which in December 2022 reached 13.9%.

The economic recovery that has taken place was mainly due to the oil sector’s contribution to the Angolan GDP growth (+0.81 p.p.), but also due to the non-oil sector’s performance, particularly the sectors of Transportation and Storage (+0.49 p.p.), Financial Intermediation and Insurance (+0.36 p.p.) and Trade (+0.32 p.p.), and without factoring in the weight of Public Services, National Defense and Social Security. As far as the inflation rate is concerned, the measures that contributed most to its slowdown and decline were the restrictive monetary policies combined with the exchange rate appreciation of the Kwanza against the Dollar and the Euro.

The main business challenges currently faced by BFA are related to a reduction in profitability sources and increased

regulatory demands, which force the financial institution to review and analyse its current business model in order to ensure that the Bank has put in place a Customer-Centric approach/strategy, while also ensuring an improved relationship management with all Stakeholders.

These challenges are seen as a great business opportunity for growth, and for this reason, during FY2022, BFA’s attention and focus was centred on the development of 3 main cornerstones that have an overall impact on the Bank’s financial services business activity:

- (i) Implementation of a more solid, efficient and innovative underlying technology, aimed at mitigating operational risk and as an enabler for process improvement;
- (ii) Human Capital Enhancement;
- (iii) Process Improvement.

The investment and focus placed on these three key business cornerstones was aimed at improving BFA’s customer service quality, as well as enhancing the organization’s financial and operational resilience and soundness to address current and future challenges.

Hence, taking into consideration that the backbone of BFA’s business activity is anchored on providing a high-quality

customer service and creating value, the Financial Institution continued to invest in the Digital Transformation programme in 2022. This programme involved several technological upgrading and business process improvement initiatives, which have had a positive impact on BFA’s most important asset, its human capital. The commitment and investment in BFA’s team members were mainly carried out through training courses, but also through programmes to attract and retain human capital talent.

During FY2022, the Financial Institution continued to be guided and driven by a commitment to society and implementation of social responsibility projects, through a noteworthy effort to ensure greater proximity to local communities by supporting the mitigation of problems such as tackling and countering the drought in southern Angola, building schools in Cunene, and equipping hospitals, amongst others.

We also highlight the significant growth in the opening of Bankitas accounts as part of the social bedrock, which is a key element for the integration of individuals and local communities through banking/financial literacy.

## Chairman's Statement

It is along this path of transformation and ongoing innovation that it is possible to grow and consolidate a leadership position as the “Bank for all Angolans”.

Hence, it is through the combination of these business cornerstones that the Financial Institution can provide the exceptional results introduced in this annual report, achieving a net profit of 145 135.8 million kwanzas and recording an 8.4% net interest income growth in FY2022.

Furthermore, the Bank also continued to provide strong support to the National Economy, and further consolidated and grew its total loan portfolio by 11.4%, which amounted to 589 819.6 million kwanzas, with a loan-to-deposit ratio of 23.1%, a variation of 2.8 p.p. year-over-year.

The financial soundness, strength, and creditworthiness that are the Bank's hallmarks were maintained throughout the financial year, and within this framework, it is worth highlighting BFA's Total Capital Ratio of 43.5%, which is well above the statutory capital threshold imposed by the banking supervisory authority.

The forecasts for 2023 are not very optimistic regarding the global economic recovery. However, as far as Angola's economy is concerned, the outlook is once again positive, with a forecast that inflation will continue to decline, and that the country's GDP will also continue to grow.

With respect to BFA and the entire Angolan financial system, expectations are for challenging times, mainly from a regulatory requirements standpoint. However, BFA's financial soundness, risk management measures and good corporate governance practices that the Bank implements in the course of its business activity, will provide support for the ongoing benchmark position that the Financial Institution has achieved within the banking and financial services industry.

To sum up, I would like to express my sincere gratitude and appreciation to the entire BFA's Team Members, for their daily commitment and professionalism in fulfilling and implementing our vision, and for the major and key role they play in the achievement of BFA's corporate strategic goals, which enable us to attain such outstanding results.

I would like to extend my sincere appreciation with a heartfelt thank you to all our Customers, Partners and Shareholders for their ongoing trust and support, and to the Board of Directors and Governing Bodies Members for their unwavering guidance and solid backing, which continues to motivate us to be the leading banking institution within the Angolan financial landscape.



## CEO's Statement



### Luís Roberto Gonçalves

CEO

Dear Shareholders, Customers, Personnel and other Stakeholders

#### **NATIONAL AND INTERNATIONAL ENVIRONMENT...**

After two years of major challenges caused by the COVID-19 outbreak, the year 2022 was shaped by the following key drivers: on the one hand, by the progressive and phased withdrawal of constraints and limitations that were imposed due to the COVID-19 pandemic, allowing for a greater sense of normalcy in people's movements. On the other hand, the breakout of the Russia-Ukraine military conflict in February 2022 and the growth of geopolitical tensions added to the disruption of the global economies. As a result, inflation rates have increased in major global economies, leading central banks to intervene and raise interest rates. These events are likely to contribute to higher levels of uncertainty regarding global economic growth.

## CEO's Statement

While the global economies grapple with the events previously described, Angola has had its best economic performance in the last 6 years, recording a 2.5% economic growth rate, a sharp decline in the inflation rate to below 14%, and a relatively stable exchange rate against the Euro and the USD. This economic environment has improved the confidence of both Businesses and Households towards the Angolan Economy, which will enable higher levels of capital investments and consumer spending over the next few years. I strongly believe that, despite the uncertainties generated due to rising geopolitical tensions, we will be able to ensure and sustain the economic upward trend of the Angolan Economy.

### OUR CORPORATE IDENTITY AND COMPETITIVE EDGE...

Our vision “To be the No. 1 Bank for all Angolans and provide support to Angola’s sustainable development” is as relevant today as it was 29 years ago.

Our values (“closeness, transparency and innovation”), vision (described above) and mission (to develop financial solutions, products and services that enable a long-lasting relationship with our Customers and create value for our Shareholders) have led us to become this sound and strong financial stronghold. I am deeply proud of our institutional track record and endurance and all that our more than 2 700 team members have achieved

collectively and individually. During these 29 years of history, we have never ceased to accomplish all that we can to better serve our Customers and our local communities.

It is safe to assume that the Angolan financial system will continue on its current path of alignment with the world’s leading financial markets, prompting the increasing introduction of new sets of regulations and close scrutiny and oversight by the regulatory authorities. This environment will bring enormous pressures on the financial institution, forcing greater investment in technology and human capital. This paradigm shift must also be understood and viewed by our Shareholders as an imperative to maintain an environment of predictability and stability with regard to the Institution’s management and governance.

### BUILDING UP CORE CAPACITY...

With a view to provide a better service to our Customers and enhance the operational readiness of our services, we have made major investments over the last three years to renew and upgrade almost all our technological infrastructure, ensuring greater resilience and availability of the IT systems. We also began a programme to streamline and improve our internal processes which, once completed, will strongly increase our efficiency levels and our capacity to provide a better service to our Customers. Some examples of the major

investment made include: the migration of the core banking system, access to high availability, improvement of the servers network, replacement and modernisation of workstations, enhancement and implementation of new workflow processes for foreign exchange and credit management, improvements in human capital management applications, as well as the launch of the new BFA App 2.0, among others.

The Bank’s strong upgrading and modernisation programme, the introduction of a demanding regulatory framework and generational and economic transformations create new requirements and upcoming challenges. The main question is this: How do we ensure that we have working teams that are prepared to keep up with all these upheavals?

I believe that the answer to this question can be achieved in two ways:

- I. Improving the recruitment programme for new personnel together with more effective talent retention management;
- II. Investing in a comprehensive training programme. On this subject our “Bright for all” training programme, built on a multi-annual basis, provided more than 107 000 hours of training to a total of 2 689 employees in 2022;



# CEO's Statement

I have no doubt that our commitment to developing and empowering skilled professionals and outstanding citizens is, and will continue to be, the secret of our success.

## MOVING TOWARDS SUSTAINABILITY...

We are dedicated and committed to helping build a more sustainable future and we have the ambition to be a household name in terms of good environmental, social and governance practices. Our social responsibility programme goes far beyond simple and charitable philanthropy. For example, at the local communities level, we contribute to the construction of schools, as was the case with the five schools built in the Xangongo and Okaku communes, Cunene province, as well as supplying new equipment's to hospitals, as was the case with the paediatric wing of the Huambo Central Hospital and providing assistance and support in the fight against malaria, among others.

We are an institution that seeks to embody the diversity of our Society, a workplace where our Team Members feel integrated and where opportunities are equally available to all personnel, where individual talent and skills as the only differentiating factors. We believe that these key drivers and combined strengths not only create a good working environment, but also make our financial institution stronger and more competitive.

These key drivers and combined strengths towards diversity and equal opportunities are clearly found in our Human Capital structure. Of our 2 709 Team Members, 1 319 (46.10%) are female personnel, of whom 347 hold leadership positions.

Another important matter for us is our relationship to our relationship with our suppliers of goods and services. A significant part of the amount of Third-Party Service Supply (TSS) expenditure we incurred was directed to local companies in the Communities where we operate.

As far as the provision of low-cost banking services is concerned, we helped more than 133 000 Customers to open a Bankita Account with our Financial Institution in 2022, thereby enhancing financial inclusion in the country.

## OUR FINANCIAL PERFORMANCE...

Over the last three years we have continued to demonstrate strong revenue generation capacity and effective cost control, enabling us to maintain our financial soundness and the ability to reward our Shareholders. Full Year 2022 Financial

Highlights:

AOAM	2020	2021	2022	Δ% 21-22
Net Profit	89 848.60	156 471.70	140 455.20	-10.20%
Operating Income	274 224.30	241 380.30	269 056.00	11.50%
Net Financial Income	186 703.40	199 412.10	216 176.10	8.40%
Non-Interest Income	87 520.90	41 968.20	52 879.90	26%
Overheads	91 764.10	101 215.10	102 343.30	1.10%
ROA	3.60%	5.70%	5.60%	-0.1 p.p.
ROE	18.10%	36.40%	32.00%	-4.4 p.p.
Cost-to-income	33.50%	41.90%	38.00%	-3.9 p.p.
Total Capital Ratio	56.40%	46.20%	43.50%	-2.7 p.p.

## CEO's Statement

- We earned the trust of an additional 246 000 Customers, up +10.4% YoY, bringing our total number of customers to over 2.6 million by the end of the year.
- The Deposits from Customers and other Loans portfolio recorded a slight increase of +1.7% YoY and totalled 2 040 285.2 million kwanzas;
- Our commitment to the diversification of the country's economy is clearly displayed in BFA Loans Portfolio growth to Households and the Real Economy, which recorded a Gross positive change of +11.40%, totalling 559 billion kwanzas at the end of the year;
- We have also maintained our commitment to the development of the capital markets. Of the total number of deals performed in 2022, we attained a participation share of over 44.9% and a total share of 23.9%, when analysing the turnover. At the end of the year, BFA had a total of 16 453 active accounts opened with the BODIVA Central Securities Depository (CEVAMA), representing a growth of 18.1% YoY, as well as a market share of 25.7% in the total number of CEVAMA accounts.

- We continued to promote the offering of innovative services and products to our Customers; through BFA Asset Management, we provided 8 investment funds and, as a result, achieved a total of 89 847 million kwanzas in assets under management.

### A LOOK INTO THE FUTURE.....

The decline in market interest rates and the introduction of new regulations, concerning which I highlight the implementation of the ESG agenda, are expected to create additional pressures on financial institutions' revenue generation and cost control capabilities. This new paradigm will force commercial banks to review their business models.

We are confident that we have a solid foundation and unique conditions to overcome the challenges ahead and maintain a sustainable and profitable business model, taking advantage of our internal strengths.

BFA strongly advocates a Customer-Centric approach and strategy and everything it does is underpinned by the core belief of considering the Customer as a true partner.

We will continue to deepen our Corporate Culture, guiding Our Team Members towards high performance by generating and delivering value at all levels of the organisation, while maximising the combined strengths, advantages and benefits of an accelerated digital transformation.

### A WORD OF APPRECIATION AND AFFECTION...

I would like to express my heartfelt recognition and gratitude to our more than 2 700 Team Members and their families for all their efforts and high professional standards displayed throughout the year.

To our Shareholders and other Stakeholders, we are also deeply grateful for the trust they have placed in us.

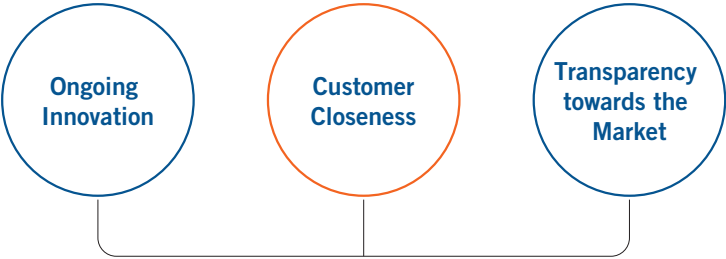
Lastly, but not least, I would like to express our deepest gratitude to our Customers who continue to believe and place their trust in BFA's management team and who motivate us, every single day, to relentlessly pursue our purpose and mission.





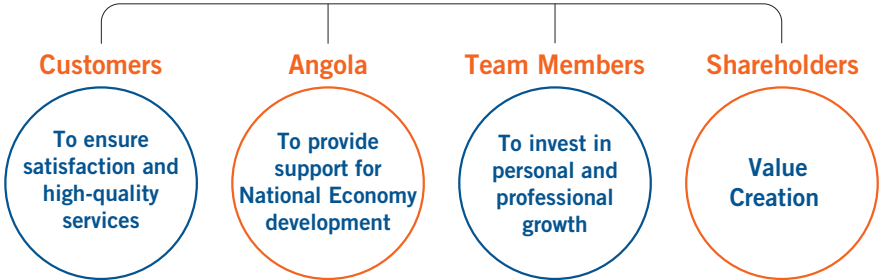
OUR Corporate Strategy

Vision



Values

Commitment



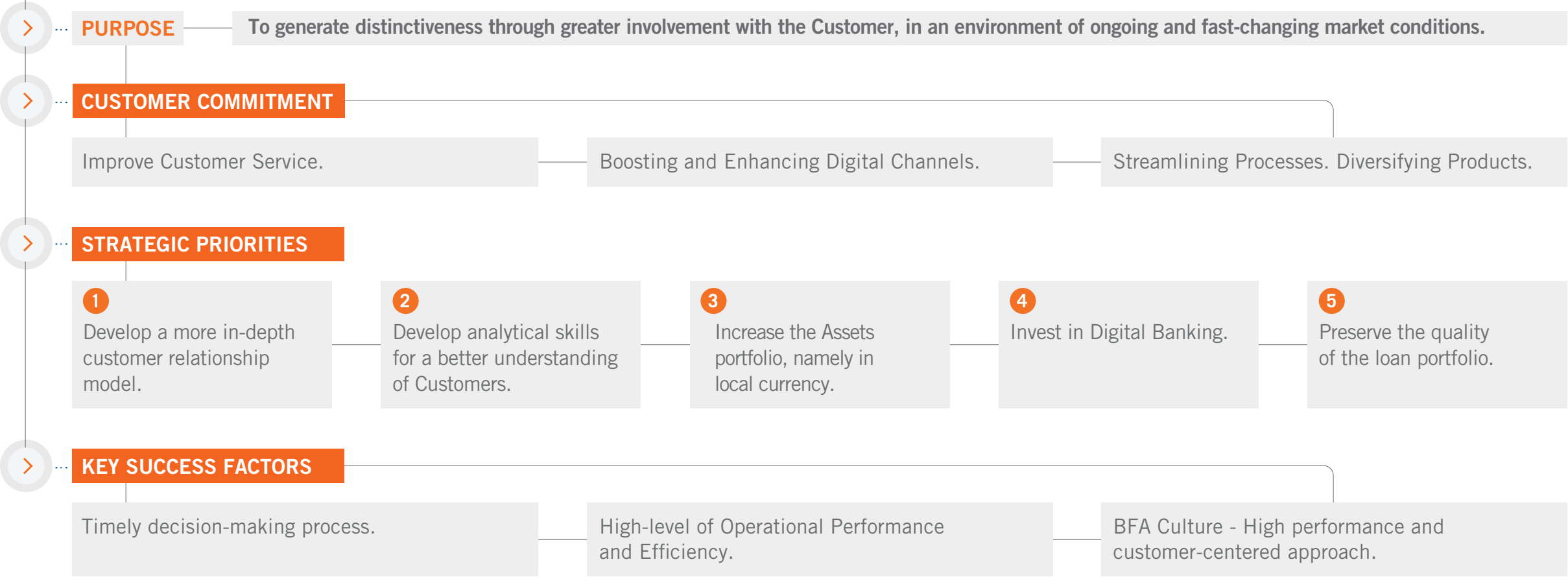
Mission





## STRATEGY

The challenges and strategic priorities of the Bank remained focused on the following key elements: provide expertise and technical training for its Team Members, sustained risk control, and ongoing emphasis and efforts to meet our customers' needs.



# 2018-2022 Strategic Plan

## Mirai 22

The FY2022 was a time period marked by the design, development and execution of a set of strategic activities framed in the 2018-2022 Strategic Plan. This plan, called **+BFA Project**, began in 2018 and was reviewed at the end of the first quarter of FY2021 (Mirai 22), where a new work plan was outlined until the end of FY2022.

### Strategic Purposes and Initiatives

The Mirai 22 Project further consolidates and strengthens the strategic goals initially outlined in the **+ BFA Project**, namely:

- To be the leading Universal Bank;
- To increase the share of customer deposits
- To be the 1st Bank of Affluent Customers;
- To be the companies’ primary Bank;
- To be the frontrunner in the Digital Space;
- To diversify revenue streams.

To achieve these corporate purposes, **20 strategic initiatives** have been identified and outlined:

Commercial Network	1. Improve the Commercial Network and Fine-tuning Team Sizing
Processes	2. Enhance critical business/operational processes
Marketing	3. Proactive Strategies and Commercial Customer Management Solutions 4. Pricing and leakage control 5. Review Customer Segmentation Criteria 9. Design/Develop Tailor-Made Banking Products and Services Offerings 10. Launch Phone-Based Banking and Remote Commercial Management Services 11. New Revenue Sources - ‘Non-Financial’ Products 12. Customer Retention Programme
Cost-Cutting Programme	6. Ongoing Programme to Reduce Operating Costs
New Business	7. Boost the bancassurance business 13. Reassess BFA’s internationalisation process/agenda
Loan Portfolio	8. Focus on the steady growth of the loan portfolio
Digital Agenda	14. Digital transformation – Mass Market 15. Digital transformation – Affluent customers and Companies 16. Boost the adoption and use of Digital Channels 17. Develop a partnership with the telecommunications service provider Unitel (PSP)
IT Infrastructure	18. Set up the IT department to meet the development of the business model
Human capital	19. A merit-based and goal-oriented HR culture
	20. Strategic Plan management model

Mirai 22 Project Milestones

The Mirai 22 project implementation process yielded relevant gains, both in terms of tangible outcomes achieved within the scope of each initiative, as well as in terms of the Bank’s organisational structures and its staff’s preparedness for current and future transformation processes.

A well- equipped and better engaged organisational structure

The governance model adopted by the financial institution has fostered widespread Team Member’s involvement in the Bank’s transformation process, through (i) carrying out of organisational team building dynamics during the implementation of the initiatives with the involvement and input of all BFA’s Business Units/Departments and (ii) the boosting of Mirai 22 project communication activities, which has improved internal skills in the management of transformation programmes, as well as in project management.

To further enhance and supplement the in-house teams’ response capacity, the Bank established and implemented models for using external expertise resources, which have proved decisive in terms of the teams’ performance, but which above all provide the Bank with a new solution for strengthening its implementation capacity in priority areas.

The adoption of new work methodologies (agile methodologies) and the implementation of new project management tools (for example, AzureDevOps) are also key elements concerning the Bank’s ongoing modernisation efforts with regard to project’s execution and management.

Lastly, it is important to highlight the start of the structural initiative’s conceptualisation for the Bank’s technological development, such as, for example, the Omnichannel strategy or the ERP project.

Key Outcomes

The adjustment to new needs led to the unfolding and implementation of several new strategic initiatives since the inception of the Mirai 22 project. The initial 20 strategic initiatives were developed and augmented, resulting in a total of 35 initiatives by the end of 2022.

Key outcomes were recorded throughout the different initiatives, which made it possible to conclude the transformations in the different BFA’s business departments/units that have an impact on the customer service quality, and which enable the streamlining of BFA’s organisational structure.

Governance Model - Mirai 22

As part of the Mirai 22 framework, a corporate governance model was adopted that foresees and organizes these initiatives into programmes, which incorporate other ongoing projects or initiatives that the financial institution has underway, or that stem from its regular business operations, thus allowing an optimisation of internal resources and an across-the-board vision of BFA’s most critical projects.

It should be highlighted during this period, the achievement of the following outcomes/milestones, within the scope of each of the 10 programmes:

1. Digital Agenda

- Launch of the new BFA App;
- Provision of a digital account opening process.



**2. Marketing Programme**

- The implementation, in its final phase, of the accounting roadmap re-engineering to significantly streamline/improve the periodic monitoring and follow-up process of the different committees;
- “Implementation and drafting of the monitoring and analysis model of the price list headings, in order to systematically measure the circular flow of income or revenue ‘leakage’ for each heading.”
- Technical evolution of the commercial lead management solution ‘BFA 360’ and implementation of a pilot test for recovering and building Customer loyalty;
- Integrated offers for private and corporate customers segments have been approved and are in the final stage of development.

**3. Commercial Network Programme**

- Implementation of the pilot test phase related to the retail branches network rationalization model;
- Redesign and approval of the private customer monitoring model for the commercial networks.

**4. Cost-Cutting Optimization Programme**

- Start of the pilot test to reduce and fine-tune the water, energy, fuel and condominiums expenditure heading.

**5. Human Capital Programme**

- Extending the pilot test of the central services performance management system to all the supporting departments and carrying out at least one reporting cycle in all business areas.

**6. Process Optimization Programme**

- Implementation of regular reporting schemes on SLA's compliance level to BFA's management body;

- Enhancement of the overseas operations flow management platform, which impacts on regulatory compliance and SLA's;
- Implementation of a proof-of-concept with the development of the first robotic unit, which will start operating in early 2023.

**7. New Business Programme**

- Implementation of measures aimed at improving the efficiency of the current insurance distribution process that the Bank has agreed with Fidelidade Insurance Company;
- Implementation of the business flow that will allow the Bank to actively participate in the IPO ventures of both public and private entities.

**8. Loan Programme**

- Major upgrade of the private customer lending management platform, extending it to new products such as salary accounts and credit cards, with very significant gains in efficiency and improvement in customer service levels;
- Pursuance of the comprehensive training programme for the Business and Corporate sales teams on the entire Corporate Lending process.

**9. Regulatory Programme****10. Technological Infrastructure Programme**

- Details regarding the Technological Infrastructure Programme's developments may be thoroughly examined later in this report.

Each programme has its own ‘Sponsor’ who is a member of the Executive Committee of the Board of Directors, headed by a first line Manager - ‘Lead’. Each programme is made up of a set of initiatives, and each initiative has an allocated implementation team that is coordinated by the “Owner” of the initiative, which is usually a second line Manager.

The comprehensive coordination of the plan is carried out by the Project Management and Strategic Initiatives Department, established specifically for this purpose, which has the PMO function with regard to the entire plan management and whose primary officer is the official Mirai Coordinator.

**MIRAI COFFEE**

Mirai Coffee sessions were organized to promote and facilitate the widespread adoption of the range of activities carried out under the Mirai 22 strategic plan. These sessions were held in a non-face-to-face format and open to all BFA staff members without prior registration.

Each session focused on a specific subject related to one of the Mirai 22 strategic initiatives, with the relevant project team members in attendance. After a brief introduction of the topic, an open dialogue period was made available to ask questions and provide comments. The sessions were held between May and November 2022, and consistently drew high attendance from the Bank’s team members.



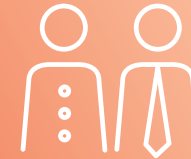
## How we add value

BFA's value creation proposition is underpinned by the core values and commitments with which the Financial Institution has always identified itself.

We believe that motivated and dedicated staff members increase Customer satisfaction and loyalty, which in turn leads to an encouragement of sustainability and profitability for all stakeholders with whom it interacts, generating more financial investments for local communities.

### 1. Individuals

Committed and dedicated team members...



### 2. Customers

... make happier and loyal customers...



### 3. Shareholders

... leading to more profitability, sustainable growth



### 4. Community

...and generates more investment for local communities.





## Key Indicators

AOAM	Dec-21	Dec-22	Δ% 21-22
Total Assets	2 632 275.3	2 708 904.8	2.9%
Loans to Customers <sup>1</sup>	352 959.5	417 425.6	18.3%
Customers Deposits	2 005 319.5	2 040 285.2	1.7%
Equity and Equivalent Capital	422 070.2	484 289.5	14.7%
Operating Income	241 380.3	269 056	11.5%
Net Financial Income	199 412.1	216 176.1	8.4%
Non-Interest Income	41 968.2	52 879.9	26.0%
Overheads <sup>2</sup>	101 215.1	102 343.3	1.1%
Net Profit	156 471.7	140 455.2	-10.2%
Return on Total Assets [ROA]	5.7%	5.6%	-0.1 p.p.
Return On Equity [ROE]	36.4%	32.0%	-4.4 p.p.
Cost-to-income	41.9%	38.0%	-3.9 p.p.
Total Assets / Staff	950.3	1 000.0	5.2%
Loan-to-Deposit Ratio	20.3%	23.1%	2.8 p.p.
Total Capital Ratio <sup>3</sup>	46.2%	43.5%	-2.7 p.p.
90 days past-due credit ratio <sup>4</sup>	3.8%	3.1%	-0.7 p.p.
90 days past-due credit provisions coverage	353.1%	378.2%	25.1 p.p.
Credit provisions coverage due Impairment(s)	11.0%	11.6%	0.6 p.p.
Total number of Branches <sup>5</sup>	198	194	-4
Total number of Staff Members	2 770	2 709	-61
BFA Net Penetration Rate	9.2%	9.1%	-0.1 p.p.
Debit Cards Penetration Rate	53.3%	48.2%	-5.1 p.p.

1) Credit Net of Impairments

2) It comprises staff costs, third party supplies and services, depreciations and amortizations

3) Total Capital Ratio = Capital Adequacy Ratio

4) 90 days past-due credit ratio = Overdue Loans to Customers / Total Loans to Customers

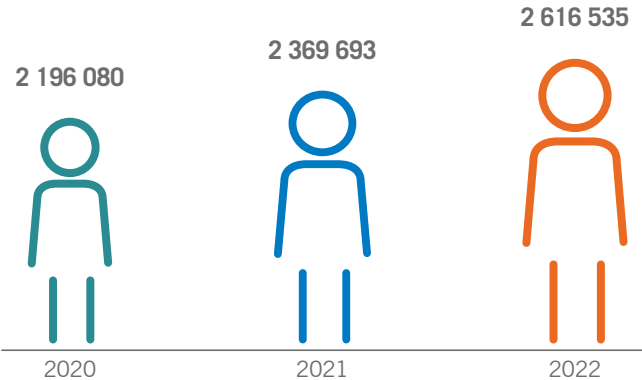
5) Branches + Corporate Centres + Investment Centres + Private Banking



# Business Performance

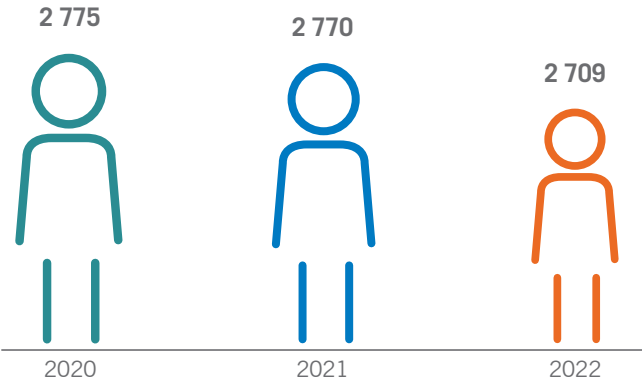
## Customers

During FY2022, the number of BFA Customers rose further, with a growth rate of 10.4% YoY, bringing the total number of customers to 2 616 535.



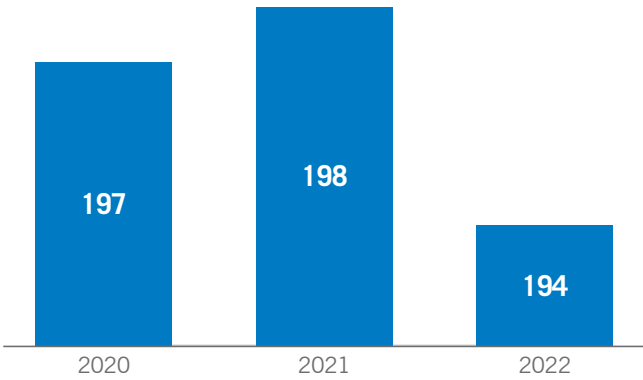
## Team Members

In 2022, BFA slightly downsized its workforce to 2 709 employees, which represents a decrease of 61 team members YoY.



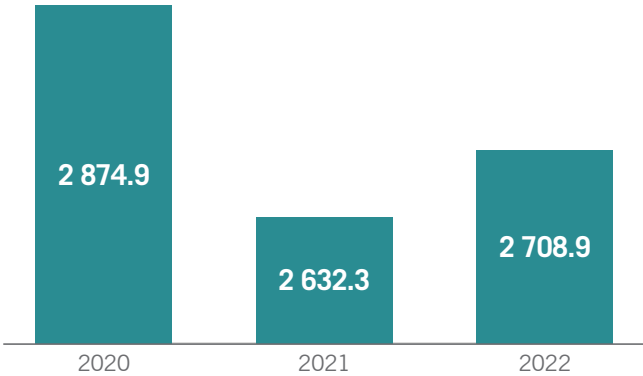
## Branches

During 2022, BFA downsized 4 branches from its commercial network and now has a total of 194 branches. BFA’s commercial network is comprised of Branches, Corporate Centres, Investment Centres and Private Banking.



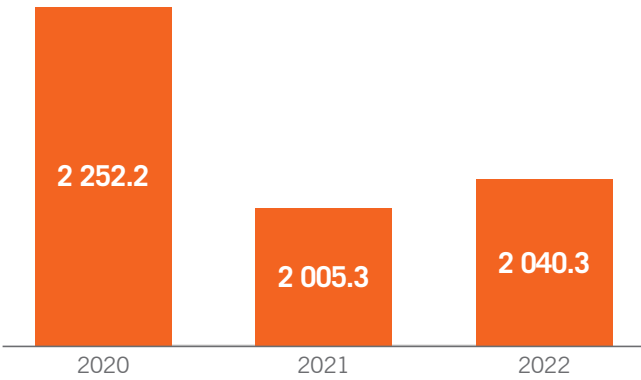
## Total Assets

In 2022, BFA recorded a growth of 2.9% in its Total Assets, totalling 2 708 904.8 million kwanzas.



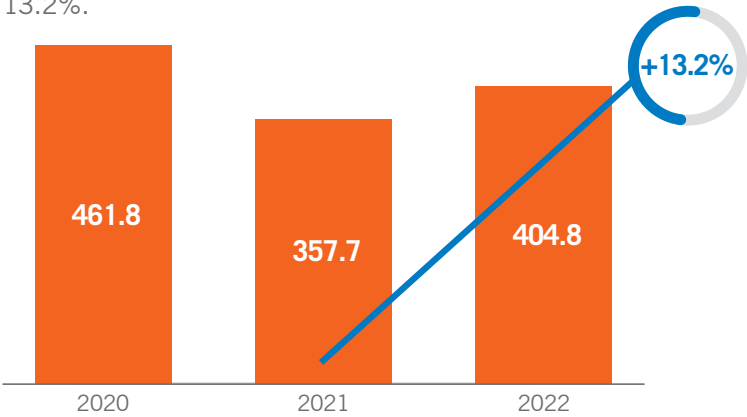
## Total Deposits

During 2022, BFA’s volume of deposits rose by 1.7% YoY, reaching a total of 2 040 285.2 million kwanzas.



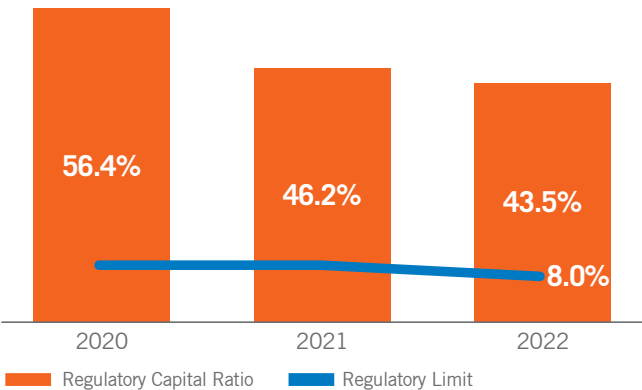
## Total Capital

In 2022, BFA’s Total Capital amounted to 404 825.4 million kwanzas and showed an upward trend, with an increase of approximately 13.2%.



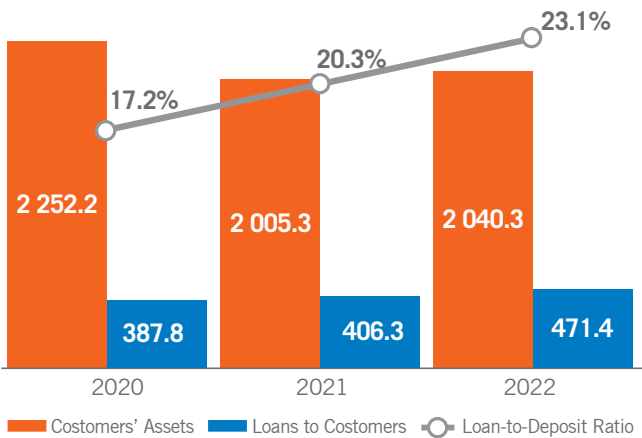
Total Capital Ratio

During 2022, BFA disclosed a Total Capital Ratio of 43.5%, a figure that is significantly higher than the regulatory minimum required (8%).



Loan-to-Deposit Ratio

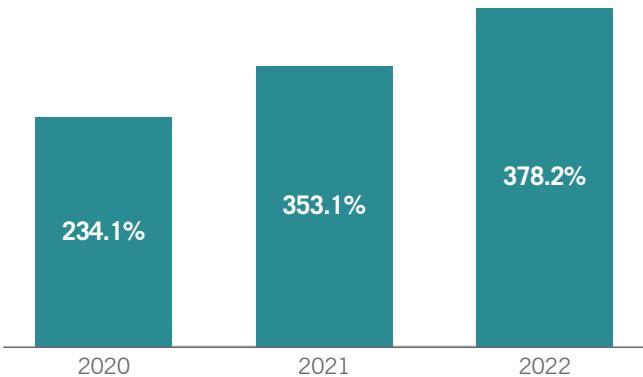
The Loan-to-Deposit Ratio (LDR) recorded an increase when compared to 2021, reaching 23.1% in 2022, as a result of the growth in loans granted to customers exceeding the growth rate of customer deposits.



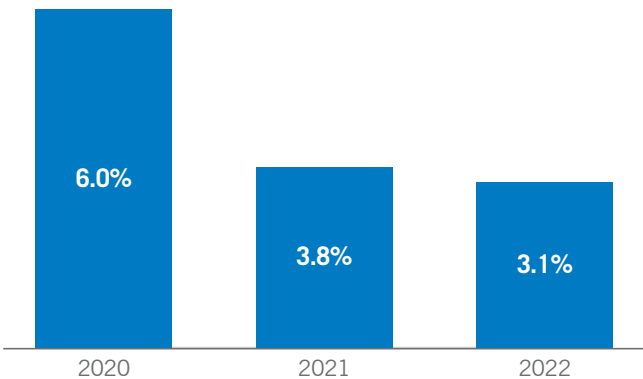
Loan Portfolio Quality

In 2022, the Bank recorded a decline of 0.7 pp in the 90 days past-due credit ratio, which stood at 3.1%, and an increase in the 90 days past-due credit provisions coverage ratio, which was set at 378.2%.

Impairment Coverage Ratio

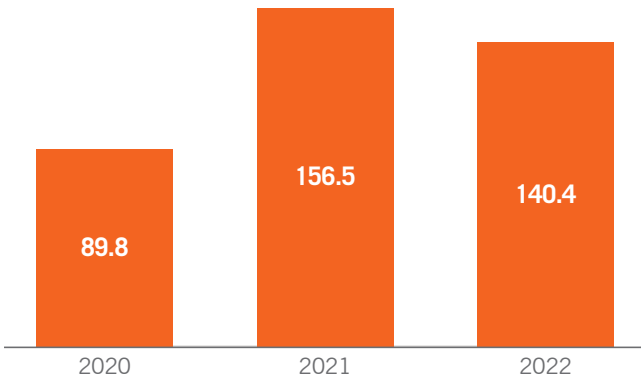


Overdue Loans Ratio



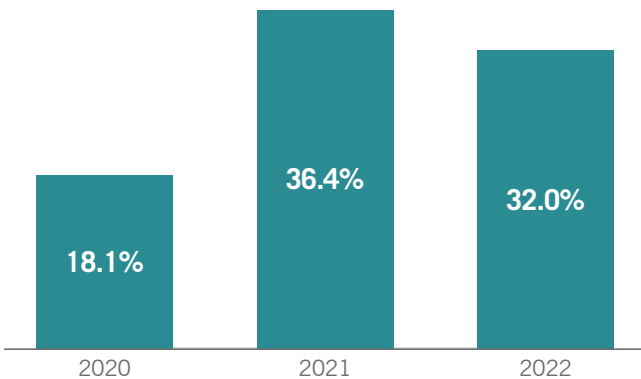
Net Profit

In 2022, BFA recorded a Net Profit of 140 455.2 million kwanzas, a decline of 10.2% YoY.



Return-on-Equity

In 2022, the Return-on-Equity stood at 32%, recording a drop of 4.4 percentage points when compared to the previous year. This downturn was mainly due to the 10.2% decline in BFA's Net Profit YoY.



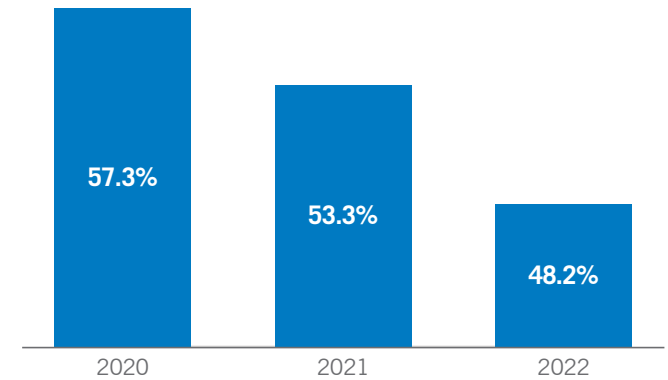




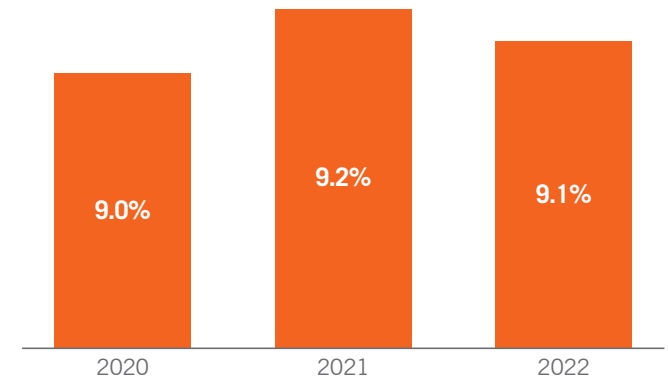
Services

In 2022, the Debit Cards penetration rate slightly decreased to 48.2% when compared to the previous year. BFA Net's penetration rate remained stable at 9.1% YoY.

Debit cards Penetration Rates



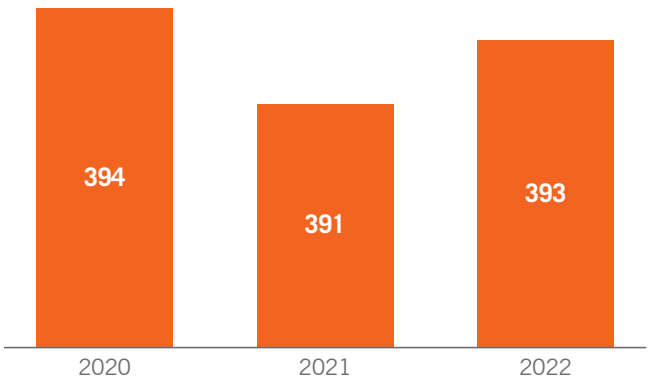
BFA Net Penetration Rates



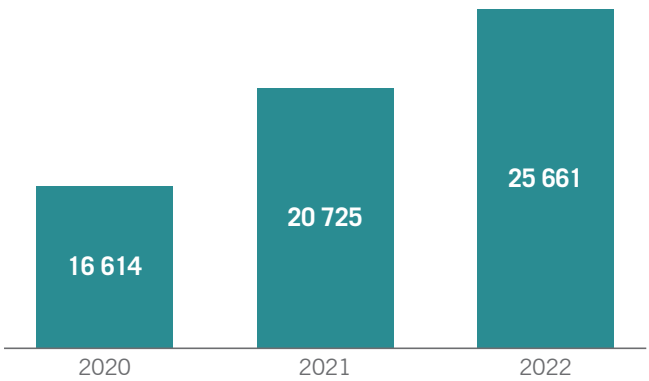
ATMs and POSs

In 2022, BFA had a total of 25 661 active POSs terminals within its retail network, a 23.8% increase YoY. The number of active ATMs also rose to 393 units, which is a positive variation of +2 ATMs.

Active ATMs



Active TPAs



## 2023 Outlook

BFA foresees as its main challenges for FY2023 the increasing complexity of its underlying banking business due to the depletion of profitability sources and regulatory requirements, which create pressures for BFA to adapt to the required regulatory standards, particularly from FY2024 onwards when the transitional measures come to an end.

Accordingly, it is imperative to consolidate and strengthen the need to adopt and implement a customer-centric approach by the Financial Institution. BFA's strategy for FY2023 will entail continuing to invest in Digital Transformation, improving and streamlining Operational Processes and enhancing Human Capital, with a view to providing a better service to Customers and creating value for all stakeholders, combined with financial soundness and a leading position as the Retail Bank of all Angolans.

Moreover, in FY2023 BFA intends to reinforce the number of initiatives/projects carried out within the scope of ESG related subjects, with a view to consolidating its Social Responsibility commitment.

### **Innovation, Technology and Digitalisation**

The Digital Agenda/programme with regard to optimisation and automation, should remain the main cornerstone of BFA's Digital Transformation strategy in FY2023, with a view to improve and enhance customers' service levels. The focus on Innovation involves creating a differentiated offer for each customer segment, with specific products and solutions tailored to the reality of each one's particular needs, leveraging on the initiatives undertaken to modernise the Bank, both in technological and operational terms, as part of the implementation of the Digital Transformation strategy, which aims to ensure greater agility of the Bank's business units and to provide a superior Customer Service Level.

### **Human Capital**

Human Capital is one of the Bank's focal points and plays a key role in the capacity to leverage technological and procedural improvements. In 2023, efforts will continue to be made to attract and retain human talent, develop new skills and empower team members, both in support functions and in customer service, investing in technical and behavioural expertise training, unique and specific to each business segment/area.

# COVID-19 Emergency Response Plan



In 2022, we witnessed the lifting of most of the Covid-19 outbreak preventive measures, as a result of a more positive national and international environment.

The Crisis Committee kept up its day-to-day operations, fulfilling its role as a “watchdog” on the unfolding of the pandemic’s progress and ensuring, should the need arise, a prompt reaction to the most critical pandemic scenarios.

In the logistics area, in order to mitigate risks, the stock of personal protective equipment and biosafety (hand sanitizer, masks, gloves, and kits for individuals suspicious of being infected) was maintained, which continued to be distributed throughout the Central Buildings and Commercial Network, as well as the reinforcement of cleaning and disinfection. Restrictions on access to the central buildings and commercial network were gradually lifted, but always under the underlying assumption of safeguarding safe social distance.

The improvement of the covid-19 outbreak environment enabled a gradual return to in-person work, while the recommendation of remote work was maintained whenever any Team Member showed any signs that might be symptomatic of the Covid-19 virus. Following the initial effort, as part of the response to the covid-19 outbreak, with the aim of providing BFA’s Team Members with critical functions with portable devices to ensure the ongoing and smooth running of its day-to-day business operations, BFA maintained and extended the scope of this operation. As a result, by the end of 2022, over 600 BFA’s Team Members were equipped with portable equipments, a key element of adaptability, strength and endurance in order to be able to cope with new pandemic scenarios or any other scenarios with a similar risk.

In the area of communication, the Financial Institution maintained its internal communication both via the Intranet and mailing lists, frequently providing its Team Members with information and recommendations about the covid-19 outbreak, namely warning them to behave responsibly, given the risk that the easing of the emergency measures might be mistakenly perceived as the end of the pandemic.

With regard to the Central Services and Commercial Network, normal working hours and customer service were resumed in 2022, and the number of customers inside the commercial premises/branches was also extended, up to the limit of safety conditions to control the Covid-19 outbreak.





# 2

## Economic Environment

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# Economic Environment

## Global Economy

In FY2022, according to the International Monetary Fund (IMF), the world economy grew by approximately 3.4%, down from the 6% recorded in the previous year. The economic slowdown was mainly driven by the following key factors: the rising inflation recorded in the United States of America (USA) and the European Union (EU), the Russia-Ukraine military conflict, and the ongoing presence and endurance of the Covid-19 outbreak in China. Without taking into consideration both events, the 2008 global financial crisis and the most critical period of the Covid-19 pandemic, the global economy's growth rate in FY2022 was the weakest performance recorded since 2001.

The developed economies grew by approximately 2.7%, following the 5.2% growth rate recorded in FY2021, as a result of the post-pandemic economic recovery. The USA's economic growth rate decreased to 2%,

down from the 5.7% recorded in FY2021. The Euro Area economy recorded a 3.5% growth rate, down from the 5.2% reported in the preceding year.

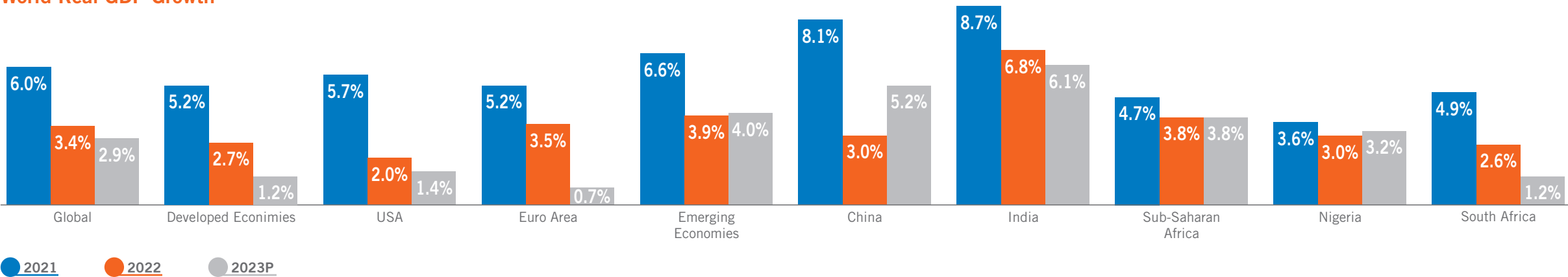
On the other hand, in China, the ongoing lockdowns and confinements triggered a sharp decline in the country's economic growth, which stood at 3%, as opposed to the 8.1% recorded in FY2021. As for the Indian economy, it also experienced a slowdown to 6.8%, reflecting the less favourable external conditions and a tighter monetary policy.

With regard to the Sub-Saharan African economies, the economic growth rate also recorded a downturn YoY, dropping to 3.8%, down from 4.7% in FY2021. In South Africa there was also a drop in the economy's growth performance, which stood at 2.6%, down from the 4.9% recorded

in FY2021, as well as in Nigeria where the economic growth was approximately 3%, remaining very close to the value of 3.6% recorded in FY2021.

The IMF forecasts that in 2023 the global economy will grow by 2.9%, with a higher growth rate expected from the emerging economies (4%), driven mainly by Asian countries (5.3%), highlighting in particular India with an expected growth rate of 6.1%. As far as developed economies are concerned, it is forecasted an economic growth rate of 1.2%, with the USA expected to grow approximately 1.4%, whilst the Euro Area may fall below 1% (0.7%). The economic outlook for the Sub-Saharan African economies, the IMF forecasts a 3.8% growth, with South Africa continuing its downward trend, with a projected economic growth rate of 1.2% for FY2023, down the 2.6% economic growth rate recorded in FY2022.

### World Real GDP Growth



Source: FMI

## FY2022



### Developed Economies

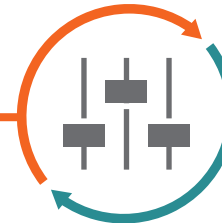
- 2.7% growth rate;
- Inflation above 8%;
- Ukraine-Russia military conflict;
- Energy crisis;
- Back to a certain sense of normal life.



### Emerging Economies

- 3.9% growth rate;
- Sub-Saharan Africa economy grew by 3.8%;
- China's economic growth slows to 3%.

**Global Economy:**  
**3.4% growth in 2022**



## FY2023 Forecast



### Developed Economies

- 1.2% growth forecast;
- Global economy heavily affected by the Russia-Ukraine military conflict and Inflation;
- Mild recession;
- Lowest economic growth since the world economic crisis (2008).



### Emerging Economies

- 4% growth rate;
- Sub-Saharan Africa economy projected to grow by 3.8%;
- China's economy with forecast growth of 5.2%.

**Global Economy:**  
**2.9% growth in 2023**

## Money and Bond Markets

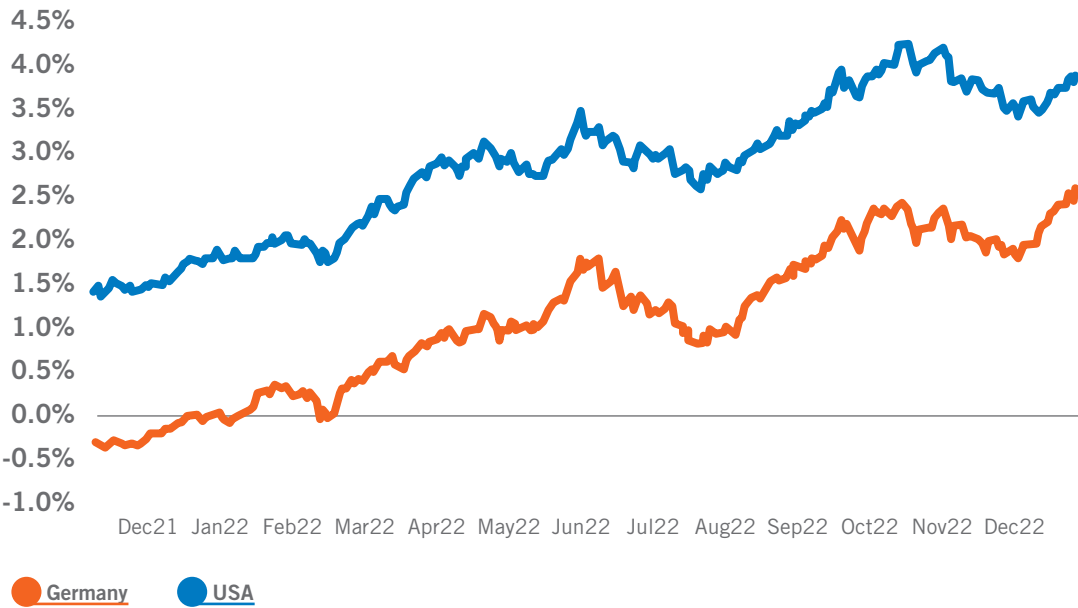
The FY2022 was shaped by the ongoing constraints in the global supply chains, uncertainties and concerns about Covid-19 in China and the Russia-Ukraine military conflict, which caused inflationary pressures in the main developed economies, driving up the prices of energy and food commodities.

Monetary policy remained very tight in the main financial markets throughout the entire year. The Federal Reserve raised its benchmark interest rates through FY2022 to the highest level in the last 15 years. The American public debt yield followed an upward trend, closing the year with a 3.9% yield, compared to 1.5% at the end of FY2021.

The European Central Bank (ECB) followed the same trend, ending FY2022 with its key interest rates at 2.5%, a level not reported since 2008, with further interest rate hikes expected in 2023. Consequently, the 10-year German government bond debt ended the year with a 2.6% yield, much higher than the one recorded at the end of FY2021 (-0.2%).

The rise in interest rates on the Euro Area and US government debt bonds triggered a knock-on effect across the emerging economies. However, these economies have managed to display some signs of economic recovery, ending the year with growth rate levels close to those reported in May 2022.

### 10-year Sovereign Debt Yield



Germany USA

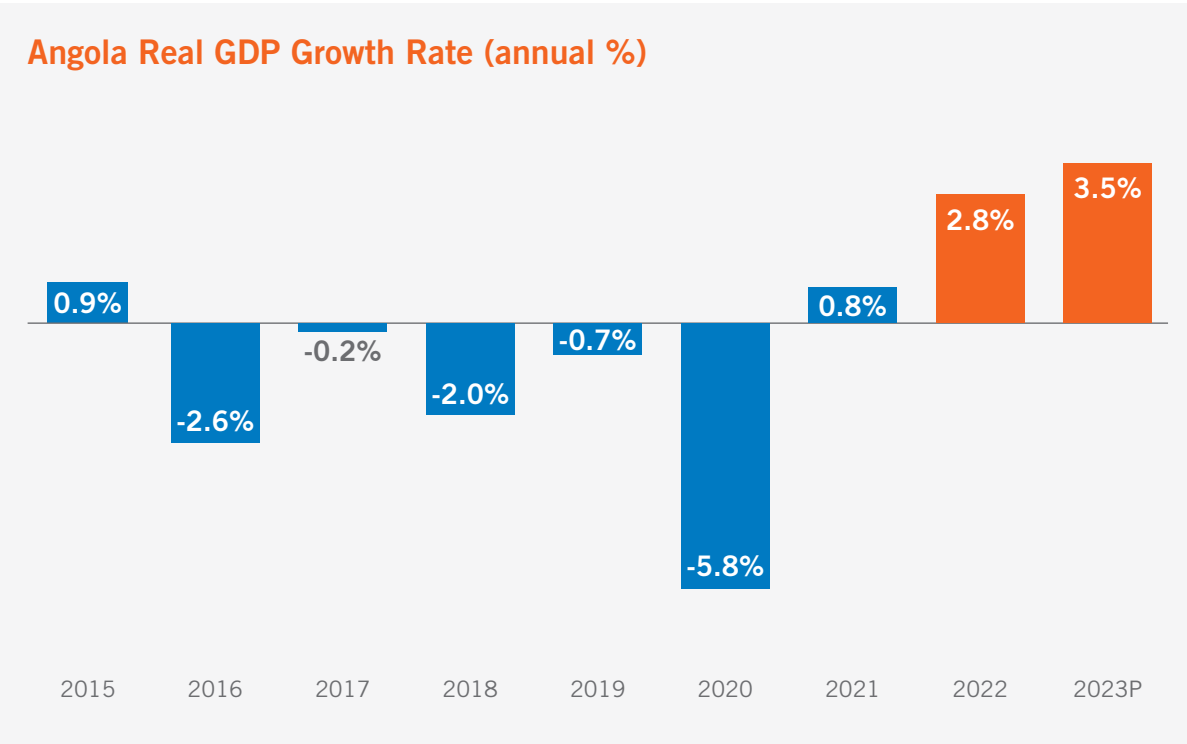
Source: Bloomberg





## Angolan Economy

### Economic Activity



The Angolan economic recovery outlook remains optimistic thanks to the positive advances in implementing structural reforms, which include diversification of the economic activity sectors, as well as the favourable evolution of crude oil prices and the exchange rate.

According to the IMF, in FY2022 the angolan economy grew by 2.8% following a slight upturn of 0.8% recorded in 2021, which ended a five-year period of recession.

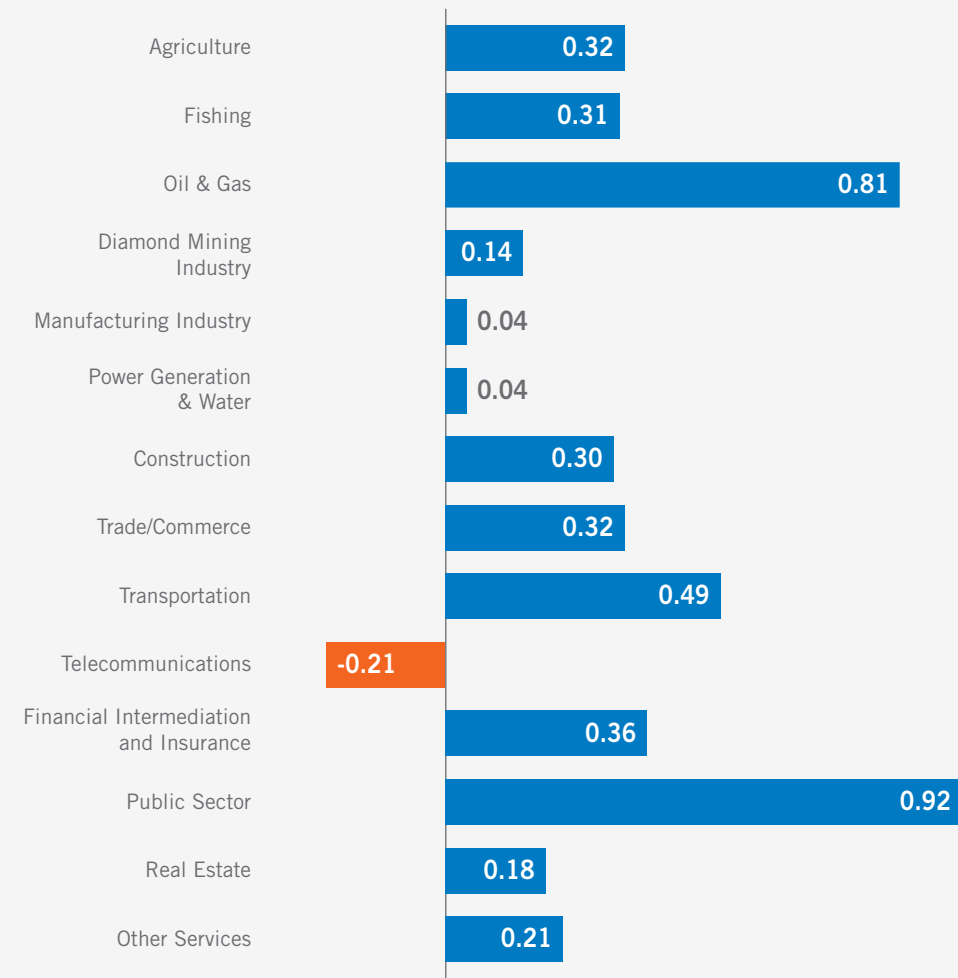
For FY2023, the IMF forecasts that the Angolan economy will maintain its growth momentum, with a projected economic growth rate of 3.5%, underpinned by the country's government structural reform agenda aimed at non-oil sectors of the economy.

In 2022, the Angolan economy’s growth was largely supported by the Oil & Gas sector rise (+2.7% in 3Q 2022), which made a positive impact of 0.81 p.p. on the country’s overall GDP performance. The Oil & Gas sector growth is in alignment with the increase in crude oil output recorded in FY2022, with the amount of crude oil barrels exported up 1.9%. As a result, crude oil revenues grew by more than 50% (+52.9%) boosted by the increase in crude oil barrel prices. The data independently collected by OPEC reveal an average national oil output of 1.1 million barrels per day (+2.3% YoY) and a 49.4% increase in the crude oil average price on international markets, ending the year with an average price of US\$ 82 per barrel.

According to the National Accounts Report published by the National Institute of Statistics (INE), the non-oil economic sectors that made the highest impact to Angola’s 3Q 2022 GDP performance were the following: Transportation and Storage sectors (+0.49 p.p.), Financial Intermediation and Insurance (+0.36 p.p.) and Trade sector (+0.32 p.p.), not including the weight of the Public Sector, National Defense and Social Security sectors.

In order to maintain macroeconomic stability and contain inflationary pressures, the Monetary Policy Committee (MPC) of the National Bank of Angola (BNA) held six meetings in FY2022, resulting in adjustments to the monetary policy instruments. Among these adjustments, the cut of two key interest rates stood out: the benchmark interest rate was cut to 19.5%, and the Marginal Lending Facility Interest Rate (MLFIR) to 21%. In November, the MPC kept its instruments for conducting monetary policy unchanged, although the inflation rate recorded in October fell to 16.7%, 1.3 bps below the BNA’s target for FY2022.

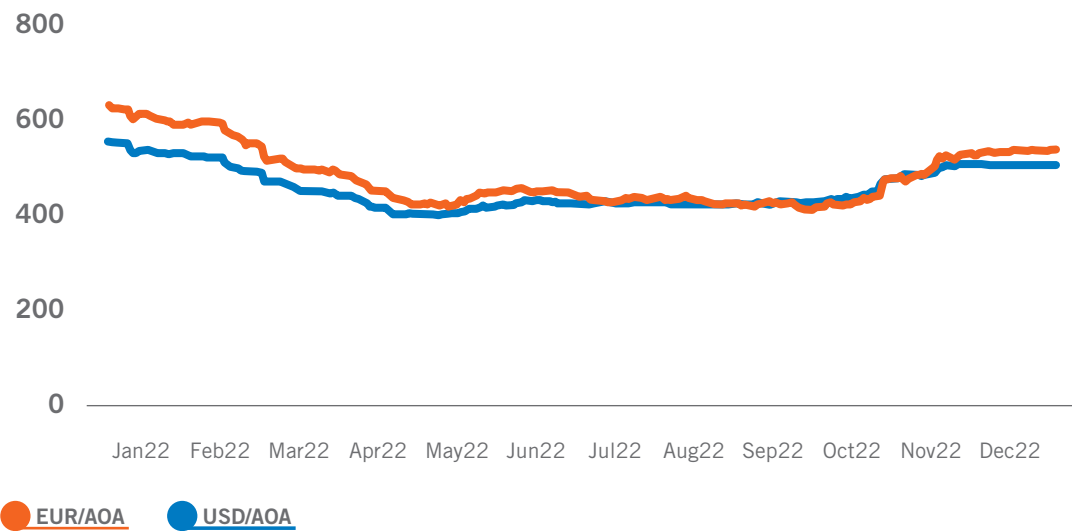
Angola's GDP Growth Rate Sectoral Inputs ("p.p."), 3Q 2022



Source: INE

## Foreign Exchange Market

### Exchange Rates USD/AOA e EUR/AOA



Source: BNA

With respect to the foreign exchange market, the FY2022 was shaped by a period of sharp appreciation of the Kwanza against the US Dollar and the Euro. From the beginning of the year until April, there was a growing convergence, followed by stabilisation until October, and a slight depreciation in the last quarter of the year. The FY2022 ended with the Kwanza exchange rates against the US Dollar and the Euro as follows: USD/AOA 503.7 and EUR/AOA 537.4, respectively.

These exchange rates show a 10.2% appreciation of the Kwanza against the US Dollar and 17% against the Euro YoY.

## External Sector

According to the National Bank of Angola (BNA), in FY2022 the external sector performed positively, with the goods account posting a surplus balance of US\$30.92 billion, which corresponds to a 41.9% increase YoY, and which is a result of a 43.5% growth in exports, despite the 46.4% rise in imports over the same period.

Based on the information/data disclosed by the National Bank of Angola (BNA), the country's balance of payments recorded a surplus of 3.72 billion USD in the Q3 2022.

As per the data disclosed by the National Bank of Angola (BNA) concerning Q3 2022, Angola's external debt has fallen in FY2022: the cumulative amount of the preliminary total external debt was USD 62.1 billion, 6% lower than the amount recorded at the end of FY2021 (USD 66.2 billion). When measured as a percentage of the country's GDP, the external debt has recorded a sharp improvement and accounts for 56.6% of Angola's total GDP (vs. 86.4% YoY) leveraged by the strong appreciation of the Kwanza in 2022 of +10.2%, which in turn has led to an increase in Angola's GDP when measured in US Dollars currency.

In 2022, net international reserves totalled USD 14.48 billion, which corresponds to a six-month coverage of imports of goods and services.

## Public Sector Accounts

Based on the information disclosed by the National Bank of Angola (BNA) in December 2022, gross lending to the non-financial sectors amounted to 4.59 billion kwanzas, having fallen 4.2% year-on-year. Lending to the non-financial sector, is made up of 92.4% private sector indebtedness (private companies and individuals) and 7.6% public sector indebtedness (public administration and public companies).

With regard to the composition of total credit granted by economic activity sectors, in the period under review, the following stand out:

- Manufacturing industries representing 47.3% of total credit granted (569.28 billion kwanzas), of which 97.5% corresponds to lending to the real economy under the BNA's Notices;
- Agriculture, livestock production, hunting, forestry and fishing accounted for 34.8% of the total credit granted (397.08 billion kwanzas), 34.3% of which represents credit granted within the scope of the BNA Notices on promoting/boosting credit facilities for the real economy; and
- Extractive industries with 17.8% of total credit granted (203.37 billion kwanzas), of which 8.3% was granted under the BNA Notices on promoting/boosting credit facilities for the real economy.

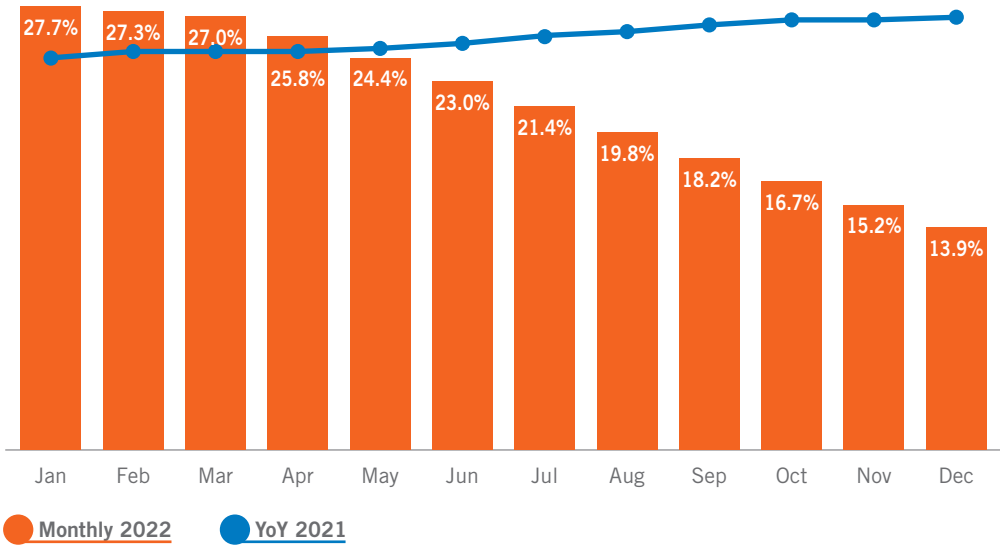
## Inflation

With respect to inflation, Angola experienced an opposite trend to the rest of the global economies and recorded a sharp decline in the country's inflation, standing at 13.9% in December 2022, the lowest rate of the last five years, with an annual average of 21.7%, 4 percentage points below the average figure recorded in 2021 (25.7%).

This decline was the direct outcome of the restrictive monetary policy, the reduction in food and non-alcoholic beverage prices, the appreciation of the Kwanza against the global trade currencies used in commercial exchanges, the use of the Strategic Food Reserve and the suspension of customs duties.

For FY2023 it is expected that the inflation rate will continue to decline, ending FY2023 between 9% and 11%.

Angola's Inflation Rate



Source: BNA



## Regulatory Amendments

Explanatory roadmap of the Legislation (Legal Decrees/Diplomas) published in 2022, whose subject matters are relevant to the banking and financial business activity or whose rules affect the BFA’s day-to-day operations.

N.º	TYPE OF LEGAL DIPLOMA/DECREE	ISSUING BODY	SUBJECT MATTER OF REGULATION
1	Law no. 1/22, dated 24th January	National Assembly	Law authorising the BNA to issue and put into circulation commemorative coins
2	Law no. 8/22, dated 14th April	National Assembly	Approves the Tax Benefits Code
3	Law no. 14/22, dated 25th May	National Assembly	Law that amends the Angolan Criminal Procedure Code
4	Law no. 18/22, dated 7th July	National Assembly	Insurance and Reinsurance Business Activity Law
5	Law no. 31/22, dated 30th August	National Assembly	Law approving the Administrative Procedural Code
6	Law no. 33/22, dated 1st September	National Assembly	Law approving the Administrative Litigation Procedure Code
7	Presidential Decree no.39/22, dated 8th February	President of the Republic	Approves the Annual Borrowing Plan for the Economic Year
8	Presidential Decree no. 40/22, dated 8th February	President of the Republic	Authorises the Minister of Finance to resort to Treasury Bills issuance, up to the limits established in the General State Budget for FY2022 to the amount of AOA: 1,923,405,900,000.00
9	Presidential Decree no. 41/22, dated 8th February	President of the Republic	Authorises the Minister of Finance to issue Treasury Bills.
10	Presidential Decree no. 52/22, dated 17th February	President of the Republic	Regulates the performance of labour activity through remote working arrangements

N.º	TYPE OF LEGAL DIPLOMA/DECREE	ISSUING BODY	SUBJECT MATTER OF REGULATION
11	Presidential Decree no. 54/22, dated 17th February	President of the Republic	Sets the amount of AOA: 32.181,15, as the National Minimum Wage
12	Presidential Decree no. 64/22, dated 25th February	President of the Republic	Updates the SARS-CoV2/COVID-19 prevention and control measures against the spread of the SARS-CoV2 virus, as well as the rules of public and private services operations and activities during the Public Emergency Period.
13	Presidential Decree no. 112/22, dated 16th May	President of the Republic	Declares the end of the Public State of Emergency throughout the national territory and establishes the rules for the administrative management of the COVID-19 Pandemic control. - Revokes all legislation that contradicts the provisions of this Decree-Law, namely Presidential Decrees no. 142/20 of 25 May and no. 72/22 of 31 March.
14	Presidential Decree no. 209/22, dated 23rd July	President of the Republic	Securities and Derivatives Market Applicable Fees Legal Framework.
15	Presidential Decree no. 214-A/22, dated 23rd July	President of the Republic	Approves the measures to strengthen the Identification of Beneficial Owners within the scope of Anti-Money Laundering, Countering Terrorist Financing and Proliferation of Weapons of Mass Destruction.
16	Presidential Decree no. 242/22, dated 11th October	President of the Republic	Introduces amendments to the Table of Fees applicable to the Insurance and Pension Fund Sector - revokes all provisions that contradict the provisions of this Decree-Law.

N.º	TYPE OF LEGAL DIPLOMA/DECREE	ISSUING BODY	SUBJECT MATTER OF REGULATION
17	Presidential Decree no. 245/21, dated 4th October	President of the Republic	Introduces amendments to the Table of Fees applicable to the Insurance and Pension Fund Sector - revokes all provisions that contradict the provisions of this Decree-Law.
18	Presidential Decree no. 296/22, dated 30th December	President of the Republic	Tax Identification Number (TIN) Legal Framework
19	Presidential Decree no. 31-A/22, dated 8th February	President of the Republic	Authorises the Minister of Finance to issue funded Public Debt Securities, in the modality of Treasury Bonds.
20	Notice no. 1/22, dated 28th January	President of the Republic	Authorises the privatisation of 30% of the shareholdings representing the BODIVA - Bolsa de Dívida e Valores de Angola - Sociedade Gestora de Mercados Regulamentados, S.A. share capital, held by the Ministry of Finance on behalf of the Angolan State, and delegates powers to the Minister of Finance, with the power to sub-delegate, for the fixing of the percentage of share capital to be privatised, verification of the validity and legality of all subsequent acts, namely the opening of the procedure, appointment of the Negotiation Committee and approval of the procedural documents.
21	Notice no. 2/22, dated 2nd February	BNA	Regulates the governance and internal control systems, as well as establishes the minimum standards on which the organisational culture of Banking Financial Institutions must be founded.
22	Notice no. 3/22, dated 2nd February	BNA	Establishes the Financial Market Infrastructures regulations governing the Angolan Payment System (SPA), with a view to adopting mechanisms to control the risks inherent to its operational functioning.

N.º	TYPE OF LEGAL DIPLOMA/DECREE	ISSUING BODY	SUBJECT MATTER OF REGULATION
23	Notice no. 4/22, dated 3rd February	BNA	Lays down the specific rules applicable to Financial Institutions that intend to expand their activities throughout the national territory by hiring Banking Agents, including for the activity of credit intermediation, as well as the hiring of payment agents.
24	Notice no. 5/22, dated 3rd February	BNA	Lays down the rules and operational procedures inherent to payment schemes, within the Angolan Payment System (SPA).
25	Notice no. 6/22, dated 3rd March	BNA	Lays down the withdrawal limit for cash or cash-in-hand means of payment (Currency), applicable to individuals, residents and non-residents crossing the borders of the Country, and the situations requiring travellers to fill in a declaration form for entering the Country with Currency.
26	Notice no. 7/22, dated 15th March	BNA	Lays down the rules applicable to payments under insurance and reinsurance contracts to which the Oil and Gas Sector Operators are contractual parties in the Republic of Angola.
27	Notice no. 8/22, dated 25th March	BNA	Lays down the specific exchange regulations applicable to entities that carry out prospecting, exploration, assessment, development, production and sale of non-associated natural gas and liquefied natural gas as well as the provision of associated services.
28	Notice no. 9/22, dated 6th April	BNA	Lays down special schemes for housing and construction loans and sets out the terms, conditions and costs applicable to such loans, as well as their treatment in the calculation of the required reserves/provisions.

N.º	TYPE OF LEGAL DIPLOMA/DECREE	ISSUING BODY	SUBJECT MATTER OF REGULATION
29	Notice no. 10/22, dated 6th April	BNA	Lays down the terms and conditions applicable to the minimum loan requirements in terms of numbers and total value as well as their treatment in the calculation of the mandatory provisions/ reserves, regarding the lending that Banking Financial Institutions must grant to the Real Economy.
30	Notice no. 11/22, dated 14th April	BNA	Lays down the requirements and procedures for authorising the establishment of Non-Banking Financial Institutions linked to currency and lending, under the supervision of the BNA.
31	Notice no. 12/22, dated 4th May	BNA	Lays down the foreign exchange threshold and the calculation basis for Banking Finance Institutions (BFIs).
32	Notice no. 13/22, dated 4th May	BNA	Lays down the foreign exchange threshold and the calculation basis for Banking Finance Institutions (BFIs).
33	Notice no. 14/22, dated 5th July	BNA	Lays down the rules and procedures to be observed in the conduct of capital exchange operations by legal persons (contracts and other legal acts by means of which rights or obligations are established or transmitted between residents and non-residents, including credit operations).
34	Notice no. 15/22, dated 2nd September	BNA	Lays down the rules applicable to entities carrying out the activities of a Non-Bank Acquirer and Sub-Acquirer entity.
35	Notice no. 16/22, dated 7th September	BNA	Sets up the Liquidity Assistance Mechanism in the Real Time Payment System - SPTR.
36	Notice no. 17/22, dated 7th October	BNA	Lays down the minimum share capital of Banking Financial Institutions under the supervision of the BNA.
37	Notice no. 18/22, dated 11th October	BNA	Lays down the rules and procedures for the extension of the Banking Network that Banking Financial Institutions must comply with.

N.º	TYPE OF LEGAL DIPLOMA/DECREE	ISSUING BODY	SUBJECT MATTER OF REGULATION
38	Notice no. 19/22, dated 12th October	BNA	Approves the legal requirements that set out the organisational and operational rules for the Regulatory Framework.
39	Instruction no. 01/2022, dated 22nd February	BNA	Lays down the rules for the purchase of Foreign Currency on Bloomberg FXGO Platform by Leading Domestic Importers.
40	Instruction no. 02/2022, dated 29th March	BNA	Prudential Limits to Large Financial Risks (Participation of Banking Financial Institutions in the Capital of Non-Financial Corporations).
41	Instruction no. 03/2022, dated 29th March	BNA	Stress Tests
42	Instruction no. 04/2022, dated 18th April	BNA	Annual Bonus of the financial institutions' payments/ contributions to the Deposit Guarantee Fund in Angola.
43	Instruction no. 05/2022, dated 13th June	BNA	Public Disclosure on Prudential Information
44	Instruction no. 06/2022, dated 24th June	BNA	Sets out the thresholds on foreign currency sale applicable to payment service providers and bureaux de change.
45	Instruction no. 07/2022, dated 27th June	BNA	Outlines the requirements for carrying out open market operations by non-banking entities.
46	Instruction no. 08/2022, dated 1st August	BNA	Credit Cards Issuance
47	Instruction no. 09/2022, dated 1 August	BNA	Angola Payment System - Direct Debit System
48	Instruction no. 10/2022, dated 25th August	BNA	Payment System: Instant Transfer System renewal company name.
49	Instruction no. 11/2022, dated 22nd September	BNA	Foreign Exchange Transactions Standardised Report
50	Instruction no. 12/2022, dated 20th October	BNA	Prudential Threshold on high-risk financial exposures - holdings in non-financial companies.

N.º	TYPE OF LEGAL DIPLOMA/ DECREE	ISSUING BODY	SUBJECT MATTER OF REGULATION
51	Instruction no. 13/2022, dated 22nd November	BNA	Corporate Governance and Internal Control Report
52	Instruction no. 14/2022, dated 14th December	BNA	Angola Payment System - Membership and involvement in the Instant Transfer System.
53	Directive no. 01-DMA-2022, de Fevereiro	BNA	Exchange Rate
54	Directive no. 02-DSB-DRO-2022, dated 29th March	BNA	Standardised stress tests for oversight purposes.
55	Directive no. 01-DMA-2022, dated 2nd February	BNA	Disclosure Report within the scope of Notice 10/2022 dated 6th April, on Lending to the Real Economy.
56	Directive no. 04-GAC-2022, dated 20th April	BNA	Disclosure Report within the scope of Notice no. 09/2022 dated 6th April, on Lending under the Special Housing and Construction Credit Scheme.
57	Directive no. 05-DSB-DRO-2022, dated 2nd April	BNA	Risk management with regard to information and communication technologies and cybersecurity.
58	Directive no. 06-DMA-2022, dated February 2022	BNA	Requirements for the calculus and fulfilment of the Mandatory Capital Reserves.
59	Directive no. 09-DSP-2022	BNA	Acceptance of Point-of-Sale (POS) Agreement - Natural Persons
60	Regulation no. 1/22, dated 9th February	Capital Markets Commission	External Auditors - Lays down the registration requirements and the rules to be complied with by audit companies licensed and established in Angola, which wish to carry out their activity in the securities market, as well as the obligation to audit financial information.







# 3

## BFA

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## Our History

### 1990

The former Banco de Fomento Exterior (BFE) opens a representative office in Luanda.

### 1993

BFE strengthens its presence with the opening of a branch in Luanda, which began operating as a Universal Commercial Bank with a capital equivalent to 4 million USD.

### 1996

Acquisition of BFE by BFI Group, beginning the Group's strong expansion in Angola.

### 2002

BFA receives the status of an autonomous entity under Angolan law.

### 2003

The opening of the new Head Office in Luanda represents a significant moment for the BFA brand in the Angolan market, and a key component of the Bank's strategy to expand its commercial network by centralizing key services in one location.

### 2004

The process of commercial network segmentation begins with the opening of the first three Business Centers, dedicated to specialized service for customers of the corporate business segment.

### 2005

The Social Fund is established, based on three key areas of action: Education, Health, and Social Solidarity.

BFA launches the BFA Gold Credit Card, becoming the first provider to offer a credit card in the Angolan market;

### 2006

Significant efforts to expand the commercial branch network and strengthen market segmentation, culminating in the inauguration of the first Investment Center.

### 2007

Expansion of the commercial network with the opening of 96 branches, 83 agencies, 7 business centers, 4 investment centers, and 2 bank service counters.

In partnership with VISA and EMIS, BFA became the first bank to launch a cash withdrawal service through Credit and Debit Cards, available at all BFA ATMs.

### 2008

Reorganization of the shareholder structure following the sale of 49.9% of BFA's capital to Unitel.

The Investment Centers network was extended to the Benguela Province with the opening of the first Investment Center in Lobito;

Launch of the Super Savings BFA product, designed as the main vehicle for attracting new financial assets/resources, particularly in USD.

# Our History

2009

Expansion of the Commercial Network to 129 branches;  
  
Launch of the BFA Savings Plan and Western Union service.

2010

Establishment of the Central Archive within a modern and dynamic information system, with the main goal of enhancing the quality of customer service in terms of documentation requests and inquiries.

2011

Launch of the BFA SMS service for retail customers;  
  
Launch of the eMudar@BFA project, aimed at providing the bank with an application platform for process management.  
  
Signing of the Bankita Program Agreement with the BNA.

2012

Establishment of the Oil & Gas Business Center - Operators, providing an effective response to the specific requirements and needs of the petroleum industry operators.  
  
Expansion of the commercial network, reaching a total of 167 branches, 139 agencies, 15 business centers, 8 investment centers, and 5 bank service counters in December;  
  
The branches in the province of Luanda reach a market share of 20%, out of a total of 498.

2013

Establishment of the Oil & Gas Business Center - Vendors, providing an effective response to the specific requirements and needs of service providers to companies in the petroleum industry.

2014

Launch of BFA Customer Support Line;  
  
Launch of Kandandu VISA Prepaid Card.

2015

BFA becomes the first member of BOVIDA, with more than 70% of the market share in terms of the number and volume of transactions traded;  
  
BFA launches its first mobile app.

# Our History

2016

Incorporation of BFA Asset Management as a legal company, specializing in the commercialization and management of Investment Funds.

2017

UNITEL buys +2% of BFA, becoming the majority shareholder.

2018

Establishment of the Agribusiness Department, with the mission of supporting the sustainable development of this sector in Angola;

Effective implementation of Risk Management Function in the Bank;

Establishment of BFA's Training Academy.

2019

Reached a Customer base of over 2 million customers;

Completion of the Implementation and Operationalisation Process of the Risk Function;

Opening of the first BFA Private Banking branch office;

Establishment of two specialised Centres for the Public and Institutional Business Sector.

2020

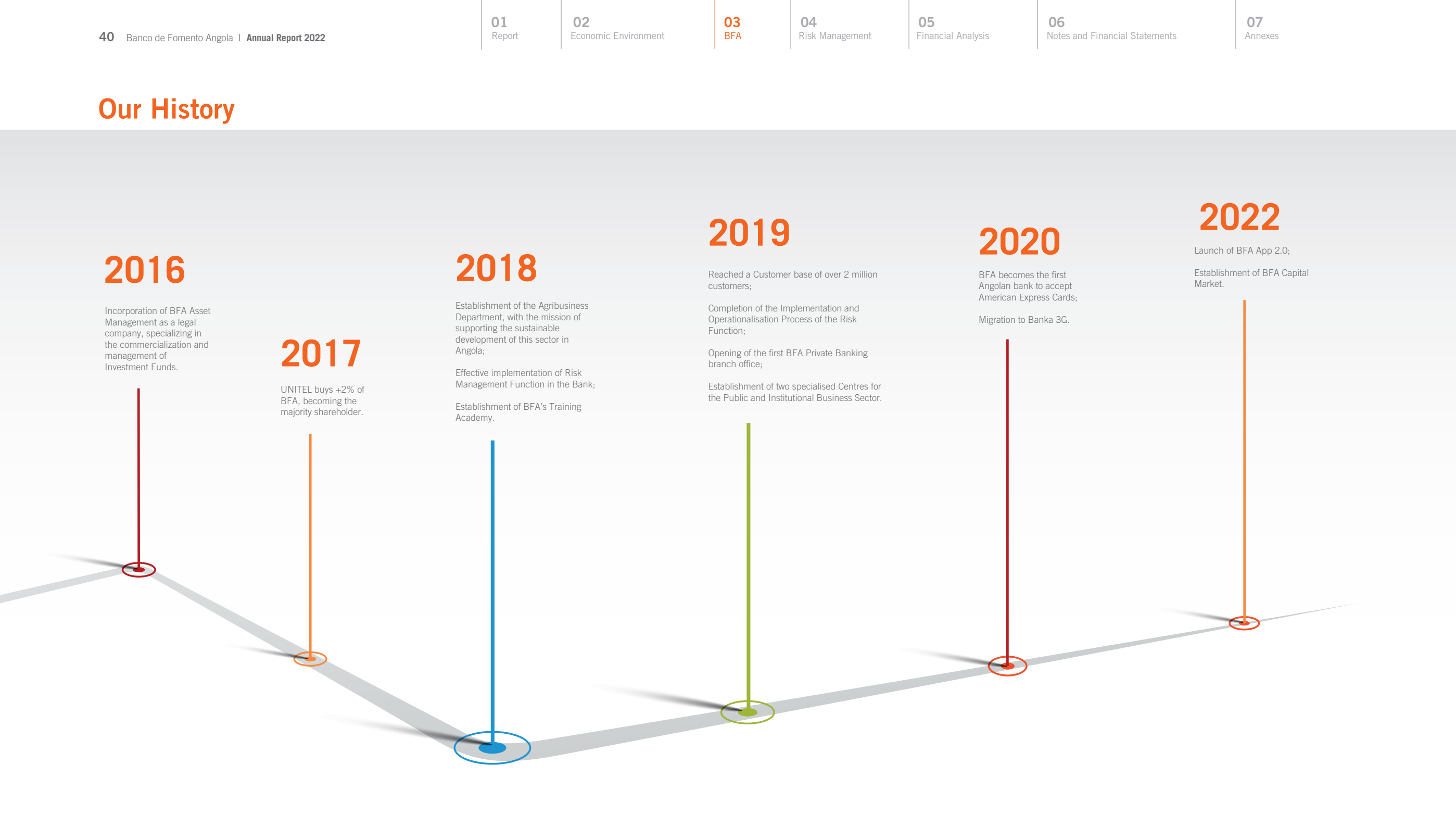
BFA becomes the first Angolan bank to accept American Express Cards;

Migration to Banka 3G.

2022

Launch of BFA App 2.0;

Establishment of BFA Capital Market.





# Corporate Governance

## Corporate Governance Guiding Principles

The Guiding Principles of the Corporate Governance Policy in force at BFA are based on strict compliance with national and international legislation and regulations, the application of internationally recognized best practices, and adherence to the best ethical and deontological principles.

- A commitment to transparent management practices:
  - Comprehensive and ongoing **Internal Information** that enables non-executive members of the Board of Directors and Supervisory Board members to effectively fulfill their oversight and monitoring duties;
  - Comprehensive and accurate **External Information** that enables shareholders, authorities, auditors, investors, and the general public to assess the quality and compliance of the information provided and the results achieved;
- **Independence** of the executive management team with respect to shareholders or specific interests.
- **Fairness** and **Harmony** in the establishment of relationships with shareholders, customers, and employees, as well as concerning the alignment of their respective interests.
- **Loyalty** embodied in the implementation of mechanisms to prevent the occurrence of conflicts of interest.”
- **Efficient** operation and interaction of all the Bank’s administrative and oversight bodies.
- **Accuracy** regarding the management of the various risks underlying the Bank’s activities.
- **Involvement in decision-making** through the implementation of collective models in the decision-making processes and the promotion of teamwork;
- **Performance** and **merit** are the key criteria in BFA’s corporate principles that underpin the compensation of both employees and directors;
- **Value Creation Proposition**, the logical outcome and core rationale of all the outlined guiding principles and the primary goal of BFA’s senior management and Team Members.



# Corporate Structure and Governance Model

## Corporate Structure

On August 26th, 2002, BFA came into existence by public deed, following the conversion of Banco BPI, S.A.'s Angola Branch into a legal entity bank under Angolan law.

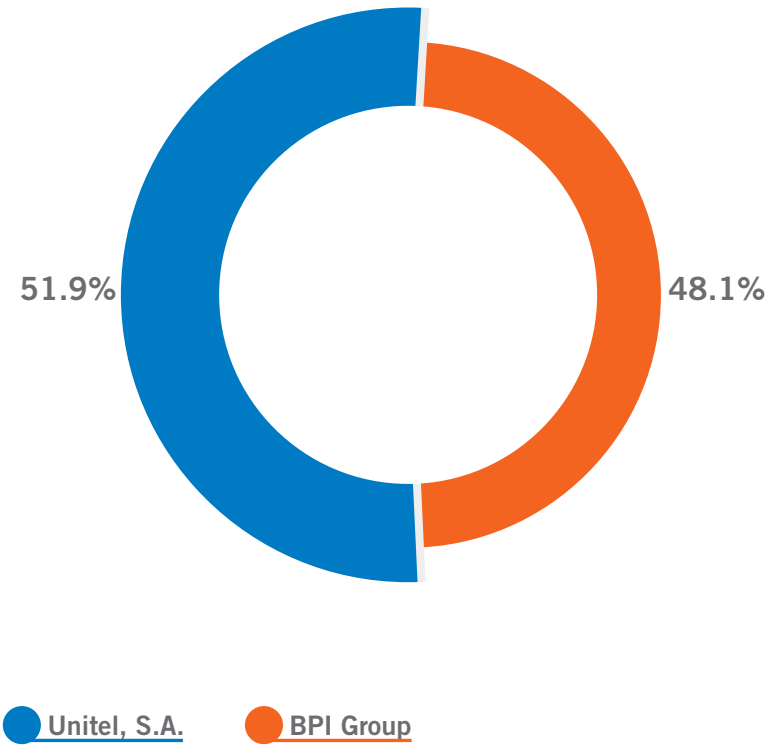
Until the beginning of 2017, BFA was majority owned by the BPI Group, with 50.1% of the respective share capital, and with the remaining 49.9% held by UNITEL, S.A.

On January 5th of 2017, in line with the purchase and sale agreement celebrated on October 7, 2016, BPI, sold its 2% participation in BFA to Unitel. The latter became BFA's major shareholder, holding 51.9% of its share capital.

In accordance with the unanimous written resolution of its shareholders dated 14th October 2016, and the corresponding authorization of the National Bank of Angola (BNA), a comprehensive reformulation of BFA's articles of association was carried out following the change in its shareholder structure. This was made public through a notarized deed published in the Official Gazette III Series - No. 11 on January 17th, 2017.

As of December 31st, 2022, the share capital of BFA was allocated among the following shareholders:

Shareholder Structure



Equity Holdings

BFA is a shareholder in the following companies:

	EMIS – Interbank Services Company	Housing Development Company	Capital Markets Institute	BFA Asset Management	BFA Pensions Fund	BFA Capital Markets
Equity Holding	17.3%	50%	2%	100%	97.4%	95%
Business Activity	Infrastructure management and supporting technology for national and international payments; Card Management and Control (debit and credit); Provision and management of electronic services regarding information and data transmission and management; Management of the automatic payment terminals and ATMs network.	Without business / commercial activity– Management of guarantees regarding the housing credit to be conceded by BFA in the scope of the Zango's housing project, to be developed by BFA and José Eduardo dos Santos Foundation.	Without business / commercial activity– Provision of training services for players in the Capital Markets.	Collective Investment Schemes Management Company.	Pension Fund Management Company	Securities Brokerage Company

## EMIS – Interbank Services Company

BFA is a founding shareholder of EMIS - Empresa Interbancária de Serviços, S.A. (“EMIS”), and is also its largest private shareholder, holding 17.3% of the share capital. In addition, BFA is also its main client and user of the services provided by EMIS, which currently manages the entire national payment system (Multicaixa network, credit transfer and check clearing systems, as well as the card issuing and management platform).

EMIS’s corporate purpose is to provide banking services, specifically payment system management, such as the Multicaixa network and national payment systems, with particular emphasis on credit transfers and check clearing.

According to EMIS’ articles of association, approved at the General Meeting on December 17th, 2010, the management of EMIS is performed by a board of directors, which may delegate day-to-day management to an executive committee. Throughout its existence, EMIS has received constant support and encouragement from BFA for its initiatives, with BFA often being one of the leading banks in the financial system to seek out and implement new solutions and services to be made available in the market.

## BFA Asset Management

BFA Asset Management (“BFA AM”) is a privately held Angolan company, with its own assets and financial and administrative autonomy, registered with the Capital Markets Commission since December 2016.

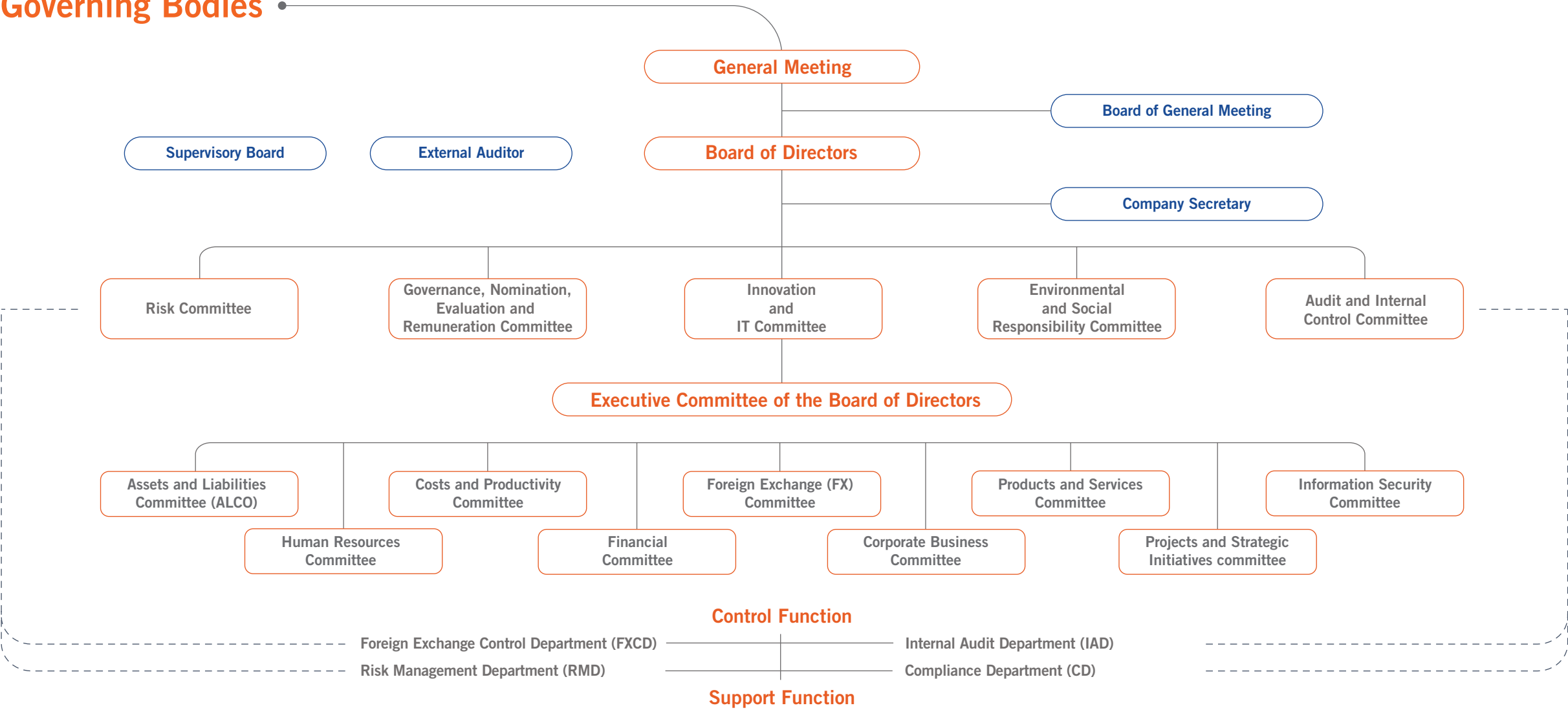
As a market leader with a team of high-level professionals in Financial Markets, BFA Asset Management’s main purpose is the professional activity and management of one or more collective investment schemes (CIS), as well as the marketing of participation units and investment consulting services. BFA AM’s investment strategy covers a range of asset classes identified through careful monitoring and analysis of opportunities and trends that the markets present throughout their course.



Governance Model

BFA's governance model complies with the requirements of the Financial Institutions Law (Law no. 14/2021, dated 19th May), and its Articles of Association are stipulated in accordance with the following organisational model:

Governing Bodies





On 29th January 2020, the members of the governing bodies for the period 2020/2022 were elected by unanimous written resolution of the shareholders and, on the same date, the Board of Directors appointed, pursuant to the articles of association, the composition of the Executive Committee of the Board of Directors and its Chairman. On 31 December 2022, the Board of Directors was composed of 13 members, being 2 non-executive and independent, 4 non-executive and 7 executive members.

All the members of BFA's governing bodies have the technical skills, professional experience, and appropriate moral reputation and standards to perform their functions. They are bound by strict duties of confidentiality and subject to a set of rules aimed at preventing conflicts of interest or situations of insider trading, in accordance with the best corporate practices as well as the principles of good and prudent management.

General Meeting

The General Meeting is the governing body made up of all the Bank's shareholders, whose operation is regulated under the terms of the Bank's Articles of Association.

The main powers of the General Meeting are as follows:

- Amendment of the articles of association, including increases or reductions in the share capital;
- Merger, de-merger, transformation or dissolution of the company;
- Issuance of any securities that may result in the subscription or conversion into shares;
- Introduction of restrictions or suppression of shareholders' pre-emption rights in capital increases;
- Acquisition and disposal of own shares or bonds;
- Distribution of profits for the financial year, under the terms established in the articles of association;
- Other distributions of assets to shareholders and advances on account of profits.

Composition of the General Meeting Board

Chairman	João Boa Francisco Quipipa
Secretary	Tidiane de Sousa Mendes dos Santos

Board of Directors

In accordance with BFA's Articles of Association and relevant regulations, the Board of Directors has the following powers and composition:

- It is composed of an odd number of members, with a minimum of 7 and a maximum of 15, as determined by the Shareholder's General Meeting, which is the governing body responsible for their election and will also designate their Chairman and, if deemed necessary, one or more Vice-Chairmen.
- The Board of Directors meets regularly once a month, and whenever called by its respective Chairman. It is the responsibility of the Chairman to coordinate its activities, preside over its meetings, and monitor the implementation of its resolutions. The Chairman is also responsible for representing the Institution before the public authorities and other bodies of authority.

In accordance with BFA's Articles of Association and the company's internal regulations, the Board of Directors has the most comprehensive powers of management and representation of the company, including:

- i. Approval of the business and strategic plans, budgets and any changes thereto, under the conditions defined in the Articles of Association;
- ii. Decisions with a significant impact on the company's net worth/assets;
- iii. Any major change within the Company's geographical operational area, except as provided for in the strategic or business plan.

- iv. Listing of shares representing the share capital of the Company or its subsidiaries.
- v. Approval of the proposal for the distribution of profits;
- vi. Transactions with related parties exceeding USD 2 500 000;
- vii. Issuance of subordinated debt, except as provided for in the budget;
- viii. Amendment of the BoD and ECBD Regulations, as well as the credit and risk regulations;
- ix. Establishment of any subsidiary or acquisition of a shareholding resulting in the creation of a subsidiary.

In addition, the Board of Directors is also responsible for performing all other relevant acts that are deemed appropriate or required for the pursuit of the business activities included within the company’s corporate purpose and, in general, perform all actions that do not fall within the powers of other company’s bodies. Accordingly, among the duties and responsibilities of the Board of Directors (BoD), the following core powers stand out:

- i. Acquisition, sale or encumbrance of movable and immovable property/ assets;
- ii. Provision of surety bonds and personal or tangible securities on the company’s behalf;
- iii. Management (opening and closing) of representative offices;
- iv. Implementation of changes to the Company’s organizational structure;
- v. Assignment of legal representatives to perform certain acts or categories of acts, with a clear definition of the scope of their authority.

The Board of Directors also has the responsibility to approve and monitor the business strategy and risk strategies, as well as the policies and actions necessary to achieve the established corporate and strategic goals, which are implemented by each of the Bank’s departments involved in their execution.

The resolutions of the Board of Directors are recorded in the minutes, drawn up in a dedicated book, and signed by all members in attendance.

The Board of Directors (BoD) currently has the following composition:

Board of Directors (BoD)	
Chairman (Non-Executive)	Rui Jorge Carneiro Mangueira
Vice-Chairman (Non-Executive)	Osvaldo Salvador de Lemos Macaia
Non-executive and Independent Members	Filomeno da Costa Alegre Alves de Ceita João Fernando Quiúma
Non-Executive Members	Divaldo Quienda Feijó Palhares Jacinto Manuel Veloso
Executive Members	Luís Roberto Fernandes Gonçalves António Simões Matias Vera Cristina dos Anjos Tanguê Escórcio Sebastião Machado Francisco Massango Natacha Sofia da Silva Barradas Paulo Lélis de Freitas Alves António Manuel Costa Alfaia

Executive Committee of the Board of Directors (ECBD)

Bank’s executive management is entrusted to the Executive Committee of the Board of Directors (ECBD), which, in accordance with the BFA’s Articles of Association and in-house regulations, possesses the following key features and attributes:

- It comprises three (3), five (5) or seven (7) members appointed by the Board of Directors, which shall appoint the Chairman from among its members. According to the table above, BFA’s ECBD is currently composed of 7 Directors.
- It meets when convened by its President, usually once a week and at least once a month;
- Its performance is permanently monitored by the Board of Directors, the Supervisory Board and the External Auditor.

Within the scope of its regulations, approved by the Board of Directors and subject to the action plans and annual budget, as well as other measures and guidelines approved by the Board of Directors, the ECBD holds broad management powers, required or appropriate for carrying out financial banking activities, under the terms and to the extent defined by law, namely the power to resolve and represent BFA, namely in the following matters:

- i. Lending or financing operations;
- ii. Provision of remunerated personal guarantees;
- iii. Provision of real guarantees, having as their object securities, required or appropriate for the pursuit of the activities included in the company’s corporate purpose;
- iv. Performing foreign exchange transactions;
- v. Execution of passive operations;
- vi. Issuance of cash bonds and financial instruments of a similar nature;

- vii. Acquisition, disposal or encumbrance of any securities other than those representing an equity interest in any companies;
- viii. Acquisition, sale and encumbrance of movable and immovable assets, up to an individual value of USD 1 million;
- ix. Acquisition of services up to an individual value of USD 1 million;
- x. Personnel admissions, definition of professional levels and categories of Team Members, under the terms foreseen in the company budget and in the resolutions approved by the Board of Directors;
- xi. Execution of the disciplinary power and application of any sanctions;
- xii. Opening or closing of commercial branches or agencies;
- xiii. Appointment of the Bank’s legal representative at the General Meetings of its subsidiaries, and establish the voting instructions that will be given;
- xiv. Appointment of the individuals to assume corporate positions in governing bodies to which the Bank may be elected, as well as the individuals that the Bank must nominate to stand for any corporate positions in companies in which it merely holds an interest;
- xv. Issuance of instructions that are binding to the companies forming part of a controlling interest group with the company;
- xvi. Legal representation of the Bank in and out of court, both actively or passively, including the initiation and opposition of judicial or arbitral proceedings, as well as the confession, withdrawal or settlement of any claims and the assumption of arbitration commitments.
- xvii. Appointment of legal representatives, with or without powers of attorney, to perform certain legal acts or categories of acts, which shall specify the scope of the respective powers of attorney.

Executive Committee of the Board of Directors and corresponding Portfolios					
ECBD Chairman	Luís Roberto Gonçalves	BFA Academy Investment Banking Department Human Capital Department Marketing Department Institutional Relations Department Company Secretary EC Chairman Office	Members	Sebastião Massango	Agribusiness Department Investment Centres Department Private and Business Department (North) Private and Business Department (South) Private Banking Department
Members	António Simões Matias	Facilities and Property Department Means of Payment Department Foreign Operations Department Treasury Operations Department Processing and Control Operations Department	Members	Paulo Alves	Large Enterprises Department Medium-sized Companies Department Oil & Gas Corporations and Institutional Department Protocols Management Department Project Management and Strategic Initiatives Department Organisation and Quality Department Information Systems Department
	Vera Escórcio	Procurement Department Accounting and Planning Department Financial and International Direction Social Responsibility Department		António Alfaia	Credit Monitoring, Recovery and Litigation Department Private Customers Credit Risk Department Credit Management Department Corporate and Business Credit Risk Department Corporate, Institutional and Projects Credit Risk Department
	Natacha Barradas	Audit and Inspection Department (Administrative and Operational Dependency) Compliance Department Foreign Exchange Control Department Risk Management Department Legal Department	BoD Chairman	Rui Manguera	Audit and Inspection Department (Functional and Hierarchical Reporting)

Supervisory Board

The Supervisory Board composition and modus operandi shall be governed by the provisions of BFA's Articles of Association and internal regulations, which stipulate the following:

- It is comprised of a Chairman and two full members, one of whom is an expert accountant;
- Its members must be natural persons with full legal capacity and have the technical qualifications (namely in law, accounting, auditing and financial management) and professional experience, including operational knowledge of the banking business, to enable them to perform effectively the responsibilities assigned to them;
- It meets at least once every quarter.

In the performance of its statutorily and legally assigned functions, namely those foreseen in Article 441 of the Companies Act, the Supervisory Board has the following powers and responsibilities:

- To oversee and monitor the Bank's Management Board;
- Ensure compliance with the law and the Company's Articles of Association;
- To review/examine the accuracy of the ledgers, accounting records and supporting documents;
- To review/examine the accuracy of the balance sheet and other financial statements;
- To review/examine whether the value-metrical criteria adopted by the company lead to a correct assessment of the company's assets and the profit/loss figures (financial results);
- To draw up an annual report on its supervisory activities and give an opinion on the report, accounts and proposals submitted by the executive management board;
- To summon the Shareholder's General Meeting in the event that the Chairperson of the General Meeting Board does not do so.
- To comply with all other duties provided by law, BFA's Articles of Association and BNA directives, notices and regulations.

Supervisory Board	
Chairperson	Ari Nelson Correia Brandão
Member	João Filipe Melão Dias Valdir de Jesus Lima Rodrigues

External Auditor

BFA's external audit is performed by KPMG Angola, under the terms of the service provision regulations laid down in BNA Notice no. 09/21.

The Bank upholds and warrants that its auditors are independent in complying with applicable regulatory and professional requirements and that their objectivity is not compromised.

For this purpose, BFA has incorporated in its governance practices and policies several mechanisms that safeguard the independence of the auditors.



Board of Directors’ Support and Advisory Committees

Audit and Internal Control Committee (AICC)

The Audit and Internal Control Committee (“AICC”) has the following composition:

Voting Members	
Chairperson: Chairman of the Board of Directors	Rui Mangueira
Non-Executive Directors	Jacinto Veloso Osvaldo Macaia João Quiúma Filomeno Ceita
Regular Invitees Members (with advisory capacity)	
Chief Executive Officer	Luís Gonçalves
Chief Risk Officer	Natacha Barradas
Supervisory Board Members	Ari Nelson Brandão João Filipe Melão Dias Valdir de Jesus Lima Rodrigues

Regular Invitees Members (with advisory capacity)	
External Auditor	KPMG
Head of the Internal Audit Department	Paulo Caldeira
Head of the Compliance Department	José Cerqueira
Head of the Organization and Quality Department	Sílvia Peixinho
Head of the Risk Management Department	Sandra Vieira

According to the relevant BFA’s internal regulation, the AICC’s main powers are as follows:

- i. To ensure the establishment and implementation of an effective and properly documented information system, including the process of preparing and disclosing financial statements;
- ii. To oversee the establishment and implementation of the institution’s accounting policies and practices;
- iii. To review all financial information for publication or internal disclosure, including the executive management’s annual accounts;
- iv. To oversee the independence and effectiveness of the internal audit, approve and review the scope and frequency of its activities, and monitor the implementation of the proposed corrective measures;
- v. To oversee the performance of the Compliance function;
- vi. To oversee the performance and the independence of the external auditors, establishing a communication channel with the purpose of knowing the conclusions and findings of the audits carried out and the reports issued.

Risk Committee (RC)

The Risk Committee has the following composition:

Voting Members	
Chairperson: Non-Executive Director	Jacinto Veloso
Non-Executive Director	Divaldo Palhares Filomeno Ceita
Regular Invitees Members (with advisory capacity)	
Chief Risk Officer	Natacha Barradas
Executive Director with the Credit Portfolio	António Alfaia
Head of the Compliance Department	José Cerqueira
Head of the Risk Management Department	Sandra Viera
Head of Corporate, Institutional and Project Credit Risk Department	Vladimir Patrício Cunha

According to the relevant BFA’s internal regulations, the Risk Committee (RC) main powers are as follows:

- i. To advise the Board of Directors (BoD) on matters relating to the Bank’s risk strategy;
- ii. To monitor the policy for managing all the risks of the Bank’s business operations and activities.

IT and Innovation Committee

The IT and Innovation Committee has the following composition:

Voting Members	
Chairperson: Vice-Chairman of the Board of Directors	Osvaldo Macaia
Non-Executive Director	João Quiúma Divaldo Palhares
Regular Invitees Members (with advisory capacity)	
Chief Executive Officer	Luís Gonçalves
Executive Director with the IT Department Portfolio	Paulo Alves
Head of the IT Department	Sérgio Lopes
Head of the Marketing Department	Nelson Correia
Head of the Project Management and Strategic Initiatives Department	Filipe Silvério

The Bank decided to create the IT & Innovation Committee in 2018, with a view to enable the Board of Directors to monitor the Strategic Plan for the five-year period 2018 - 2022, which set out “Leading the Digital Space” as one of the key strategic goals.

According to the relevant BFA’s internal regulation, the IT & Innovation committee main powers are as follows:

- i. To advise the Board of Directors (BoD) on the Bank’s IT systems development strategy and its implementation;
- ii. To monitor the projects implementation related to the Bank’s IT systems;
- iii. To support the Board of Directors in identifying, assessing and implementing new processes, products or working methods.



Governance, Nomination, Evaluation and Remuneration Committee (GNERC)

The Governance, Nomination, Evaluation and Remuneration Committee has the following composition:

Voting Members	
Chairman of the Board of Directors	Rui Mangueira
Vice-Chairman of the Board of Directors	Osvaldo Macaia
Non-Executive Director	Filomeno Ceita Jacinto Veloso
Advisor	José Octávio Serra Van-Dúnem
Regular Invitees Members (with advisory capacity)	
Chief Executive Officer	Luís Gonçalves

Without prejudice to the powers assigned to other corporate bodies, the Governance, Nomination, Evaluation and Remuneration Committee is entrusted with the following powers and functions:

- i. To support and advise the governing bodies on matters related to the Bank’s governance, namely:
  - On the Board of Directors adoption of corporate governance policies in accordance with BFA’s articles of association, the applicable legal provisions, and national and international corporate guidelines, standards and best practices;
  - In the implementation of the Prevention and Management of Conflicts of Interest, Transactions with Related Parties and Code of Conduct Policies.

- ii. Support the governing bodies in matters related to filling vacancies on the different bodies, as well as with governing bodies’ assessment and remuneration and staff members linked to critical functions, namely:
  - In the selection of candidates for Directors and the preparation of proposals to present at the General Meeting, with a view to their appointment;
  - In the selection of in-service Directors and the preparation of proposals to present to the Board of Directors, with a view to their integration in the Executive Committee;
  - On preparing succession plans;
  - Appointment, dismissal and mobility of directors of key areas with special relevance;
  - To draw up the remuneration proposal for the governing bodies to be decided upon at the company’s General Meeting;
  - Establishment of the key performance indicators that underlie the allocation of the bonus/variable remuneration;
  - Ruling on the application of the “malus” and “claw-back” clauses and on events assessment which may justify their application;
  - Establishment of guidelines on the assessment and remuneration of staff members linked to critical and management functions of the internal control system and other key areas of special importance;
  - Assessment of the remuneration policy alignment with BFA’s risk policy and with national and international regulatory requirements developments in force.
  - Approval of the variable remuneration proposal for the directors.
- iii. To monitor the preparation of the annual report on the Governance and Internal Control System and to provide an opinion on such report, prior to its approval by the Board of Directors, particularly with regard to the following matters:
  - BFA’s compliance with the legal, regulatory and supervisory provisions applicable to matters within the jurisdiction of the Governance, Nomination, Evaluation and Remuneration Committee;
  - Assessment of BFA’s governance structure’s efficiency and effectiveness;
  - Drafting of proposals for the improvement of BFA’s governance structure.

- iv. Without prejudice to the aforementioned, whenever the GNERC deems it appropriate or is requested to do so, to propose to the Board of Directors (BoD) measures aimed at:
- To improve, fine-tune and enhance BFA’s organisational and governance model in force, with regard to structure, organisation, assignment of powers and the functioning of its governing bodies.
  - To enhance the information quality to be provided by BFA to the market and to the relevant oversight authorities.

The Governance, Nomination, Evaluation and Remuneration Committee (GNERC) draws up an annual report on its activity, which it discloses to the Board of Directors and to the Supervisory Board by the end of February of the following year.



Environmental and Social Responsibility Committee (ESRC)

The Environmental and Social Responsibility Committee (ESRC) has the following composition:

Voting Members	
Chairman of the Board of Directors	Rui Mangueira
Non-Executive Director	Osvaldo Macaia João Quiúma
Advisor	Mariana Conceição Assis
Advisor	José Octávio Serra Van-Dúnem
Regular Invitees Members (with advisory capacity)	
Chief Executive Officer	Luís Gonçalves
Chief Risk Officer	Natacha Barradas
Executive Director, Social Responsibility Portfolio	Vera Escórcio



The Environmental and Social Responsibility Committee is entrusted with the following powers and functions:

- i. To advise the Board of Directors and the Executive Committee with regard to the cross-cutting corporate sustainability strategy, in integrated and coherent terms with BFA's strategy, with a view to promoting environmentally and socially responsible performance standards, the adoption of sustainable internal practices and policies, and the dissemination and raising of awareness for the practice and adoption of responsible behaviour from a social and environmental standpoint;
- ii. To issue opinions, on its own initiative or at the request of the Board of Directors, on the social solidarity, education, science, innovation, environmental and cultural patronage policies pursued by the Bank;
- iii. To support the development of local clusters to enable the redesign of new products, services and market segments;
- iv. To monitor and oversee the implementation of the internal conditions necessary for BFA's sustainable growth, according to a three-dimensional perspective, in economic, environmental and social terms, and of the internal policies and conducts of social and environmental responsibility;
- v. To support the Board of Directors and the Executive Committee in the definition of its corporate purpose, in social and environmental terms, and in the promotion of BFA's performance as a sustainable company, making it recognised as such, both internally and externally;
- vi. To collect, centralise and, whenever necessary, disseminate information regarding the Bank's social and environmental sustainability, namely taking into account national and international standards and potential environmental recommendations, studies, internal reports and guidelines issued by the Bank's governing bodies;
- vii. To issue an opinion on the annual appointment of the Jury members for the BFA Solidarity Award;
- viii. To promote internal and external initiatives to raise awareness on social and environmental sustainability;
- ix. To draw up an annual report on the Bank's social and environmental sustainability practices, including a description of the Commission's annual activity;
- x. To assess the annual Environmental and Social Sustainability Report to be drawn up by the relevant organisational unit(s);
- xi. To issue an opinion on the Bank's Annual Action Plan in the area of environmental and social responsibility;
- xii. To issue an opinion on the allocation/strengthening of the plan for the use of the Social Fund, Subsidies, Awards, Voluntary Work or any other forms related to BFA's intervention in the environmental and social areas.

Expertise Committees supporting the Executive Committee

Overview of the Committees and its Composition

Fixing Committee

- To ensure compliance with BNA regulations relating to the foreign exchange market;
- To approve the criteria for the allocation and distribution of currency;
- To monitor the performance of the foreign exchange operations carried out by the Bank, both at auction and from other sources;
- To monitor the management policy of all issues related to the sale of foreign currency, namely by requesting the drawing up of proposals to be submitted to the ECBD with a view to solving constraints relevant to the business activity.

Financial Committee

- To propose efficient methodologies for the control of the Bank's financial activity;
- v To monitor the legislation and prudential regulations in force;
- Pricing policy;
- To drawn up the commercial and business strategy for the launch of new products;
- Management of balance sheet risks, namely: exchange rate risk, interest rate risk and liquidity risk.

Business Committee

- To monitor the business development and commercial performance of the different networks;
- To monitor the competitive environment/framework and business outlook.
- To set out the commercial policy, namely through the identification of priorities, opportunities and constraints to the commercial activity;
- To request the drawing up of proposals to be submitted to the ECBD for the resolution of constraints relevant to commercial activity;
- To monitor the implementation of the established priorities, namely by analysing deviations and their impacts;

- To develop and drive the implementation of new products to be launched on the market, as well as monitoring their commercial performance;
- To monitor and boost the commercial activity by identifying new opportunities to implement processes and/or new methods as well as to ensure their subsequent analysis and assessment by the ECBD.

#### Products and Services Committee

- To monitor the business progress and commercial performance of the different networks;
- To monitor the regulatory framework that applies to and shapes the Bank's offer of products and services, in its different dimensions/facets, namely product features, pricing and sales processes;
- To monitor the competitive landscape and the outlook for developments (new trends) in the supply of financial products and services in the internal market;
- To submit a proposal for the ECBD decision, the priorities for the development of new financial products and services, considering the evolving regulatory and competitive environment as well as the potential impact on the Bank's business;
- To monitor the implementation of the priorities established for the development of new products and services, namely by analysing deviations and assessing their corresponding impacts;
- To monitor the implementation of pricing policies, namely at committee's level, requesting the drafting of proposals to be submitted to the ECBD with a view to adjusting them to the regulations in force or to the competitive landscape.

#### Costs and Productivity Committee

- To monitor the control of the budget execution and the achievement levels of the goals established;
- To analyse the corresponding deviations in conjunction with the relevant department heads/managers and to propose the adoption of mitigation/corrective measures to the ECBD;
- To provide guidelines for the drafting of the annual budget for costs (personnel costs, third-party services provision) and amortizations.

#### ALCO Committee

- To advise the Executive Committee of the Board of Directors with regard to the Assets and Liabilities management strategy;
- To submit a proposal to the Executive Committee of the Board of Directors on Assets and Liabilities management policies, with regard to liquidity, interest rate, exchange rate and market risk management, and to follow up and monitor these policies;
- To monitor key performance indicators and metrics and their alignment with the corporate goals and strategic targets established in the Strategic Planning with regard to the balance sheet's financial management;
- To monitor the national and international macroeconomic framework, particularly in terms of analysing market interest and exchange rate trends and identifying potential impacts.

#### Projects and Strategic Initiatives Committee

- To support the ECBD in establishing the scope of intervention of the different project teams, programmes and strategic initiatives, already in place or to be created;
- To monitor the implementation and progress of projects, programmes and strategic initiatives as well as those considered critical or of vital importance for the Bank;
- To provide support in the management of priorities regarding the allocation and articulation of resources from various business units that participate in the implementation of each project, programme and strategic initiative, identifying solutions and corrective measures whenever deemed necessary;
- To monitor the assessment of the costs and earnings headings foreseen in each project, programme and strategic initiative, as well as any deviations recorded;
- To assess and give an opinion on proposals arising from the various projects and initiatives in progress, which speeds up the decision-making process involving the ECBD.

### Human Capital Committee

- Analyze and provide inputs on personnel management policies and regulations, whenever requested by HCD or by the ECBD;
- Analyse and issue an opinion for review and assessment by the ECBD:
  - With regard to proposals to appoint staff to management or coordination positions in the commercial departments (managers or equivalent);
  - With regard to internal mobility proposals for management positions in the commercial departments.
- Monitor the development and implementation of the onboarding and training plans, with a particular focus on those aimed at the sales teams, and to propose to the ECBD changes or adjustments, whenever deemed appropriate;
- Review and provide inputs on the Succession Plans for key positions, for subsequent submission to the ECBD;
- Analyze labor-related incidents referred by the Audit Committee or any other corporate or governing body that may constitute relevant potential irregularities, substantiating the violation of the code of conduct or other labour duties, and propose to the ECBD the application of measures deemed appropriate to prevent similar events from happening in the future.

### Security and Information Committee

- Advise the ECBD with regard to the Information Security strategy;
- Advise the ECBD with regard to the Information Security policies;
- Monitor, analyse and report on the “SGS” risk and performance metrics;
- Develop corrective plans, monitor their implementation and assign the appropriate functions and duties;
- Monitor and report on the information security internal and external framework, and promote the periodic review of the related regulations.





## Executive Committee of the Board of Directors



Luís Gonçalves

1/ Vera Escórcio

2/ Sebastião Massango

3/ António Alfaia


4/ Natacha Barradas

5/ Paulo Alves

6/ António Matias


# Executive Committee of the Board of Directors - Organisational Chart

The Bank’s Organisational Chart is underpinned by a functional structure, which allows for a clear separation of the business areas and functions of each Department, under the authority of each of the Executive Directors.




**Luís Gonçalves**  
(CEO)

- Company Secretary
- CEO's Office
- BFA Academy
- Investment Banking Department
- Human Capital Department
- Marketing Department
- Institutional Relations Department




**António Matias**

- Facilities and Property Department
- Means of Payment Department
- Operations and Treasury Department
- Foreign Operations Department
- Processing and Control Operations Department




**Vera Escórcio**

- Procurement Department
- Accounting and Planning Department
- Finance and International Department
- Social Responsibility Department




**Natacha Barradas**

- Audit and Inspection Department<sup>1</sup>
- Compliance Department
- Foreign Exchange Control Department
- Risk Management Department
- Legal Department




**Sebastião Massango**

- Agribusiness Department
- Investment Centres Department
- Private Banking Department
- Retail and Business Credit Department (North Area)
- Retail and Business Credit Department (South Area)



**António Alfaia**

- Credit Monitoring, Recovery and Litigation Department
- Credit Management Department
- Corporate and Business Credit Risk Department
- Corporate, Institutional and Projects Credit Risk Department
- Retail Credit Risk Management Department



**Paulo Alves**

- Organization and Quality Department
- IT Department
- Strategic Projects and Initiatives Department
- Agreements& Partnerships Management Department
- Large Corporations Department
- Medium-sized Companies Department
- Institutional and Oil & Gas Department

<sup>1</sup>Direct Reporting to the Chairman of the Board of Directors.



## Executive Committee of the Board of Directors



**Luís Gonçalves**  
CEO

Nationality: Angolan  
Date of Birth:  
06/06/1972

Mr. Luís Roberto Gonçalves holds a bachelor's degree in Higher Management Accounting from the Lusíada University of Angola and has completed a Postgraduate Degree in Monetary and Financial Economics at the University of Évora, Portugal. On Mr. Luís Gonçalves' academic record and professional career stands out the training in Prevention of Money Laundering and Counter-Terrorist Financing & Sanctions from PricewaterhouseCoopers (PWC), and an Effective Leadership Program attended and completed at Nova School of Business & Economics as well as a training programme in Interbank Markets, managed by Intermoney Portugal SFC. In 2019, he attended the Corporate Governance training course administered by the Financial Services Volunteer Corps ("FSVC") organization.

Mr. Luís Roberto Gonçalves commenced its banking career in 1996 at BFA, having held various high-profile and key management positions at the Bank for several years. In 2016, Mr. Gonçalves was entrusted with the mission of setting up from scratch the BFA Asset Management ("BFA Gestão de Activos"), having served as its Chief Executive Officer (CEO). Until early 2020, Mr. Gonçalves served as Executive Director of Banco Crédito do Sul. Prior to carrying out these executive functions, Mr. Gonçalves also performed key executive management positions at Banco KEVE.

## Executive Committee of the Board of Directors



**Vera Escórcio**

Director

Nationality: Angolan  
Date of Birth:  
17/09/1974

Mrs. Vera Escórcio holds a Degree in Economics with a major in Business Economics from the Nova School of Business & Economics. Mrs. Escórcio also completed a Postgraduate Degree in Banking Management at the High Education Institute at the Madrid University and also holds in her academic curriculum an Advanced Management Banking Programme from the Católica Lisbon School of Business & Economics.

Mrs. Vera Escórcio has performed the duties of BFA Executive Director since 2009. Mrs. Escórcio has 19 years of work experience within the banking sector, which began in 2001 in BFA's Financial Department. Mrs. Escórcio has also worked at Banco BIC, where she held the key management position as Head of the Financial Department. Moreover, Mrs. Escórcio has previously held senior high-profile positions such as acting member at Nova Cimangola Supervisory Board and acting member at the ABANC Supervisory Board (Angolan Banking Association).



**António Matias**

Director

Nationality: Angolan  
Date of Birth:  
19/07/1968

Mr. António Simões Matias holds a bachelor's degree in business management from the Economics School of the Agostinho Neto University and has completed a Postgraduate Degree in Banking, Insurance and Financial Markets at the High Education Institute of Languages and Business Administration of Lisbon - Portuguese acronym ISLA).

Mr. António Simões Matias has performed the duties of BFA Executive Director (Board Member) since 2005 as well as Chairman of the Board of Directors of the Banking Training Institute of Angola (IFBA). In addition to a professional career in the economic field, he has over 20 years' work experience in the banking business sector, having joined BFA in January 1998. During his professional trajectory, he has held several high-profile executive management positions in the Credit Business Division and in the Corporate Department.



**Natacha Barradas**

Director

Nationality: Angolan  
Date of Birth:  
25/09/1978

Mrs. Natacha Barradas holds a Law Degree from the Catholic University of Angola. Mrs. Barradas also holds two post-graduate degrees in Corporate Law and International Trade Law from the Lisbon University and the Agostinho Neto University, respectively. Additionally, Mrs. Barradas has also completed and obtained a Master's Degree in Business and Law from the Portuguese Catholic University.

Mrs. Natacha Barradas has served as Head of the Legal Department, Company Secretary and Chairwoman of the Shareholders' General Meeting Board of Standard Bank Angola. Mrs. Barradas has also held the position for a two-year period as Acting Member of the Supervisory Board of the Angolan Sovereign Wealth Fund (FSDEA). Mrs. Barradas is also a partner at LEAD Attorneys at Law since 2017 and has previously worked at several law firms such as: MLGTS - Morais Leitão, Galvão Teles, Soares da Silva and FBL - Faria De Bastos e Lopes Associated Lawyers. In 2013, she joined the Angolan Ministry of Finance as Head of the Legal Office and later as Director of the Minister of Finance's Office. Mrs. Barradas has also worked as a legal adviser at BPI Bank in 2008 and at the Angolan New Insurance Company (Nossa Seguros) in 2005. In 2005, Mrs. Barradas also held a lecturer position at the Angolan Catholic University Law School.

## Executive Committee of the Board of Directors



**António Alfaia**  
Director

Nationality: Portuguese  
Date of Birth:  
11/01/1973

Mr. António Manuel Alfaia holds a bachelor's degree in Business Management from the High Education Institute of Languages and Business Administration of Lisbon (Portuguese acronym ISLA). Mr. Alfaia also holds a Postgraduate Degree in Management Control and Performance from the Overgest/ISCTE. Moreover, Mr. Alfaia has also attended and completed an Executive Programme in Financial Institutions Management at the Portuguese Catholic University.

Mr. António Alfaia, during its banking professional trajectory has performed duties within the Retail Sector, In Store Banking and Factoring operational business activities, and has also held the position of Commercial Director at Banco BPI within the Private and Corporate business areas. In 2008, Mr. Alfaia began its professional career at BFA, performing duties in the Private and Corporate Credit Risk Departments, Workplace Banking, Credit Risk Management, at the same time that it was appointed and entrusted with the implementation of the IFRS9 standard. In 2020, Mr. Alfaia was appointed General Manager of the Lending/Credit Division at BFA, with overall management duties for all business areas related to the granting, monitoring, recovery and operational management of credit.



**Sebastião Massango**  
Director

Nationality: Angolan  
Date of Birth:  
10/09/1976

Mr. Sebastião Machado Francisco Massango holds a bachelor's degree in business management from the School of Economics of the Agostinho Neto University. In addition, Mr. Sebastião Massango also holds in its academic curriculum a Postgraduate Degree in Business Management from the Portuguese Catholic University.

Mr. Sebastião Machado Francisco Massango, has an 18-year professional track record at BFA, having held throughout its banking career several key and high-profile executive management positions in the Corporate Banking Division as well as in the Risk Department. In 2019, Mr Sebastião Massango also performed the duties of Executive Manager in the Agribusiness Directorate.



**Paulo Alves**  
Director

Nationality: Angolan  
Date of Birth:  
24/11/1978

Mr. Paulo Freitas Alves holds a bachelor's degree in Linguistics with a major in English Language from the High Education Institute of Educational Sciences of Lubango. Moreover, Mr. Paulo Freitas Alves also holds a master's degree in Business Management from the Distance Education University of Lisbon (Universidade Aberta de Lisboa).

Mr. Paulo Freitas Alves has a wealth of experience in the Business Commercial field as well as in the leadership of multidisciplinary teams. Throughout his banking career, Mr. Paulo Alves held the following positions in other Financial Institution(s): Assistant Clerk, Credit Technician, Counter Manager, Branch Deputy-Manager and Branch Manager. In 2005, Mr. Paulo Alves received an invitation to join the BFA team as General Manager, and until 2017 has held several key management positions in the Private and Corporate Business Divisions, namely: General Manager, Area Manager, Assistant Manager and Commercial Director. Mr. Paulo Alves was later challenged to join the Transformation Project team as Coordinator/Team Leader of one of the work groups. In 2019, he joined the Corporate Banking Division.

# Corporate Governance and Internal Control System

On the 31st of January 2023, the Board of Directors of Banco de Fomento Angola, S.A. (BFA) submitted the Annual Report on Corporate Governance and Internal Control System reported on the 31st of December 2022, in compliance with the provisions of article 46(1) of Notice no. 1/22, dated 28th of January.

With regard to its Internal Control System, in terms of Risk Management and with the aim of promoting a systematisation of the basic principles that should guide the implementation of a risk management system in Angolan financial institutions, the BNA published last year a large package of Notices and Instructions setting out a wide range of requirements in risk governance, with regard to which the BFA is committed to full compliance and to continuing to make the risk management function operational.

At the current moment, BFA considers itself to be adequate and self-sufficient in terms of processes, systems and human resources, and its evolution is part of the risk management strategy, in accordance with the requirements established by Law no. 14/21, dated 19th May, which aims to ensure the development of a risk management system consistent with the regulatory requirements and best international practices, to promote the correction and continuous improvement of risk management, as well as the monitoring and disclosure of information and advice to the executive management and supervisory bodies on the Bank’s overall risks.

In order to improve controls in compliance matters and to strengthen alignment with the best international control practices, BFA intensified the process of strengthening its internal control environment with regard to the creation and improvement of processes and procedures in compliance and risk management matters, in anti-money laundering (AML)/ counter terrorism financing (CTF), including the updating of the AML risk management framework for operational and functional improvement integrated with the Bank’s processes, as well as the cross-cutting and interdisciplinary training of its staff members on these subject matters.

According to BFA’s governance guiding principles, the assignment of powers and risk management, as well as the whistleblowing policy, which aims to ensure protection through structural principles of conduct and the best national and international corporate standards and practices, against illegal activities, also seek to strengthen the Internal Control System to guarantee and protect the interests of the shareholders and other stakeholders.

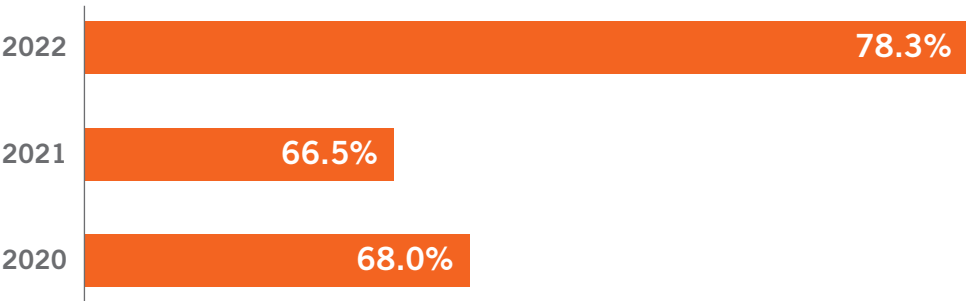
# Key Business Areas

Taking a leadership role in promoting financial inclusion and strengthening lending to the Real Economy

## Growth of Banking Services Usage in Angola

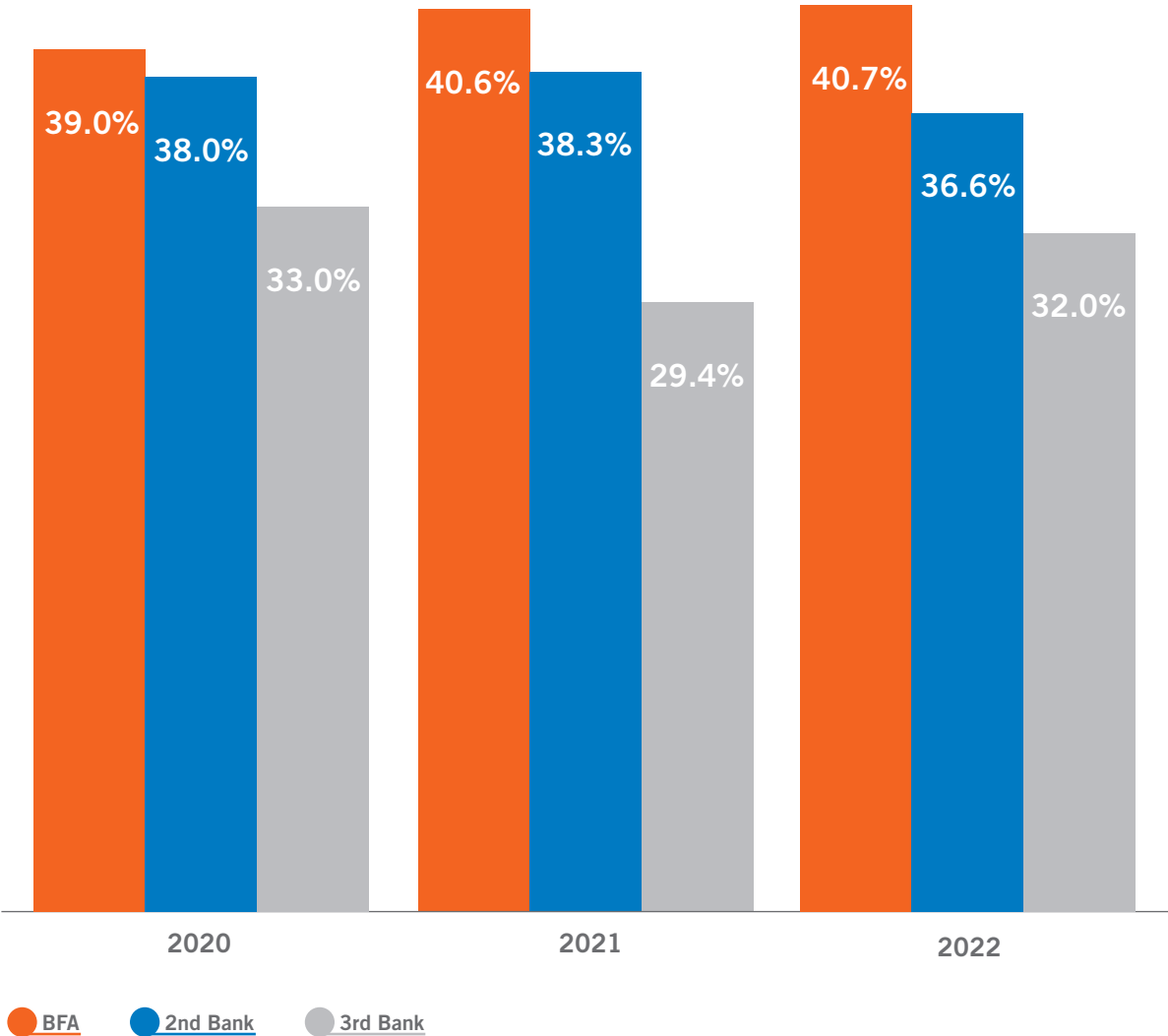
A survey carried out in 2022 amongst the population living in the Luanda province, aged 15 or over, recorded a banking services usage index of 78.3%, an increase of 11.8 p.p. YoY, which shows a return to the upward trend in the country’s banking services usage seen up until 2020.

## Development of Banking Services Usage Index



In 2022, BFA once again recorded a modest growth in its penetration rate and kept its leading position with respect to the other Commercial Banks, with 40.7% of the market share (an increase of 0.1 p.p. YoY), which once again highlights the BFA's efforts and drive in attracting and maintaining a strong relationship with the market in general and with its Customers in particular, as well as its unwavering efforts and endeavours to facilitate the dynamism and growth of the banking sector in Angola.

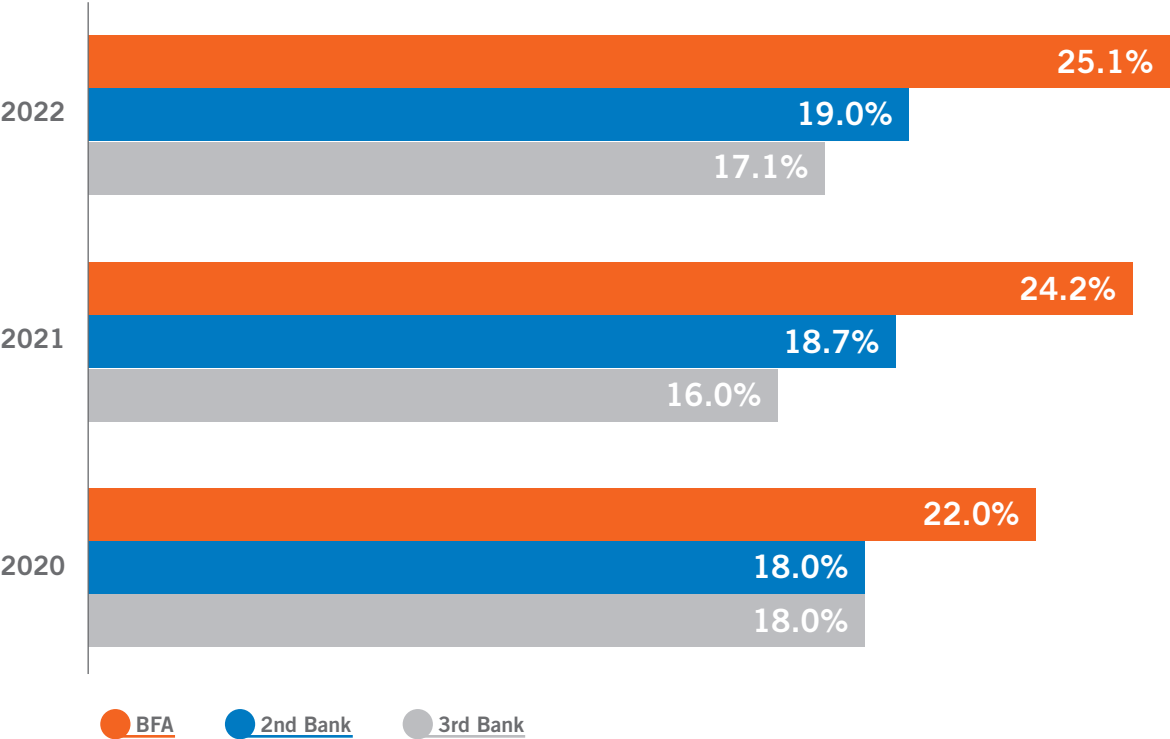
## Penetration Rate Development





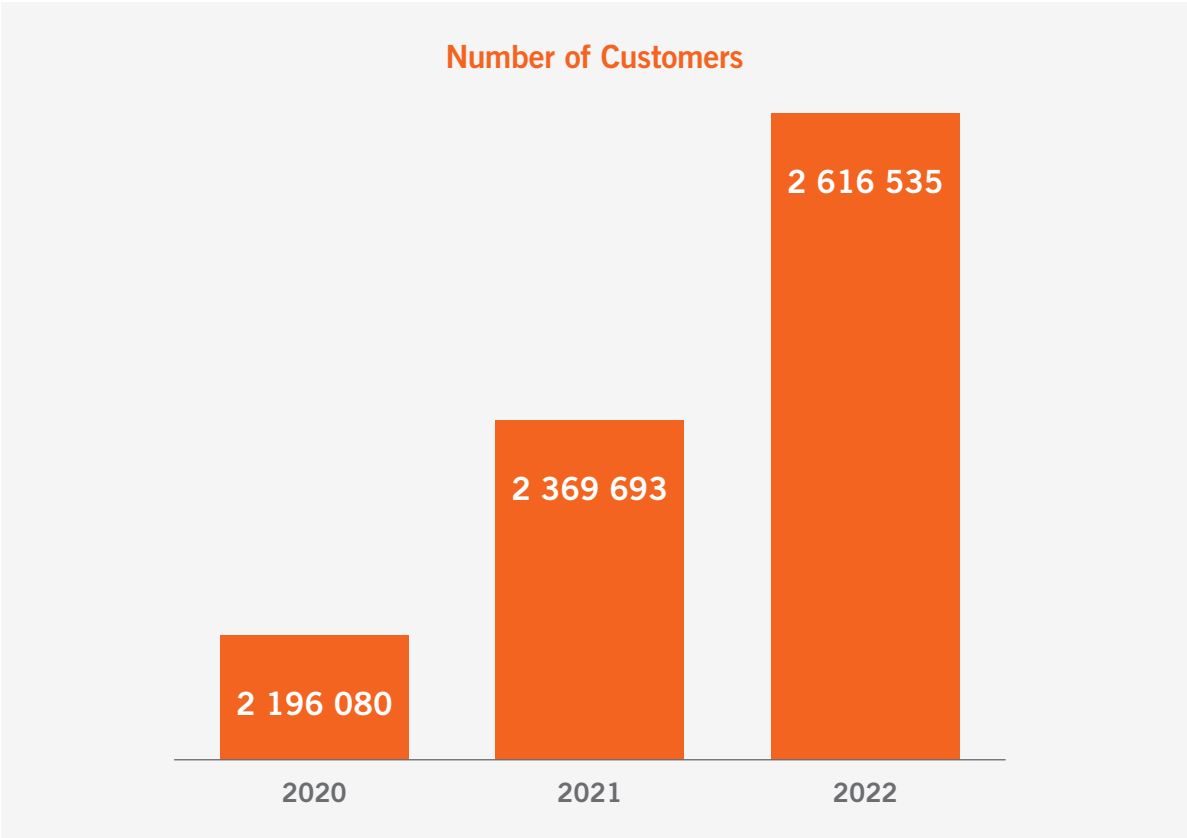
In 2022, BFA consolidated its market leadership as the leading financial institution in Angola, with a 25.1% market share, which represents a variation of 0.9 p.p. YoY. As a result, the Bank is the first choice of all Angolans when it concerns the provision of financial services.

BFA Leading Financial Institution - Market Share Development



Upholding and Maintaining Market Leadership

The Bank has been committed to improving customer support service, which has been a cross-cutting principle of action throughout the Bank, demonstrated by the ongoing and steady growth in the number of customers, similar to previous years. In 2022, BFA recorded a 10.4% increase in the total number of Customers YoY, which brought the total number of Customers to 2 616 535 (Two million, six hundred sixteen thousand and five hundred thirty-five).



Long-term investment in the commercial outlets network

Nationwide footprint of the Commercial Network in Angola

With the aim of guaranteeing a service with high performance standards, BFA's commercial network is based on a market segmentation strategy in three operating areas:

- Branches;
- Retail Customers;
- Entrepreneurs and Businesses.

BFA's commercial network currently includes 160 Branches, 22 Corporate Centres, 11 Investment Centres and 1 Private Banking.

BFA Commercial Network



Retail & Businesses

Improvement and Enhancement of efficiency in customer support service

One of the underlying key premises guiding BFA's operational activity is customer service quality, which has led the Bank to continue to adjust its practices and systems towards a customer-centric approach and strategy (where the Customer is at the centre of the whole process).

Customer Service Quality

Mystery Shopper Study

The Mystery Shopping approach is based on participatory observation, which allows the quality of services to be assessed from the customer's point of view in a discreet, scientific and professional manner. Each commercial branch is visited twice by two auditors from a market research company certified by the Mystery Shopping Providers Association (MSPA). The Bank's efforts and actions within this area aim to enhance and strengthen the quality of customer support service, as well as to improve the customer-orientation of the sales teams.

Market Leadership in Customer Acquisition

In 2022, the Retail & Business market sector reached 2 538 326 customers, which meant a 7.7% growth YoY.

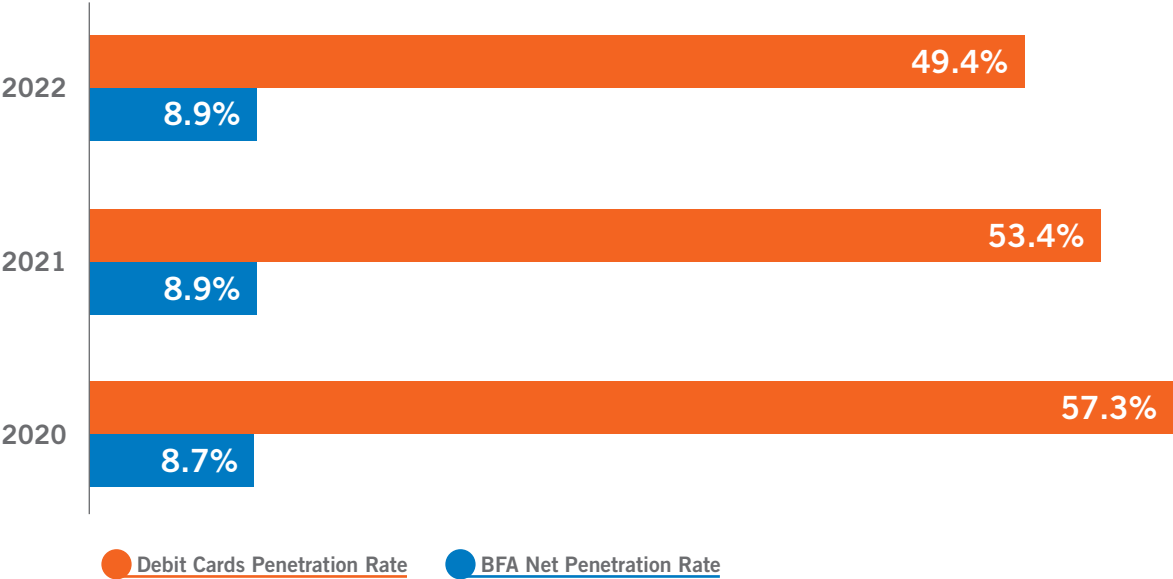
The BFA Net Internet Banking service recorded an increase of 8.6% and the Credit Cards a 16.4% growth YoY. The number of Debit Cards reached 1 254 813 in 2022, which entailed a decrease of 0.3% YoY, while Salary Accounts grew 44.5% and totalled 341 444.

Customer Base and Services Development - Retail & Businesses

Year	2020	2021	2022	Δ% 20-21	Δ% 21-22
Customers	2 185 040	2 357 703	2 538 326	7.9%	7.7%
BFA Net	190 012	208 686	226 729	9.8%	8.6%
Debit Cards	1 253 046	1 258 638	1 254 813	0.4%	-0.3%
Credit Cards	7 193	8 017	9 329	11.5%	16.4%
Salary Account	211 079	236 262	341 444	11.9%	44.5%

In 2022, the Debit Cards penetration rate recorded a decline of 4% p.p. YoY, while the BFA Net Internet Banking services remained steady with a penetration rate of 8.9%.

BFA Net and Debit Cards Penetration Rate Development



Deposit Portfolio Development

In FY2022 the deposit portfolio recorded a minor downturn (-0.4%) YoY and totalled 358 159.1 million kwanzas, with a breakdown between Demand Deposits worth 280 002.6 million kwanzas (-0.1% YoY) and 78 156.5 million kwanzas in Term Deposits (-1.6% YoY).

Deposits from Customers and other Loans - Retail & Businesses

AOAM	2020	2021	2022	Δ% 20-21	Δ% 21-22
Deposits from Customers and other Loans	376 617.6	359 600.8	358 159.1	-4.5%	-0.4%
Deposits	376 617.6	359 600.8	358 159.1	-4.5%	-0.4%
Demand Deposits	297 054.6	280 144.3	280 002.6	-5.7%	-0.1%
Term Deposits	79 563.0	79 456.5	78 156.5	-0.1%	-1.6%
Other Assets	0	0	0	-	-

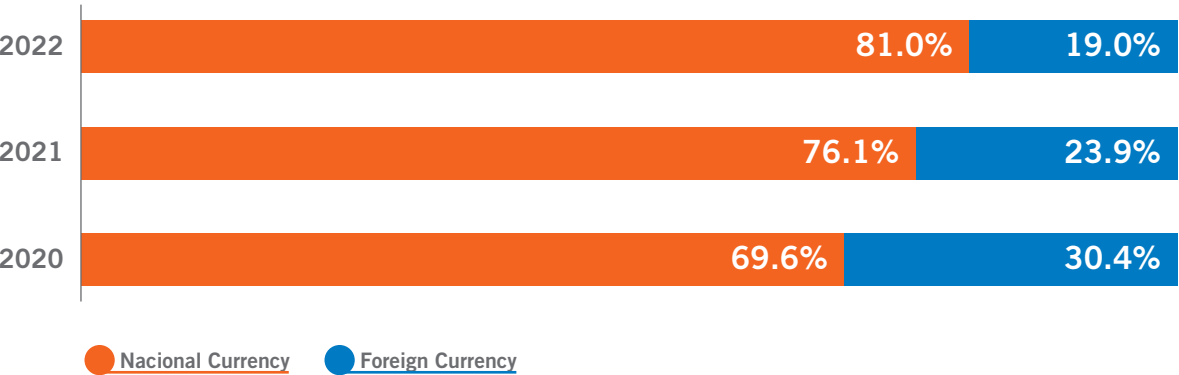
Despite the decline in the value of Deposits, their distribution did not change significantly compared to the previous year, with Demand Deposits representing 78.2% of total Deposits against 77.9% YoY, and Term Deposits representing 21.8% against 22.1% YoY.

With regard to the breakdown of Deposits by Currency, deposits in Angolan Currency increased to 81% of total Deposits against 76.1% YoY.

Breakdown of Deposits by Category - Retail & Businesses

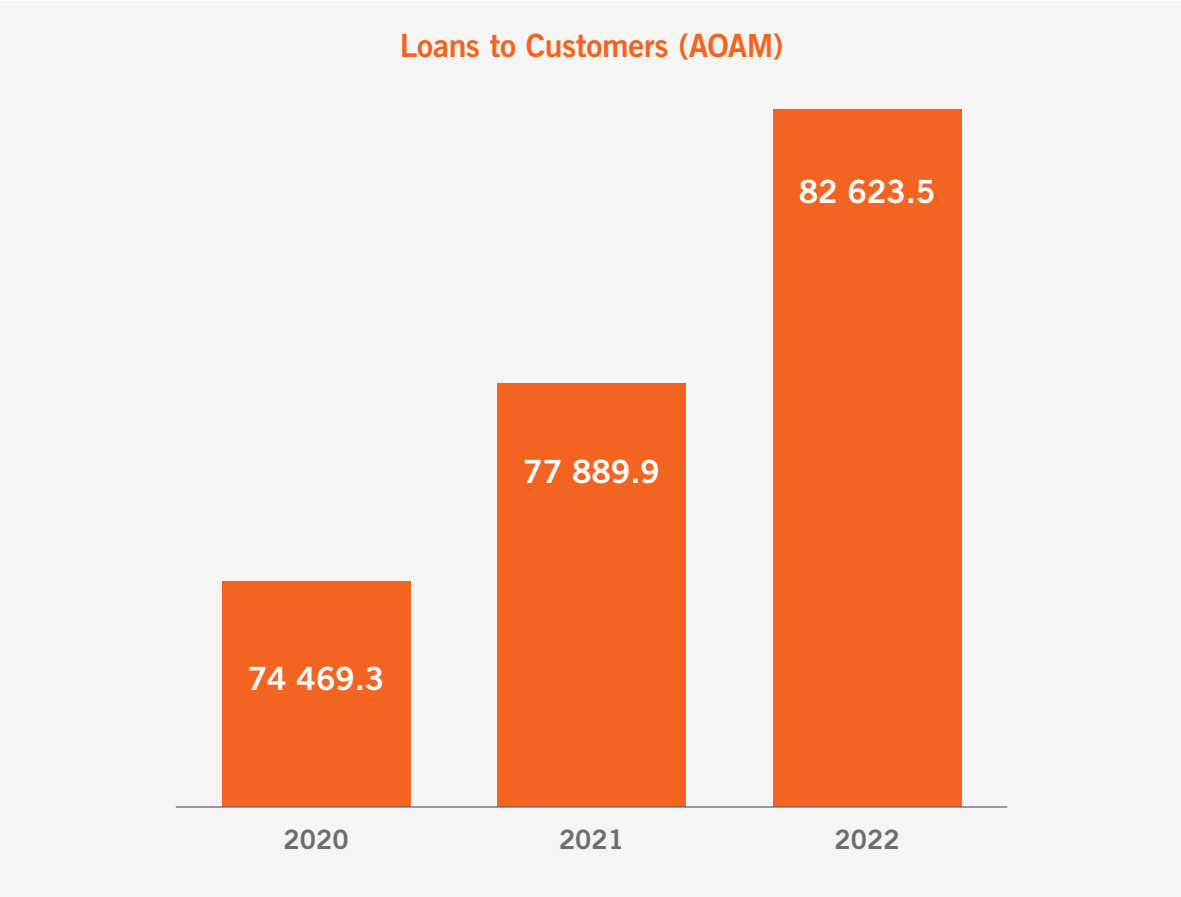


Breakdown of Deposits by Currency - Retail & Businesses



Loans to Customers - Retail & Businesses

With regard to the Loan Portfolio, following a breakdown by Customer segmentation, the portfolio increased to 82 623.5 million kwanzas, which represents a 6.1% growth YoY.



Note: Accrued interest has been excluded

## 2023 Outlook

As far as the year 2023 is concerned, BFA has identified and outlined the following priorities:

- Implementation of Self-Service Machines to relieve the pressure that Customers exert on branches/service counters with low-value cash deposits. This will make it possible to reduce the waiting times to which Customers are currently subjected, but also to free up staff members to provide better customer quality services that effectively require greater follow-up;
- Introducing solutions tailored to real Customers' needs and with sensitivity and attention to the inclusion of all customers (e.g. new BFA App 2.0 - many Customers do not have smartphones, so it is necessary to find solutions that relieve the pressure on the branches/service counters, but that do not rely solely on channels that not everyone has access to).
- Ongoing investment in the expertise training of staff members, given their importance to the commercial area and direct contact with Customers;
- Technological transformation to improve the monitoring of the personnel career progression, as well as to enable the setting up of career management plans. More than 70% of BFA's staff members are in the DPN so there must be an implementation of a practical form of career management within the Institution;
- Ongoing commitment to improving customer service quality with a special focus on the cultural transformation of the Bank's personnel and working teams, and on understanding the contribution of each individual staff member to the final customer experience.

## Investment Centres

### Leadership position in developing investment and savings solutions

The Investment Centres' main mission is to ensure the provision of a tailor-made service and a premium financial products and services offer to Private Customers that belong to the Affluent Customer segment. Most of these Customers have high incomes and a greater interest in digital technology, which makes them an effective catalyst and driving force for the Bank's modernisation strategy, both at a technological and procedural level. The Investment Centres were officially created 16 years ago and are currently located in 4 of the country's provinces (Luanda, Cabinda, Huíla and Benguela).

Within the scope of BFA's digital transformation, the greatest impact for the Investment Centres was in terms of the Credit process. Hence, the current analysis, decision-making and credit granting process is automated through a new platform. As a result, the process has become much faster, allowing more credit approvals in a shorter period of time.

As far as innovation is concerned regarding the products and services offered, the Investment Centre network awaits the segment-oriented offer that is currently being developed by the financial institution. Furthermore, a non-financial offer is available in all Investment Centres (Prestigious/High-End Products), which is highly valued by our Customers and that the Bank expects to leverage with the automatization and subsequent improvement of the credit portfolio.

With regard to infrastructure facilities investments, the National Assembly Investment Centre was officially opened in an inaugural ceremony on the 23rd of September 2022 (the 11th unit of the Management Directorate), a functional space that enables the provision of premium and high-quality service for Customers. The Investment Centre is located on 1st Congress Street (Rua do 1º Congresso), within the National Assembly's premises.



Customer Base & Services Development - Investment Centres

In 2022, the number of Investment Centre Customers reached 6 564, corresponding to an increase of +18.5% year-on-year. The number of Customers with access to homebanking followed this positive trend and increased by +28.5%, which brings the total number of subscribers to 5 133 using the BFA Net online services.

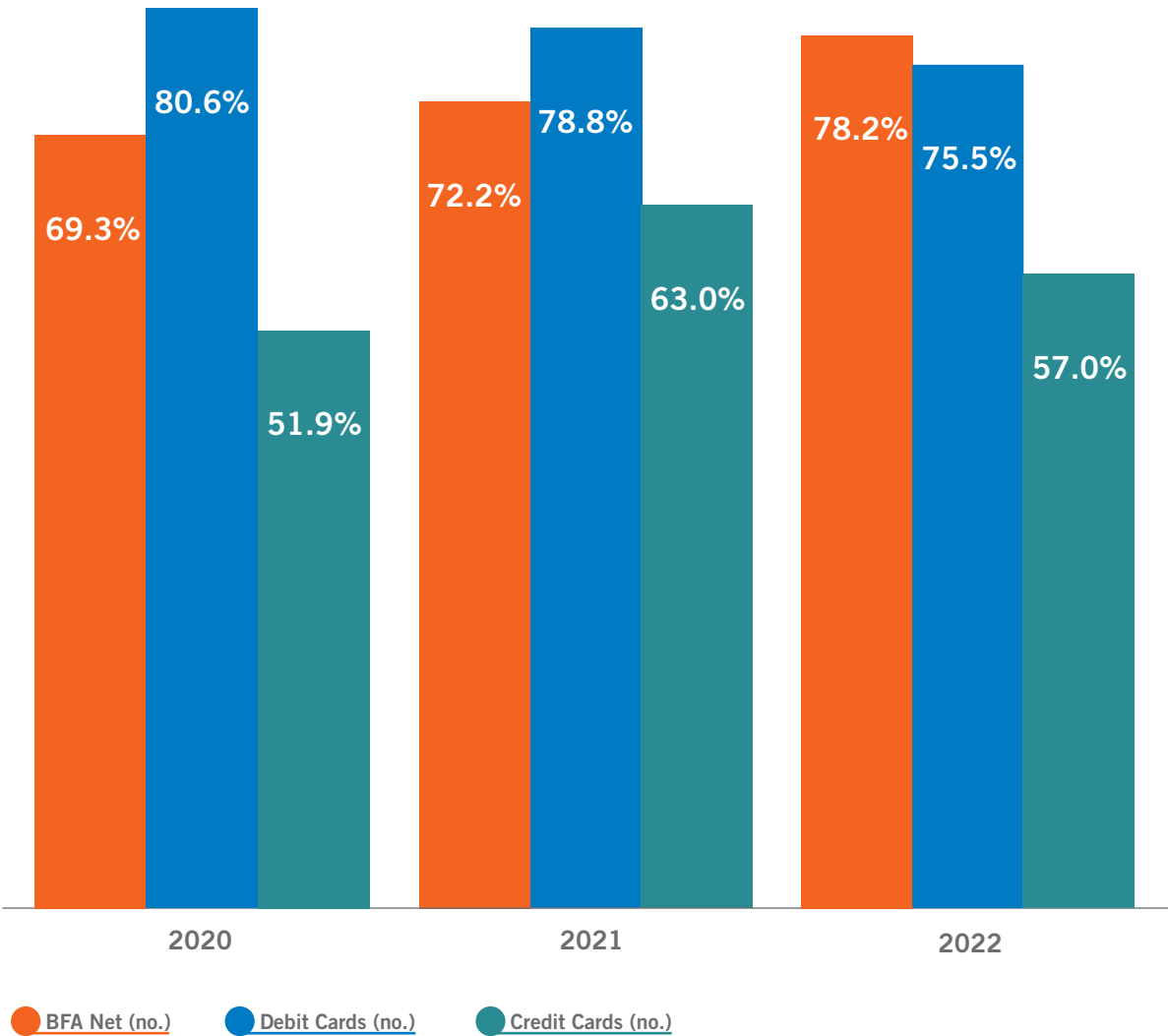
The number of Debit and Credit Cards also increased year-on-year, with growth rates of +13.6% and +7.3%, respectively. As a result, at the end of 2022, there were a total of 4 957 Debit Cards and 3 742 Credit Cards.

Deposits from Customers and other Loans – Investment Centres

Year	2020	2021	2022	Δ% 20-21	Δ% 21-22
Customers	5 465	5 537	6 564	1.3%	18.5%
BFA Net	3 789	3 995	5 133	5.4%	28.5%
Debit Cards	4 403	4 362	4 957	-0.9%	13.6%
Credit Cards	2 838	3 486	3 742	22.8%	7.3%

The Bank has endeavoured to provide a greater number of solutions available to its Customers, as well as on providing a high-quality customer service, in order to promote their loyalty and satisfaction. Accordingly, in 2022, concerning the Investment Centres customers, the penetration rate of the BFA Net service increased by 6 p.p. reaching 78.2%. The Credit Cards penetration rate recorded a decline of 6 p.p., which corresponds to a rate of 57%. The Debit Cards reached a 75.5% penetration rate, a decline of 3.3 p.p. year-on-year.

BFA Net, Debit Cards and Credit Cards Penetration Rate Development - Investment Centres



The Investment Centres’ deposits from customers and other loans portfolio rose by 10.7% year-on-year, totalling 157 617.4 million kwanzas.

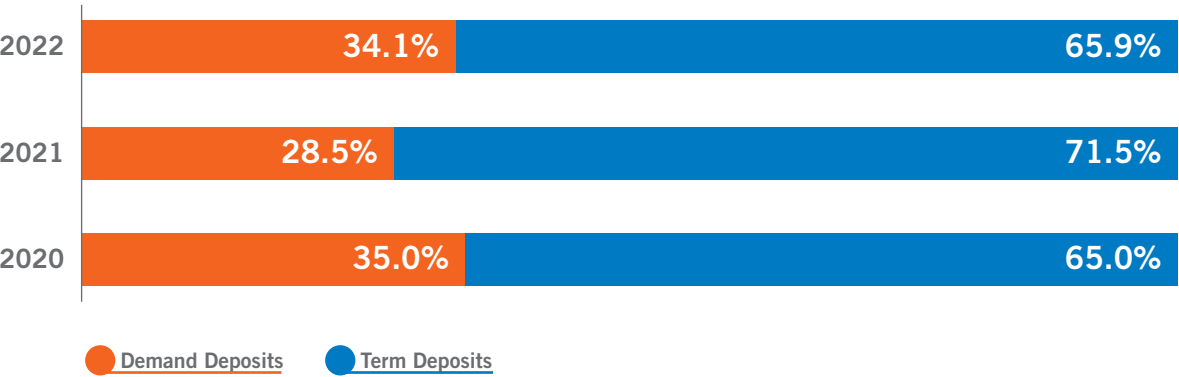
Notwithstanding the increase of 32.4% in Demand Deposits, which helped to grow this heading, its key element is the Term Deposits, which were set at 103 865.0 million kwanzas in 2022, up 2.1% year-on-year.

Deposits from customers and other loans - Investment Centres

AOAM	2020	2021	2022	Δ% 20-21	Δ% 21-22
Deposits from customers and other loans	176 751.3	142 333.7	157 617.4	-19.5%	10.7%
Deposits	176 751.3	142 333.7	157 617.4	-19.5%	10.7%
Demand Deposits	61 915.3	40 588.1	53 752.3	-34.4%	32.4%
Term Deposits	114 836.0	101 745.6	103 865.0	-11.4%	2.1%
Other Assets	0	0	0	-	-

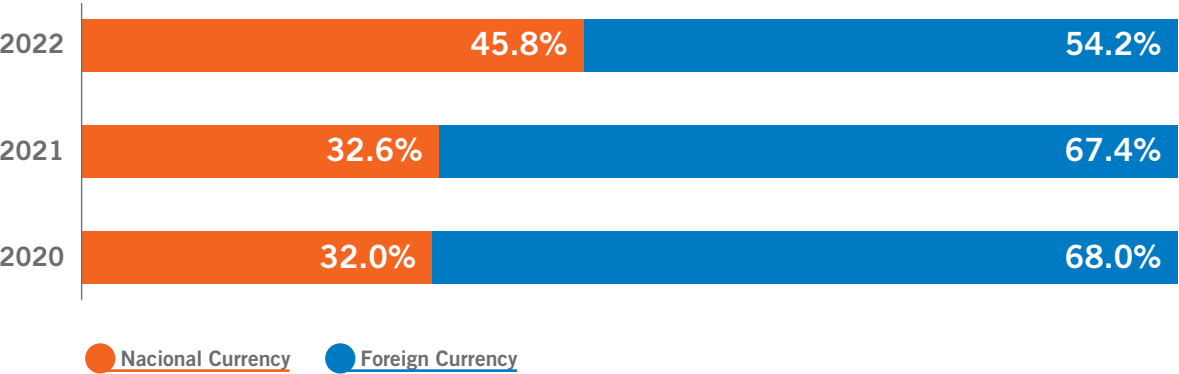
In 2022, the difference between Demand Deposits and Term Deposits remains highly relevant and noteworthy. In fact, the Investment Centres’ Customer deposit portfolio is mainly featured by Term Deposits (65.9%), where a decrease in share was recorded when compared to 2021 (4.6 p.p.) and a 34.1% increase in the Demand Deposits share, i.e. a positive variation of 5.6 p.p.

Breakdown of Deposits by Category - Investment Centres



In 2022, customer deposits in local currency represented about 45.8% of total deposits from customers and other loans, corresponding to a 13.1 p.p. increase in their percentage share year-on-year, as opposed to the percentage of customer deposits in foreign currency.

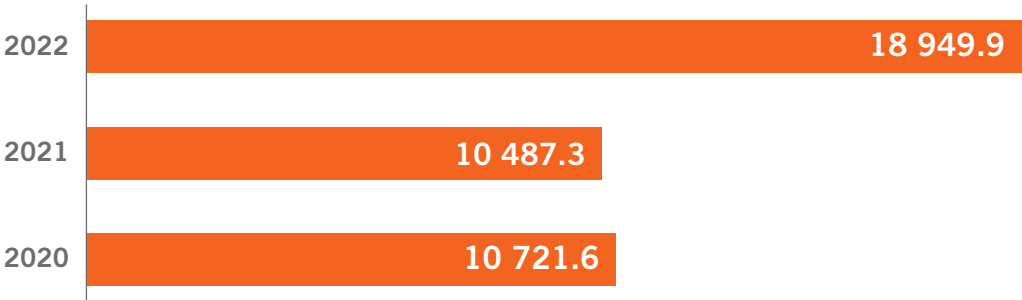
Breakdown of Deposits by Currency - Investment Centres



Loans to Customers – Investment Centres

The Loans to Customers increased by 80.7% year-on-year, reaching a total of 18 949.9 million kwanzas.

Total Credit (AOAM)



Private Banking

After the completion of the Investment Centres Department’s Customer migration process, which took place in 2019, the BFA Private Banking Division consolidated its third year of operation in 2022, with a customer-centric structure focused on their ecosystem. BFA’s Private Banking Department is geared towards private customers with higher financial assets.

As a result, 2022 was shaped by the ongoing sharing of the Private Banking Division’s value proposition with its Customers, based on innovation and the creation of unique and tailor-made financial solutions to meet their needs, through the provision of specialized services such as:

- Financial Advice;
- Investment Funds;
- Investment Loans.

BFA’s Private Banking segment customers are closely supported and advised by a team of qualified Financial Advisors, who manage their accounts on a daily basis and provide diverse investment proposals to help them make well-informed decisions.

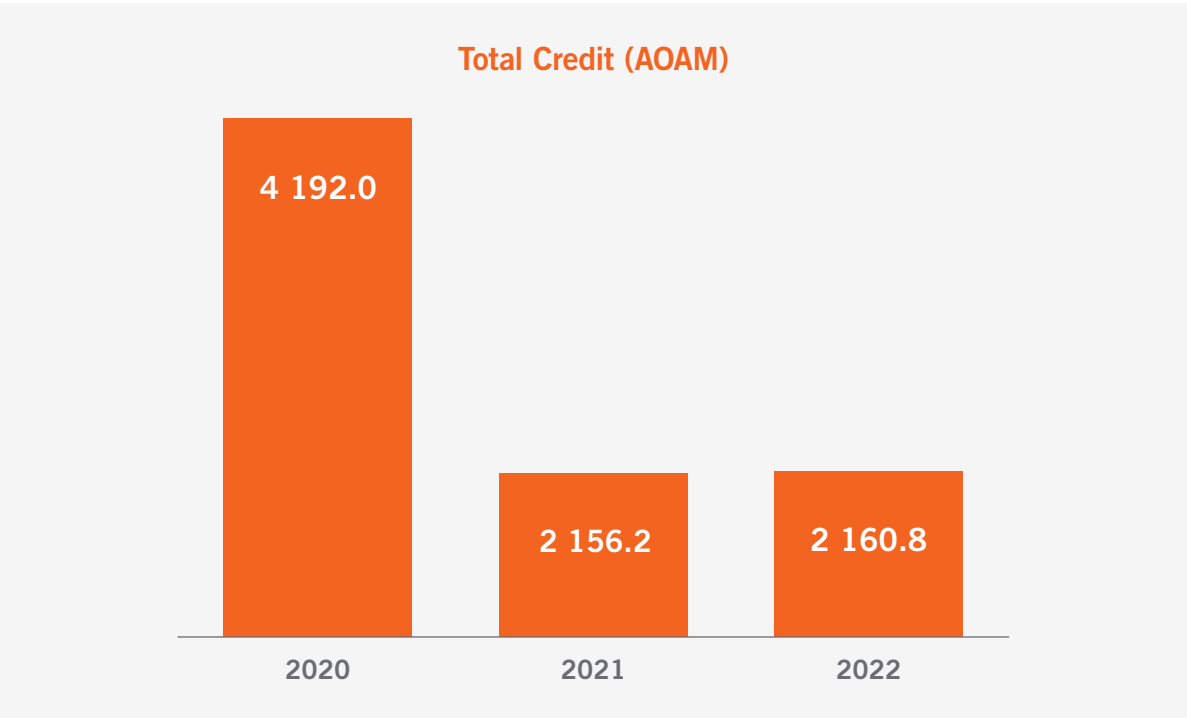
In view of BFA’s technological advancements, which began in 2020, the year 2022 saw the improvement of several key financial services for BFA’s Private Banking Customers. Notably, the processing time for Foreign Transactions and Credit Disbursements was reduced through the transition of credit flows to a digital model. Additionally, the BFA App 2.0 was enhanced, leading to an increase in the number of contracts with adherence to the BFA Net online service from 65.7% to 65.1% year-on-year.

The number of Customers in the Private Banking segment decreased by 11.4%, totalling 662 at the end of 2022. The number of subscriptions to the BFA Net online services, debit and credit cards also followed this downward trend.

Customer Base and Services Development – Private Banking

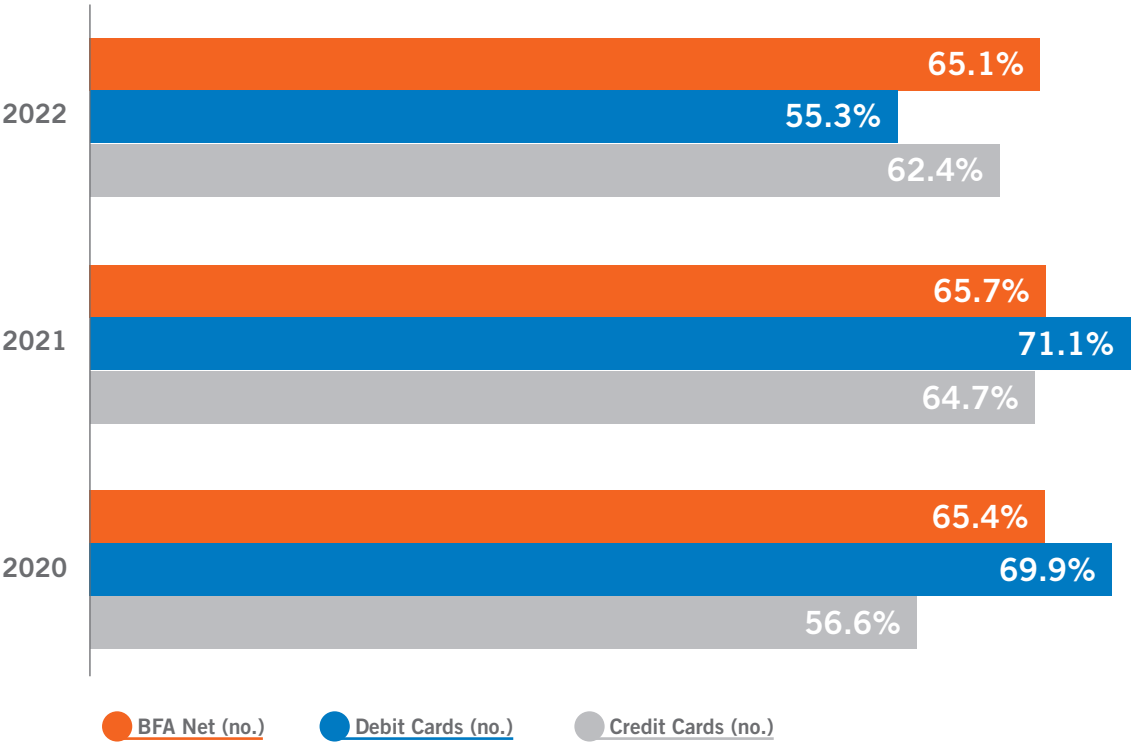
Year	2020	2021	2022	Δ% 20-21	Δ% 21-22
Number of Customers	728	747	662	2.6%	-11.4%
BFA Net	476	491	431	3.2%	-12.2%
Debit Cards	509	531	366	4.3%	-31.1%
Credit Cards	412	483	413	17.2%	-14.5%

A slight increase in Total Credit granted to customers within this segment was recorded, amounting to 2 160.8 million kwanzas at the end of 2022.



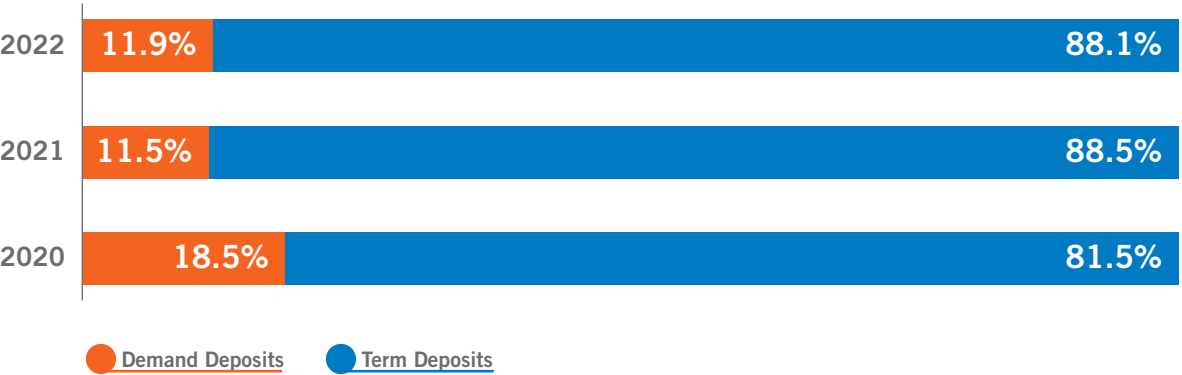
With regard to the financial services penetration rate, there was a widespread downturn in the number of credit cards, debit cards and BFA Net.

BFA Net, Debit Cards and Credit Cards Penetration Rate - Private Banking

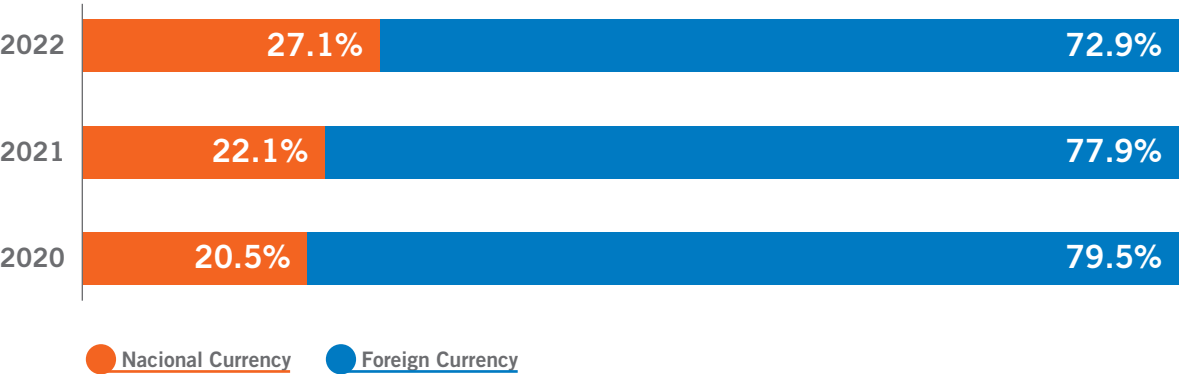


With respect to the Deposits from Customers and other Loans heading, in 2022 there was a mild decline in both Demand Deposits and Term Deposits, with the latter accounting for 88.1% of total reserves. As far as currency is concerned, Foreign Currency Deposits in FY2022 dropped 5 p.p. year-on-year, accounting for 72.9% of the total reserves, with the remaining 27.1% being denominated in domestic currency.

Breakdown of Deposits by Category - Private Banking



Breakdown of Deposits by Currency - Private Banking



2022 Key Milestones

In the year 2022, the Private Banking Division's key milestones were as follows:

Marketing of Opportunity Funds and Flash Funds

- The Opportunities Fund XIV was subscribed in full, restricted to BFA's Private Banking Customers with a Subscription Amount of 10 billion kwanzas.

Teams Training Process

- The teams training process remained one of the cornerstones for delivering value to private banking customers and operational, motivational and leadership training was provided.

Provision of Non-Financial Products

- Identification of customer needs and development of solutions that enable a portfolio of Non-Financial Products, called Prestige Products, to be provided in alignment with the highest standards of quality and exclusivity, within the following product ranges: Leisure, Jewellery, Health and Technology.



Corporate

Corporate Segment Specialisation

In November 2020, with the aim of providing tailor-made support to each of its Corporate Segment Customers, BFA created the Large Enterprises Department and the Medium-Sized Enterprises Department, with teams specifically focused on and dedicated to the needs of this category of companies, with the capacity to introduce to its Customers a wide range of products, services and solutions in order to meet the most diverse business needs and/or requirements.

BFA currently has 11 Medium-Sized Business Centres located in Luanda, Lubango, Benguela, Lobito and Cabinda, with a new centre scheduled to open in Benfica during this year, and 7 Large Enterprises Centres in Luanda, in order to ensure customer closeness and support within the corporate segment.

Ongoing Support for Angolan Business Fabric

During 2022, BFA took up the challenge of supporting the Angolan business fabric and continued to provide credit facilities to meet their financing needs, with a 90% year-on-year increase in the loan portfolio to the medium-sized and large enterprise segment, particularly through support under investment incentives for national production (e.g. Notice no. 10 and PDAC), contributing to the strategic objective of boosting the national production capacity and supporting the development of the Angolan economy.

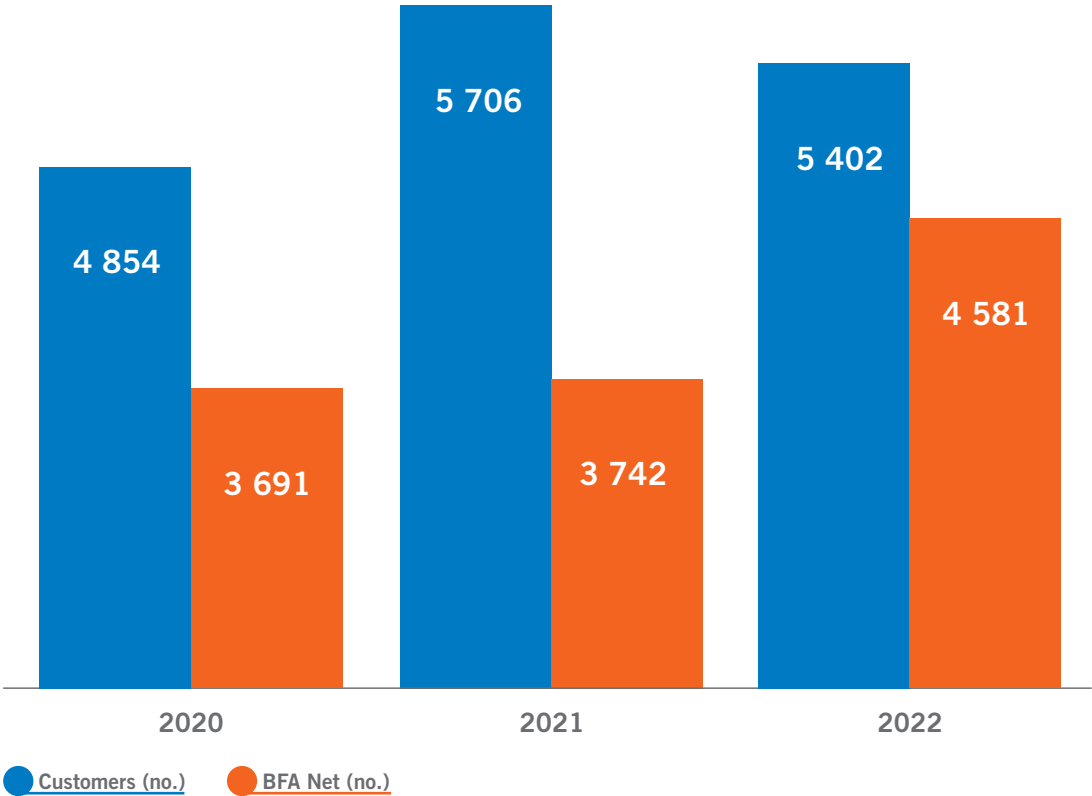
Customer Base and Service Penetration Rate

As a result of the intensive technological investment, the focus has been on increasing the penetration of the digital platforms, with BFA Net Business as a reference tool that has been increasingly used by corporate segment customers for their multiple needs.

The training of teams continues to be one of the cornerstones of BFA's in-house activities. In 2022, various training courses were given on topics such as leadership, motivation and other operational topics.

In 2022, the number of Customers in the Corporate Banking segment dropped to 5 402, approximately -5.3% lower when compared to 2021. At the same time, the number of Customers with access to homebanking increased by 22.4%, reaching a total of 4 581 subscribers.

Customer Base and Services Development - Corporate



In 2022, BFA Net’s penetration rate in the corporate segment was 84.8%, which corresponds to an increase of 19.2 p.p. year-on-year.

BFA Net Penetration Rate Development - Corporate



Customer Deposits and other Loans Development

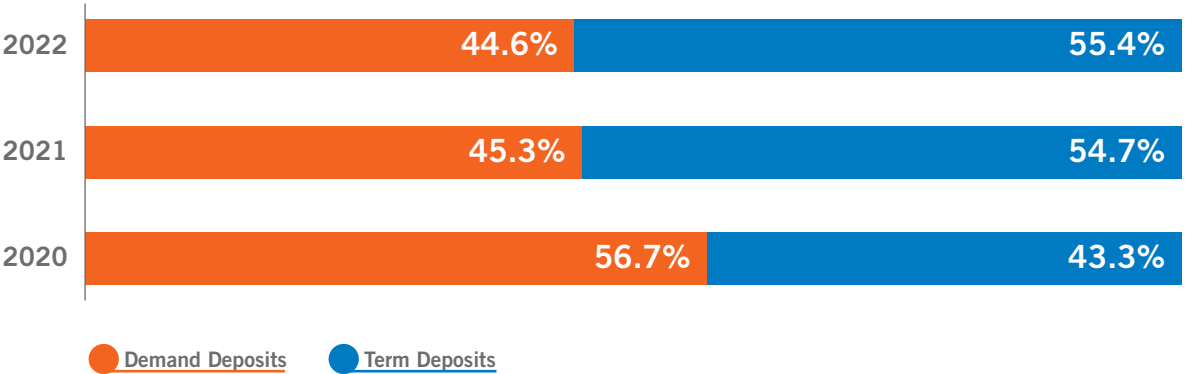
In 2022, Customer Deposits and other Loans within the corporate segment increased by approximately 5.8% year on year, reaching a total amount of 1 086 739.6 million kwanzas at the end of FY2022. This upward trend is due to the 7.2% rise in Term Deposits and the 4.2% growth in Demand Deposits YoY.

Customer Deposits and other Loans – Corporate

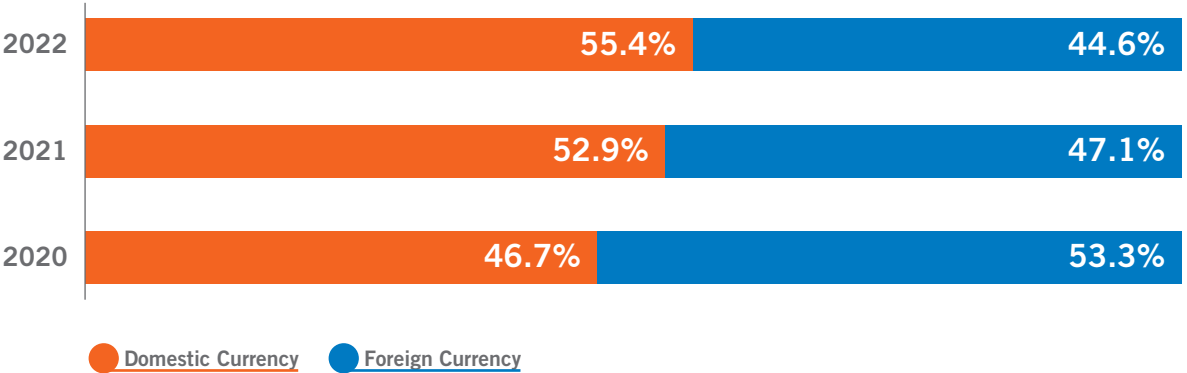
AOAM	2020	2021	2022	Δ% 20-21	Δ% 21-22
Customer Deposits and other Loans	1 084 553.7	1 026 889.7	1 086 739.5	-5.3%	5.8%
Deposits	1 084 538.8	1 026 889.7	1 086 739.5	-5.3%	5.8%
Demand Deposits	615 365.5	464 747.8	484 266.6	-24.5%	4.2%
Term Deposits	469 173.3	562 141.9	602 472.9	19.8%	7.2%
Other Assets	0	0	0	-	-

In 2022, the Term Deposits continued to gain higher importance and weight (representing 55.4% of deposits from customers and other loans) as opposed to Demand Deposits (which, in December 2022, represented 44.6% of total deposits from customers and other loans). Additionally, there was a positive development in the proportion of deposits in local currency, which increased its weight to 55.4%, corresponding to a growth of 2.5 p.p. YoY.

Breakdown of Deposits by Category - Corporate



Breakdown of Deposits by Currency - Corporate



Credit Portfolio Development

During 2022, BFA continued to position itself as one of the most relevant financial players in supporting the real economy, and in 2022 it was one of the financial institutions which provided the majority of credit facilities for projects under BNA's Notice 10/2022.

However, despite the aforementioned, the corporate network total loan portfolio decreased 3.7% YoY, totalling 370 740.3 million kwanzas. This variation was the result of the overall decline related to Credit categories/headings, in particular the heading “Loans and advances to Customers”, its key component, which had a negative variation of -4.2% YoY.

Credit Portfolio Development – Corporate

AOAM	2020	2021	2022	Δ% 20-21	Δ% 21-22
Total Credit	317 428.1	384 878.2	370 740.3	21.2%	-3.7%
Corporate	317 428.1	384 878.2	370 740.3	21.2%	-3.7%
Loans to Customers	268 522.0	308 675.2	295 771.8	15.0%	-4.2%
Guarantees Provided	48 906.1	76 203.0	74 968.4	55.8%	-1.6%
Import Documentary Credit	14 945.1	23 632.5	17 345.5	58.1%	-26.6%
Guarantees (Corporate Banking)	33 961.0	52 570.5	57 622.9	54.8%	9.6%
Others	0	0	0	-	-

BFA's Non-Performing Loan Portfolio Development

The non-performing loan portfolio has remained at acceptable and controlled levels, highlighting the quality of loans granted to customers and the level of post-loan monitoring and oversight. The non-performing loan portfolio decreased by 0.2%.

Oil & Gas Institutional

BFA's commitment to supporting the sustainable development of the economy drove the implementation of a value proposition based on a customer-centric approach and strategy, innovative solutions and high standard customer support service. In view of BFA's track record of providing services to Oil & Gas Customers, the “ECBD” decided to extend the specialised and tailor-made service to Customers operating in the mining sector (Miner Desk).

Among the criteria that influenced the decision, the most relevant are the fact that both sectors are the largest contributors to the Country's GDP, both are under the aegis of the same Ministerial authority, and both operate in a similar manner with respect to foreign exchange transactions.

BFA's successful performance in 2022 in the Oil & Gas and Mining industry sectors was underpinned by three key cornerstones:

Expertise support & guidance:

With experienced and dedicated professional teams, possessing extensive knowledge of transactional specificities and regulatory frameworks, these experts ensure prompt handling of complex procedural instructions and requirements submitted by corporate customers. As a result, BFA has earned recognition as a primary partner for doing business with customers operating in these segment(s).

Operational Support & Monitoring:

The bank has implemented an automatic sending of bank statements via SWIFT MT940 and processing of transfers through SWIFT MT101, as well as batch processing in PSX files.

BFA has chosen to adapt its operational structure and systems for processing payments and transfers as follows:

- Automated files integration between the IT systems of the Customers’ companies and the Bank;
- Encouragement to use electronic means of payment such as Homebanking;
- Enablement of the Homebanking system to make tax payments;
- Registration and monitoring of Service Contracts and Salaries in the SINOC (Integrated System of Foreign Exchange Operations).

Soundness and Safety/security:

Due to BFA’s strong and sound Balance Sheet and high liquidity levels, the financial institution presents itself as a solid financial guarantor able to provide full financial support with complete transparency to the Oil & Gas customers’ business needs, operational requirements and day-to-day activities.

The applicational and technological solutions developed and made available by BFA to its corporate Customers are aligned with the best practices of the sector, in order to guarantee total security, promptness, efficiency and integrity in the processing of transactions.

In recognition of the accuracy, commitment and high quality of the service provided, the Bank was acknowledged and awarded the Best Bank of the year 2022 for the Oil & Gas sector by a specialised company from the industry.

With respect to the Mining sector, BFA has been increasingly present, providing financial support and assistance to multiple projects that arise from the growing dynamics of the sector, as a result of the growing number of mining permits granted for mineral exploration.

In the institutional sector, BFA maintained close relationships with various public, corporate, institutional, and diplomatic entities. BFA provided strong support to the government executive board in multiple structural projects with economic and social impact, maintaining the strategic direction that positions BFA as a financial institution that supports the development of the Angolan economy.

BFA is committed to ensuring that all its customers have up-to-date and appropriate information to ensure compliance in their banking transactions, through the adoption of current compliance requirements that safeguard the relationship with their counterparts. This commitment is irrevocable and reflects BFA’s dedication to maintaining high standards of compliance and regulatory practices to protect both its customers and its reputation.

2022 Oil & Gas Sector Landscape

The foreign exchange market remained stable and with a high level of liquidity during almost the entire FY2022, which allowed the execution of Customer transactions without restrictions.

In view of its influential position in the Oil & Gas industry, BFA was invited to participate in industry events, where the focus of analysis included topics such as:

- The need for further investment efforts in order to reverse the downward trend in the Oil output through the bidding process for oil license concessions;
- Energy transition;
- Local Content Law - Presidential Decree No. 271/20, dated October 20th;
- Programme for the privatization of state-owned companies in the oil and gas sector.

2023 Outlook

For 2023, BFA intends to strengthen its commitment towards the development of product and service solutions to boost the oil & gas, energy transition and mineral resources sectors, with specialised teams that are well-trained and committed to the Customer; maintain a strong commitment to monitoring and supporting the growth of Angolan companies within the framework of the Local Content Law, through the design and development of tailor-made solutions; and to assist and work closely with the public, corporate and institutional entities, as well as to provide support in the wide array of initiatives that they advocate.

Agribusiness

Direct support for the diversification of the Angolan economy

The Agribusiness plays a pivotal role in the Bank’s strategy for financing the agriculture, livestock, fishery, and forestry sectors, as well as other associated industries. DAN provides support to the commercial network in identifying and attracting new customers, developing specific credit products for customers within this sector, as well as providing assistance to the Risk Management Areas by analyzing loan applications for investment projects.

2022 Key Activities Highlights

With respect to financial products and services offering, a pilot programme was approved to test and assess the feasibility in BFA’s Banking System of a financing model for family farming, which requires partnerships with companies already consolidated in the different production value chains and which aims to add value to the production business activities within the scope of this sector, which represents around 80% of Angola’s total domestic output.

With regard to the Agribusiness Customers Database, their development and growth was positive, with the Management Team being able to increase the total number of Customers from 152 in 2021 to 215 in 2022, distributed by the Commercial Departments and sectors detailed in the following table.

Agribusiness Customers in 2022

Sectors	Corporate Division	Retail Division	Total
Agriculture	30	77	107
Livestock	9	15	24
Salt	0	8	8
Fishery	13	11	24
Input Trade	9	10	19
Forestry Exploration	5	8	13
Agri-Food Business Industries	9	11	20
Total	75	140	215

The partnership agreement established with PDAC in 2021 has been instrumental in attracting new Customers, mainly micro and small enterprises in the provinces of Malange, Kwanza Norte, Kwanza Sul, Bié and Huambo, which are regional producers of grains, roots, tubers, eggs and chicken.





With regard to the provision of credit facilities for investment in agri-food business projects, there was a downturn in demand, with 121 requests for funding being submitted. Out of those project applications received, a total amount of 91.4 billion kwanzas was allocated in credit facilities to provide financing to those agri-food business projects, which corresponds to a variation of -7.6% in the number of applications and -61.5% in the total amount of loans granted year-on-year.

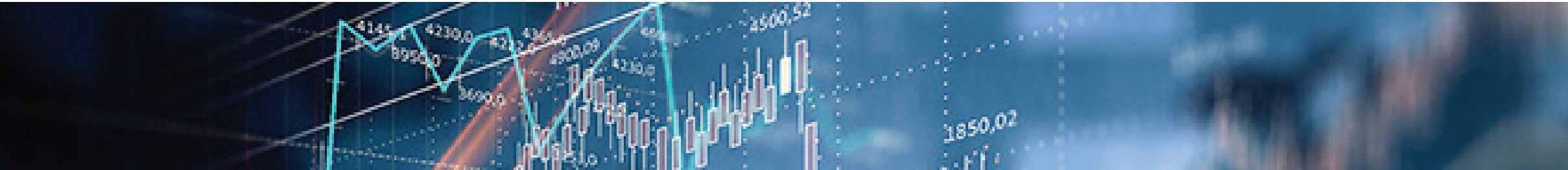
Sectors	Notice no. 10	PDAC/Notice no. 10	Number of Proposals	Total (AOAM)
Agriculture	43	42	85	68 354 351
Livestock	7	7	14	4 744 060
Agro-livestock	3	1	4	2 659 014
Agro-Industry	3	1	4	2 318 483
Fishery	9	0	9	13 353 556
Total	65	51	116	91 429 465

The analysis of financing applications is complemented by on-site visits and meetings with the promoters by teleconference and virtual platforms, always in coordination with the commercial network that is behind the process.

With respect to the monitoring of the projects currently underway, on-site visits were made to the 24 projects that are in the disbursement and reimbursement phases.

2023 Outlook

- Concerning project’s objectives and prospects for 2023, the Agribusiness Department aims to:
1. Continue to support the Sales Network in stimulating, identifying and attracting new customers in vertical sectors with an impact on the country’s economic activity, such as sea-fishing and inland fishing, forestry and coffee;
  2. Promote cross-selling among agri-food business customers;
  3. Implement the pilot project for the Family Farming financing model;
  4. Develop the market study of the livestock sector value chain, with an emphasis on cattle and chicken farming, to identify business opportunities and specific products to support the value chains;
  5. Hold meetings with multilateral entities aiming to share credit risk and obtain competitive interest rates for the agricultural sector;
  6. Identify specific products and services, suitable and tailored for the Angolan agri-food business industry, with a focus on family farming and commercial agriculture;
  7. To endow BFA with the technical capacity to analyse and assess the agribusiness projects that make it possible to add value to the Angolan national production, particularly the projects financed to the micro, small and medium-sized companies. A joint business solution and strategy that BFA intends to achieve with its partners, particularly in terms of credit risk management, specialised technology, market research and the provision of loan facilities.



Capital Markets

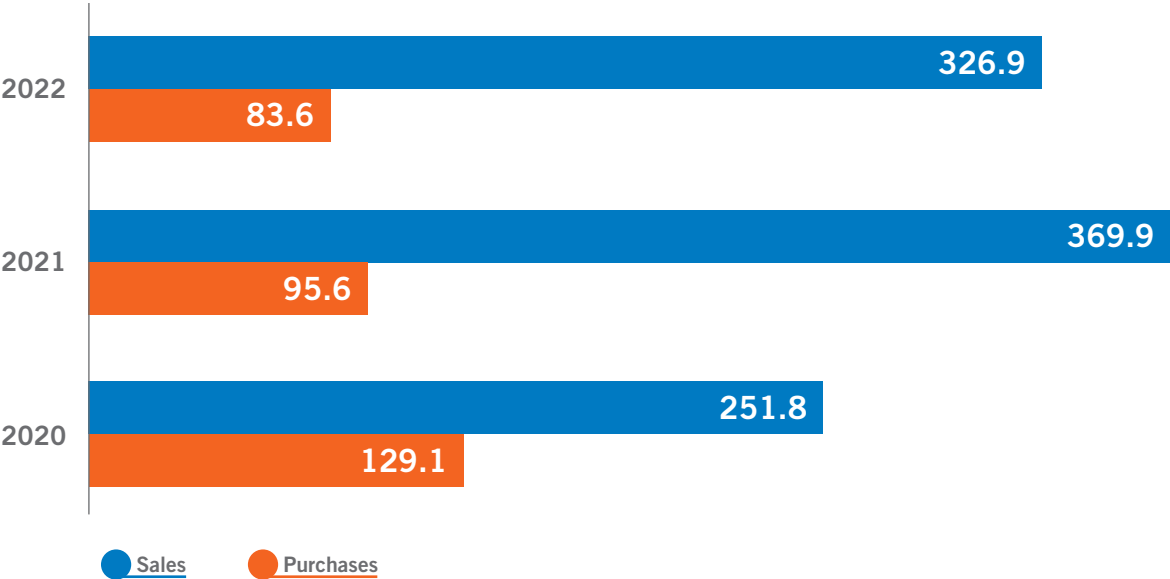
PUBLIC DEBT BROKERAGE SERVICES

Leadership in Boosting the Capital Market in Angola

The Public Debt Securities Brokerage business is an additional service provided by BFA, which aims to address the liquidity and investment needs of the Bank’s Customers. In 2020, BFA became the first financial institution to be designated as a Primary Dealer of Treasury Bonds (PDTB), a market function welcomed within the business strategy. As a Primary Dealer of Treasury Bonds, the Bank performs the function of Market Maker by providing liquidity to the market and setting equitable prices, thus ensuring security for investors who can sell their assets at market prices if deemed to be necessary.

Within the scope of its business strategy, BFA has purchased Treasury Bonds from both Retail and Corporate customers, who require liquidity for their business operations, and sells these same Bonds to other Customers who take advantage of an opportunity to diversify and make their savings profitable.

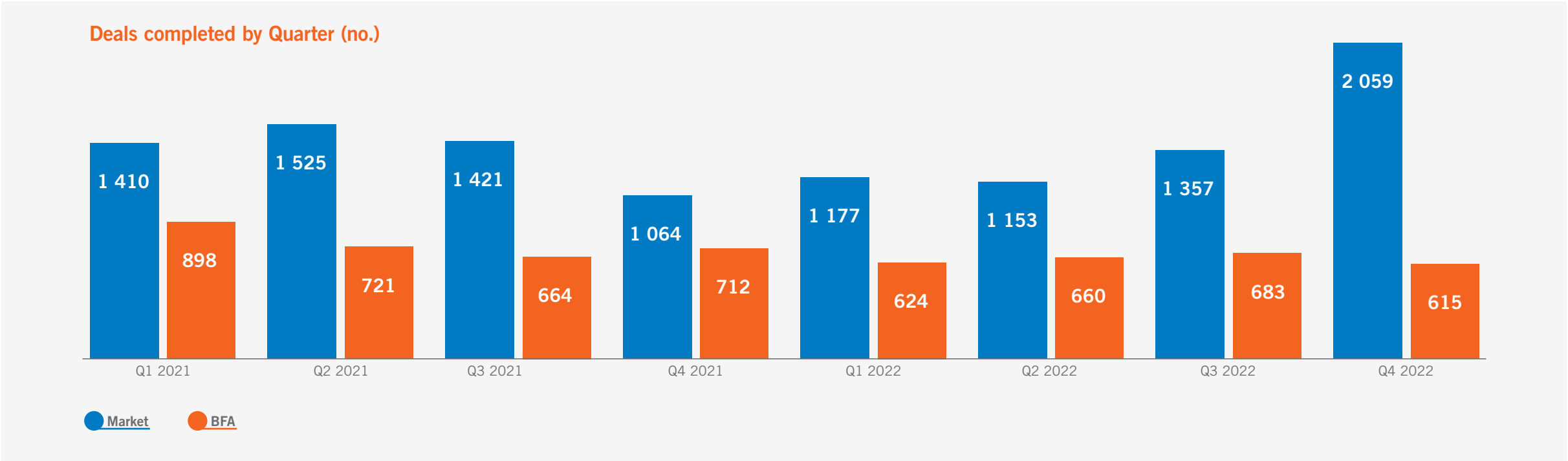
Public Debt Transactions with Customers in USD Millions



BODIVA

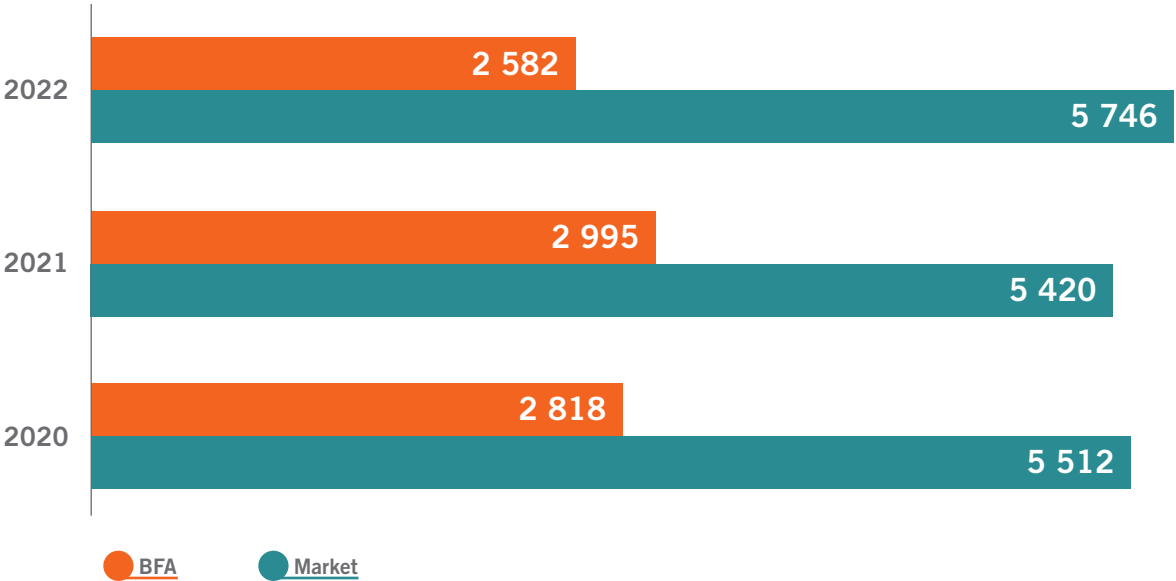
The strengthening of the BFA’s leading position as a Financial Services brokerage provider is closely related to the opening of the Angola Debt and Securities Exchange (BODIVA) in 2015. The reinforcement of BFA leading position led the Bank to become the first official Trading Member of BODIVA, with the possibility of acting in the regulated markets in its own name as well as a broker market player for the execution of third-party orders. BODIVA is a regulated market management entity tasked with the implementation of the business environment that makes trading on secondary markets possible in transferable securities and derivatives such as: public debt securities (treasury bonds and treasury bills), corporate bonds, shares, investment fund units and other transferable securities. The registry at BODIVA makes it possible for all market participants to have access to the same information, which allows for full price transparency for those wishing to trade in public debt securities. This factor is both decisive and vital in the implementation and functioning of a Capital Market, while enhancing the trading of transferable securities between the different market participants.

In 2022, BODIVA recorded a total of 5 746 transactions, representing a 6% increase YoY, with a total of 1 564 805.6 billion kwanzas traded.



In 2022, BFA carried out 2 582 transactions on the BODIVA, a 13.8% drop from the previous year. Nevertheless, the Bank’s market share remained high at 44.9%, highlighting its ongoing commitment to providing its customers with access to the capital markets and contributing to the development and growth of the Angolan capital market.

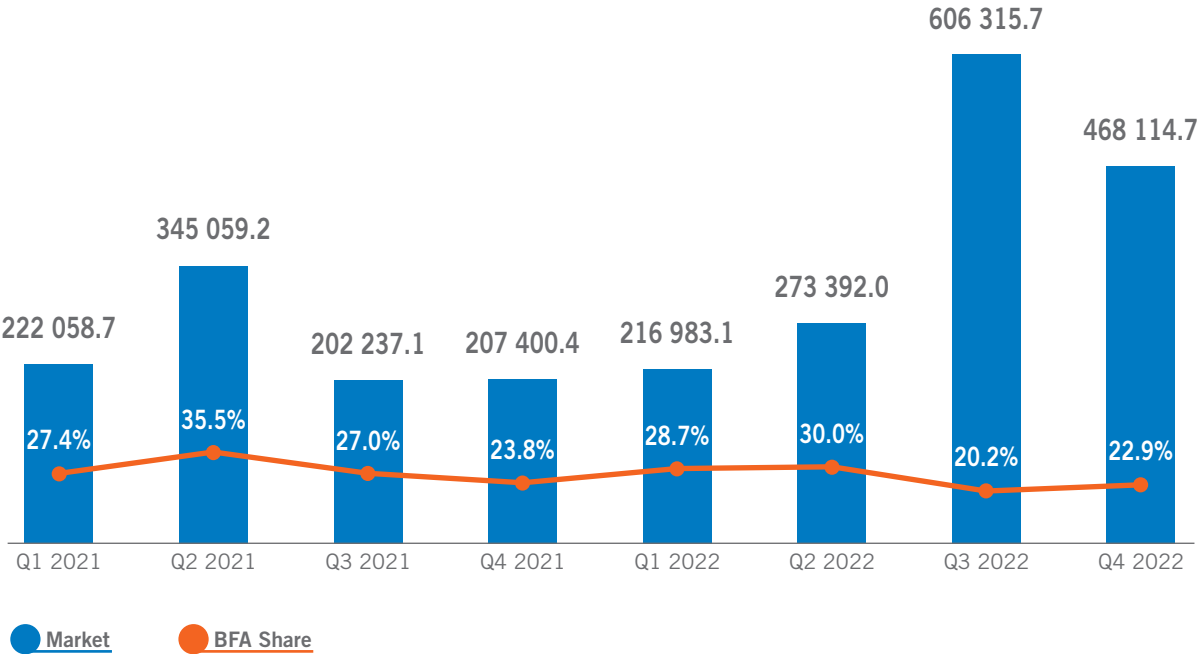
Total Number of Deals (Market - BFA)



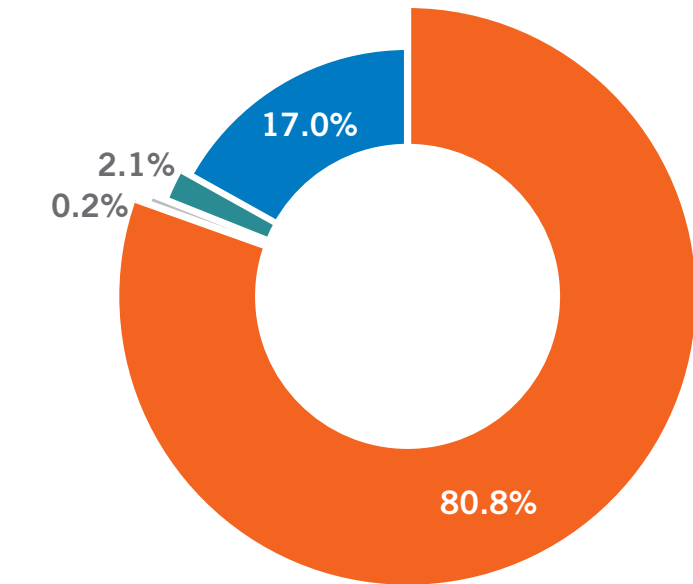
When analysing the total amount traded in 2022 in BODIVA’s secondary markets, it can be concluded that BFA obtained an annual market share of 23.9%, and thus maintained its market leadership position not only with respect to the number of deals, but also regarding the amount/volume traded.

Breakdown of deals by categories (typology)

Accumulated Amount Traded

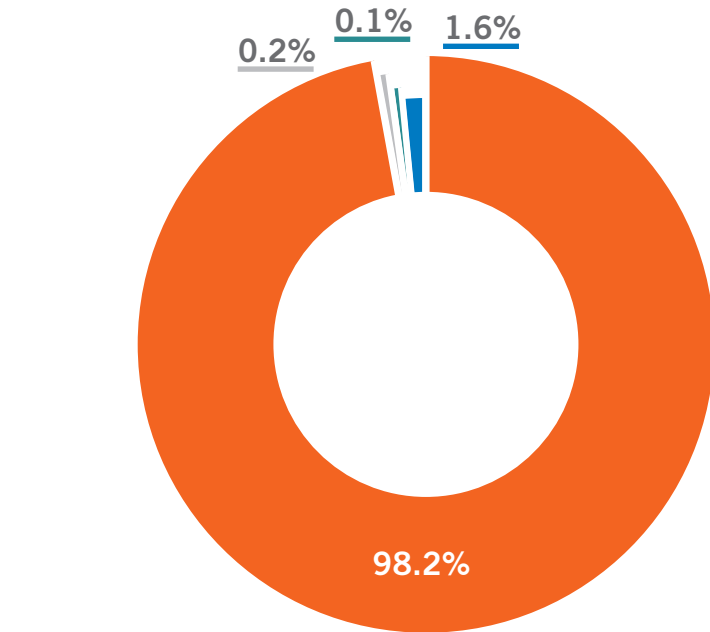


Breakdown of Trading Activity by Number of Deals



- Treasury Bonds
- Treasury Bills
- UP
- Stocks

Breakdown of Trading Volume



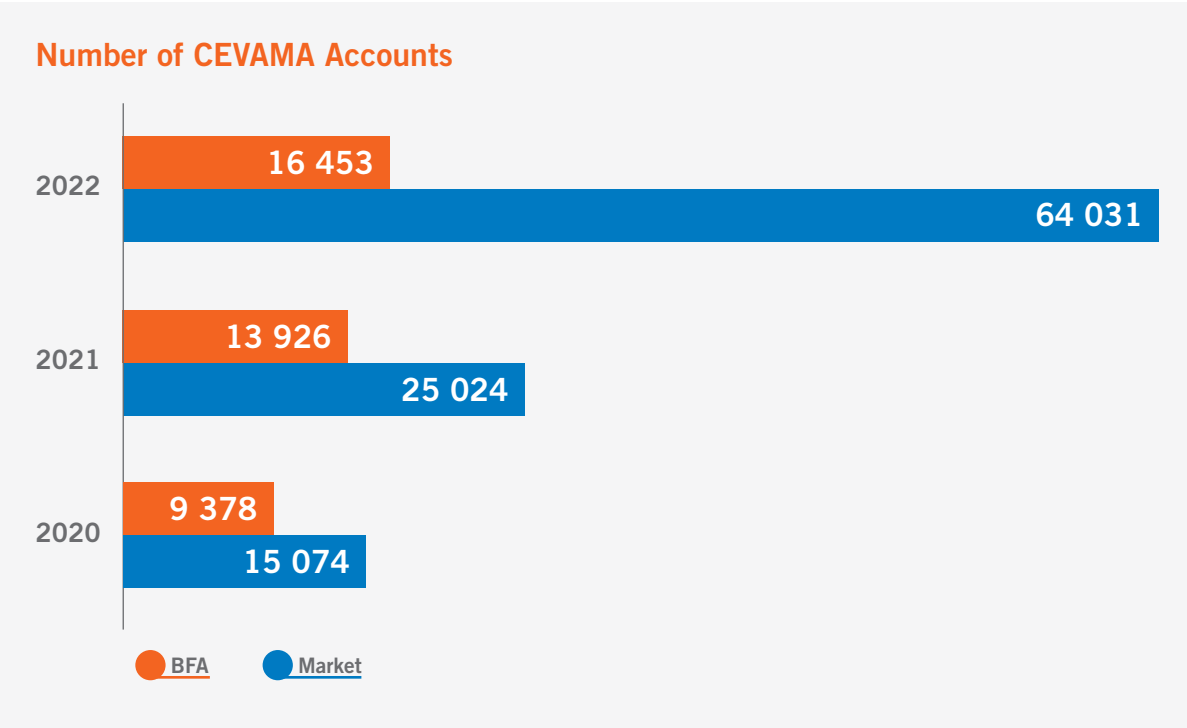
- Treasury Bonds
- Treasury Bills
- UP
- Stocks

In terms of the asset types traded throughout FY2022, there was a clear preference of transactions involving T-Bonds over T-Bills, Investment Fund Units, and Stocks, both in terms of the number of deals and the traded volume (80.8% and 98.2% market share, respectively).



CEVAMA Accounts

Throughout FY2022, the total number of accounts opened with CEVAMA (BODIVA's Central Securities Depository) recorded a sharp increase (+39 007 accounts), and rose from 25 024 to 64 031 year-over-year, which highlights the growing momentum of the Angolan capital market. The financial institution followed the market upward trend and at year-end 2022, BFA had 16 453 active accounts open, which represents an increase of 18.1% (+2 527 accounts) YoY, as well as a 25.7% market share in the total number of CEVAMA accounts.



BFA Asset Management

Collective Investment Schemes Management Company

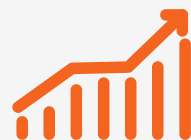
The BFA Assets Management Company “BFA Assets Management”, has been officially registered with the Capital Markets Commission “CMC” since December 2016, and is currently one of the largest Collective Investment Schemes Management Companies “CISMC” operating within the Angolan financial market.

It provides Incorporation, Management and Consultancy services for Collective Investment Schemes (CIS) on behalf of Institutional and Non-Institutional investors.

BFA Asset Management’s investment strategy comprises an extensive array of asset classes, identified and selected through a detailed and close monitoring/assessment of the different market trends, as well as of the multiple investment opportunities that arise throughout the advisory process.

Until December 2022, BFA Assets Management was entrusted with the cumulative placement of 20 Collective Investment Schemes within the Angolan capital market, of which 12 are liquidated and 8 are active. Hence, BFA Asset Management until December 2022, had a track record of about 230.4 billion kwanzas of assets under management, considering the combined sum of all Investment Funds’ Share Capital, and a total of 271.6 billion kwanzas of assets under management, considering the aggregate sum of the global net value of each Investment Fund (Share Capital + capital gains), which represents an average annual return of 24%.

Such a successful performance is the outcome of the high level of professionalism and anticipation of investors’ needs, as well as the result of the drive and energy of the entire BFA group’s team, the sense of commitment, transparency, democracy, resilience and capacity for innovation that it has been implementing since its foundation, and whose ultimate goal is to provide distinctive and tailor-made financial products and services to the market.



Extensive knowledge  
and proficiency in  
Financial Markets



100%  
Team Members Bachelor  
or Master's degree

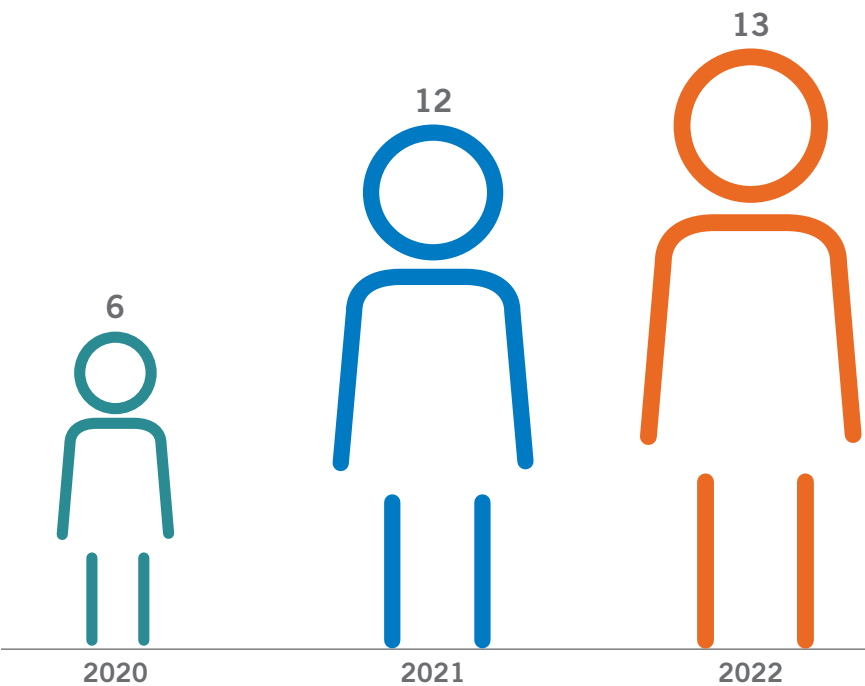


38  
Team Members  
average age

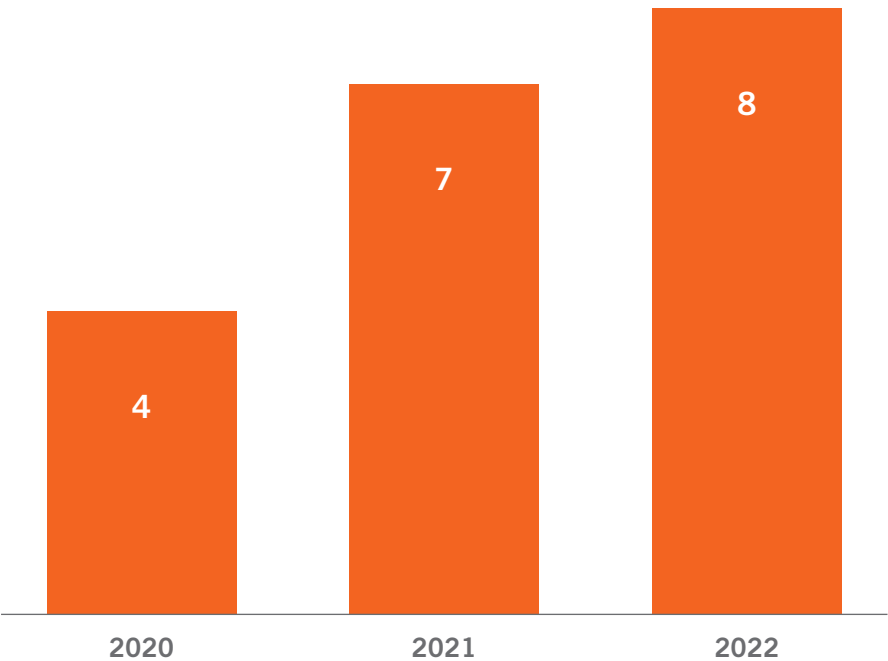


100%  
National Team  
Members

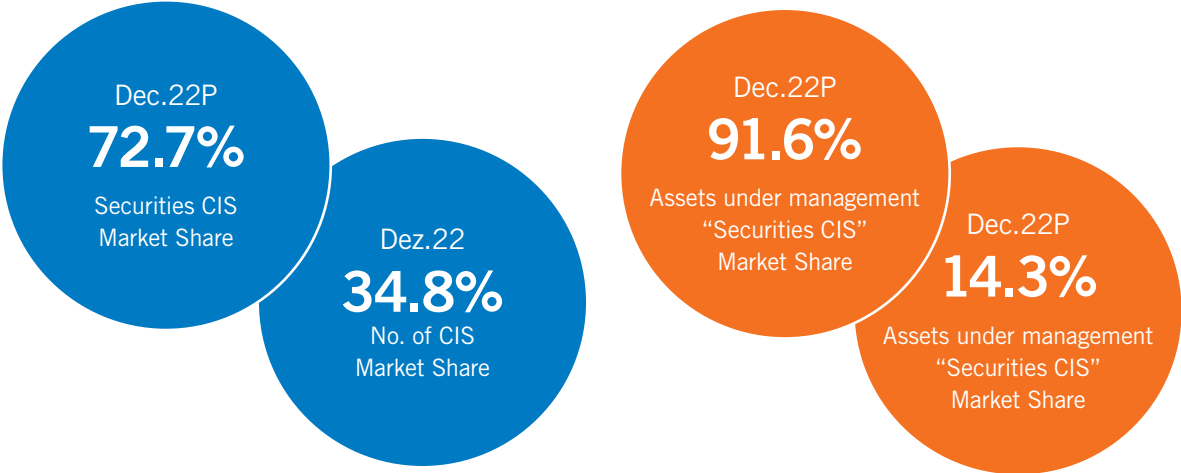
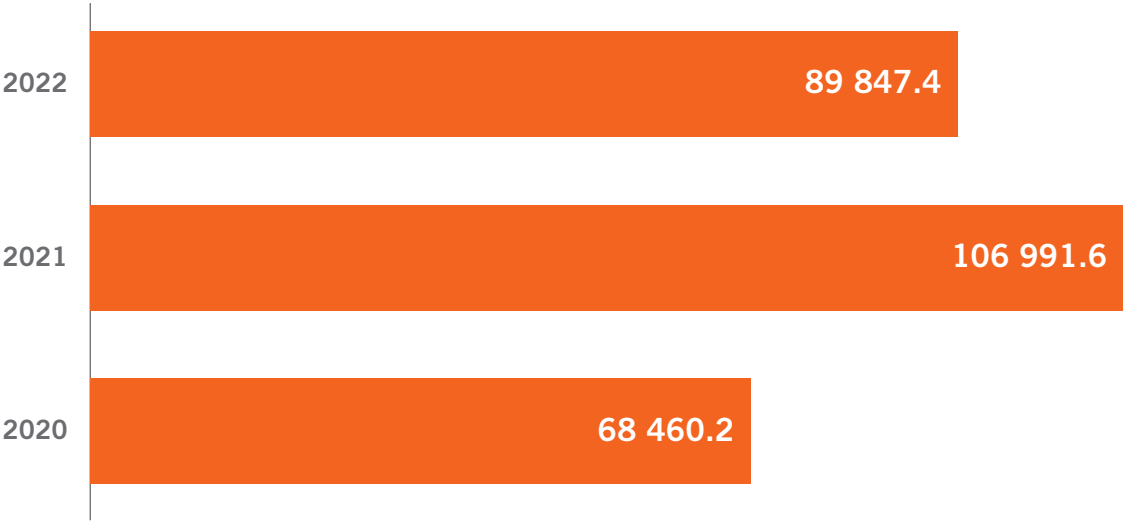
Number of Team Members



Number of Funds Under Management



Assets Under Management (AOAM)



Historical Performance of BFA Investment Funds (“BFA OPPORTUNITIES”) since inception

BFA Opportunities		BFA Opportunities II		BFA Protection		BFA Opportunities III		BFA Private	
Incorporation Date	17-08-2017	Incorporation Date	17-08-2018	Incorporation Date	03-09-2019	Incorporation Date	11-09-2019	Incorporation Date	25-05-2020
Maturity Date	17-08-2018	Maturity Date	17-08-2019	Maturity Date	18-12-2020	Maturity Date	26-01-2021	Maturity Date	02-08-2021
Share Capital	10 mMkz	Share Capital	18 mMkz	Share Capital	8,5 mMkz	Share Capital	17,7 Mkz	Share Capital	4,5 Mkz
Assets	BT I DP	Assets	BT I DP	Assets	OTIKZ I DP	Assets	OTNR I DP	Assets	OTNR I DP
Maturity	1 ano	Maturity	1 ano	Maturity	1 ano & ≈ 3 meses	Maturity	1 ano & ≈ 4 meses	Maturity	1 ano & ≈ 3 meses
Annualized return	18,1%	Annualized return	14,6%	Annualized return	62,9%	Annualized return	15,2%	Annualized return	17,1%
Cumulative return	18,1%	Cumulative return	14,6%	Cumulative return	81,4%	Cumulative return	21,0%	Cumulative return	20,4%
BFA Opportunities IV		BFA Opportunities V		BFA Opportunities VI		BFA Opportunities VII		BFA Opportunities VIII	
Incorporation Date	22-07-2020	Incorporation Date	27-08-2020	Incorporation Date	21-12-2020	Incorporation Date	07-04-2021	Incorporation Date	07-06-2021
Maturity Date	25-04-2022	Maturity Date	07-11-2021	Maturity Date	09-01-2022	Maturity Date	17-08-2022	Maturity Date	01-04-2022
Share Capital	10 Mkz	Share Capital	10 Mkz	Share Capital	20 Mkz	Share Capital	15 Mkz	Share Capital	15 Mkz
Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP
Maturity	1 ano & ≈ 9 meses	Maturity	1 ano & ≈ 3 meses	Maturity	1 ano & ≈ 1 mês	Maturity	1 ano & ≈ 4 meses	Maturity	≈ 9 meses
Annualized return	19,4%	Annualized return	16,8%	Annualized return	16,8%	Annualized return	16,9%	Annualized return	16,3%
Cumulative return	34,1%	Cumulative return	20,1%	Cumulative return	20,1%	Cumulative return	22,95%	Cumulative return	13,3%
BFA Opportunities IX		BFA Opportunities X		BFA Private II		BFA Opportunities XI		BFA Opportunities XII	
Incorporation Date	16-09-2021	Incorporation Date	30-11-2021	Incorporation Date	25-08-2021	Incorporation Date	09-03-2022	Incorporation Date	21-01-2022
Maturity Date	05-02-2023	Maturity Date	31-05-2022	Maturity Date	05-04-2023	Maturity Date	28-02-2023	Maturity Date	02-03-2022
Share Capital	14 Mkz	Share Capital	12 Mkz	Share Capital	10 Mkz	Share Capital	10 Mkz	Share Capital	10 Mkz
Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP
Maturity	1 ano & ≈ 5 meses	Maturity	6 meses	Maturity	1 ano & ≈ 7 meses	Maturity	1 ano & ≈ 11 meses	Maturity	1 ano & ≈ 1 mês
Annualized return	17,0%	Annualized return	9,9%	Annualized return	18,3%	Annualized return	12,7%	Annualized return	15,5%
Cumulative return	21,9%	Cumulative return	8,1%	Cumulative return	24,7%	Cumulative return	10,3%	Cumulative return	14,6%
BFA Opportunities XIV		BFA Opportunities XV		BFA Opportunities XVI		BFA Opportunities XVII		BFA Flash	
Incorporation Date	11-05-2022	Incorporation Date	19-05-2022	Incorporation Date	16-06-2022	Incorporation Date	19-08-2022	Incorporation Date	28-11-2022
Maturity Date	05-04-2023	Maturity Date	01-12-2022	Maturity Date	14-03-2024	Maturity Date	14-03-2024	Maturity Date	29-05-2023
Share Capital	10 Mkz	Share Capital	10 Mkz	Share Capital	10 Mkz	Share Capital	5,65 Mkz	Share Capital	10 Mkz
Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP
Maturity	1 ano & ≈ 10 meses	Maturity	6 meses	Maturity	1 ano & ≈ 8 meses	Maturity	1 ano & ≈ 6 meses	Maturity	6 meses
Annualized return	14,1%	Annualized return	12,5%	Annualized return	12,1%	Annualized return	12,2%	Annualized return	14,1%
Cumulative return	9,0%	Cumulative return	6,7%	Cumulative return	6,6%	Cumulative return	4,5%	Cumulative return	1,3%

2023 Outlook

The BFA Asset Management company estimates that FY2023 will be shaped by these three key areas/driving factors:

- 1. Foreign Investment Inflows - A higher inflow of non-resident foreign exchange investors is expected as a result of the multiple policies that the Executive Council has implemented aimed at improving the business environment, coupled with the good business practices that have been identified and introduced in a wide range of sectors of the national economy;
- 2. Upholding continuity of the privatisation programme’s effective consolidation - This may be one of the main instruments and mechanisms to attract foreign investment (aforementioned point) and, at the same time, to give an effective boost to the stock market and a new impulse to the capital market;
- 3. Further strengthening of the Corporate Bond Market - BFA Asset Management (“BFA AM”) believes that public debt securities yield rates will continue to decline, and that this could trigger the issuance of corporate debt securities.

With a view to addressing and overcoming the various challenges that are foreseen in the Capital Markets, BFA Asset Management (“BFA AM”) will continue to heavily invest in the ongoing training and skill-building of its personnel. This investment aims to strengthen and enhance the quality of service as a key driver towards achieving long-term business success, mitigating operational risks, anticipating investors’ needs more effectively, and constantly striving to develop innovative investment solutions for all stakeholders, in order to establish a reliable and long-lasting business and investment relationship that solidifies BFA AM’s position in the Capital Markets.





# Human capital



## Human Capital Strategy

BFA team members comprise the cornerstone of the Bank’s organisational structure and business operational activity, hence regarded as its most valuable and important asset. Accordingly, BFA has implemented an ongoing training, skills-building and empowerment policy for its Team Members, as well as fostering a culture of high professional standards and a customer-centric approach to improve and enhance customer service quality level and standards.

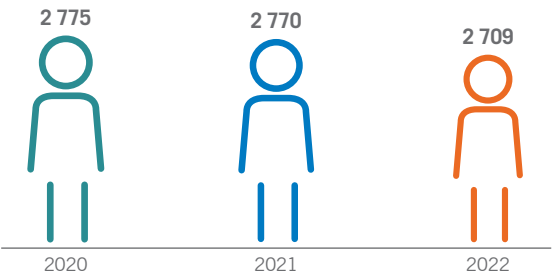
In 2022, BFA continued the implementation of the transformation processes outlined within the scope of the Bank’s Strategic Plan, and strengthened its strategic purpose which is rooted in the reinforcement of a culture underpinned by BFA’s Values, namely: Transparency, Innovation and Closeness.

The Transformational Programme being implemented at BFA, which is cross-sectional to the entire organisational structure, has generated a significant impact, to the extent that it promoted the upgrading and improvement of the Skills and Functions Process. With regard to the Human Capital Management Software (SAP), the implementation of the Recruitment & Selection and Onboarding modules was completed. In the 1st half of 2022, BFA proceeded within the scope of the modules already in place with the releases of the following sub-modules: Career Management, Succession, Compensation, Work Zone, E-Learning, Recruitment & Selection, Onboarding. The improvement in the Human Capital management processes aims to promote a high degree of satisfaction among BFA’s personnel as well as to support the sustainable growth of the business.

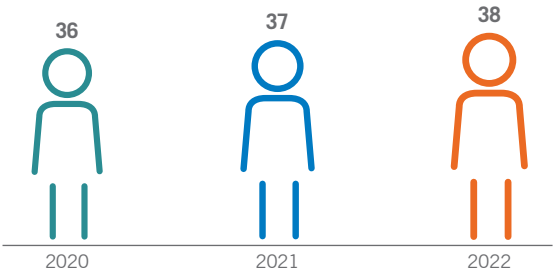
## Overview of the Human Capital Area in 2022

At the end of 2022, the Bank had 2 709 employees, which represents a 61-people decrease with respect to 2021, as a result of voluntary departures and contract terminations for reasons of non-compliance with BFA’s code of conduct.

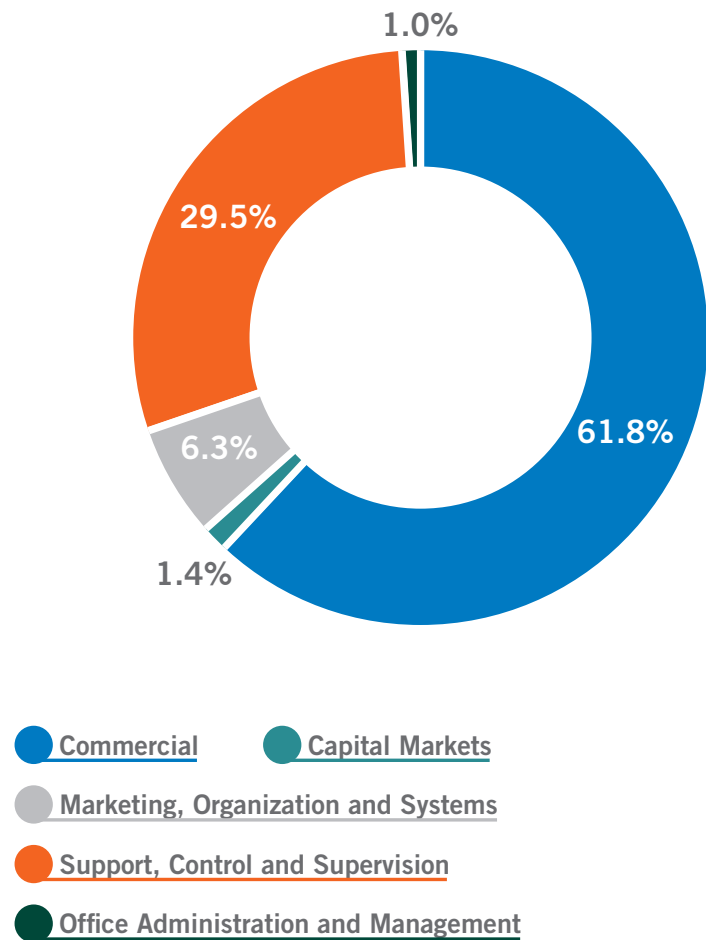
### Number of Team Members Development



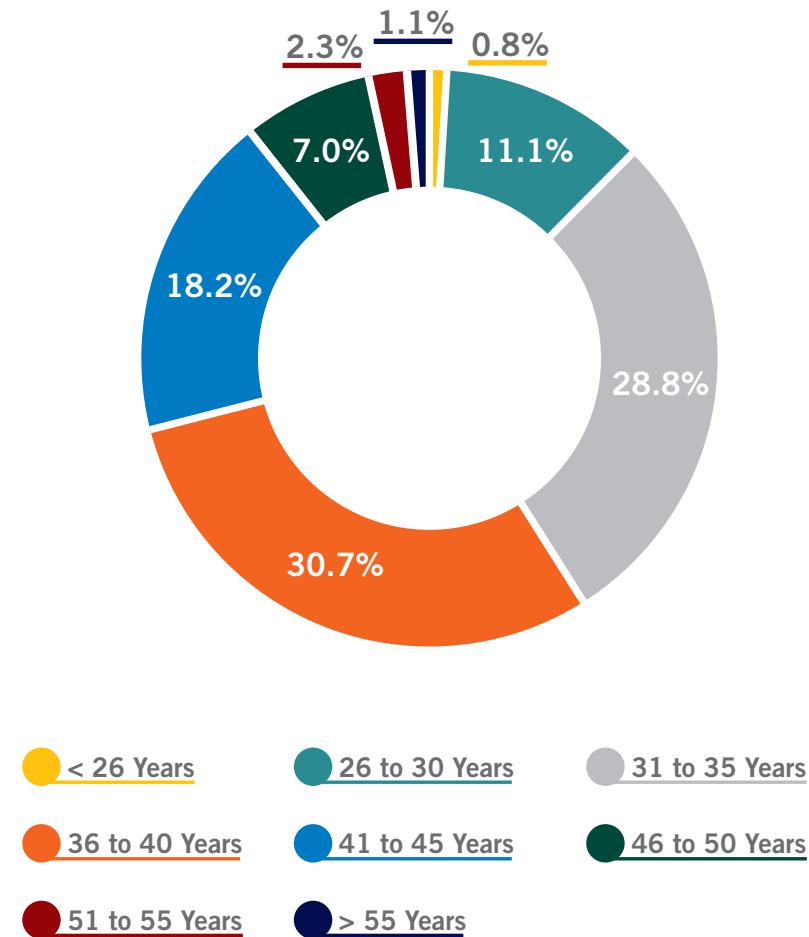
### Average Age of Team Members



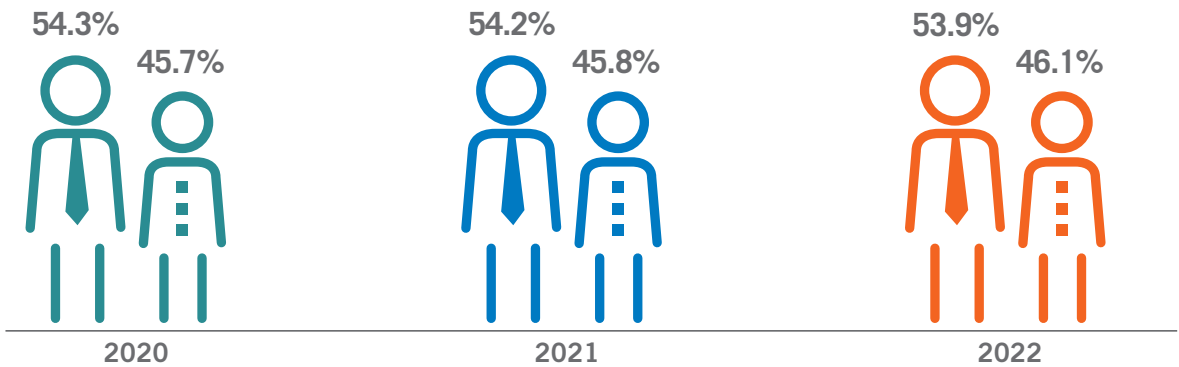
Breakdown of Team Members per Business Area



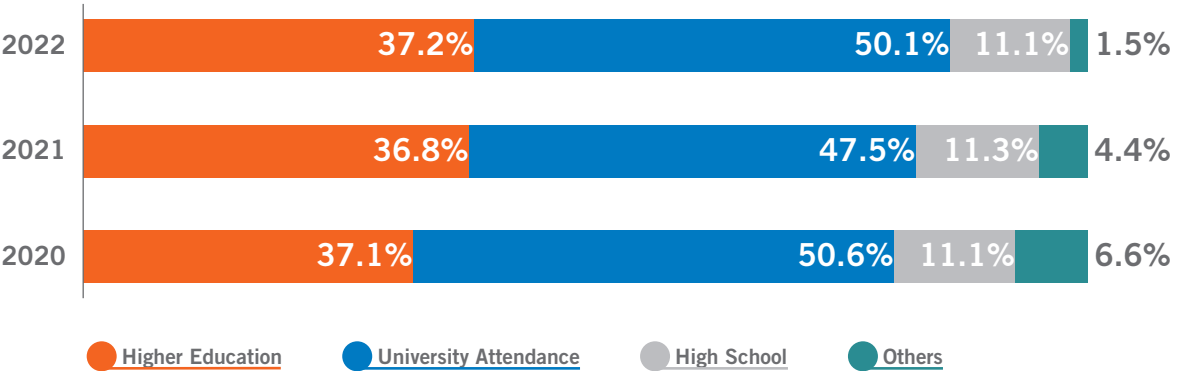
Breakdown of Team Members per Age Group



Breakdown of Personnel by Gender



Breakdown of Personnel by Academic Qualifications



Human Capital Department Activities & Initiatives

During 2022, BFA invested in pursuing the various initiatives established to promote the well-being and development of its Personnel, namely training sessions on the BFA Culture, Control Areas Assessment, internal career opportunities, mobility and career progression.

In order to strengthen and enhance Human Capital Management, BFA's Human Capital Department (HCD) introduced to the entire organisational structure the following career themes: Career Management Plan, Succession, Functions and Skills-Building Model, among other topics. This presentation was made through 48 sessions, with an average participation of 80% of all Team Members.

Within the scope of BFA Culture, a range of workshops were held with speakers from the Human Capital Department and with the collaboration of the BFA Academy.

These workshops were made available to the entire BFA's organisational structure through an on-line format:

- **We Are BFA' Workshop** – Its primary purpose was to promote and strengthen BFA's corporate culture, and it recorded an average participation rate of 65%;
- **Human Capital Tech Days' Workshop** – The key goal was to promote the sharing and exchange of experiences and address topics that impact the team members' work lifecycle, such as managing absences, work accidents, the Training Policy, Maternity Protection Law, and balancing motherhood with work. The workshop also featured testimonies from female employees who shared their experiences of motherhood.
- **Ethics' Workshop** - The main purpose was to reinforce the fundamental principles of Ethics within the scope of the workplace and was mainly intended for the Commercial Area, and considering the initially stipulated target audience it recorded a participation rate of 90%;

- **SAP Workshops** - The main goal was to share knowledge about the Human Capital management application, from scheduling holidays, managing absences, learning area, Work Zone (Employee work area and internal social network), among other functions, in order to improve and streamline the daily performance of the BFA Personnel. This workshop had a targeted scope/coverage and the attendance was approximately 70%;

On Children’s Day, the Bank gave voice to the children of its Team Members with the theme - “Bank for all Angolans”, where topics such as the balance between work and family responsibilities were addressed, as well as a minute devoted to information on safety and well-being.

“Putting the right personnel in the right positions.”

The Bank’s commitment to its team members’ development program was based on the expression “The right personnel in the right positions,” aiming to retain employees by promoting their growth and development in various areas of the Bank, where their contributions and skills are most relevant.

In 2022, a total of 92 mobility assignments were successfully completed.

Promotions and Appointments

BFA maintained its policy of empowering and enhancing the value of its team members by providing career advancement opportunities aimed at promoting internal functions rotation, mobility and career progression, while external recruitment continued to be occasional and strategic.

Throughout 2022, there were a total of 67 promotions and appointments.

Employee Office

In October 2022, the Employee Office was launched, a structure designed to provide centralized support and clarification to address the questions that team members have on a daily basis.

This support structure for employees was developed by the Human Capital Department, aiming to offer all employees a quality service with a quick response time, which consequently helps increase productivity and dedication to each employee’s daily activities.

The Employee Office also allows for greater proximity and understanding concerning People’s Management in different areas and has significantly improved processes related to the Employee’s work life cycle.

2023 Outlook

In 2023, BFA will continue to invest in its Human Capital. To this end, the financial institution aims to strengthen and enhance its business cornerstones, underpinned by the improvement and streamlining of its operations and activities, the consolidation of its corporate Culture and the ongoing development of its Personnel (BFA Talent). It will continue the consolidation of the Human Capital models with regard to the Employees’ Careers, with special attention to Succession Plans for key positions for the organisation structure as well as development plans aimed at talent management.

One of the primary purposes will also include to provide assistance and support concerning BFA’s digital transformation agenda, since this is only possible to achieve the desired strategic goals with the involvement of the entire workforce and the development of a BFA Culture based on Innovation.

BFA Academy

Training Framework

In alignment with BFA's Strategic Plan, a biannual Training Plan (2022/2023) called “**Bright For All**” was developed and carried out, aimed at empowering and strengthening the working skills of BFA personnel, the ongoing improvement in internal process efficiency and to enhance customer closeness.

The “**Bright For All**” Training Plan is a training programme designed to cover all BFA's Team Members, using tailor-made and innovative solutions, aiming to be brilliant, clear, dynamic, and adaptable to all individuals, in line with the Bank's Strategy.

BFA Academy's Activities and Initiatives in 2022

Through the BFA Academy, the Department that is responsible for the training and development of BFA personnel, in close alignment with the HCD and the other Departments, has been implementing the “**Bright For All**” Training Plan, with the purpose of developing and directing Employees in a constant improvement of the quality of services, for a more efficient and innovative Bank, focused on digital transformation and on being closer to the Customer.

The training and development of BFA Team Members' behavioural and technical skills and the recognition of Talents are assumed as a top priority. The overall purpose is to train and prepare BFA's Employees for the upcoming financial market challenges, to provide support to ensure the Bank's market positioning and competitiveness and to take into consideration the well-being of the financial institution personnel. To this end, during 2022, the investment in Employee empowering, skills-building and technical training was scaled up compared to the previous year.

Training Courses Provided

In 2022, more than 40 training courses and over 46 000 training hours were provided year-over-year, corresponding to a positive relative change of approximately 69% and 75.7%, respectively.

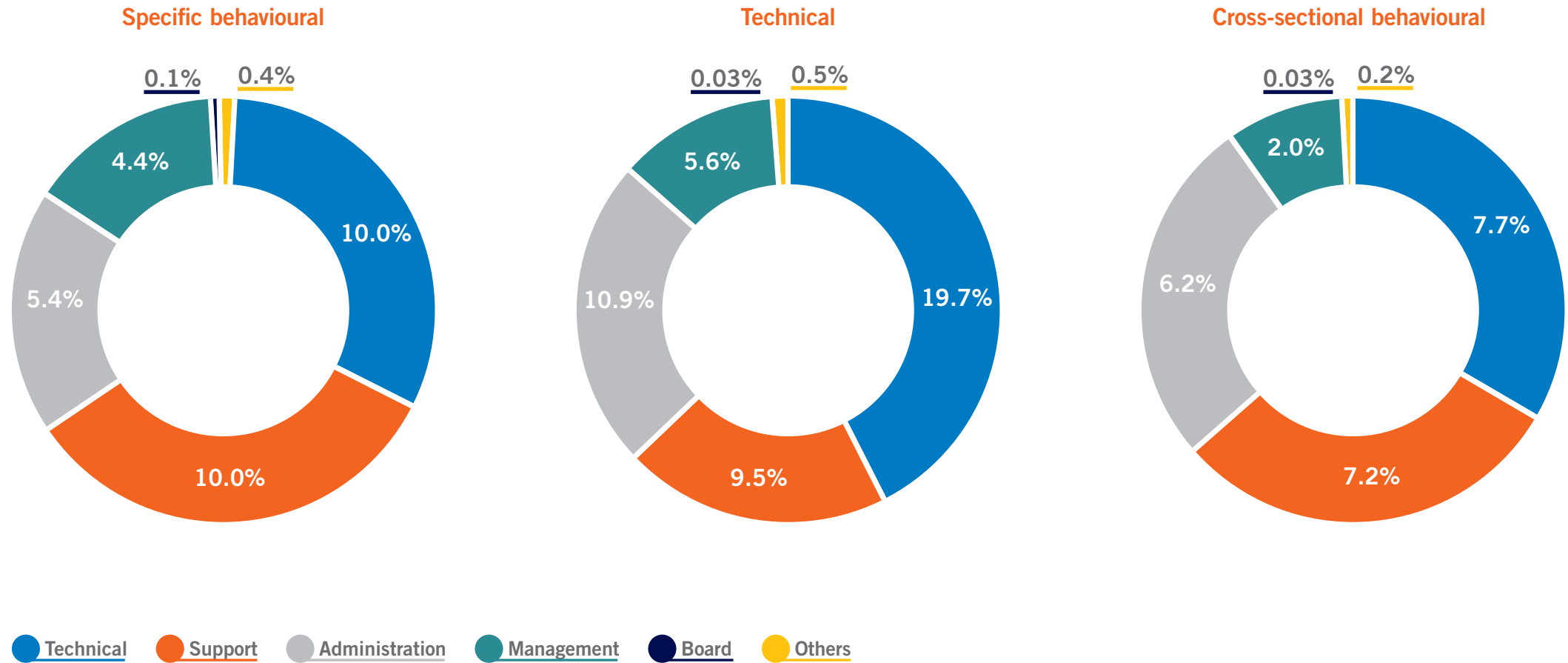
Headings	2021	2022	Δ% 21-22
No. of Courses	58	98	69%
Total Times	60 889	107 001	75.7%

The training sessions conducted throughout the year had a greater focus on digital transformation, innovation, risk and compliance, information security, and updating and optimizing BFA products and services. It is worth highlighting the improvement in the use of the SAP SSF LMS (Success Factors Learning Management System) learning platform and other SAP SSF modules, the implementation of Microsoft Azure DevOps and Microsoft Office 365, which enabled greater autonomy in the preparation for the implementation of the Information Systems Strategic Plan.

Throughout the year, skills-building training sessions were carried out to prepare and empower BFA's Team Members to face the upcoming market challenges, particularly with regard to the Risk Management and Compliance areas, as well as to update banking systems and tools in order to generate more efficiency in the face of greater market demand. In accordance with the Training Plan and its corresponding framework, the time invested in training sessions was distributed by skills-building groups correlated to the functional groups in the Bank's organisational structure.



Total number of training sessions attendees by technical skills-building and Functional Groups



With regard to technical skills, the most representative functional groups were Management and Technical (with 10.9% and 19.7% respectively). On the other hand, the functional groups with the lowest representation were Board and Management (with 0.03% and 5.6% respectively).

With respect to cross-sectional behavioural skills, the functional groups with the highest representation were Support (7.2%) and Technical (7.7%). However, the groups with the lowest representation were Board and Management, as well as in technical skills.

During 2022, the groups with the highest representativeness with regard to specific behavioural skills were the Support and Technical groups, both with 10% relevance. On the other hand, the groups with the lowest representation in this area were the Board and the Management, with 0.1% and 4.4% respectively.

From the total of 107 001 hours of training provided in 2022, 32 441 hours were related to specific behavioural skills, 25 007 hours related to cross-sectional behavioural skills and 49 553 hours of technical skills, which represents an investment of 54% in behavioural training and 46% in technical training.

Altogether, and out of a total of 2 709 staff members, of whom only 2 689 were eligible for training, an average of 40 hours (39.8) of skills-building training was given per Team Member.

With respect to cross-sectional skills, the most noteworthy are the Customer-orientation, teamwork and communication training courses. As for specific behavioural skills is concerned, it is worth to highlight the leadership, strategy and innovation training.

With regard to technical skills, which, together with behavioural skills, enable the Bank to improve, prepare and develop its Team Members for the upcoming challenges of digital transformation and all the changes it entails, with all the reforms it implies, so that the financial institution may be prepared for the current and upcoming financial market challenges. Hence, training programmes are available for all Team Members, namely Excel courses (initial, intermediate and advanced), Microsoft Office's Word, PowerPoint, Outlook and Teams, and an English language course.

Given the challenges of the financial markets and the legal and regulatory frameworks established by the supervisory authority (BNA) and other entities, particularly with regard to Risk and Compliance regulations, investment has been made in training programmes on the topics of AML/CFT - Anti-Money Laundering and Countering Terrorism Financing, Risk Management/Control as well as concerning Financial/Accounting areas.

Also noteworthy are the training programmes related to the subject matters of Information Security and Sustainability, the strategic plan workshops (MIRAI Café) and Intra and interpersonal development ("To The Top" Programme) and the Internal Facilitators Programme (Champions Programme).



Methodology

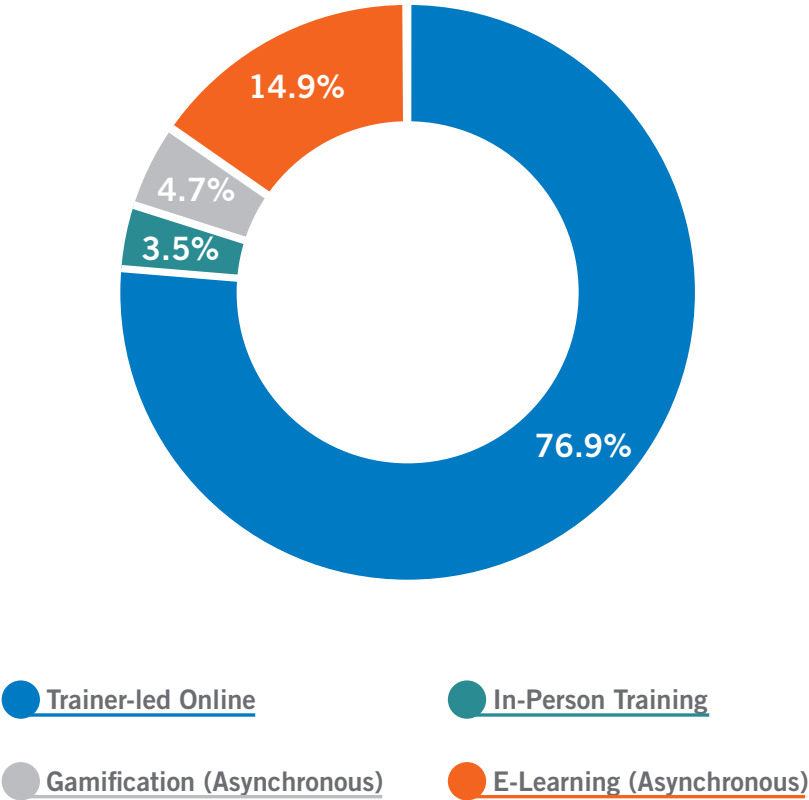
Approximately 80% of the time invested in training was given through synchronous training (online and face-to-face) in order to establish greater interaction between trainer and trainee and facilitate the process of acquisition and development of behavioural and technical skills.

The remaining 20% of the courses were offered asynchronously, through e-learning and gamification (game-based learning), by means of tailor-made and appealing content, and which covered, above all, behavioural skills.

Recognizing the importance of having employees serve as internal trainers, BFA has established a pool of trainers and developed a program to enhance their behavioral and technical capacities. The goal is for each employee to become a trainer not only for themselves (through self-learning), but also for their colleagues and society in the areas of financial and digital literacy.



Educational Methodologies Used



# Innovation & Technology

BFA's commitment, investment and drive to reinvent the banking experience, based on digitalisation and the use of new technologies, has been one of the main cornerstones of its business strategy.

Within this scope, the Strategic Plan for Information Systems, PESI 21-23, continued to be implemented in 2022, which aims to address and meet the industry's challenges, namely technological development, exposure of Team Members to new skills, occupations and work models, as well as the need for greater agility and strengthening of the Customer's contact through technological channels. The strategy for implementing this plan is underpinned by four key areas of action:

- 1. **Technology** – To offer “State-of-the-art” technology and products;
- 2. **Human Capital** – Have the best human capital talent and technical expertise and/or know-how;
- 3. **Customer-Orientation Approach** – To turn each Customer into an enthusiast;
- 4. **Cost-cutting Strategy** – To grow in a fast paced and healthy way;

The modernisation and digitalisation process underway, due to its scope, encompasses not only the technological component, but also the organisational and human component supporting the Bank's business operations, which will provide support to the Promotion of a more sustainable, agile, Customer-oriented and effectively future-ready BFA.

The year 2022 was one of focused on the strengthening and implementation of new technologies across the organisation, which enabled significant leaps to be made in terms of mobility, resilience and redundancy.

The basis for this consolidation was the architecture of solutions underpinned by “on-premise models” and to trigger a disruption through the adoption of cloud-based technology. Several projects boosted this transition and contributed to the BFA teams' increase in productivity.

The upgrade and standardisation of the suite of Microsoft solutions, namely the M365 E5, the strengthening of the human capital management solutions, such as SAP Success Factors, have boosted and enhanced the high-tech status of the technological solutions to a new threshold.

There was also a significant investment in Cybersecurity projects, which allowed the Bank to innovate in a safe manner. New firewalls were implemented, solutions that permanently monitor the infrastructure were adopted, with the introduction of Artificial Intelligence in this IT area, as well as intrusion tests and staff training initiatives.

Another area where high-tech solution standards were strengthened and improved concerns the increase in the resilience and redundancy of the Bank's IT infrastructure, with the completion of a further stage of replication of the CPD's. This transformation has had a strong impact on the way the Bank relates to its stakeholders. This transformation has had a strong impact on the way the Bank relates with its stakeholders.

As far as the relationship with the Stakeholders component within the BFA ecosystem is concerned, it is worth to highlight the development of the new BFA APP 2.0, which is based on new software development paradigms, namely ‘Outsystems’.

It was also introduced the integration of a middleware layer based on a SOA “Service Oriented Architecture”, which in addition to creating levels of abstraction in the relationship of the exposure layer with stakeholders, also allows the exposure of services from external entities. A practical example of this technological improvement can be found in the Bank's relationship with public entities, which manage the fiscal taxation.

During the year, a number of commercial documents were converted into electronic files, which were later made available through the commercial network, thus speeding up the provision of these documents to Customers.

Complementary solutions have been developed to address credit application and foreign exchange purchase processes, which have led to significant levels of efficiency in customer service.

In the relationship with the supervisory authority (BNA), the reporting processes were automated, and the relevant business team managers were given the autonomy to provide those automated reports without having to resort to the support of technical teams.

Lastly, the infrastructure that supports the front-end with the final Customer was upgraded and improved, increasing the levels of performance and resilience of the solution.

As a result of these actions, the availability of BFA's solutions has reached levels close to 100%.

From the key milestones achieved standpoint, it is worth highlighting the following by business area:

Human Capital	Empowering team groups with new skills to meet the current technological challenges;  Adoption of new work and collaboration models (body shop);  Adoption of new tools and work methodologies (Agile e Azure DevOps).
Infrastructure	Technological Upgrades <ul style="list-style-type: none"><li>• Central System DR - CPD Paratus;</li><li>• Distributed Systems DR - CPD Paratus.</li></ul> Microsoft 365 <ul style="list-style-type: none"><li>• Replacement of 700 desktops;</li><li>• Memory upgrade in 600 desktops;</li><li>• Upgrade of the Windows 8.1 to 10 in 170/192 units.</li></ul>

Platforms	SCCM – System Center Configuration Manager; Microsoft Intune implementation for mobile device management; Microsoft Exchange Online: <ul style="list-style-type: none"><li>• Implementation of Hybrid Cloud/On-Premises Model;</li><li>• Implementation of High Availability for Exchange.</li><li>• Start of email account migration to the cloud;</li><li>• Swift system upgrade.</li></ul>
Tools & Resources (Tooling)	Collaboration tools <ul style="list-style-type: none"><li>• The implementation of Microsoft Teams is currently in progress;</li><li>• The installation of 7/10 certified VC's for MS Teams is currently underway;</li><li>• Provision of OneDrive (personal) &amp; Sharepoint Online (teams).</li></ul>
Organisational Capacity Building	Microsoft Teams Champions program <ul style="list-style-type: none"><li>• Training of 100 ambassadors to promote the use of the solution and prepare the organization for the upcoming changes;</li></ul>
Software Architecture	Completion of AIX to X86 migration; Replacement of Applets with WebSockets.
Data Architecture	Implementation of Infrastructure and technological tools; A single source of data and execution routines implementation.
SAP Success Factor	LMS – Learning Management System; Succession plan and Careers development; Onboarding; Remuneration; WorkZone; Recruitment process.



Safety & Security

Information Protection: AIP (Azure Information Protection) and DLP (Data Loss Prevention);

Access Control: MFA (multifactor authentication), Conditional Access and RBAC;

Implementation of the MIA module in Banka: Sending of remote banking credentials by sms and e-mail;

5 E-Learning training modules on Information Security:

- Introduction to Information Security;
- Training on the safe use of IT equipment and resources;
- Information & Privacy classification and data protection;
- Social Engineering & Malware;
- Identity and access rights management & Physical Security.

Thirteen (13) workshops were provided covering the following topics:

- Good practices on Information Security;
- Awareness on personal data protection and information classification.

Strengthening and consolidation of the Security Operations Center

- Integration of eight (8) data sources;
- Ongoing monitoring of events and incidents;
- More than 50 new use cases have been implemented;
- Enhancement and ‘fine-tuning’ of use cases;

Completed the assessment to identify the Gap Analysis towards ISO 27001;

With respect to information classification, more than 5 000 artifacts (documents and emails) were classified.

Compliance  
& Audit

Start of the CIRC 3.0 implementation;

General IT Controls Auditing;

Information Management Auditing;

Swift System Auditing;

External Audit – RGCN.

Most Relevant Activities & Initiatives

1. Technological Refresh (IT systems upgrade)

The Technological Refresh (IT systems upgrade) is an initiative that consists in implementing and developing two Datacenters from scratch and their associated telecommunications and security infrastructures. The technological foundation supporting this infrastructure is underpinned by two Datacenters, a Primary Site (ITA) and a Secondary Site (EMIS), with different levels of redundancy.

The Technological Refresh has boosted significant improvements and gains in terms of availability, performance, resilience and redundancy of the Bank’s technological solutions, since a Disaster Tolerant Architecture (TIA 942, Tier III) was applied with a Metropolitan Cluster, which consists of datacenters within a city, but implemented in very distinct and distant locations.

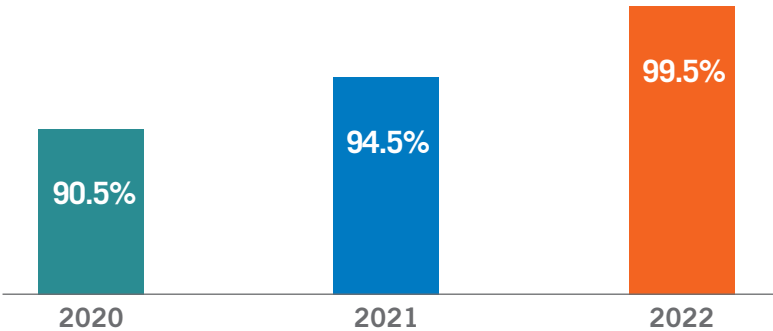
Key Milestones:

- 29-07-2022 | ITA –CORE DR;
  - 30-09-2022 | ITA - CORE High Availability;
  - 31-10-2022 | ITA –Global DR;
- Data Domain;
  - RP4VM configuration;
  - Replication activation.



The following chart illustrates the comparison and development of the “Real Time” transactions data metrics over the past four years. The “Real Time”, refers to the percentage of transactions successfully concluded, replied to by the Bank in real time and in less than 5 seconds.

Development of IT Systems Availability boosted by the Technological Refresh



2. Microsoft 365

The MICROSOFT 365 suite features a set of technological solutions produced by Microsoft, which provide support to the IT operations within BFA’s technological area. The MICROSOFT 365 suite provides different types of solutions, namely, operating systems, mobility and security, and production tools.

Within this scope, the following vulnerabilities have been mitigated:

- Laptops with Windows 10 operating system, and Windows 8.1 desktops;
- Different Microsoft Office versions were installed, namely 2013, 2017 and 2019;
- The mismanagement of mailboxes.



Key Achievements:

M 365

- Licensing Upgrade;
- Azure Security:
  - MIP - Microsoft Information Protection
  - DLP - Data Loss Prevention
  - MCAS – Microsoft Cloud App Security
- Hybrid/online exchange;
- Online SharePoint and OneDrive;
- MS Teams;
  - Collaboration
  - Telecommunications
  - VC Rooms

Information/Data Protection

- Information/Data Classification -AIPC (Response to Notice 8/2020);

3. eMudar Architecture

The ‘eMudar’ platform is the operational platform used by the Bank to carry out day-to-day business activities and operations, allowing several financial services and products to be made available to our Customers.

With the aim of enhancing and improving the platform’s soundness and provide the financial institution, in particular the IT Department, with better operational conditions to manage the platform, as well as to reduce operating costs, a set of actions were identified to enable the Bank to achieve a set of corporate strategic goals.



**Key Targets:**

- AIX to Redhat migration;
- Perform the technological upgrade to the 'eMudar' platform:
  - Applets Replacement for Websockets;
  - IBM BPM Upgrade;
  - Components Replacement (IBM BPM, IBM Db2, IBM FileNet, IBM Websphere);
- In-house training for the use of the 'eMudar' platform:
  - eMudar' Academy;
  - Dynamic environment.
- Test automation.

**Key Achievements:****AIX to Redhat-X86 migration**

- x86 Pre-production - eMudar Certification in the new RHEL pre-production environment;
- x86 Production - Completion of product installation and configuration;
- x86 Production -Final validation of 'eMudar' platform in the new environment;
- x86 Production -Coordination -Switch FileNet, eChange and BPM.

**In-house training for the use of the 'eMudar' platform**

- 'eMudar' Academy – Development module;
- 'eMudar' Academy –SQL databases;
- Knowledge transfer from DSI Central Applications to DSI Support;

**Applets Replacement for Websockets**

- Pilot Test (Head Office, Caxito, Kwanza Norte);
- Rollout integrated with M365 Project Suite.

**4. Information Security**

As far as the Information Security theme is concerned, it was one of BFA's major concerns during the FY2022. This topic is considered to be highly relevant since it is a well-defined line of defense that protects the Financial Institution's data against different external threats and/or attacks. BFA's investment in its development supports risk mitigation, which ensures the Bank's structural integrity, thereby enabling the Bank's smooth operational running and a better quality of service provided to Customers.

**Key Achievements:**

- Management of intrusion detection testing services:
  - Testing the Bank's different software applications, in particular the new BFA APP 2.0, internal and external networks and SWIFT;
  - Social Engineering Campaigns - actions in which elements from outside the Bank enter the building, place pen drives and it is monitored whether the pen drive is placed in any of the Bank's devices. From this drill analysis, awareness-raising actions and workshops were developed and implemented to ensure that the Bank is not exposed to external threats and/or attacks.
- DarkTrace implementation;
- Checkpoint Firewalls installation and configuration;
- 'Impervas' installation and configuration;
- Approval and publication of regulations and norms;
- Information security training and awareness-raising activities;
- Data/Information Classification - AIP (Response to Notice 8/2020);
- Drawing up and development of Technological Disaster Recovery Plans.



5. New Corporate Governance and Collaboration models and implementation of new Tools

Lastly, it is worth highlighting the adoption of new corporate governance and collaboration models and the implementation of new tools that support them, namely:

- Management and working models based on ITIL Methodologies and AGILE Frameworks;
- Adoption of collaboration, body shopping and outsourcing models with technological partners;
- Solution implementation is now supported on Azure DevOps ensuring adoption of the best business practices such as seamless integration and ongoing delivery (SI/OD);
- Standardisation and definition of the STACK of software development;
- Adoption of a RAD Framework for software development, notably OutSystems;
- Definition of solution architectures that ensure integration through Middleware.



2023 Outlook

BFA's Vision for 2023 can only be achieved through the alignment and mobilization of all the Information Systems Department Team Members towards the financial institution's strategic priorities/goals and by strengthening internal and external collaboration, making the most of and leveraging potential synergies to benefit the Bank's overall performance.

By 2023, the BFA aims to be:

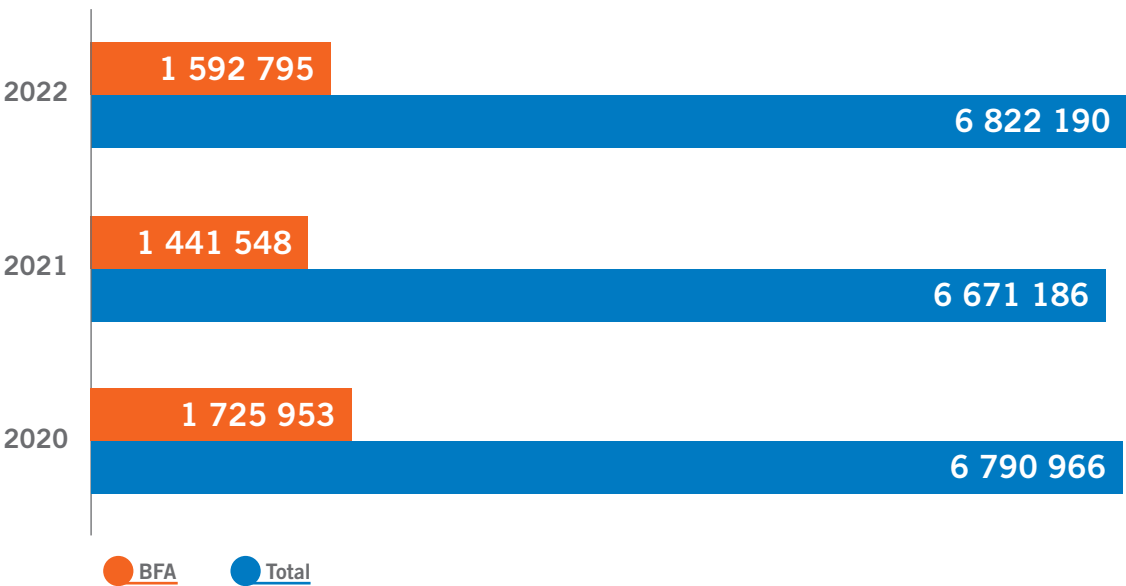
- A leading organization/household name to work for - where Information Systems effectively contribute to improving/enhancing efficiency and productivity, supporting the adoption of new work models, introducing automation and collaboration mechanisms, and fostering disruption through co-responsibility;
- A leading institution with regard to technological innovation - with a focus on development and support for business and operations;
- A technology-driven financial institution at the forefront of innovation - providing disruptive products that meet customers' needs and promote dematerialization with speed and efficiency;
- A financial institution with the capacity to be pragmatic at all times - by analysing the market needs, managing to be creative and anticipate technological investments in an assertive manner and aligned with the financial landscape.

# Payment Systems

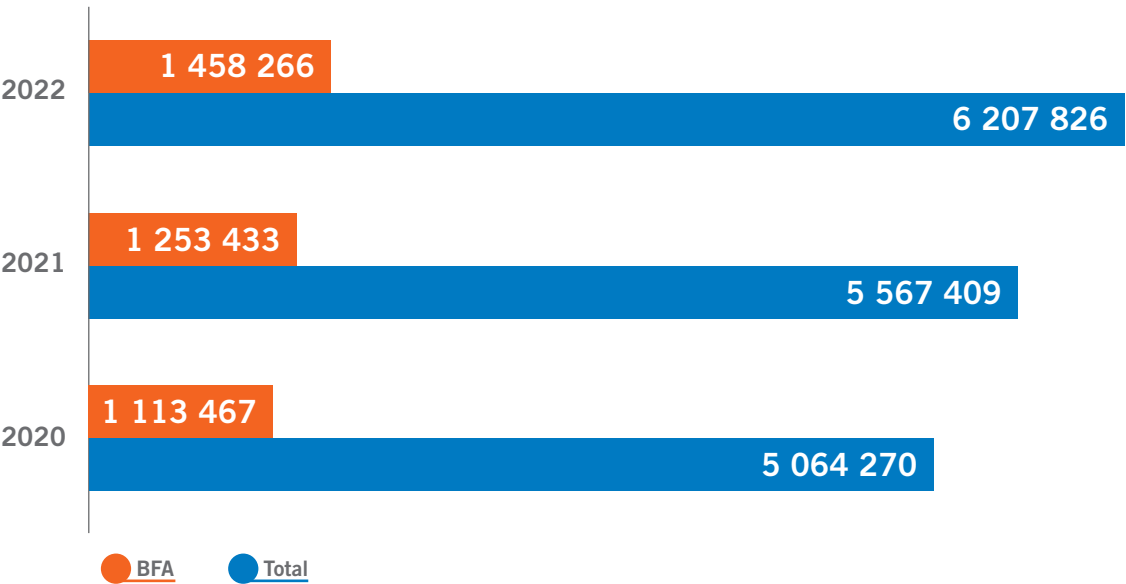
## Debit Cards

In 2022, the total number of valid debit cards (active and inactive) was 1 592 795, which represents a 10.5% increase YoY. BFA strengthened its position as market leader with a 23.3% market share, recording an increase of 1.7% YoY.

### Total Number of Valid Debit Cards



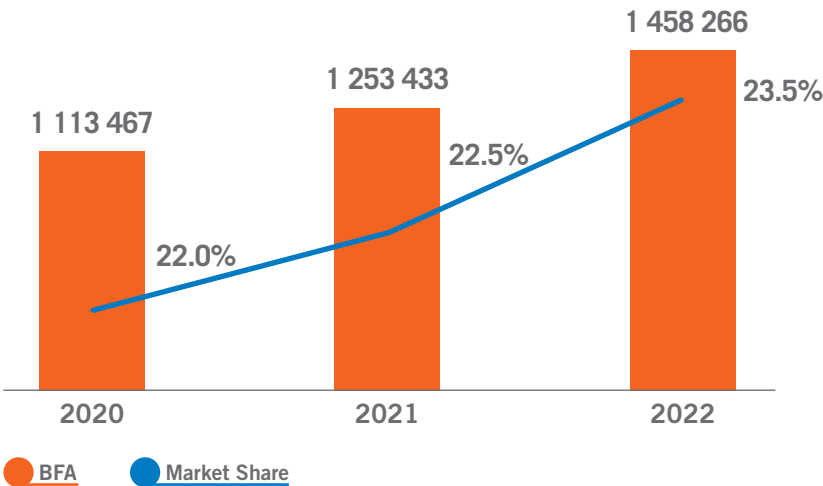
## Total Number of Active Debit Cards



The total number of BFA Active Debit Cards was 1 458 266, which corresponds to a 16.3% growth, much higher than the overall market performance (11.5%). As a result, BFA has strengthened its market leadership, reaching a market share of 23.5%, when compared to the 22.5% recorded in 2021.

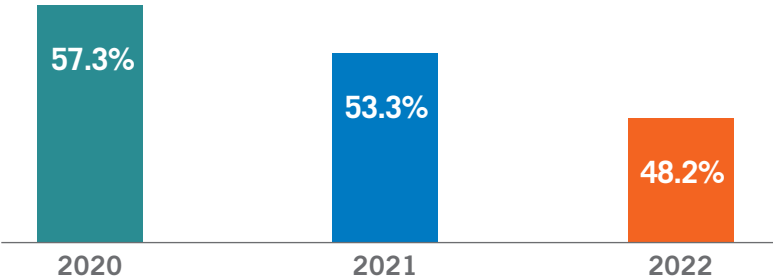


Total Number of Active BFA Debit Cards Development



In 2022, the debit cards penetration rate reached 48.2%, when compared to the 53.3% penetration rate recorded in 2021.

Debit Cards Penetration Rate



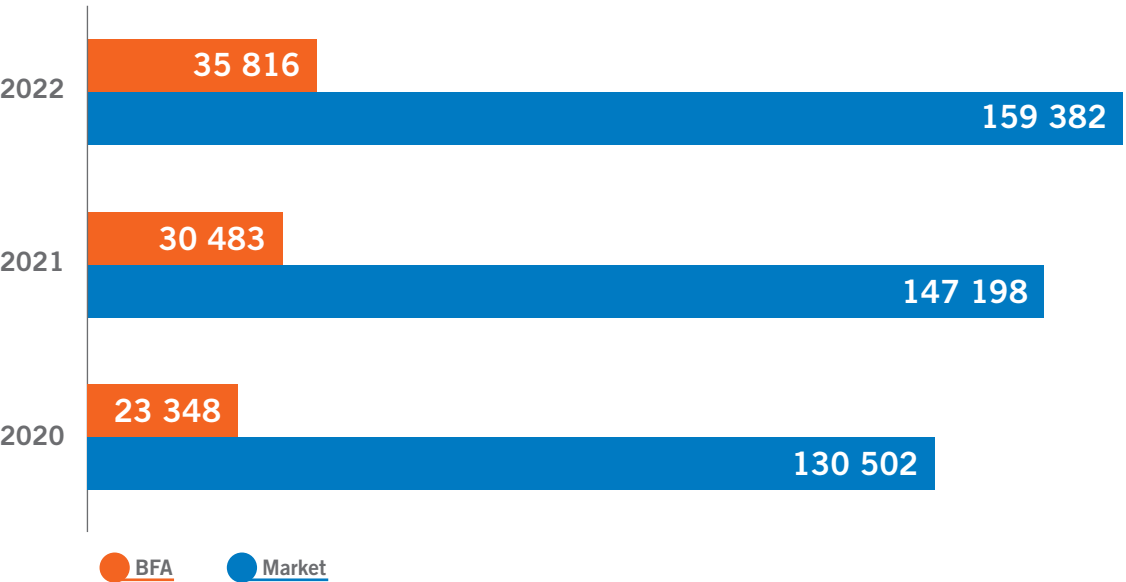
It is worth highlighting that, by the end of 2022, BFA already had about 71.3% of its cards user base using EMV technology, ranking second in the market with 1 135 174 EMV cards.

ATMs & POSs Network

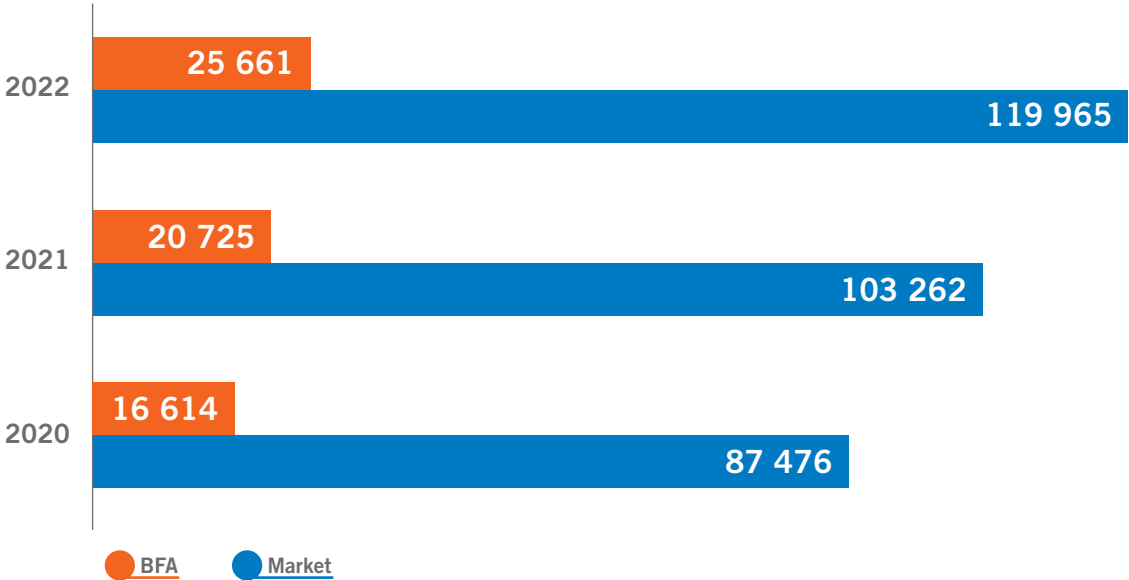
In 2022, Angola's POS (Point of Sale) terminals network increased by 8.3% YoY, with a total of 159 382 installed terminals by the end of the year, out of which 75.3% were active.

Due to the commercial efforts made in 2022, the total number of BFA's POS terminals grew by 17.5% YoY, as well as a 23.8% increase in the number of active POSs YoY. As a result, BFA's market share rose from 20.1% in 2021 to 21.4% in 2022.

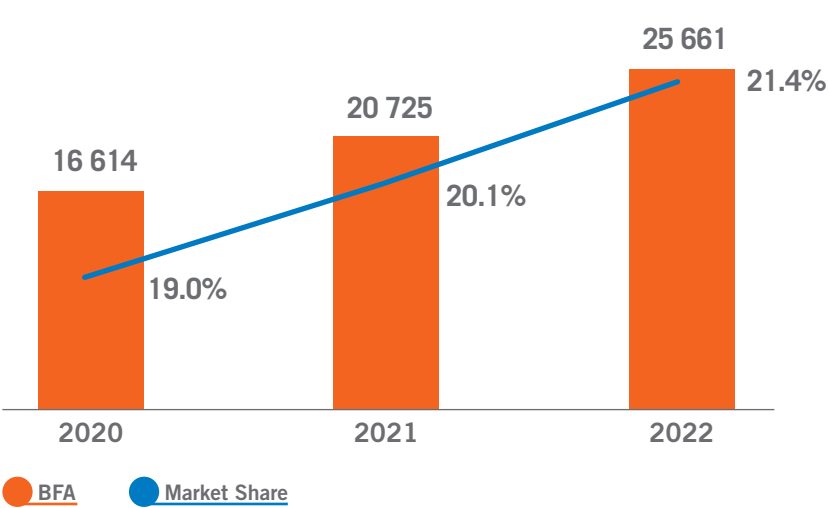
Total Number of Registered POS Terminals



Total Number of Active POSs



Total Number of BFA Active POSs Development



In 2022, Angola’s ATMs network (enrolled) decreased 1.6% YoY, reaching 3 194 ATMs installed at the end of the year. The number of BFA ATMs grew by 0.8% YoY, with BFA's network comprising 394 ATMs at the end of 2022.

Total Number of Registered ATMs

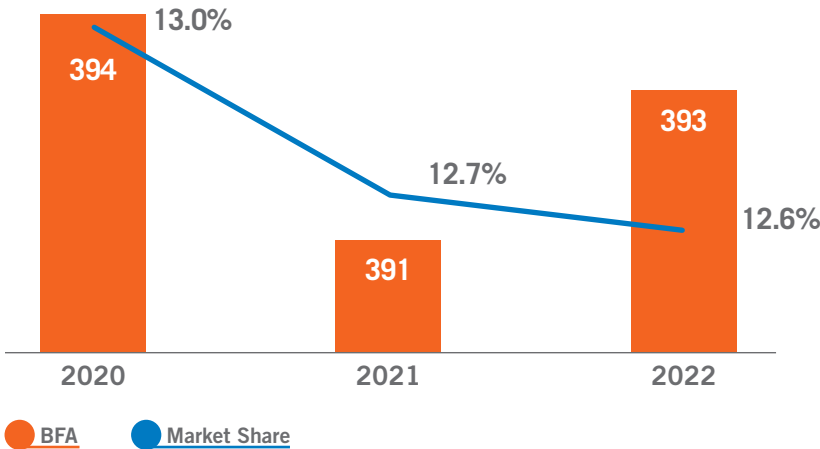


In 2022, the number of Active ATMs in the market grew by 0.7%, a higher growth than the one recorded by BFA (+0.5% YoY). The BFA achieved a 12.6% market share of active ATMs in 2022.

Total Number of Active ATMs



Total Number of BFA Active ATMs Development

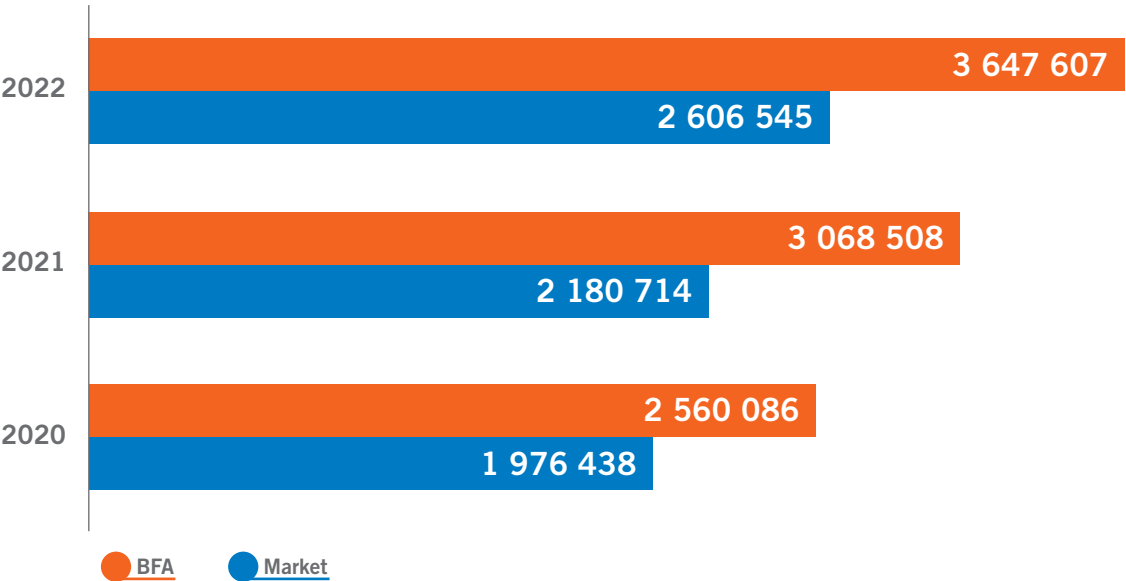


With regard to amounts withdrawn at ATMs, the market reached 3 328 billion kwanzas, corresponding to an increase of 27.7% YoY. BFA reached a figure of 564 billion kwanzas withdrawn via its ATMs (a 26.3% increase YoY), as well as recording a 16.9% market share.



As far as the average amount of money provided by each ATM is concerned, BFA recorded amounts 40% higher than the market average, with a daily average of 3 647 thousand kwanzas in 2022.

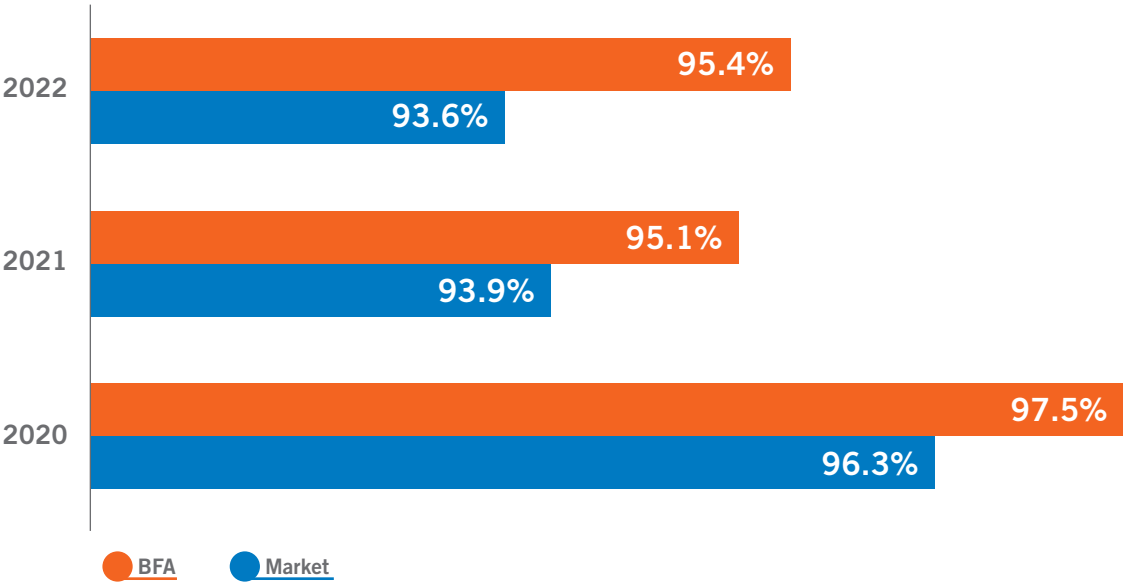
Average Withdrawal Amount per ATM (AOA)



BFA's ATM's average Operational Rate (TOR) in 2022 was 95.4%, which represents an increase of 0.3% p.p. YoY. The market's ATM's average Operational Rate (TOR) was 93.6% in 2022, thus recording a slight decrease when compared to 93.9% in 2021.

Note: The Operational Rate is a measure of an ATM's degree of usage and is calculated as follows  $\text{Operational Rate} = 1 - ((\text{No. Days non-operational}) / (\text{No. Days Month}))$ . An ATM is therefore considered non-operational when it does not record any transaction during the month.

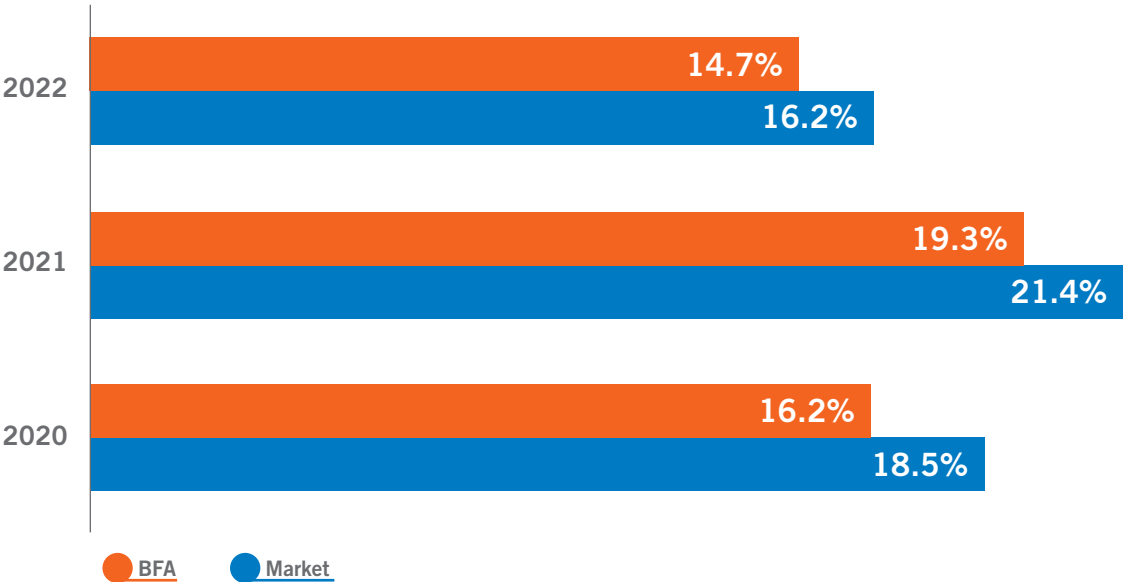
Average ATM Operational Rate



ATMs Down-Time

In 2022, the percentage of down-time due to lack of bank notes in the Market was 16.2%, which was an improvement when compared to the 21.4% recorded in 2021. BFA maintained its performance above the market, recording a value below average (14.7%), which also represents an improvement when compared to the 19.3% recorded in 2021.

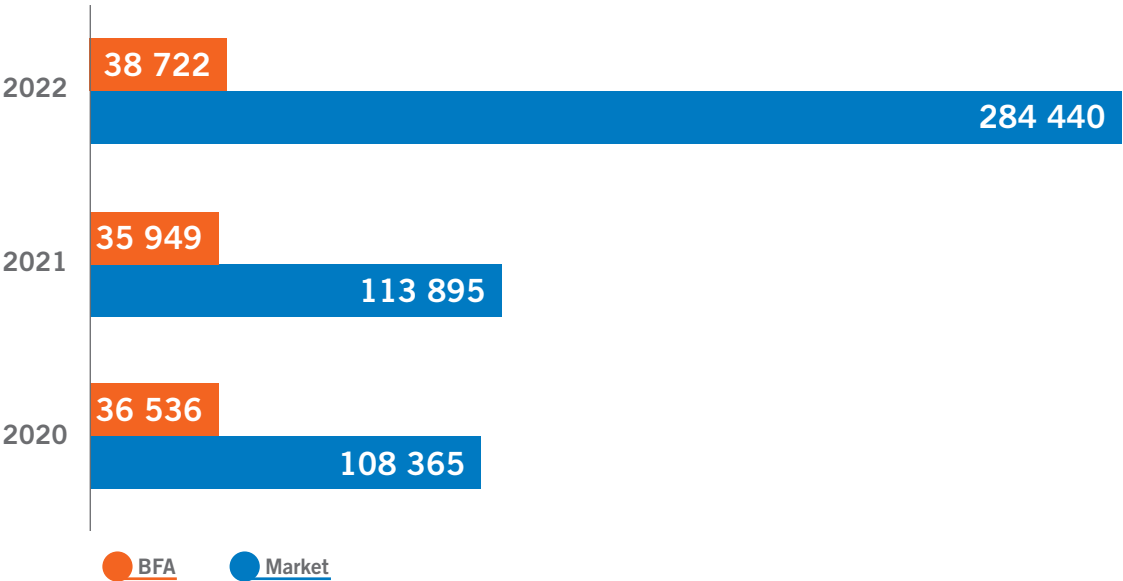
Average Down-Time due to lack of Bank Notes (ATM)



International Payment Systems (IPS) Cards

In 2022, the number of valid BFA SPI Cards (VISA Credit and Prepaid Cards) recorded an increase of 7.7% YoY, with 38 722 valid cards recorded at the end of the year.

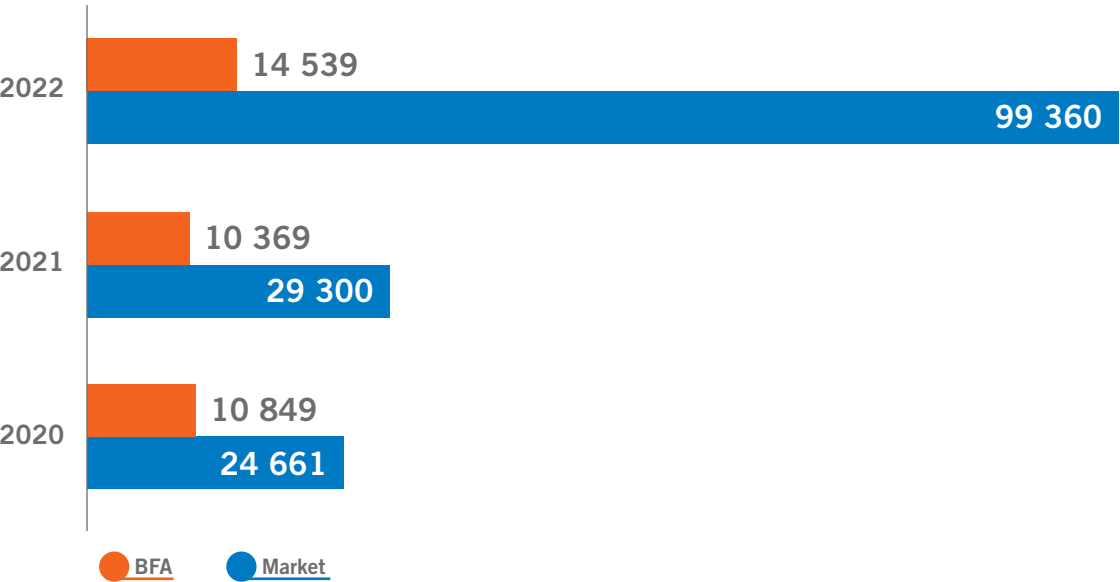
Total Number of Valid SPI Cards



With respect to Active cards, the number of BFA SPI Cards was 14 539 cards, which represents a 14.6% market share of the Active SPI cards managed by EMIS.

The total market for Active SPI cards managed by EMIS increased by 239.1%, reaching 99 360 active cards in December 2022.

Total Number of Active SPI Cards



H2H Payments

The H2H system is an EMIS subsystem that allows the connection of a bank's host with the main EMIS host. The system's purpose is to allow the Banks through their channels, to make available the payment functionalities that can be found in the Multicaixa System.

With respect to the average daily amounts processed through this channel, BFA reached a 25.4% share, despite having recorded a 7.4% drop YoY.



HBMB Payment (Multicaixa Express)

Multicaixa Express operates as an interbank channel for payments, withdrawals and transfers, provided by EMIS, which aims to be the vehicle driving the massification of banking transactions in Angola.

BFA is the financial institution with the largest number of cards associated to Multicaixa Express, having reached 291 710 adhesions (29.2% market share) at the end of 2022, with a 20.4% growth YoY, well above the 6.8% market growth.

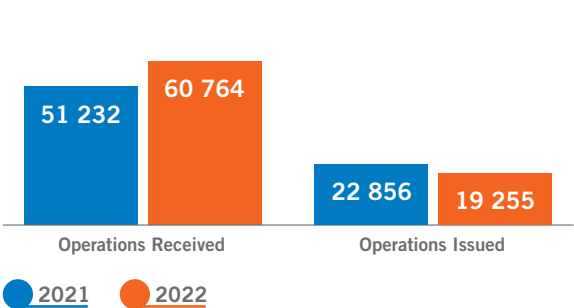
Both the average daily number of operations and the average daily money amounts processed in 2022 with BFA cards recorded major increases: 35.8% in the average daily number of operations and 25.4% in the average money amounts processed. BFA achieved a 25.7% and 21.9% market share with regard to this type of operational activity turnover (both in terms of the number of transactions and their corresponding processed amounts volume), respectively.

Interbank Transfers

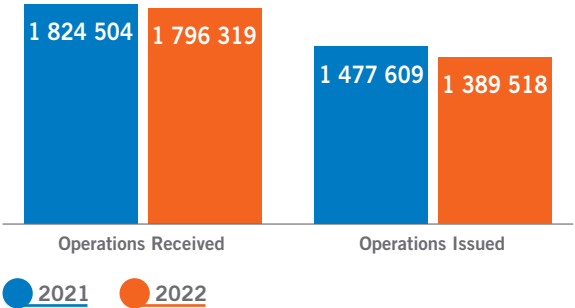
The number of operations processed through the Real Time Payments System (SPTR) increased by 18.6% YoY, despite the decrease in the number of outgoing (issued) transactions (-15.8% YoY). In addition, the number of received transactions through this system also recorded a downturn in 2022.



SPTR - Number of Transactions Processed (AOAM)

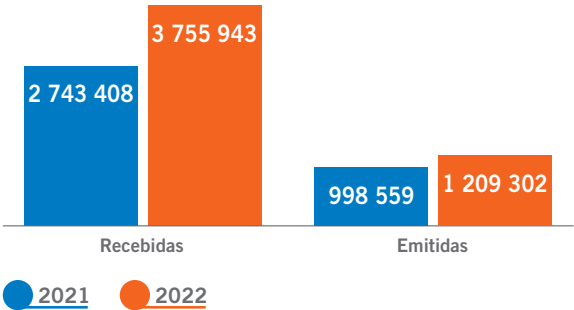


SPTR - Valor das Operações (AOAM)

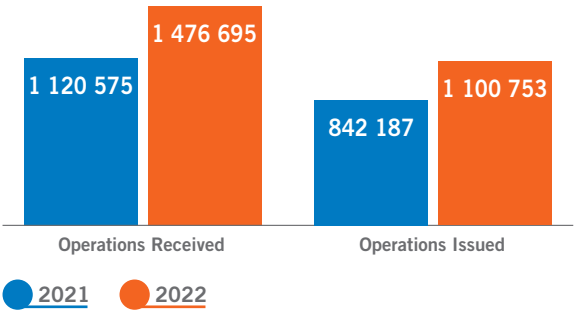


With respect to the number of transfers processed through the Credit Transfers Subsystem (CTS), both the number of transactions and the amounts processed recorded a sharp increase of over 30% in 2022, with the exception of the number of orders issued, which grew by 21% YoY.

STC - Number of Transactions Processed (AOAM)



STC - Transactions Total Amount/Volume (AOAM)



# BFA’s Digital Agenda

The year of 2022, was shaped by a substantial increase in the use of the social networks where the Bank is very active and has positioned itself as a leading market player, reflecting the sharp improvement and increase in the Bank’s comprehensive customer engagement metrics. However, there was a general decrease in the number of customer visits to the website, when compared to 2021. However, it is worth highlighting the launch of a new homebanking mobile app (BFA App 2.0), which was very well received by BFA Customers.

## BFA Corporate Website

In 2022, the BFA corporate website recorded fewer visits, less viewers and page views. However, the engagement metrics, which indicate the comprehensive traffic quality, improved and remained above the market average values.

With regard to traffic sources, organic research continues to be the main source of visits to the BFA’s official website, where a 57% increase in visits from referral links was recorded. As far as conversion actions is concerned, BFA witnessed the maintenance of the metrics obtained in the previous year, in relation to the number of logins on the BFA Net.

The Retail area remains the most visited section by the public in general, recording an 11% growth in the number of viewings YoY.

	2021	2022	Δ%
Overall Visitors	846 309	511 378	-39.6%
One-Time Visitors	320 795	280 106	-12.7%
Pageviews	1 663 082	821 386	-50.6%

## BFA Careers Website

BFA is aware and acknowledges that the Human Capital is an extremely important driver for the achievement of its corporate success and represents its key competitive differentiator element in the market. As a result, at the

beginning of 2022, a new selection and recruitment platform was launched, which will provide applicants with a simpler and more efficient model in their application processes.

## BFA APP 2.0 and Digital Account Opening

Having taken on the commitment to develop a new mobile homebanking solution in 2021, the Bank released a new homebanking service app (BFA App 2.0) to the market in March 2022.

During 2022, the Bank remained focused on the development of its transactional Mobile APP. In addition to continuing to invest in the ongoing improvement of the mobile homebanking service, introducing new improvements/features to meet BFA’s customers’ expectations and needs, the Bank also invested in the development of new functionalities that increased the BFA APP’s features capabilities scope/range. Among these, of particular note is the Digital Account Opening which, through a totally remote process, allows the opening of a BFA Simplified Account, through technology that collects and validates the authenticity of the documentation of new Customers.

BFA App 2.0 has currently been downloaded 130 000 times, which confirms the success of the solution launched by BFA.

## BFA Net/ Business

New improvements and solutions are currently underway to meet the market’s needs and specific requirements. At the end of 2022, the BFA Net channels had a total of 223 496 subscribers, which represents a 3% increase YoY.

In 2022, approximately 27% of the website visits were made to access BFA Net, a figure 1% higher than the one recorded in the previous year, given that the individual visitors who regularly use the site to access homebanking, remained unchanged. As the overall volume of traffic decreased, the number of BFA Net logins as a ratio of the total visits was proportionally higher.

# Social Networks



Facebook is the social network with the most active users worldwide, with about 2.5 million active users in Angola, which represents about 77% of the market share of the social networks in Angola. Through this social network, BFA benefits from a diversified audience through which communication with all its target groups is made possible. It is worth highlighting that 98% of the Facebook audience connects via a smartphone.

Facebook is the most used tool to strengthen and boost products and services targeted at the Mass Market, since it is considered to be the social network with the highest level of customer engagement. Consequently, Facebook has been an excellent resource for building up strong customer relationships, with both existing and new potential BFA Customers.

In 2022, BFA reached out to 1 900 thousand people and currently has an active community of 326 thousand followers, which represents a major improvement and growth when compared to 2021, when it had approximately 247 thousand followers.



LinkedIn is the world’s largest professional network, differentiating itself by focusing on the development of professional careers, making it the most suitable platform for recruitment processes. The communication



strategy used by BFA on this network primarily focuses on the corporate and employer profile since LinkedIn attracts and connects specialized professionals as well as interested members.

The BFA LinkedIn page ended 2022 with about 77 000 followers, which represents a 24.6% growth year-over-year.



Instagram is a more visual and appealing platform that captures interest and engagement from millions of users.

BFA makes use of this social platform to build and develop closer ties with the youth customer market. The Bank closed 2022 with approximately 21,000 followers, reaching an audience of 190,000 visits on this platform, which represents a 35% growth YoY.



# Communication

## Marketing Campaigns

### BFA Solidarity

In December 2022, **BFA Solidarity Campaign's 4th Edition was launched**. BFA Solidarity is a social responsibility project that aims to financially support Angolan non-governmental and non-profit organisations that work together with children and young people to carry out activities that help to improve living conditions in the areas of education, health, social inclusion and finance.

The programme entails launching a competition, whose winners are entitled to a monetary prize where the sums are used to support organisations in the implementation of strategic projects for the development of their activities.



### Agricultural Campaign

As far as the country's government is concerned, one of its key goals is to boost national output, promote exports and replace imports of essential goods.

Accordingly, BFA has been monitoring and supporting the Angolan State in the implementation of initiatives aimed at fostering and boosting the Real Economy, with the provision of a competitive offer of loan facilities tailored to the needs of the Agri-Food Business Sector.

With the BFA Agricultural Campaign **“Agriculture makes Angola Grow and Thrive”**, BFA promotes short-term loan facilities so that agri-food business companies are able to meet their needs



### Corporate Institutional Campaign

With a view to strengthen its market leadership position, the financial institution launched a corporate Institutional campaign in 2021 with the motto: **“A Bank with a long history and a bright future”**. In addition to communicating and reinforcing BFA's key strategic achievements and corporate milestones accomplished over the years, the campaign used a metaphor which expresses the Bank's relationship with its Customers - a relationship which is renewed year after year.



### BFA App 2.0

The new BFA App 2.0 was launched during 2022. To boost its customer engagement levels, a marketing campaign was designed and launched with a view to promoting the New BFA App 2.0 to its Customers and to the broader population in general. The new BFA App 2.0 offers a new layout, new features, and is more intuitive and user-friendly.





POS cash withdrawals

The **POS cash withdrawal** campaign main goal was to communicate the additional service made available alongside to the ATMs and Bank branches network, namely through providing cash withdrawal service points, particularly on the outskirts of the major cities and in countryside regions.



P2P Wire Transfers

With the purpose of promoting the development of the payment system, the company EMIS made available the **P2P Wire Transfer** functionality in the Multicaixa Express. The P2P wire transfer is a feature that enables money transfers from one account to another, by simply using the recipient's phone number (at no extra cost). To promote and highlight this development in the financial system, a communication campaign was created for the BFA Customers.



Housing Credit

On April 6th, 2022, the National Bank of Angola (BNA) published the **Notice No. 9/2022 on “Mortgage Credit”**, upon recognizing the need to promote the construction of housing units and create conditions for the financial institutions customers to apply for mortgage loans compatible with their average income level.

BNA's Notice sets out special schemes for housing and construction loans and lays down the eligibility requirements, terms, conditions and costs applicable to such loans, as well as their processing in the calculation of the required capital reserves.

With a view to comply with BNA Notice and at the same time to be able to provide a tailor-made financial product to meet BFA's customers' needs, the Bank launched three new credit products, namely: Home Purchase Mortgage Credit, Housing Renovation Credit and Building Credit.



### Inactive POSs

The marketing campaign “**Wake up your POS and revitalise your business**”, was aimed at promoting the reactivation of the POSs Terminals.



### Kandandu Card

In September, BFA launched a new marketing campaign to promote and advertise the **temporary raise in the spending ceiling of the Visa Kandandu card**.

With the spending threshold increase for the Kandandu Card abroad, the Bank has enhanced the competitiveness of its portfolio offer and, as a result, BFA now has an excellent commercial pitch to promote the use of the Kandandu Card, after the constraints and restrictions associated with the spending threshold for Prepaid/Visa Cards abroad.



### Term Deposit Grows + BFA

The Term Deposit Grows + BFA was launched in Q4 2022, a financial product savings offer featuring a term deposit with a 90-day maturity period denominated in kwanzas, with increasing interest rates and monthly interest payments.



### BFA Christmas Special Term Deposit

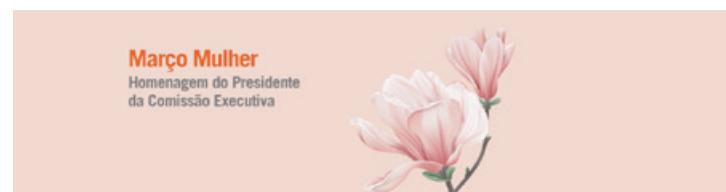
As part of the assets-raising plan, a campaign called “**BFA Christmas Special Term Deposit**” was created during the Christmas festive season. The campaign’s aim was to introduce three new Term Deposits (new financial products offers) to the BFA Customers.





## Internal Communication Initiatives & Activities

### March 8th | International Women's Day



With respect to the **International Women's Day** celebration, BFA's CEO Dr. Luís Roberto Gonçalves, dedicated the poem "Homage to Women" by David Massari to the BFA Female Personnel. The poem was a way of celebrating, recognising and thanking the day-to-day commitment and dedication of the BFA female personnel to the financial institution.

### Red June Campaign

Make a difference in someone's life. Donate blood!



In June, the Bank promoted the **Red June** campaign. The campaign highlighted the importance and benefits of blood donation. BFA has been a partner of the National Blood Institute (INS) and has encouraged blood donations, both internally and externally.

### Pink October Campaign

A hint of self-worth



The **Pink October** campaign featured a lecture in partnership with the Katondo General Clinic. The aim of the lecture was to educate and raise awareness among BFA's team members about the importance of the early prevention and diagnosis of breast cancer.

### 31st October | World Savings Day

Are you familiar with our savings products?



BFA recognizes the importance of personnel advocacy in promoting our savings products. To celebrate World Savings Day, we encouraged our team members to explore our various savings plans and to evaluate their own savings goals.

### 14th August | Bank Employee's Day

Get involved!



To celebrate this date, a quiz contest was promoted, in which BFA's Team Members answered the question: "**What is Fiduciary Duty?**". The aim of the quiz contest was to increase staff members' level of knowledge about banking. In addition to the quiz competition, a video in honour of BFA Personnel was also made available internally.

## Events & Sponsorships

### PMI Angola Conference

PMI Angola, a Project Management Association and non-profit organization, created in 2017, is dedicated to promoting project management best methodologies and good practices, and is made up of volunteers and qualified members.

In view of the voluntary activities they have performed, we highlight those in the social sector, training, career and project manager management, events related to project management, among others, which allowed them to establish partnerships with some public and private Institutions.



### Angola Oil & Gas Awards



The “Angola Oil & Gas Awards” is a flagship event of the national Oil & Gas sector, which aims to reward the best market players and top personalities of the Angolan Oil & Gas industry, in order to promote local content and highlight the best achievements of the sector throughout each year.

This event was created to honour and award the companies and individuals who had an impactful performance and contributed significantly to the development of the Upstream, Midstream and Downstream segments of the Angolan Oil & Gas industry.

BFA won an accolade in the category of Institution that provided support to Local Content and the Oil & Gas Sector in 2022, competing alongside with Standard Bank, BIC, BAI and YETU Bank.

### Top Leaders

The “Top Leaders Luanda” is the first inter-company leadership program held in Luanda, which challenges each participant to explore their potential as a people manager. A program that offers innovative methodologies for companies and leaders who want to invest in development, inspiring their teams to obtain more and better results.

The event aims to inspire the Leadership Community, enhancing strong synergies that guarantee greater sustainability in business in the long term. The event was opened by Dr. Antonio Alfaia and BFA was the official sponsor.



### EurAfrican Fórum 2022

BFA sponsored the EURAFRICAN FORUM (EAF) 2022 on the theme “Empowering EU-Africa Alliance in Times of Disruption” which was held between 27th July and 29th July in Carcavelos, Portugal, at the Universidade Nova.

The 5th edition was dedicated to four major current issues which are undoubtedly the priority and centre of attention of political institutions and world governance, of the business, scientific and academic sectors, of young people and the society in general, and BFA was one of the event sponsors.

With respect to this event, BFA was represented by the Executive Director Dr. Luís Gonçalves which was one of the keynote speakers.



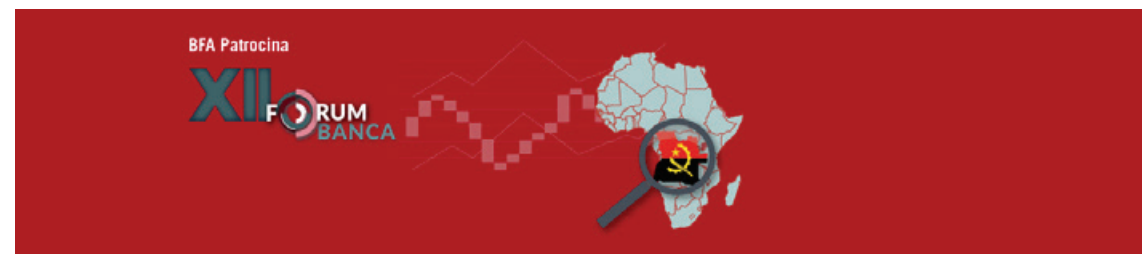
### Golf Cup Unitel Mangais



BFA/Mangais Order of Merit Championship fills the annual calendar of golfers in Angola, the competition is composed of 11 monthly events during the year.

The event aims to promote the interaction of amateur and professional golfers living in Angola. BFA is the official brand of the golf course's driving range, an area of the golf course used for training and warming up. The BFA brand is printed on the tee markers, bays and flags.

### The Banking Oil & Gas Forum 2022



A corporate forum that brought together the main executives from banking and the Oil & Gas sector to discuss issues concerning the financing of the Oil & Gas industry.

The Banking Oil & Gas Forum seeks to deepen the role of the financial services industry in the Oil & Gas sector, within a competitive and sustainable dynamic, allowing the exchange between the main executives and investors involved in the Oil & Gas Industry.

### 2nd Edition of the Angola 2022 HR Forum



The HR Forum Angola is an annual conference that brings together national and international HR professionals who gather to share impactful ideas to contribute positively to the success of the organizations where they work; with the mission of bringing together leaders and people managers to discuss innovative solutions for managing and leading people, at a national level in the public and private sectors.

### FILDA 2022

FILDA - International Fair of Luanda is the largest multi-sectorial fair of the country and assumes a relevant role in the showcasing of national companies, brands, products and services. The event promotes the exchange of experiences and attracts national and foreign entrepreneurs who seek to establish business contacts, commercial and diplomatic relations with Angola, making this the largest Business Exchange and the gateway for countless investments in our country.

The Bank attended the fair with the purpose of promoting the new BFA APP 2.0, a corporate strategy that yielded highly positive results.



# Social Responsibility

Since its inception, BFA has established at its core a strong commitment and concern for the sustainable development of its underlying business, prioritising the implementation of environmental, social and governance promotion initiatives which boost and improve the Bank's corporate reputation and its capacity to add social value. The financial institution has made several commitments adjusted to the challenges imposed, in alignment with the well-being and safeguarding of the individual's, communities' and other stakeholders' interests.

Hence, in 2022, BFA continued to develop and implement a set of initiatives within the scope of Social Responsibility, aligned with the United Nations Sustainable Development Goals, namely:

- Poverty Eradication;
- Quality Health;
- High-Quality Education;
- Drinking Water and Sanitation;
- Life on Earth.

## Poverty Eradication

Within the scope of the ESG Social Cornerstone and as a result of the regulator's pressure to massify banking/financial literacy as a factor for the integration of individuals and local communities, BFA managed to promote the financial inclusion of 62 473 people considered to have low financial literacy, through significant growth in the opening of Bankitas accounts. There was also an investment in the assistance provided to the authorities concerning the process of registering the birth of children through Child Protection, and the initiative was extended to children of school age, who due to a lack of documentation were not yet included in the education system.

With the support of BFA Solidarity, two vocational training centres were improved in the community of Camizungo, Luanda: one for IT and the other for electrical training. The centres will train socially

disadvantaged adolescents and young people who will finally have the opportunity to learn a trade and thus be able to generate income for their families.

Two accommodation centres have been built, namely:

- The first, in the city of Lubango, Huíla, with four integrated spaces for better comfort and optimisation of the accommodation: 15 rooms, one kitchen, two bathrooms and a central courtyard with mobile use, served mainly as a dining room, but also as a space for socialising and leisure, to house 80 children;
- The second, in the municipality of Camabatela, Kwanza Norte. The centre will house girls attending the vocational training centre, who, because they live in distant areas, did not have the opportunity to attend courses.

In addition, a children's centre was built for leisure activities, which accommodates 36 vulnerable children between the ages of 0 and 5. The facilities of a community football school were also refurbished, including the kitchen, where a meal is served daily to the children. A fully refurbished bus and sports equipment were also delivered.

## Quality Health

As part of the BFA+Nutrir project, the BFA and UNICEF partnership is focusing on improving access to and use of high impact nutritional interventions among pregnant and lactating women and children aged between 0 and 59 months in the municipality of Cunhinga, Bié province.

In particular, the aim is to reduce chronic malnutrition among children aged between 0 and 59 months by extending the provision of an integrated package of nutrition and water, sanitation and hygiene services, following an evidence-based theory of change model.

The partnership between UNICEF and BFA is centered around three outcomes:

1. Promotion of community health workers, in targeted health facilities, who have greater knowledge, skills, and are equipped with adequate means to provide quality nutritional care to pregnant and lactating women, newborns and children aged between 0-59 months;
2. Improved water and sanitation services in two health facilities providing nutrition services;
3. Training mothers and caregivers of children under 5 in the targeted communities with the aim of increasing their knowledge and skills and providing information so that they are able to recognize signs of acute malnutrition and are informed about the importance of age-appropriate nutrition, health and hygiene.

Through this intervention, 2 917 children were admitted for treatment of severe acute malnutrition (SAD) from March to September 2022, of which 1 388 were reported treated. UNICEF procured, delivered and distributed to the supported health facilities, anthropometric equipment (MUAC tapes, scales and altimeters) and therapeutic food (micronutrient powder, ready-to-use therapeutic food - ATPU, therapeutic milks - F100 and F75) to assist 6 000 children aged between 0-59 months in Cunhinga.

Key expected outcomes include:

- The benefit for 12 000 children under five years of integrated packages to reduce chronic malnutrition;
- The benefit for 8 000 families of integrated actions of nutrition, water, sanitation and hygiene (WASH);
- Capacity building for 50 000 people with key information on nutrition and hygiene.

As part of BFA Solidarity, a child nutrition centre was built in the municipality of Longonjo, Huambo province, which will combat malnutrition, serving around 500 malnourished children per year.

In July 2021, BFA committed to the Angolan State in the fight against malaria. To this end, in partnership with the PSI (Population Service International), it supported the project to combat malaria by promoting

a campaign for the mass distribution of mosquito nets impregnated with long-lasting insecticide. The campaign started in May 2022 until the end of the same year in the provinces of Malange, Kwanza Norte, Zaire, Lunda Norte, Lunda Sul and Uíge.

The results of this campaign are as follows:

Indicators	Quantification
Beneficiary population	6 794 499
Registered households	1 358 901
Beneficiary pregnant women registered	265 892
Beneficiary children under 5 years registered	1 108 834
MTIs deployed up to now	3 625 552

During 2022, as part of the +Health Huambo project, the neonatal intensive care room of the paediatric wing of Huambo general hospital was officially handed over.

In 2022, blood donation campaigns were promoted in 10 provinces (Benguela, Huíla, Huambo, Bié, Lunda Norte, Lunda Sul, Uíge, Kwanza Sul, Luanda and Cabinda) as part of the “Sou Doador” Project created in 2019 by BFA. With the actions carried out in 2022 it was possible to collect 1 544 bags of blood. It is estimated that this action helped to save more than 6 000 lives.



High-Quality Education

In the field of education, the BFA+Água+Vida Project, enabled the construction and delivery of 2 schools built with permanent masonry construction, which ensured the safe reopening of the schools following the COVID-19 restrictions. During this period, the Project provided continuous access to education during the emergency situation and promoted quality education through training of teachers and school headmasters. Additionally, the Project procured and distributed education kits in emergency supplies (learning kits, school kits, recreational kits), stimulated early childhood development (IPD) and promoted best practices in early childhood education through TUPPI (All United for Early Childhood).

Hence, the BFA+Water+Life Project achieved the following results:

- Purchase of 4 979 new individual learning kits to benefit children in 10 schools Safe Harbours;
- Training in the TUPPI methodology to 15 trainers from Cunene province by specialists from the National Directorate for Pre-School and Primary Education of the Ministry of Education, as part of the core teams of provincial trainers.

Within the scope of BFA Solidarity, BFA provided support to improve conditions at educational establishments, with the extension of a school for teaching blind children in the province of Lubango.

Also as part of this project, the TUPPI project was concluded in the province of Uíge. The project was implemented in 8 municipalities in the province, namely Negage, Púri, Sanza Pombo, Damba, Bembe, Mucaba and Ambuíla, in a total of 28 schools, where capacity building actions were carried out for teachers, guardians and members of the educational communities, with 842 children benefiting directly from the programme.

Drinking Water and Sanitation

Under the BFA+Water+Life Project, additional technical feasibility studies were undertaken and changes were made to outcome requirements to increase rehabilitation of water points and access to sanitation through:

- Construction of gender sensitive toilets in 5 schools in Ombadja, with the installation of 50 toilets in selected schools with a ratio of one toilet to 50 pupils. The target schools were identified in the technical feasibility study;
- Rehabilitation of water points and capacity building of GAS (Water and Sanitation Group) groups in selected communities and schools. So far two water points have been rehabilitated;
- Sanitation advocacy through Social Behaviour Change Activities. Activities are being implemented at school and community level through Community-Led Total Sanitation (CLTS) approaches with the support of the implementing partner.

As part of the BFA +Nutrir project, through interventions related to safe water, sanitation and hygiene, community mobilisers continued information campaign sessions in 18 villages in Cunhinga municipality, Bié, covering issues such as malaria, cholera, diarrhea, Covid-19, elimination of open defecation and hand washing at critical times. The campaigns promoted good hygiene practices in the Cunhinga community, resulting in 13 open defecation free villages (ADCS). A total of 15 241 people benefited from the intervention, including 5 226 women, 4 004 men and 6 011 children (2 700 boys and 3 311 girls).

Additionally, Water and Sanitation Services were improved in two Health Units providing nutrition services.



**Life on Earth**

In 2022, BFA has established an environmental strategy to carry out a tree-planting campaign, this being one of the most important actions to help restore ecosystems and reduce erosion and soil degradation. In this regard, two tree planting campaigns were carried out, one in Luanda, where 281 trees were planted, and the other in the province of Namibe, with 200 trees planted, totalling 481 trees.

Consequently, during 2022, in addition to the environmental responsibility initiatives it has taken, also set up a working group focusing on the Bank's strategy in relation to the ESG pillars, to develop policies and an action plan, and decide what priorities to include in the strategic plan.



# Awards

## Best Bank in Angola – The Banker

BFA was awarded as “Bank of the Year in Angola 2022”, by the prestigious magazine “The Banker” of the Financial Times group. This accolade is a recognition of the digital transformation and sustainability path of a Bank with a 29-year track record.



## Best Customer Service for Granting Loans - Ministry of the Economy and Planning

BFA was acknowledged with the award for Best Customer Service for Granting Loans by the Ministry of the Economy and Planning. This is an acknowledgement of the Bank’s excellent performance and contribution to the success of the programmes coordinated by the Programme to Support Production, Diversify Exports and Replace Imports (PRODESI).



## Brand of Excellence – Superbrands

BFA was acknowledged as a Brand of Excellence in 2022, by Superbrands Angola. This distinction results from the work of excellence developed by BFA in 2022.



## Best Oil & Gas Bank of the Year – Petroangola

The BFA has been awarded with the ‘Best Oil & Gas Bank of the Year’ accolade by Petroangola at the Angola Oil & Gas Awards 2022 ceremony. This accolade highlights the Bank’s commitment to invest in and build financial solutions aimed at boosting the development of the Angolan Oil & Gas sector.







# 4

## Risk Management

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# Risk Management

## 2022 Overview

Total Capital Ratio 43.5%	Tier 1 Capital 404.8 AOA Billion	Leverage Ratio 24.8%
Liquidity Ratio 184.2%	Loan-to-Deposit Ratio 23.1%	Loan-to-Deposit Ratio NC 40.1%
NPL Ratio 13.4%	NPL Coverage Ratio 86.8%	Exchange Rate Gap (% Total Capital) - 1.0%

### Capital Levels Remain Strong and Solid

BFA's high capital levels are evidence of its balance sheet's strength and soundness, even after the introduction and implementation of new regulatory provisions and the SREP requirements having been largely met and complied with. In 2022 the new regulatory package came into force, which aligned the Regulatory Capital (% Minimum capital requirement) to the existing thresholds in the European Union, and also reinforced the need for capital to meet Pillar II risks requirements (until 2021 only Pillar I risks

requirements were covered), as well as the need to set aside capital reserves to accommodate potential losses (conservation reserves and systemic reserves).

BFA's Total Capital Ratio was 43.5% in December 2022, well above the minimum regulatory capital requirement (8%), and also higher when compared to the average recorded in the Angolan financial system (28.41%, Dec. BNA 2022), which confirms the strength and soundness of BFA's capital and its appropriateness to the business model.



Major challenge to maintain stable and sound liquidity ratios

The marketable securities which qualify for discounting at the Central Bank are considered liquid assets in accordance with international regulations. At the national level only the component with a residual maturity of 30 days is liable to be classified as liquid assets. This leads to high volatility of high-quality liquid assets (HQLA) and increased challenges in maintaining comfortable and appropriate liquidity ratios.

In FY2022, BFA maintained compliance with the regulatory ratios. However, greater complexity is noted in the management of investments, both in foreign currency and in national currency.

Exchange Rate Volatility Leads to a Reduction in the FX Gap

The 1st half of 2022 was mainly shaped by the depreciation of foreign currencies against the Kwanza, having the economic scenario reversed in the 2nd half of the year with a rising appreciation of foreign currencies. Against this backdrop, one of BFA’s goals to mitigate the losses arising from the foreign exchange position was to reduce the gap between assets and liabilities that were affected by the exchange rate so that potential variations would have a reduced impact on results.

BFA closed the year with a short-term position of - USD 5 118 million, which represents -1.3% of the Total Capital.

Positive development of Lending to the Real Economy and NPLs

Lending to the Real Economy in 2022 progressed positively and above the market average, with a 16% growth in the amount of credit (excluding State financing).

This positive performance boosted the Loan-to-Deposit Ratio from 20.3% to 23.1%, recording a higher increase in the Loan-to-Deposit Ratio in national currency from 38.2% to 40.1%, with the latter being

more relevant as it is not possible to grant credit to the real economy in foreign currency, except in specific situations (exporting companies).

It is worth highlighting a slight improvement in the credit quality ratios, having recorded a 13.4% NPL ratio, lower than the 14.4% of the previous year. The cost of risk increase is mainly explained by the provision of impairment losses to cover the new loan portfolio, and by the revaluation of risk factors that took place in the 4Q 2022.

Emerging risks and new forms of prevention

The Bank is currently focused on the ongoing improvement of its risk management processes, progressing in the advancement of risk management processes and identification of emerging risks. In 2021, BFA began to take the first steps in terms of Environmental, Governance and Social (ESG) risk analysis and management, and in 2022 the Social and Environmental Responsibility Committee was set up, which will validate the ESG strategy, as well as the priorities in ESG risk management.





## BFA's Risk Culture

### A strong and sound Risk Culture enhances the alignment between risk management and business strategy

BFA's risk culture is cross-cutting to the entire organisational structure and is consistent with the values, knowledge and behaviour of its Team Members towards risk-taking. This culture is expressed and captured in the day-to-day behaviours and practices of the Bank's personnel and is instrumental in ensuring the effectiveness and quality of the Bank's risk management system.

BFA's risk culture is implemented and disseminated through a set of rules, attitudes and practices related to the awareness of the risks assumed and managed in the Bank, aimed at anticipating the risks to which the Bank is exposed, through a reliable and sound control environment.

The main channels, activities and tools for disseminating the risk culture are as follows:

- Self-assessment exercises of the risk profile in which materially relevant risks are assessed by means of questionnaires sent to all of BFA's departments so that they can assess, in their daily operational activities, the risks to which they expose the Bank;
- The committees where risks are reported and where business and support areas also take part, which is another channel to promote a risk management culture.
- The workshops that are undertaken with all of BFA's departments and which allow for the dissemination of risk management practices; and
- The intranet for the disclosure of risk management practices, through the publication of risk management policies and regulations;

For 2023, in addition to the initiatives mentioned above, BFA aims to provide risk management courses through the BFA Academy to enhance risk management knowledge for all the Bank's personnel.



# Risk Management Model

Risk Management is one of the key cornerstones of BFA’s organisational structure, business and corporate strategy.

A comprehensive and efficient risk management model has enabled the financial institution to appropriately face the ever-changing economic, social and regulatory environment in which BFA performs its business activity, being one of the Bank’s key duties to ensure that it continues to be a solid, safe and sustainable financial institution ensuring the implementation of an appropriate management and governance model in alignment with the interests of all its Stakeholders.

The Bank aims to align its internal procedures with the best international practices in global risk management, and to this end takes into account the Basel Committee on Banking Supervision (BCBS) guidelines and those of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), in order to ensure overall compliance with the prudential requirements established by both regulators and supervisors. As a result, the following principles are established:

**Principle 1 – The Board of Directors is the highest governing body of the Bank**

The Board of Directors provides overall oversight concerning business strategy and risk management, and lays down the guidelines, goals and limits according to which the Bank’s day-to-day management is carried out.

**Principle 2 – The Risk Management Function is an element of the organisational structure, performed with Independence and Autonomy**

The risk management system is underpinned by a governance model that entails an appropriate separation of functions between the risk-generating units and the control units, which includes the establishment of an independent Risk Management Function, with a functional report to the Risk Committee of the Bank’s Board of Directors.

**Principle 3 – Ongoing adjustment to market conditions**

The Bank’s risk management system does not shape the Bank’s strategy but influences its development and review.

**Principle 4 – The Risk Appetite Framework is a key component of the Bank’s Risk Management Model**

The Bank manages and controls its risks in accordance with its Risk Appetite Framework (RAF): the “RAF” limits the types and amount of risk that the Bank can take in order to achieve its strategy and business purposes.

**Principle 5 – The Bank’s Capital Adequacy, Liquidity and Profitability are the primary goals of the Risk Management Model**

The Bank manages its risk management system in accordance with a Risk Appetite Framework (“RAF”), aiming to ensure consistency between the overall risk profile and the business strategy, in order to manage and preserve its economic and regulatory capital and its strong liquidity position.

**Principle 6 – The Risk Culture is the cornerstone of the Bank’s business and operational activities**

The risk management system is based on the promotion of a risk culture, cross-sectional to the entire organisational structure of the Bank, through instruments related to (i) Human Capital training; (ii) Alignment between performance assessment, incentives and risk profile; (iii) Communication and discussion of the main issues and strategies of the Bank; and (iv) Promotion and enhancement, both internally and externally, of a corporate identity, brand and reputation.

# Risk Management

Appropriate Risk Management plays a key role in long-term sustainable growth.

To ensure the smooth performance of the risk management function, the Bank relies on a solid risk management model that ensures that risks are managed appropriately and efficiently, with the aim of enabling well informed decision-making.

The organisational model of the risk management system has not changed, and the aim is to consolidate it over the next few years, with increased control by the departments representing the internal control system.

## The 3 Lines of Defence as an Organisational Model

The Bank’s risk management system is organised according to a structure based on the principle of separation of functions, which ensures complete separation between the responsibilities for originating (or taking) risks and those for managing and controlling risks.

1st Line of Defence Business Units & Support Areas	Identifies and manages the risks that arise from its operational activities and are inherent to the Bank’s business strategy, ensuring their ongoing reporting.  It develops controls over the risks originated in the ongoing performance of the Bank’s business activity.
2nd Line of Defence Risk Management & Compliance	It independently monitors, controls and advises on risks.  It provides input to the overall development and performance of the risk management system, the Bank’s management and to well informed decision-making in order to support the Front-Line Units activities.  It ensures the ongoing monitoring and control of the Bank’s activities and identifies any deviations from the established strategy, policies and limits.
3rd Line of Defence Internal Audit	Independently reviews and challenges the other lines of defence.  The Internal Audit assesses the efficiency and effectiveness of the Bank’s internal control system and risk management system. The External Auditor and the Supervisory Authorities are also integral parts of BFA’s risk management model, in which the former contributes to the effectiveness of its risk management system through independent and objective analysis of its operation, and the latter through the oversight of internal practices.

BFA Risk Management Governing Bodies

In 2022, BFA aimed to effectively meet the internal demands of the management body as well as to external guidelines, in view of the new developments taking place in terms of risk management in the national financial system, and in accordance with the project promoted by the National Bank of Angola to obtain Equivalent Central Bank status from the European Commission.

To this end, BFA has been consolidating the governance model, headed by the Board of Directors, whose underlying structural model seeks to provide support to the overall management of risks, preserving the values associated with the three lines of defence organisation and promoting the effective separation of functions between the business, support and control units.

Strategic Risk Management	<p><b>Board of Directors</b></p> <ul style="list-style-type: none"><li>• To lay down and approve the risk management strategy and policies;</li><li>• To ensure the establishment and appointment of a full-time, continuous and independent function, independent from the Bank’s business or operational functions;</li><li>• To provide the Strategic Risk Management function with appropriate material, human and financial resources to perform its assigned mission.</li></ul>
	<p><b>Risk Committee (RC)</b></p> <ul style="list-style-type: none"><li>• To periodically review the strategies and policies established for the management and control of the risks to which the Bank is or may become potentially exposed;</li><li>• To assess the scope and nature of the business activities performed by the Risk Management function, and to assess the effectiveness of the processes and procedures that support the implementation of the risk management strategy and policies;</li><li>• To ascertain whether the Risk Management function has sufficient and adequate material and human resources to carry out its duties;</li><li>• To assess the supporting documents for the function’s activities and their implementation status, namely: (i) the risk management plan; (ii) the training plan; and (iii) the budget;</li><li>• To analyze the results of the function’s activities and the risk information provided by it and, based on this analysis, issue recommendations to the Board of Directors with a view to correcting identified weaknesses or implementing further enhancements and improvements..</li></ul>
	<p><b>Audit and Internal Control Committee (AICC)</b></p>
	<p><b>Environmental and Social Responsibility Committee (ESRC)</b></p> <p>Established in 2022, the Environmental and Social Responsibility Committee (ESRC) aims to monitor the topics related to the strategy for “ESG” matters and subsequent monitoring of its risk through the setting of metrics and limit systems that can adequately express its tolerance to risk.</p>

Operational Risk Management	<b>Executive Committee of the Board of Directors (ECBD)</b> <ul style="list-style-type: none"><li>• To implement the risk management strategies and policies approved by the Board of Directors;</li><li>• To ensure the quality and record keeping of decision-making processes, particularly in situations where the function has expressed a negative opinion;</li><li>• To provide timely and regular information to the Bank’s Board of Directors and supervisory body for the assessment and monitoring of (i) the financial situation, (ii) the Bank's risk exposure, and (iv) relevant decisions adopted by the ECBD;</li><li>• To analyse and decide on the information and recommendations submitted by the Risk Management Function.</li></ul>		
	Information Security Committee (ISC)	Costs and Productivity Committee (CPC)	Assets and Liabilities Committee (ALCO)
	Products and Services Committee (PSC)	Credit Council (CC)	Financial Committee (FC)
Independent Committee	Supervisory Board		

Schematically represented in the figure above, the structure of the governance bodies includes: (i) strategic management functions and duties, which comprise setting strategies and goals, principles and policies that regulate the risk management system, as well as monitoring and controlling its overall implementation; and (ii) operational management functions, which include the daily management and control of the business and associated risks.

Risk Management Processes

Strategic Processes	Cross-cutting processes that integrate the Bank’s vision on the different risks and consolidate their impacts on liquidity capital.
Operational Processes	Operational processes, set out according to material risk category, which support the management and day-to-day control of each of the risks.
Emergency Response Plan (Contingency Planning)	Emergency response planning that allows the Bank to maintain its business activities and operations under disruptive scenarios.





Strategic Risk Management Processes

The strategic risk management processes bring together the elements that make it possible to understand the profile of the Bank’s risks and to establish their appetite and thresholds. It includes the monitoring of those risks, using normal and adverse scenarios, which also contribute to assess the adequacy of the Bank’s capital and liquidity, and to support planning.

Risk Profile Self-Assessment	<p>Identification of risk categories to which the Bank is materially exposed. The results inform risk management and control approaches, where all material risk categories are assessed or quantified, as to their impact on economic capital or liquidity, as well as its management is supported by specific policies.</p> <p>The Risk Management Function (RMF) is responsible for energizing and leading the overall process, which must enable the participation of the management bodies and all Bank staff members.</p>
Risk Appetite Framework (RAF)	<p>The Risk Appetite Framework (RAF) is a core component of the Bank’s Risk Management System, in which are established:</p> <ul style="list-style-type: none"><li>• The Bank’s Risk Appetite Statement;</li><li>• Governance Model;</li><li>• Limits System that supports the Risk Appetite Framework (RAF) and the mechanisms for monitoring and responding to breaches of the established tolerances;</li><li>• Risk Appetite Integration Model in the Bank’s Management Practices.</li></ul> <p>The Risk Management Department (RMD) is responsible for record keeping the elements described in the previous paragraph, as well as the procedures that support it in internal regulations (RAF/RAS Governance Regulation).</p>
Internal testing programme	<p>Setting and simulating plausible worst-case scenarios to which the Bank is (or may be) potentially exposed, which aims to:</p> <ul style="list-style-type: none"><li>• Identify new or emerging risks;</li><li>• Assess or reassess exposure to material risks;</li><li>• Support the assessment of economic capital adequacy status and liquidity position.</li></ul> <p>On a proposal from the RMD, the Board of Directors is entrusted with the duties of setting goals and limits for the results of the stress tests, in accordance with the Bank’s Risk Appetite. The RMD must submit mitigation/remediation plans for any increased risk conditions identified and highlighted in the test results.</p>
Internal Capital Adequacy Assessment Process (ICAAP) & Internal Liquidity Adequacy Assessment Process (ILAAP)	<p>The Risk Management Department (RMD) is in charge of monitoring and controlling the risk appetite thresholds and assessing the adequacy of the economic capital status and liquidity position. The Commercial Banks first have drawn up both the Internal Capital Adequacy Assessment Process (“ICAAP”) and the Internal Liquidity Adequacy Assessment Process (“ILAAP”) and submitted them for assessment by the Supervisory Authority (BNA), a procedure that will lead to additional capital and liquidity requirements to be stipulated by the National Bank of Angola.</p>

Operational Risk Management Processes

Operational risk management processes are shaped by the results of the risk profile self-assessment: all material risk categories are supported by specific, documented approaches (risk management policies), which set out how each of the Bank’s risks is regularly identified, quantified, controlled and reported.

Identification	<p>Identification of current and potential risks to which BFA is potentially exposed. This stage comprises the following main activities:</p> <ul style="list-style-type: none"><li>• To collect reliable and timely information from the different areas;</li><li>• To lay down the strategy for the identification of risks;</li><li>• To establish and review risk indicators and limits;</li><li>• To include recommendations from the risk reports.</li></ul>	Monitoring and Control	<p>Monitoring and setting limits and control mechanisms. This phase comprises the following main activities:</p> <ul style="list-style-type: none"><li>• To monitor risk indicators.</li><li>• To monitor the limits established in the risk contingency plan;</li><li>• To ensure that the indicators and limits are updated and appropriate to the different economic cycles;</li><li>• To develop control mechanisms and risk alerts;</li><li>• To perform stress tests based on the definition of risk scenarios;</li><li>• To monitor the adequacy of the Risk Management System.</li></ul>
Assessment and Quantification	<p>Assessment of all collected information for subsequent submission to consistent and auditable qualitative or quantitative evaluation mechanisms. This stage comprises the following main activities:</p> <ul style="list-style-type: none"><li>• To collect reliable and timely data from the different areas;</li><li>• To lay down assumptions and develop risk measurement models;</li><li>• To calculate and analyse the impact of the risks identified;</li><li>• To validate and guarantee the updating and suitability of the risk measurement models. Additionally, to subject them to periodical audits and implement the relevant improvement recommendations, if applicable.</li></ul>	Data Reporting	<p>Data reporting on the results and mechanisms used, whenever the need occurs or according to a periodicity defined by the regulatory bodies or internally. This stage comprises the following main activities:</p> <ul style="list-style-type: none"><li>• To draw up reports based on the information provided;</li><li>• To draw up recommendations for risk mitigation;</li><li>• To submit reports for review by the Board of Directors and the Executive Committee of the Board of Directors;</li><li>• To draw up the action plan and responsibilities for risk mitigation;</li><li>• To promote the disclosure of the reports in an organised manner to the different departments/ units of the Bank;</li><li>• To monitor the implementation of the activities established in the action plan.</li></ul>

Contingency Planning

In order to address exceptional risk circumstances and in accordance with the results of the strategic/ operational control processes for each risk, the Bank establishes a contingency plan which is carried out based on the stipulated indicators and limits, with the aim of guaranteeing the smooth and regular running of its business activities.

Capital and Liquidity	<p>With the aim of putting in place a sound framework and appropriate measures that enable the Bank to safeguard and maintain its business operations and activities in the event of a significant deterioration of its capital and liquidity, the risk management system includes an emergency response planning (contingency planning) and associated contingency mechanisms.</p> <p>The Risk Management Department (RMD) is entrusted with the duty, in coordination with BFA's organisational units responsible for planning, management control and finance, to advise and support the Board of Directors in the setting and approval of the capital and liquidity contingency plan.</p>
Business Continuity Framework	<p>To ensure the smooth functioning of the Bank's activities in contingency scenarios and to mitigate the resulting potential losses, the Bank prepares a business continuity management framework, including a Business Continuity Plan, in accordance with the requirements of the National Bank of Angola.</p>



# Risk Profile

**BFA’s capacity to assume inherent risks and setting risk tolerance thresholds, determines and drives its operational conduct, business activities and decision-making processes.**

Risk appetite is measured through quantitative metrics and qualitative indicators that measure the Bank’s exposure, or risk profile, by type of risk. The Risk Appetite Framework aims to comply with the strategy of maximising value for the Customer and other Stakeholders, protecting the organisation’s soundness through rational and robust risk management.

For the establishment and management of risk appetite, the Board of Directors discloses the action guidelines, or qualitative statements, which demonstrate the position and expectations of the Management Body with regard to the relevant risks that may affect the business activity, and which shape and determine BFA's comprehensive business strategy.

## Risk Mapping / Materially Relevant Risks

The risk profile self-assessment occurs annually and is the cornerstone of that year’s risk management. In 2022, this process began with the definition of materially relevant risks, extended to almost all of the Bank’s departments and presented a qualitative aspect (launching of questionnaires for BFA’s functional structures), and a quantitative dimension.

Business Risk and Strategy	Credit Risk	Concentration Risk	Operational Risk	Reputational Risk
Capital/Solvency Risk	Funding and Liquidity Risk	Market Risk	Sovereign Risk	ESG Risk*

\* In comparison with the previous year, the ESG risk was included in the analysis & assessment, as it is an emerging risk, however it will be necessary to define the ESG strategy and through the strategy assess the inherent risks and impacts.

## Threshold, Monitoring and Control Systems

Following the assessment of materially relevant risks, and based on the qualitative statements, the metrics that best categorise the risks and the threshold system are established - appetite for risk thresholds or statements - which express, in quantitative and qualitative terms, the maximum risk exposure that the Bank is willing to assume.

Compliance with the risk appetite thresholds is subject to ongoing monitoring. The risk management function in control activities must report at least monthly to the Board of Directors and its specialised risk committee on the adequacy of the risk profile to the authorised risk appetite.

On a quarterly basis and with greater attention being given to details, the overruns and non-compliance cases concerning the risk appetite statement are reported to the abovementioned management bodies and their disclosure is complemented with relevant data on the causes that triggered such overruns and/or non-compliance cases, an appraisal of how long the overruns will remain in place, as well as a proposal for actions to rectify the overruns/non-compliance to be submitted for analysis and assessment by the Board of Directors. As previously stated, BFA is focused on maintaining a medium-low risk profile across the different risks.

## Risk Classification

In accordance with BNA Notice No. 11/2014, BFA has laid down the following classification criteria according to the applicable risk levels for new operations:

- Level A (Minimum Risk): operations undertaken by the Angolan State;
- Level B (Very Low Risk): remaining credit operations.

Exceptionally, if considering the characteristics of the borrowers and the nature of the operations, other loans may be classified in risk levels A and B. These cases require the approval of the Board of Directors or the Executive Committee of the Board of Directors. BFA does not grant loans with a risk classification above B. With regard to loans granted to retail customers, BFA requires another additional participant (Joint Surety) with proven income/earnings, with the exception of protocols made with companies. The review of the credit classification in progress and corresponding provisioning is performed in accordance with BNA Notice no. 11/2014, with the minimum monthly frequency.

## Decision-Making Bodies' Resolutions

- The resolutions of each decision-making body constitute collective decisions of the members that comprise it, and are recorded in minutes and signed by all participants;
- The decision-making shall be by unanimity. In the event of unanimity not being achieved, the proposal shall be submitted to the decision-making body at the next higher level;
- Members of a decision-making body who have a direct or indirect interest shall be excluded from taking part in the discussion and decision of any operation, and the respective decision shall be submitted to the higher level.

## Decision-Making Validity

- Decisions on credit matters are valid (for formalisation) for 90 days and are always communicated to the Customer;
- All decisions provide for a maximum time limit for the use of credit or for the issue of a guarantee, which, in case of omission, is considered to be 30 days after the signature of the contract.

# Credit Risk

Credit risk is the risk of loss due to customers' non-compliance with their contractual obligations. Additionally, this type of risk may also arise when there is concentration on only one counterparty, industry, product, geography or maturity.

## Credit Risk Management System Governance

BFA's Board of Directors (BoD) assumes ultimate and overall responsibility for the credit risk management system, setting, supervising and ensuring the application of a risk management framework that ensures the effective and prudent management of exposure to such risk - in its different dimensions and concerning the Bank's different products, services and activities. The Board of Directors is also entrusted with the task of setting the overall risk-taking strategy, including measurable goals in terms of the risk level sought to be assumed, the profitability to be achieved, as well as formalising and approving the Bank's credit risk appetite.

Within the scope of the delegation of powers given by the Board of Directors and with the objective of ensuring independence in the credit risk management process and increasing the level of specialisation/knowledge, the Executive Committee of the Board of Directors (ECSC) created the Credit Council, with credit decision-making powers.

The Board of Directors has also delegated powers to the Risk Committee to establish and monitor the thresholds laid down within the scope of this Policy.

## Credit Risk Management Processes

BFA's credit risk management policy aims at maintaining, at all times, an appropriate relationship between risk and profitability, as well as the ongoing assessment of the established risk profile. The implementation of credit risk management processes is aimed at ensuring that the Bank optimises its risk-adjusted profitability, safeguarding that the risk assumed does not exceed the tolerance levels defined according to the Bank's risk profile.

In particular, the credit risk management cycle enables the Bank to know and control its credit risk profile, regardless of the operation's life cycle stage: (i) granting, (ii) monitoring, or (iii) credit recovery.



Credit Granting	Customer Segmentation	Economic Risk Groups	Analysis and Decision-Making	Credit risk mitigation tools	Rating and Scoring models	Data Reporting	
Credit Monitoring	Customer Monitoring Model	Credit Portfolio Monitoring	Credit Risk Threshold System	Credit Impairment	Stress Tests	Credit Concentration	Data Reporting
Credit Recovery	Credit Recovery Model	Data Reporting					

Each of these credit risk life cycle stages is outlined in BFA's internal regulations, which allow for an accurate and appropriate risk management.

### Data Reporting and Information Disclosure

BFA's credit risk management system is based on an information structure that ensures the periodic distribution of control and monitoring reports on the Bank's exposure to the credit risk.

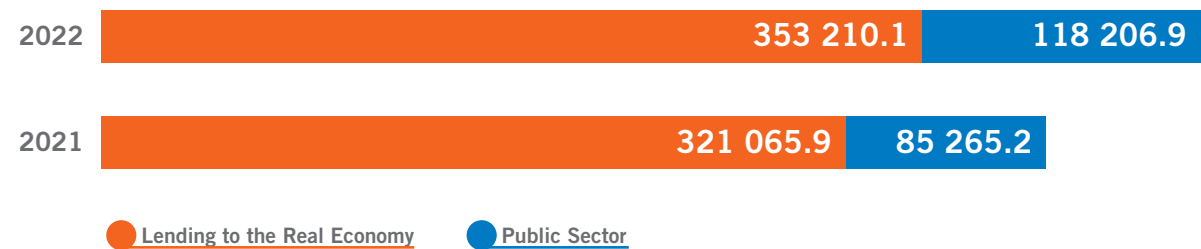
The Risk Management Department reports to the management bodies on a monthly basis on the credit risk exposure, including analyses of the loan portfolio quality, as well as on other risk quantifications performed and on the results of risk-taking scenarios or stress tests.

### Financial support for Households and Businesses boosted in 2022

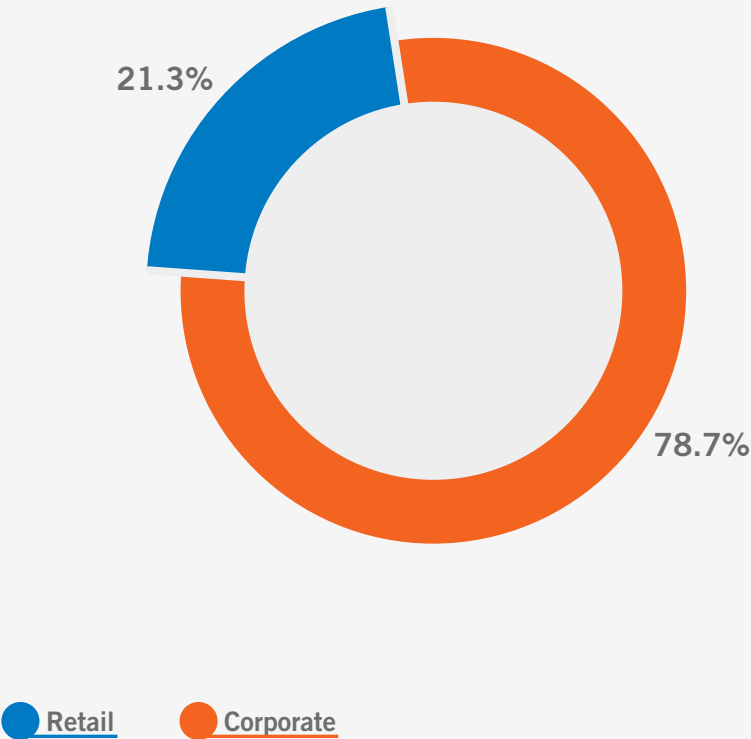
In 2022, Gross Loans to Customers rose by 16% YoY, amounting to AOA 471 417.1 billion (compared to AOA 406 331.1 billion in 2021).

In addition to the growth in gross loans to customers, lending to the real economy also increased by approximately +10%, accounting for 74.9% of the total gross loan portfolio.

### Gross Loans to Customers (AOA Millions)

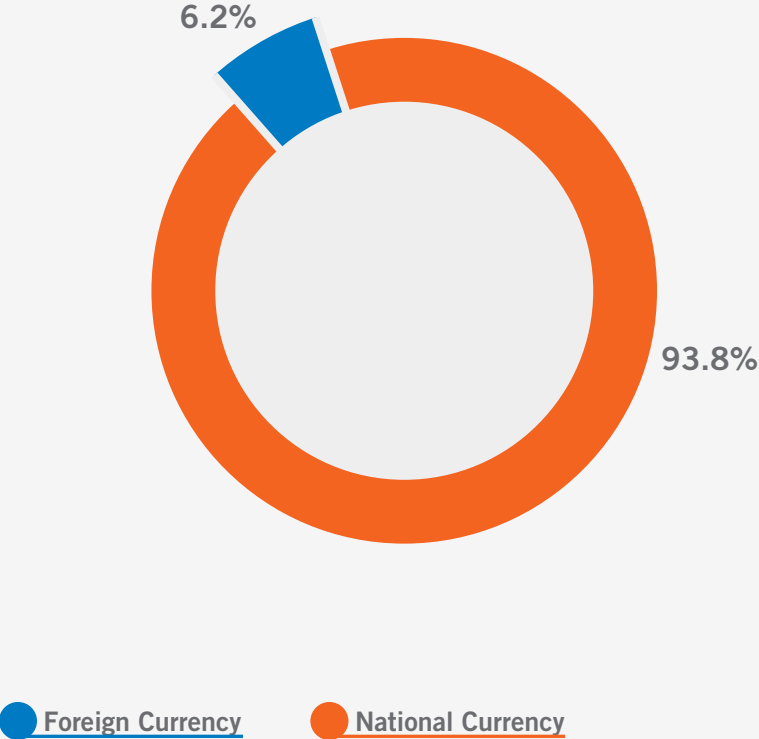


Breakdown of Gross Loans to Customers by Customer Category



In terms of the Gross Loans to Customers breakdown by Customer Category, we can appreciate that approximately 78.7% of the credit is granted to companies and the remaining 21.3% is granted to retail customers.

Breakdown of Gross Credit by Currency

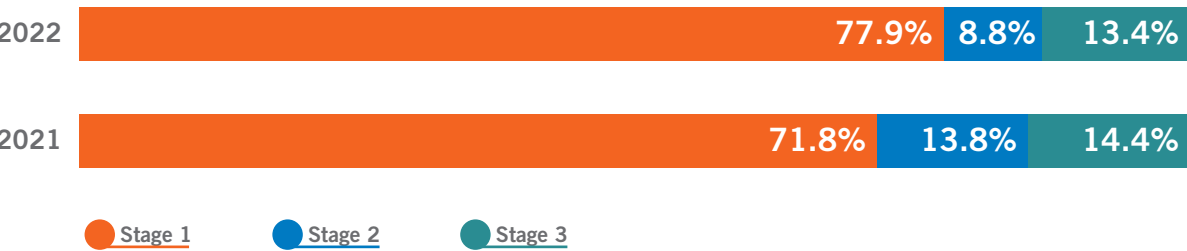


Lending in Local Currency has been increasing (92.5% in 2021) and in 2022 it represented approximately 93.8% of the Gross Loans to Customers heading. The remaining 6.2% corresponds to Foreign Currency Loans, mostly financing provided to the State and exporting companies.

Improvement of the Loan Portfolio Asset Quality

At the end of 2021, due to the reclassification of a Financial Institution Credit Default Portfolio (stage 3) with significant credit exposure, BFA's Loan Portfolio Asset Quality deteriorated significantly. However, throughout 2022, driven by an increase in gross loans and a decline in non-performing loans amounts, BFA recorded an improvement in the Loan Portfolio Asset Quality, with performing loans increasing by 6% YoY, as well as a decrease in loans with signs of default and non-performing loans.

Gross Loans are broken down between impairment stages as follows:

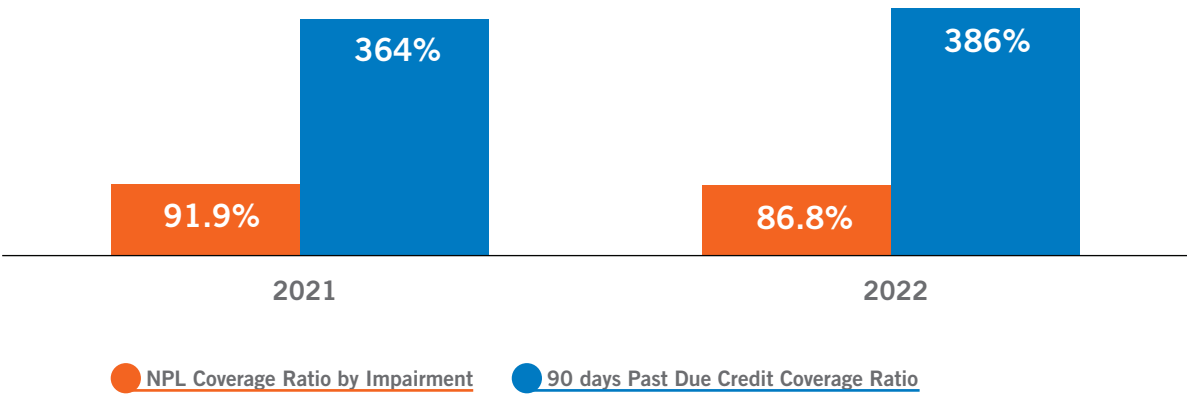


The Loan Portfolio Asset Quality recorded a major improvement during 2022, driven mainly by the recovery of the Overdue Credit, as can be appraised by the decline in the 90 days past due credit coverage ratio from 3.8% in 2021 to 3.1% in 2022. However, it was recorded a deterioration in the Non-Performing Loans (NPL) portfolio. Hence, the NPL coverage ratio by impairment decreased to 86.8%, after recording a sharp downturn in 2021 to 91.9%.

Overdue Credit and NPL Coverage Ratio by Impairment

In 2022, BFA recorded appropriate coverage ratio levels concerning the 90 days past due credit (overdue loans with more than 90 days) as well as the non-performing loans (NPL). The NPL coverage ratio by impairment drop is associated with an increase in the NPL amount YoY, which was not followed by the same level of impairment.

90 days Past Due Credit Coverage Ratio and NPL Coverage Ratio by Impairment



## Balance Sheet Risks

Balance sheet risks are those resulting from mismatches between assets, liabilities and off-balance sheet items in the Bank's portfolio. These comprise liquidity risk, interest rate risk and exchange rate risk.

### Governance of the Balance Sheet Risk Management System

The Governance Model established for the Balance Sheet Risks Management takes into consideration the following structuring principles: (i) the Board of Directors is globally responsible for maintaining and supervising an appropriate governance of the balance sheet risks; (ii) the Bank adopts an organisational structure consistent with the principle of the three-lines of defence model.

Liquidity risk management is performed in the first line of defense by the Financial & International Department (FID), and in the second line of defense by the Risk Management Department - Balance Sheet Risks Area (RMD-BRA).

BFA has positioned itself in a privileged position with regard to the financing of its business activities and operations, as a result of a particularly conservative, sound and prudent management of its capital liquidity levels. By ensuring a stable, secure and sufficient liquidity position, based on an adequate level of capital reserves, the Bank maintains high liquidity ratios and monitoring levels.

Compliance with the daily liquidity gap threshold established in local currency is ensured by the Financial & International Department (FID). This threshold consists of the difference between inflows and outflows of funds in local currency that occur on one day, taking into account compliance with the Mandatory Reserves.

The Risk Management Department - Balance Sheet Risks Area is responsible for implementing methodologies, processes and activities to monitor and control balance sheet risks, for assessing the main liquidity risk indicators, for carrying out stress tests and also for implementing the Internal Liquidity Adequacy Assessment Process (ILAAP).

### Balance Sheet Risk Management Processes

The implementation of balance sheet risk management processes is aimed at ensuring that the Bank improves its balance sheet structure, safeguarding that the risk assumed does not exceed the tolerance levels established in accordance with the risk profile.

BFA's balance sheet risk financial management is supported by a set of documentation handed out to the different management bodies:

- Daily information with a summary of the domestic and international markets data, as well as the main daily movements and operations;
- Documentation for the Financial Committee, with a retrospective weekly summary report of the main national and international markets;
- Daily report of the regulatory foreign exchange position, sent to the Finance and Risk Portfolios Directors, with an indication of the accumulated gap by foreign currency;
- Monitoring of Early Warning Indicators (EWI) to track and assess the Bank's liquidity position - during the 2021 financial year no breaches or shortfalls in the Early Warning Indicators were identified, no activation of the liquidity contingency plan was required;
- Report on the monthly development of the Deposits from Customers and other Loans volatility and daily monitoring of the liquid assets development and counterparties' thresholds;
- Report on Integrated Risk Management, with monthly analysis of the key indicators and liquidity risk thresholds, carried out by the Risk Committee and the Board of Directors.

# Liquidity Risk

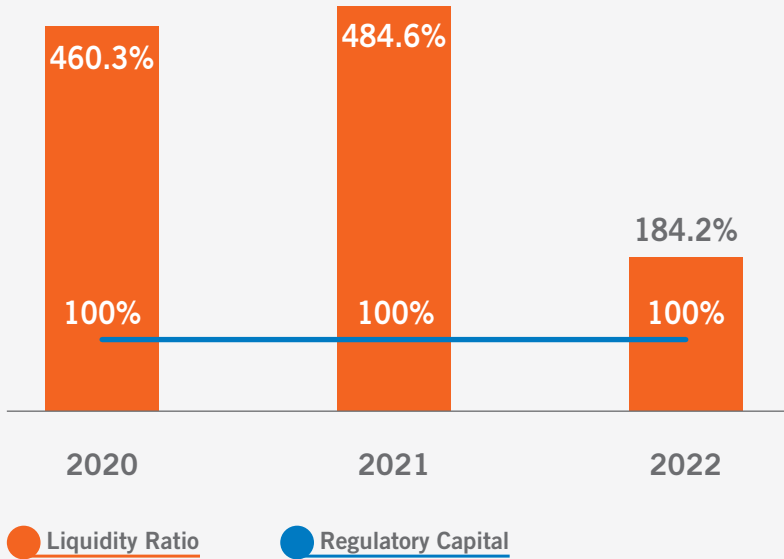
Liquidity Risk is a materially relevant risk and arises from the Bank’s inability to meet its financial liabilities when they become due.

## Regulatory developments pose challenges in maintaining a stable liquid asset base.

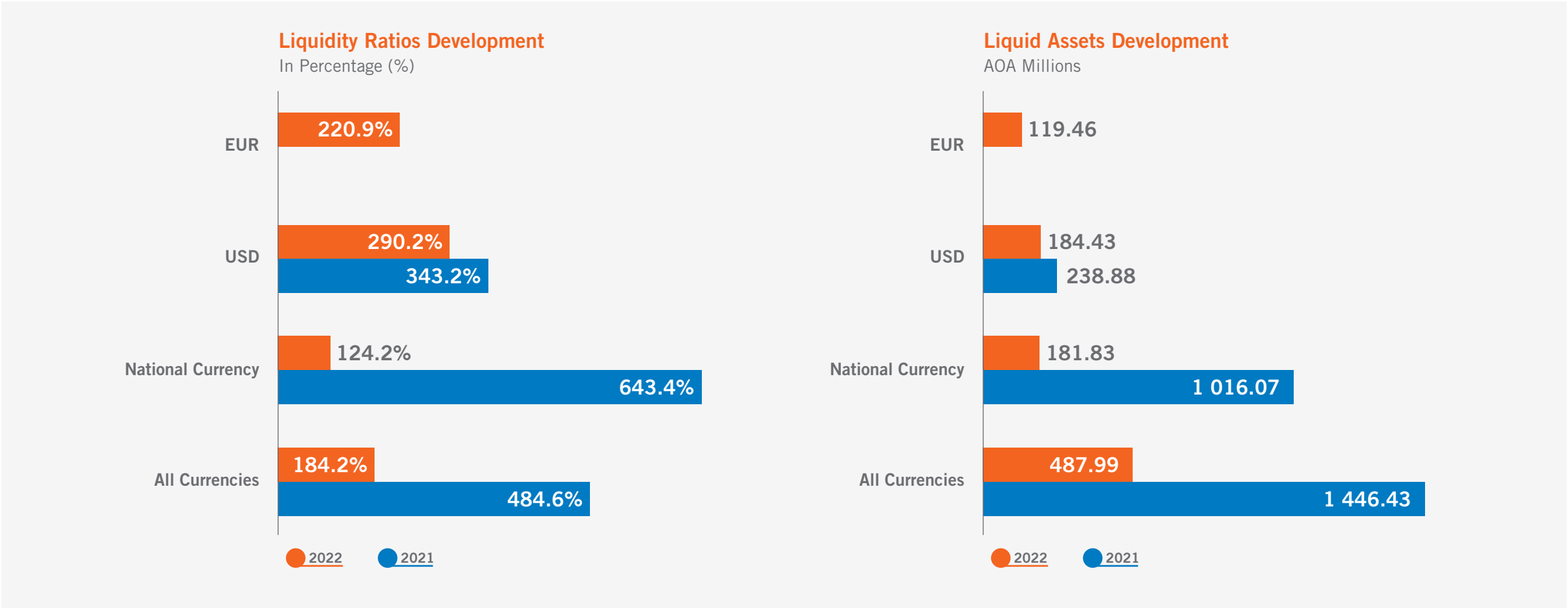
The introduction of the new regulatory package in 2021, which came into effect in Q1 2022, has led to increased monitoring of liquidity ratios. Previously, certain assets such as eligible sovereign debt securities could be easily converted into cash, regardless of their maturity. However, these assets now exhibit higher volatility, and only securities with a residual maturity of 30 days or less are considered liquid assets.

Although with lower figures than those recorded in FY2021, the high level of liquid assets in FY2022 as well as BFA's sound management of cash inflows and outflows meant that even after a decrease in the Liquidity Ratio, the value of this indicator remained well above the regulatory threshold (100%). However, during 2022 it was necessary to strengthen liquidity management due to the adverse economic environment and a restrictive monetary policy.

Liquidity Ratio - All Currencies



For a more detailed analysis, we provide below the development of Liquid Assets and Liquidity Ratios concerning 2021 and 2022.



BFA continues to comply with all regulatory ratios, however, the challenge to maintain an appropriate liquid assets portfolio is complex, and the best alternative is to invest in cash and cash equivalents, which besides not being a profitable investment, is also expensive if they are held at the Central Bank (via a custody fee).



Internal Liquidity Adequacy Assessment Process (ILAAP)

The Internal Liquidity Adequacy Assessment Process (ILAAP) is considered a key assessment tool for risk management and for the internal measurement and setting of liquidity needs.

Within the scope of this process, the Bank analyses and assesses a wide range of qualitative and quantitative information, aimed at setting a framework for managing liquidity risk in accordance with its risk profile, and in accordance with the guidelines set out by the regulatory authority (BNA).

The methodology followed in the ILAAP process includes the Bank’s distinctive organisational and operational features, such as: business and governance model, internal controls implemented and their monitoring, the financial institution’s size and complexity, market conditions, and regulatory obligations established for the Angolan market.

The following key elements stood out during 2022:

- The concentration of the financing sources is justified by the restricted funding sources available, with almost all the Bank’s assets portfolio being financed through Deposits from Customers and other Loans;
- Increase in the Loan-to-Deposit Ratios, still remaining at levels that prioritise liquidity over profitability, mostly resulting from the reduced investment options available on the national market, mainly for short-term investments of foreign currency.

Foreign Exchange Rate Risk

The Foreign Exchange Risk is a materially relevant risk arising from movements in exchange rates, which is caused by exchange positions arising from the existence of financial instruments denominated in different currencies.

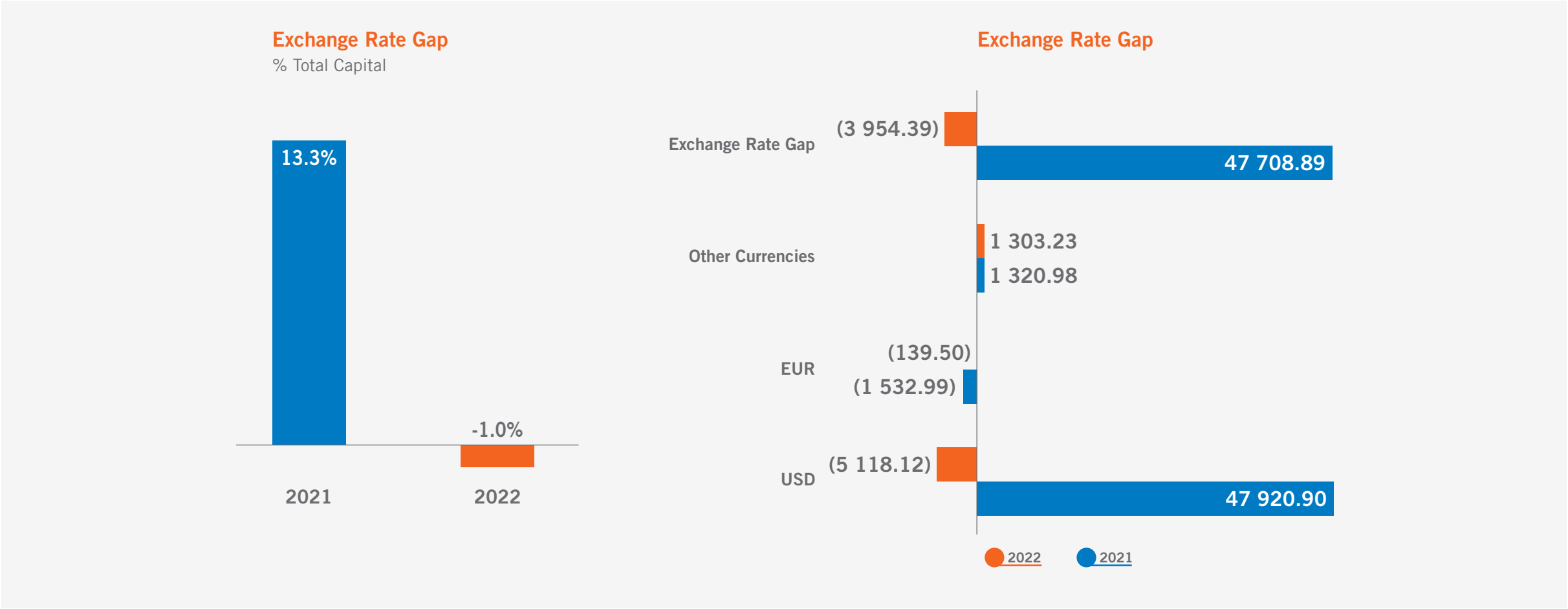
A decrease in the exchange rate gap due to the volatility of the exchange rate development

BFA actively strives to control its comprehensive risk in a particular thorough manner and to this end it maintains its asset and liability positions within the approved mandatory thresholds for each currency.

The Financial and International Department (FID) and the Balance Sheet Risk Area (BRA), both under the aegis of the Risk Management Department (RMD), are responsible for managing foreign exchange risk. The FID also ensures that the exchange rate gap does not exceed the established thresholds. Simultaneously, the Risk Management Department is entrusted with the following functions and duties:

- To implement methodologies, processes and activities for monitoring and controlling balance sheet risks;
- To assess the key indicators of exchange rate risk;
- To ensure the drawing up of stress tests for Foreign Exchange Risk.

In the first half of the year 2022, the national currency Kwanza recorded a sharp appreciation while foreign currencies depreciated significantly, only to revert to depreciation levels again during the 2nd half of the year. In view of the exchange rate volatility development, BFA significantly reduced the existing exchange rate gap between assets and liabilities sensitive to the exchange rate. The breakdown of the exchange rate gap by currency and according to the Total Capital (values in millions of Kwanzas) is summarised below.



In 2022, the exchange rate gap was below 1% of the Total Capital, meaning that it is exempt from the calculation of capital requirements for exchange rate risk coverage.

Interest Rate Risk

Interest Rate Risk is a materially relevant risk and arises from adverse movements in interest rates, resulting in a mismatch in the amount, maturity, or advanced fixing terms of the interest rates, perceived in financial instruments with interest receivable and payable on an accrual basis.

The interest rate gap remained relatively stable throughout the year 2022

BFA's interest rate risk is calculated by categorizing all assets, liabilities and off-balance sheet items belonging to the Bank's portfolio which are sensitive to interest rate fluctuations, according to interest rate reset/repricing periods. Its monitoring is performed on a systematic basis according to the assets and liabilities reset/repricing periods. The purpose of the interest rate risk sensitivity analysis is to assess the Bank's exposure to this particular type of risk and to determine its capacity to absorb and withstand adverse rate changes/fluctuations to which it is exposed.

The foreign currency positions subject to interest rate risk were converted into kwanzas at the official BNA exchange rate on the reporting date. Given the significance of the dollar-denominated positions (also subject to interest rate risk) in the bank's portfolio, it was deemed appropriate to conduct a separate analysis for this currency, using the same principles and assumptions applied for the local currency.

In quantitative terms, as of December 31st, 2022, BFA recorded the following interest rate gaps (values in millions of Kwanzas):

AOAM	2021	2022	Δ%
Accumulated Impact of Δ +/- 2% Interest Rate on Interest Rate-Sensitive Instruments	-31 870	-40 966	28.5%
Total Capital	357 682	404 825	13.2%
Economic Value Impact	-8.9%	-10.1%	-1.2 p.p.
Regulatory Capital	-20%	-20%	-

It is worth highlighting an increase in the interest rate gap, driven by the increase in the mismatch between interest rate sensitive assets and liabilities, while remaining within the stipulated regulatory threshold.

AOAM	2021	2022	Δ%
Accumulated Impact of Δ +/- 2% Interest Rate on Interest Rate-Sensitive Instruments up to 1 Year	-4 826	-1 925	-60.1%
Net Interest Income	199 412	216 176	8.4%
Net Interest Income Impact	-2.4%	-0.9%	1.5p.p.

By analysing interest rate sensitive assets and liabilities with residual maturity or repricing up to 1 year, we can perceive a decrease in the interest rate gap, concluding that there is a greater alignment between interest rate sensitive assets and liabilities.

# Operational Risk

Operational Risk is described in the Bank’s Risk Taxonomy as the “risk arising from the inadequacy of internal processes, individuals or systems, the possibility of fraud materialisation (both internal and external), as well as due to the potential occurrence of other external events”, and it comprises the following:

- Information Systems Risk - Risk arising from the inadequacy of information technology systems in terms of processing, integrity, control, availability and continuity, arising from inappropriate use or strategies.
- Compliance and Conduct Risk - Risk arising from breaches or non-compliance with laws, rules, regulations, contracts, prescribed or generally accepted practices, and ethical standards.

## Governance of the Operational Risk Management System

Operational risk is inherent to all products, activities, processes and systems, in all business and support areas. Therefore, all personnel are accountable for managing and controlling operational risks generated within the scope of their activities.

The main purpose in terms of control and management of operational risk is to identify, assess, measure, monitor, mitigate and report on this risk. The identification and mitigation of risk sources is a top priority for BFA, regardless of whether or not they have originated actual losses.

The responsibility for the daily management of operational risk lies with the 1st Line of Defence, with special relevance for the areas of operations and process owners, whose mission is not only to manage processes from the point of view of operational effectiveness/efficiency, but also to capture and categorise operational losses within the scope of their processes, to monitor the respective Key Risk Indicators, as well as to identify and implement suitable actions to mitigate exposure to operational risk, thereby contributing towards strengthening the control mechanisms and improving the internal control environment.

As a second line of defence and control, the Risk Management Department - Operational Risk Area (RMD-ORA) is responsible for monitoring and controlling operational risk. The RMD-ORA collects event occurrences, assesses and classifies them, as well as sets out and implements measures (action plans) to eliminate or mitigate the most relevant ones. In addition, the overall monitoring of BFA's exposure to operational risk is ensured through the monitoring of risk indicators and thresholds.

The implemented methodology guarantees alignment with the best corporate international standards and practices, assuming the main purposes:

- To boost the implementation of a true risk culture within BFA;
- To identify and qualitatively assess the risks and controls associated with the Bank’s processes;
- To foster the centralised collection of events considered to be operational risks;
- To set and monitor key risk indicators (KRI);
- To ensure the drafting, maintenance and operationalisation of relevant policies related to business continuity management;
- To assess and determine BFA’s exposure to operational risk and report periodically to the various stakeholders, namely the Board of Directors, the Executive Committee of the Board of Directors, and the Risk Committee;
- To boost the definition and monitor the implementation of action plans to mitigate operational risk. In addition, it is underpinned by the involvement of all the Bank’s staff members in the effective management of this type of risk, by supporting the RMGR-ARO in assessing the risks existing in their business activities and in identifying and reporting in a timely manner any operational risk events that they may come across in the course of performing their duties.

For the purposes of calculating capital requirements and in terms of covering operational risk, the Bank uses the Basic Indicator Approach provided for in Instruction No. 17/2016 of the National Bank of Angola (BNA).

Instruments for the Identification and Evaluation of Operational Risk

With respect to the identification, measurement and assessment of operational risk, various quantitative and qualitative instruments were established, which combined enable to perform an operational risk analysis and assessment.

Quantitative analysis is fundamentally performed through instruments that provide data on the potential level of losses associated to operational risk events, namely:

- Internal events database, whose purpose is to record operational risk events, with or without possible accounting impacts. Additionally, there are accounting reconciliation processes that guarantee the quality of the information included in the database;
- Prior mapping of risks and controls, for an assessment of the residual risk of business processes, which enables potential risks to be anticipated, through the identification and implementation of controls that mitigate them. At certain intervals, processes are assessed with regard to their risk level and the efficiency of the controls implemented;
- Stress tests, with the definition of risk factors and quantification of the shocks' magnitudes and direction, as well as their impact on certain indicators, namely: Assets, Liabilities, Net Profit, Total Capital, Total Capital Ratio and Liquidity Ratio.

Ongoing improvement and adaptation of operational risk management tools underpin the strategic guidelines in 2022

In 2022, the operational risk management processes were improved through the mapping of risks and controls for the processes considered critical, increasing and improving the recording, assessment and monitoring of operational risk events that feed the Operational Risk Events Database and setting Key Risk Indicators that play an important role in the identification of potential risks.

For 2023, it is envisaged that there will be greater awareness among Team Members of the operational risk in the performance of their duties and subsequent communication of events associated with this type of risk.



## Capital and Solvency Risk

Solvency Risk emerges from the possibility that the Financial Institution does not have a sufficient level of capital to deal with unexpected future losses resulting from its business activity.

### Governance of the Capital Risk Management System

In order to ascertain the level of capital, BFA calculates the Total Capital Ratio and Regulatory Capital Requirements. This management is guaranteed by the Global Risk Unit of the Risk Management Department, in strict compliance with the regulatory provisions and requirements laid down by the National Bank of Angola (BNA).

The Risk Management Department is also responsible for the Internal Capital Adequacy Assessment Process (ICAAP) and stress tests, performed by the financial institution with the regularity established by law.

BFA also sets out the risk appetite statement (Risk Appetite Framework and Risk Appetite Statement) concerning Total Capital Risk and incorporates, whenever applicable, the metrics, internal thresholds and tolerance levels adequate to the Bank’s strategy.

### Upholding a high level of Capital soundness and stability, but with a view to the long-term challenges of the future

As part of the supervisory equivalence project, in 2021 Banco Nacional de Angola published Notice no. 8/2021 dated 5th July, which sets out the rules for calculating Total Capital, Tier 1 Capital (Tier 1) and Core Tier 1 Capital (CET1).

A set of technical regulations were also published that complement Notice 8/2021 and provide for the calculation of minimum capital requirements for Pillar 1 risks. In Q1 2022, the new regulatory requirements came into force, with transitory provisions for Central Government and Financial Institutions in terms of the calculation of Capital Requirements and Prudential Limits for Large Exposures.

Analysing the new capital requirements and considering the transitory provisions until 2024, they still have no significant impact throughout FY2022 on the calculation of capital ratios, leading BFA to consolidate its position as one of the most sound and robust financial institutions in the Angolan Financial System, notwithstanding the strengthening of capital requirements and capital reserves to accommodate unforeseen events or scenarios. BFA’s minimum Total Capital Ratio is 15.9%, but over the course of the 2022 financial year it reported Total Capital Ratios in excess of 40%.

Starting in 2024, the transitory provisions applicable to Large Exposures with regard to sovereign exposures in foreign currency will expire, being limited to 25% of the Total Capital. Additionally, the transitory provisions applicable to Financial Institutions will also come to an end and they will see their comprehensive risk exposure reduced by 80%. As a result, the business model of Commercial Banks will have to be overhauled and adjusted so that they are able to comply with the regulatory ratios from 2024 onwards.





Notwithstanding the effort that the Banks may be required to undertake, it is important to highlight that almost half of the “Deposits from Customers and other Loans” in the Financial System are in foreign currency and the current investment options are limited, so it will be important to assess the regulatory impacts and the available investment market opportunities/options.

AOAM	2021	2022	Δ%
Total Capital	357 681 771	404 825 397	13.2%
Regulatory Capital	77 504 359	74 499 574	-3.9%
CET1 Ratio	46%	44%	-2.6 p.p.
Tier 1 Ratio	46.2%	43.5%	-2.7 p.p.
Total Capital Ratio	46.2%	43.5%	-2.7 p.p.
Leverage Ratio	-	24.8%	-

Internal Capital Adequacy Assessment Process (ICAAP)

As far as Capital levels and adequacy is concerned, during 2022 the Bank performed the Internal Capital Adequacy Assessment Process (ICAAP) with reference to December 2021. This process also highlights BFA’s capital soundness, stability and strength, considering that its risk-taking capacity is much higher than the risks to which the Bank is directly exposed. On the one hand, this process demonstrates BFA’s capital soundness, stability and strength, and on the other hand, a medium/low risk profile, which enables the Bank to remain as one of the soundest financial institutions within the Angolan financial system, preserving the Shareholders’ Equity and ensuring a balance between the Return-on-Equity (ROE) and the risk assumed.

# Compliance Risk

The Compliance Risk is understood as the probability of the occurrence of events that may imply the imposition of legal or regulatory sanctions, with negative impact on the Institution’s reputation, results or capital, as a consequence of violations or non-compliance with laws, rules, regulations, codes of conduct, established practices or ethical principles that regulate the Financial Institution’s operations and business activity.

The effective identification, management, and mitigation of Compliance Risks are a key factor for managing the institution’s reputational risk, since they are one of the main cornerstones of the Bank’s operations and business activities.

With BNA’s increasing regulatory demands as well as of other national and international authorities with regard to the control and monitoring of Customers and Transactions, BFA currently regards the management of Compliance Risk as one of its top strategic priorities in the short and medium term.

Strategic Challenges	Strategic Goals	Core Values
<ul style="list-style-type: none"><li>• Risk Prevention;</li><li>• Control / Monitoring Measures.</li></ul>	<ul style="list-style-type: none"><li>• Improvement of Internal Controls through the implementation of Compliance Risk Operational Management Tools;</li><li>• AML/CFT Control Strengthening.</li></ul>	<ul style="list-style-type: none"><li>• Accountability;</li><li>• Integrity and Professionalism;</li><li>• Conservative &amp; Cautious Approach.</li></ul>

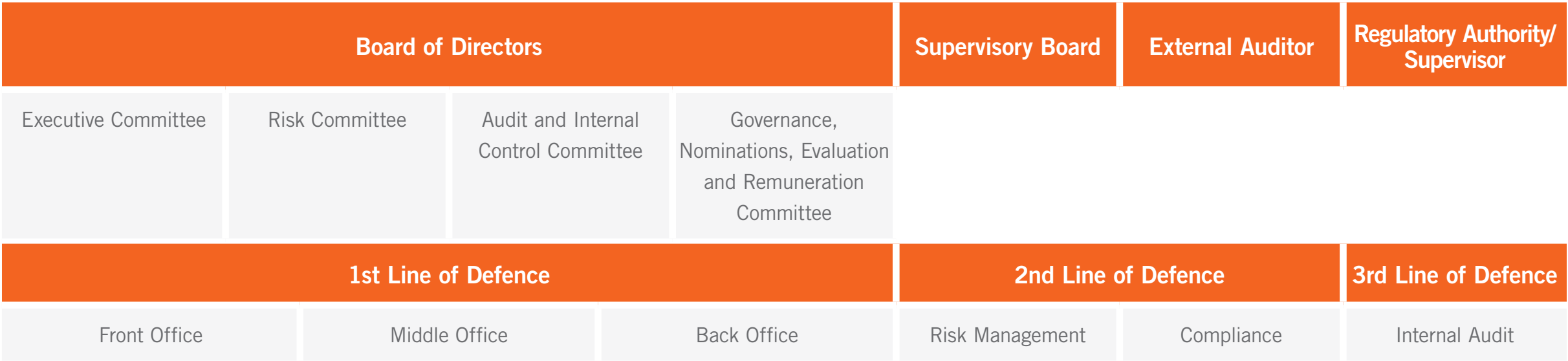
For FY2022, BFA’s short/medium term Compliance Risk Management Strategy is based on the following key strategic elements.

BFA's Board of Directors ensured consistent compliance and strict monitoring of Compliance Risks and drew up a strategic plan whose guidelines are described hereunder:

Compliance Strategy	Compliance Strategic Goals	Short-Term Compliance Goals
<ul style="list-style-type: none"><li>• Compliance Culture;</li><li>• Compliance with Legal Standards;</li><li>• Operational Controls;</li><li>• Strengthening of the Relationship with the Regulatory Authority (BNA).</li></ul>	<ul style="list-style-type: none"><li>• Compliance Risk Management;</li><li>• To heighten and enhance the BFA Brand within the scope of Internal Controls / Compliance Risk Management / AML&amp;CFT;</li><li>• To heighten and enhance the BFA core values: Compliance, AML&amp;CFT;</li><li>• Mitigate sanctions.</li></ul>	<ul style="list-style-type: none"><li>• Empowering Human Capital: Investment in workforce integrity, training and awareness ;</li><li>• Compliance Risk Management Tools, AML&amp;CFT: Enhancement of internal control effectiveness for AML&amp;CFT risk operational management;</li><li>• Process/standards review: Improvement of Internal Standards and stricter Rules for KYC, Customer ML/FT Risk Assessment, Products and Services, conflict of interests and other Compliance subject matters.</li></ul>

Governance of the Compliance Risk Management System

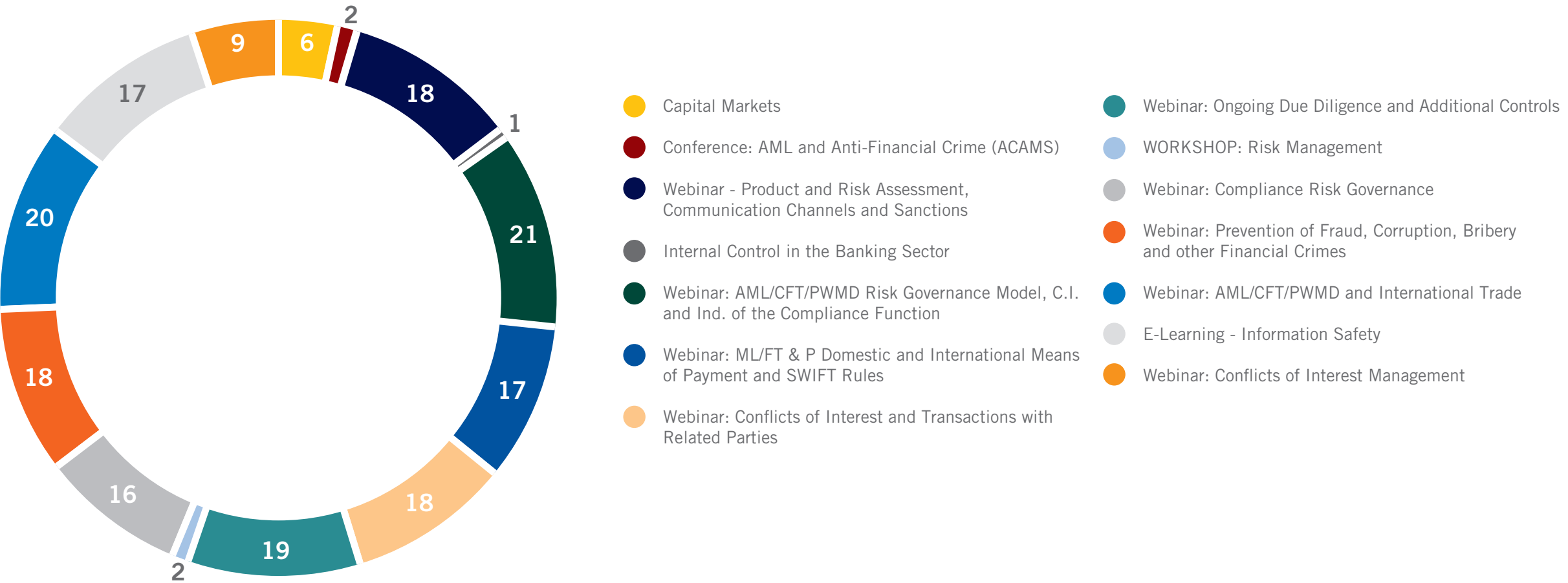
The Compliance Risk Management Governance Model is managed based on the following structure:



The BFA has implemented and enforces the compliance with the regulatory framework provided by the BNA and CMC with respect to the Corporate Governance and Internal Control regulations, being the latter focused on the Compliance Risk management standards in its regulatory component as well as in terms of AML/CTF. Additionally, in order to make its system more sound and resilient, the Bank has adopted and tailored a set of internationally recognised and accepted key concepts, namely the recommendations issued by the Basel Committee on Banking Supervision and the Financial Action Task Force (FATF).

The Compliance Department, acting as the Bank's 2nd Line of Defence, provides support to the Board of Directors, the Bank's operations and business activities by monitoring the management of this risk to ensure that the Bank's operations and its business activities are performed in compliance with the legal requirements and with proper mitigation measures in order to avoid any non-compliance event or scenario that may materialise in the form of penalties/sanctions and a negative Reputational Risk.

Within the scope of the Compliance Department members’ skills-building and empowerment, a training programme was prepared that contemplates technical and behavioural elements, aimed at strengthening and enhancing the team’s expertise knowledge. In order to comply and implement this programme, the following training sessions were carried out:



Compliance risk management stages and implementation scheme

For risk management, there are duly identified and separated stages, as detailed below:

Identification	Assessment	Monitoring	Control	Reporting
Identification of the elements and framework in accordance with the risks that impact the Bank’s operations and business activity.	Qualitative and quantitative risk(s) assessment, their probability of occurrence and impact in case of materialisation.	Setting of key performance indicators to monitor the risk profile.	Establishment of accountabilities, regulation and frequency of control and implementation of mitigation and control measures.	Data/ Information reporting.

To ensure legal and regulatory effectiveness for mitigating compliance risks and the subsequent implementation of its controls, there is a minimum set of special matters that is implemented in a cross-sectional manner throughout the entire organisational structure by means of Policies, Regulations and Rules of Procedure, as described hereunder:

Money Laundering and Terrorist Financing Risk

Policy Introduction

This policy aims to ensure the accountability of the participants involved, to establish the guidelines on the Customer Identification Process, Politically Exposed Persons and Beneficial Owner, as well as to implement the rules on the control and transactional registration, accurate risk assessment and classification, of Customers and products, as well as the concepts of confidentiality and banking secrecy.

The comprehensive AML/CTF & PWMD risk management model aims to identify and lay down standards on which the Bank’s organisational culture must be underpinned, as well as to establish procedures for compliance with the precautionary measures to which the Bank is bound. Within this scope, the management and supervisory bodies are responsible for promoting the implementation of a cross-cutting risk culture throughout BFA's entire organisational structure, contributing to the identification, assessment, monitoring and mitigation of the risks to which the financial institution is or may become potentially exposed.



AML/CTF Risk Management Processes

Identification and Due Diligence

The BFA adopts regulatory applicable measures for identifying and conducting due diligence on its customers, suppliers, and all other entities prior to establishing a business relationship, and throughout the entire course of the commercial relationship. The “Know Your Customer” (“KYC”) methodology is the cornerstone of AML/CTF risk management and includes the following stages:



Due diligence measures involve a set of processes that enable the Bank to reasonably know the identity of Clients/Suppliers, to retain information/data in order to be able to understand the nature of the business/ activity, as well as their risk profile.

Identification	Ascertaining the name and relevant information about the Customer/potential Customer, partners.
Due Diligence	Existence of documentary evidence proving the Customer & business partners identity, as well as that the ultimate Beneficial Owners are properly identified.
Obtaining information on the source and use of funds	Due Diligence measures in order to verify the origin of funds/income through Contracts, Assets and Financial Statements.
Obtaining information on the business relationship purpose and nature	Measures to identify the purpose and nature of the business relationship to be maintained with the Customer.
Updating customer data	Measures to ensure that the documentation and information available is kept up to date as well as ongoing monitoring of this information.
Ongoing Monitoring of the Customer Relationship	Measures to monitor the Customer's business activity, to monitor suspicious behaviour that may be related to criminal activities.

The Bank performs its mandatory Customer identification procedures pursuant to the AML/CTF regulations on establishing business relationships and considers any of the circumstances listed below to be a business relationship:

- Account opening;
- Hiring of products, services and channels;
- Contractual relationship with suppliers.

Reporting of Unusual/Suspicious Operations/STRs

During the Customer Due Diligence process, with respect to their transactions and within the scope of the duties assigned and entrusted to each Department to check for any unusual behaviour, these must be disclosed to the Compliance Department for proper assessment and reported to the Financial Intelligence Unit (FIU).

When a BFA's staff member becomes aware that a particular transaction is being carried out as part of a professional activity or business relationship, and that such transaction may be linked with Money Laundering (ML) / Financing of Terrorism (FT), it is considered of pivotal importance that the Compliance Officer, submit a Suspicious Transaction Report (“STR”) to the Financial Intelligence Unit (FIU).

Accordingly, the Bank prudently, efficiently and promptly identifies cash transactions and suspicious behaviours of its Customers and accurately reports them to the FIU. The duty to report cash transactions to the FIU does not rule out the need to be reported by means of a Suspicious Transaction Report (“STR”), in case of identification of an unusual or suspicious transaction connected with the practice of ML/FT, or any other criminal offence, or by means of a Designated Person Identification Statement (DPIS). To this purpose, for the year under reference, the following reports were tallied and summed up:

Suspicious Transaction Reports to the FIU

	Dec-21	Dec-22
Currency Transaction Report (CTR)	86 950	76 223
Suspicious Transaction Report (STR)	31	43
Designated Persons Identification Statement (DPIS)	3	1

Abstention

The Bank has put in place appropriate control measures for its business relationships with its Customers, and therefore conducts a preliminary Customer assessment prior to performing any operation/transaction.

In order to verify the authenticity of the information provided, as well as the effectiveness of the control measures adopted in terms of AML/CFT, namely, including customer identification, due diligence and information screening, the Bank may decide to abstain as follows:

- When accepting a Customer transaction instructions, operations, when it verifies that their identification elements or account are not up to date;
- When performing an operation there is reasonable suspicion that the transaction may constitute a criminal offense and is likely to constitute a criminal offence.

With respect to the latter, following the reporting of suspicious transactions, whenever it is found that a given transaction presents well-founded evidence of suspicion for the constitution of a criminal offence, in order to guarantee that the amounts involved in the transaction are not disposed of/used by the intervening entities, the Bank refrains from carrying out any instruction or request from the Customer, under penalty of losing control of these amounts.

Refusal

The Bank reserves the right to refuse the commencement of business relationships or the performance of transactions, in the event of an inability to comply with the identification and due diligence obligations, and may, depending on the degree of its satisfaction, carry out the Refusal at the commencement of the Business Relationship, or the Refusal to Perform the Transaction, or terminate the Business Relationship.

In order to comply with the legal obligation and to guarantee the correct recording and management of the refusal processes within the scope of Money Laundering (ML) / Terrorism Financing (TF), a platform was developed and a Model created and digitally implemented, to be filled out essentially by the commercial teams, and made available on a monthly basis to the Compliance Department, which assesses situations that require additional action, such as the possible reporting of suspicious situations to the authorities. Additionally, the Refusal Processes Standard was created and published.

In 2022, the Compliance function issued a positive opinion on 91% of the loan applications and only 9% of them were rejected. With regard to requests to open accounts 99% of them were accepted, as well as 97% of transaction requests received a favourable opinion.

Cooperation

The Bank abides by the principle of cooperation with the Angolan authorities in all its operational areas. Consequently, it has implemented a procedure that regulates the management of this particular cooperation.

The volume of requests for cooperation and information provision during 2022 is described hereunder:

	FIU <sup>1</sup>	AGO <sup>2</sup>	COURT	GTA <sup>3</sup>
Received	18	4 287	4 759	2 736
Completed	18	4 105	4 659	2 679
In Process at the Closing Date of the Financial Year	0	182	100	57

1) FIU - Financial Intelligence Unit; 2) AGO – Attorney General's Office; 3) GTA – General Tax Administration

Confidentiality

The Bank and its direct and indirect staff members must respect the principle of confidentiality, since that disclosing information to Customers or to third parties, including the Customer's risk levels, potential monitoring or other general information, as well as concerning the Money Laundering (ML) / Terrorism Financing (TF) management risk, is strictly forbidden. This regulation from a behavioural standpoint is also enshrined in the Bank's Code of Conduct.

Restrictive Measures & “Sanctions”

BFA’s internal control programme for the special risk of sanctions is structured to ensure that the acceptance, commencement of relationships, business, product and service offerings, both in terms of payments and account opening processes, are not provided and/or granted in favor of sanctioned entities or countries. Under these terms, it is determined that no financial service shall be provided to sanctioned countries, entities or designated individuals where the prohibition is explicitly stated in the regulations associated with the Lists to which the Bank adheres, where, from the outset, it recognises the following competent authorities (among others):

- **UNSC or ONU:** United Nations Security Council or the United Nations
- **OFAC/SDN:** Office of Foreign Assets Control (US)
- **HMT:** Her Majesty’s Treasury (UK)
- **EU:** European Union

Identification, Prevention and Management of Conflicts of Interest and Related Party Transactions Policy

The review and unification of the Identification, Prevention and Management of Conflicts of Interest and Related Party Transactions Policy was carried out in order to improve the processes of identification and management of situations of conflicts of interest. This is a commitment that involves the entire BFA organisational structure, supported by its governance model and based on principles of legality, universality and equality, transparency and responsibility, aimed at contributing towards the stability of the financial system.

This policy applies to all BFA’s personnel and Governing Bodies Members, namely: Board of the General Meeting, Board of Directors, Supervisory Board, direct and indirect staff members, on a permanent or temporary basis, service providers and external consultants.

Against this backdrop, and with a view to enhance and strengthen controls and to ensure that it’s given priority to the Customers’ interests and needs, as well as to ensure transparency and uniformity, together with the Bank’s activity and business interests, its Shareholders and Team Members, and also to enable the financial information to be reported in a way that truly, accurately and comprehensively portrays the Bank’s economic and financial situation, conflict of interest disclosure statements were developed in a semi-automated format in the Microsoft SharePoint - Regulatory Compliance application, with the purpose of quickly gathering information from each Team Member.

2022 Key Developments

In view of the strategic goals set for the 2022 period, the most relevant are highlighted hereunder:

Migration of the new Swift Sanctions Screening platform to the Transaction Sanctions Screening

The migration represents an upgrade to the Swift service, incorporating new features and benefits in the screening process for users, namely (i) improved user experience and alert handling, (ii) increased ability to reduce false positives, (iii) simplified user management, (iv) opportunities to reduce operational costs, (v) readiness for ISO 20022, (vi) integrated sanctions and fraud solution platform, when executing MT Swift transactions, tracking natural and legal persons, jurisdictions, vessels, Banks, among others, involved directly or indirectly in the transactions processed in this format. As a result of this migration process upgrade, the Bank has carried out the implementation of the new version of the platform provided by SWIFT.

AML/CFT/PWMD 2021 Institutional Risk Framew

The Bank performed an assessment of the AML/CFT/PWMD Institutional Risk, taking into consideration its risk appetite. This assessment process took into account the measurement of the probability of occurrence, the consequences, the risk associated to the Bank’s operations, the efficiency and execution of controls. The weightings of each combining factor, risk sub-factor and of each risk may change, depending on the Bank’s risk exposure, with these weightings totalling 100%.



The final assessment is therefore impacted by the changes made in the risk factor weights, which in turn determine the assessment of each risk factor and consequently the combining factor. Hence, the assessment was drawn up on the basis of 3 key combining factors, each incorporating several risk factors:

Factors	Proportional share
<b>Business Combining Factor</b>	<b>45%</b>
Institution	3%
Governing Bodies	2%
Business Areas, Products and Services	25%
Distribution Channel	5%
Customers	40%
Restrictive Measures	25%
<b>Operational Combining Factor</b>	<b>40%</b>
IT Tools and Applications	35%
Communication with the Competent Authorities	30%
Irregularities' Reporting	5%
Effectiveness Assessment	10%
Policies, Processes & Procedures	10%
Human Capital	10%
<b>Reputational Combining Factor</b>	<b>15%</b>
Corporate Culture	50%
Public Opinion	20%
Fines and Ancillary Sanctions	30%

As a result of this assessment, the Bank was classified with Medium - Low Institutional Risk.

Institutional Risk Assessment	Inherent Risk	Residual Risk
Business Combining Factor	High	Medium-Low
Institution	High	Low
Governing Bodies	Medium-Low	Low
Business Areas, Products and Services	High	Medium-Low
Distribution Channel	Medium-High	Low
Customers	Medium-High	Low
Restrictive Measures	High	Medium-Low
Operational Combining Factor	Medium-Low	Medium-Low
IT Tools and Applications	High	Medium-Low
Communication with the Competent Authorities	Medium-High	Low
Irregularities' Reporting	High	Medium-High
Effectiveness Assessment	High	Medium-High
Policies, Processes & Procedures	Medium-High	Medium-High
Human Capital	Medium-High	Low
Reputational Combining Factor	High	Medium-Low
Corporate Culture	High	Low
Public Opinion	High	Medium-High
Fines and Ancillary Sanctions	High	High

Development of the Irregularities Reporting Policy (Whistleblowing Policy)

The BFA's Corporate Governance Model and its subsidiaries is based on structural principles of conduct and on the best national and international corporate practices, aimed at strengthening its Internal Control System and safeguarding the interests of Shareholders, Governing Bodies, Staff members, Regulators/ supervisors, Customers and the general public. It aims to:

- Establish a system for the management of complaints;
- To set out the responsibilities and the action model, establishing the principles of action, guidelines and directives for the identification, classification and reporting of irregularities;
- Ensure internal and external transparency;
- Ensure the ongoing safeguard of the BFA Group, shareholders, Customers/Suppliers and its Team Members against illegal practices that damage their interests;
- To discourage anti-business practices, improper activities and misconducts that directly and/or indirectly may impact the Bank’s interests, the relationships with its Customers and suppliers, as well as with its Team Members;
- To promote and enable its staff members, customers and suppliers to have access to an independent and confidential service, allowing the anonymity of the whistleblower;
- To guarantee, in particular, the confidentiality of the reports received and the protection of the whistleblower personal data and the suspected offender, in accordance with the Financial Institutions Legal Framework and the Personal Data Protection Law.



Completion of the company-wide cross-sectional Compliance training program in webinar format.

Within the scope of the company-wide cross-sectional training for all BFA’s Team Members on a comprehensive range of topics related to AML/CFT and Compliance, several sessions were held in a Webinar format, in accordance with the training programme established and approved by the Bank.

#	Name of the Training Course
1	Prevention of Fraud, Bribery, Corruption and other Financial Crimes
2	Ongoing Due Diligence
3	International Trade / Correspondent Banking and Sanctions / Financial Market and Product Assessment / ML&FT& PWMD Risk, Sanctions and Reputational Risk
4	ML/FT in national and international means of payment and Swift Rules
5	Risk Assessment and Products, Services, Communication Channels, ML&FT&PWMD Risk Assessment, Sanctions and Reputational Risk
6	AML/CFT/PWMD Risk Governance Model, Internal Controls and Compliance Function Independence
7	Compliance Risk Governance - AML and Financial Crimes, Whistleblowing and Irregularities; Compliance Culture and Integrity; Conflict of Interests and Related Parties; Data Privacy and Confidentiality/Bank Secrecy
8	Compliance Risk Governance - Conflicts of Interest and Related Party Transactions

In addition, during 2021, the training process on the topic of “Financial Institutions obligations within the scope of the AML/ CFT” provided for a group of the Bank’s Customers was completed, in order to improve the interaction and provision of information and documents by these Customers, when updating their data and/or when allocating products and services.

**Completion of the project to strengthen the internal organisation within the framework of Anti-Money Laundering and Countering Terrorist Financing and Proliferation of Weapons of Mass Destruction (AML/CTF/PWMD).**

The BFA's strength, soundness, and stability are expressed through internal tools, processes, and procedures such as methodological assessment, implementation of AML risk management standards, formalization of rules (development and review), i.e., improvement of internal systems. Accordingly, within this scope, in-house regulations, a handbook, and a framework (among other activities) were developed in order to improve performance, controls, and mitigation of ML/FT risks, namely: (i) Due Diligence and Reporting Regulations; (ii) Compliance Department Due Diligence, Communication, and Reporting Regulations; (iii) AML/CFT/PWMD Handbook, and (iv) AML Risk Foundational Principles Framework.

The review and update of the AML/CTF & PWMD Policy and related Restrictive Measures effectively conveys and depicts the guidelines, rules and procedures currently in force within BFA's entire organisational structure with respect to AML/CTF & PWMD controls and risk management.

**BFA's participation in the ESAAMLG/GAFI mutual evaluation process on the effectiveness of the implementation of systems to prevent Money Laundering, Counter Terrorism Financing and the Proliferation of Weapons of Mass Destruction (AML/CTF/PWMD).**

Within the scope of the Mutual Evaluation process underway in Angola by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), which involved two interlinked components, - Technical Compliance and the Effectiveness of Systems to Prevent and Counter Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT/PWMD) - the Angolan financial system was assessed by sectors, and for the Banking sector, BFA was one of the Financial Institutions selected for this assessment.

**Full Data Registration with the DPA - Data Protection Agency**

The Bank has drawn up and implemented the Data Protection Policy and Data Protection Regulation, an internal measure that has introduced a new approach to the management of this particular type of risk. Its purpose is to disclose to interested parties' information on BFA's personal data processing activities, which introduces regulatory requirements on the protection, confidentiality and privacy of individual citizens, aimed at all BFA's Team Members and the general public. Furthermore, the Bank has duly legalized all the data processing activities it has performed by registering them with the Data Protection Agency (DPA).

The personal data processed by the financial institution are those collected within the scope of the pre-contractual, promotional, commercial or labour relationships entered into with Customers, Suppliers, counterparties, Staff members and within the scope of the applicable legal and regulatory duties. The BFA processes personal data required for: (i) the signing, execution and management of contracts, to which the data subject is a party, or in pre-contractual due diligence procedures at the request of the data subject; (ii) to safeguard its legitimate interests or of third parties; (iii) to ensure compliance with the different legal duties. Additionally, BFA may perform other processing of personal data when it has obtained the prior, clear, free, explicit and informed consent of the data subject.

In FY2022, BFA carried out the legal registration of the data processing files, classification and development of the Data Protection Framework. Furthermore, the financial institution also completed the assessment of a set of information, data and other specific details in order to conclude BFA's data record keeping in accordance with the several classifications.

**AML Risk Management IT Solution**

Within the scope of AML Risk Management, the Bank has implemented an end-to-end IT tool for filtering and profiling, having carried out an upgrade for operational and functional improvement integrated with the Bank's existing processes.

## 2023 Key Challenges

AML/CTF/PWMD Risk Management Tools	Improvements and Adjustments of the “DCS”; Adjustment and Implementation of a Set of Improvements to overcome the shortcomings, weaknesses and gaps identified by the Internal Auditor, External Auditor, Supervisory Board, and Regulatory Authority.
Compliance Risk Management Tools	Qualitative Enhancement of Compliance Risk Indicators; Adjustment and Implementation of the Know Your Employee (KYE) Module in the SAP platform;
Standards/ Procedural review	Enhancement of Standards and Rules connected with Products and Services Assessment from a Compliance viewpoint, including Conflicts of Interest and Other Relevant Compliance Topics.
Human Capital Empowerment and Skills-Building Ongoing Programme	Investment in Personnel Integrity, Training, and Awareness
Compliance & Regulatory Challenge	The increasing regulatory requirements imply a significant effort from the technological and human structure. With the growing complexity of the business, the Risk Management Department (RMD) and the Compliance Department are committed to generating the required reports on a regular basis for the regulator. Although challenging, this presents an opportunity to achieve greater organizational and financial resilience and soundness.
ESG Risks Integration	There is a need to incorporate social and environmental risks in a more objective, quantitative, and transparent manner within the scope of risk management.  The purpose is to better prepare the Bank for the upcoming future challenges and demands by equipping it with the ability to provide a more efficient and effective response.
Supervisory Authority Evaluation (SREP)	In 2022, the BNA (National Bank of Angola) implemented the SREP (Supervisory Review and Evaluation Process) assessment for commercial banks. As a result of this assessment, it has been determined that BFA (Banco de Fomento Angola) will need to expand its loan portfolio and reduce its concentration in Sovereign Debt.
“Market Discipline” Report	The preparation of a Market Discipline Report leads to increased transparency regarding the actual risks faced by financial institutions.

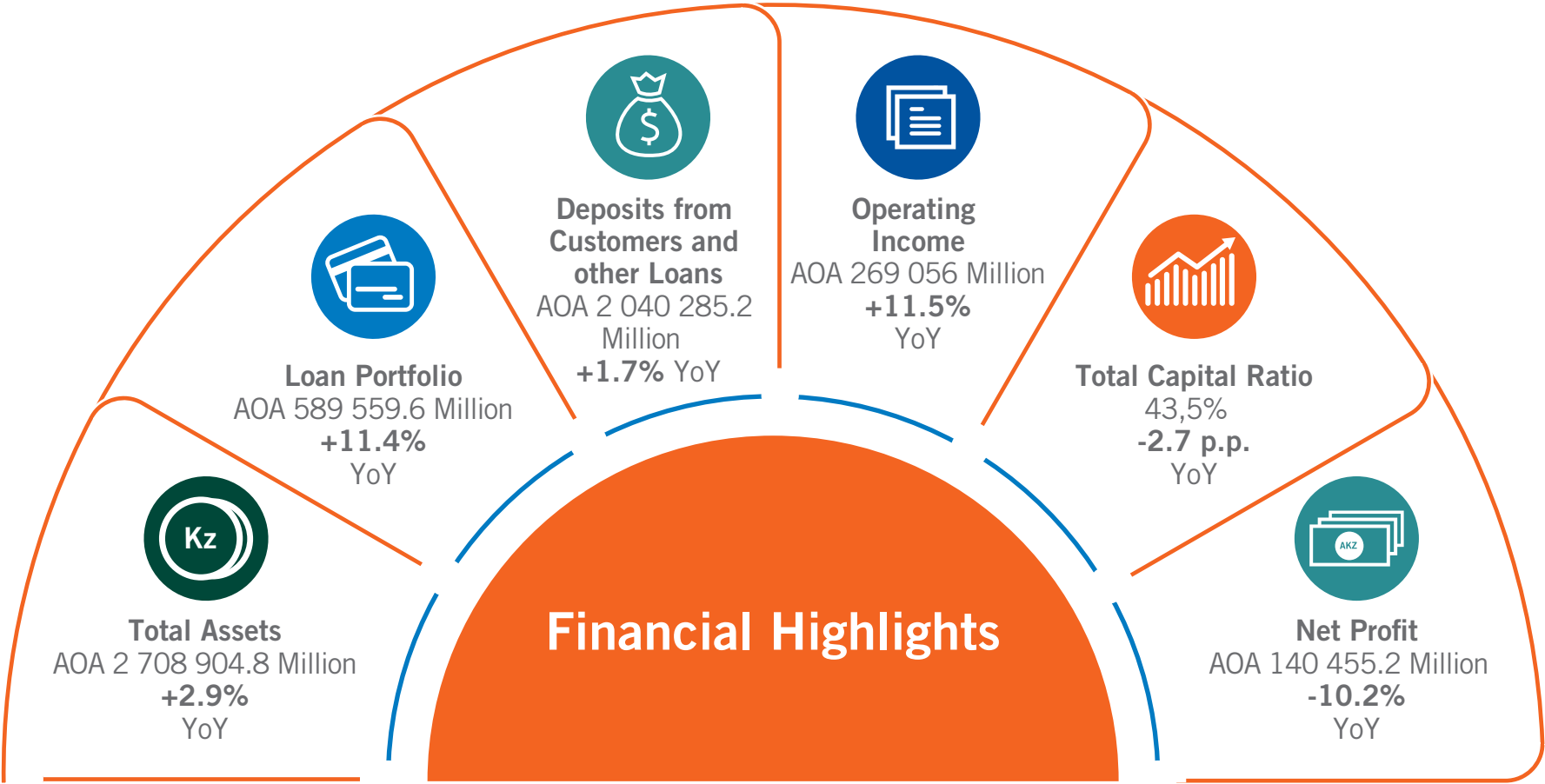
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# 5

## Financial Review

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# Financial Review



In FY2022, BFA recorded a +2.9% growth in **Total Assets**, offsetting the previous year’s downward trend and reaching AOA 2 708 904.8 million. This positive performance was mainly driven by an increase in the headings ‘Cash and Balances at Central Banks and Other Credit Institutions’ (+30.5%) and ‘Loans to Customers’ (+18.3%).



As far as the **Loan Portfolio** is concerned, BFA recorded an amount of AOA 589 559.6 million in FY2022, up +11.4% YoY. **Deposits from Customers and other Loans** increased +1.7% YoY, amounting to AOA 2 040 285.2 million. Due to the fact that the increase in the volume of loan facilities granted was higher than Customer Deposits, the Loan-to-Deposit ratio grew to +23.1%, when compared to 20.3% recorded in FY2021.

**Operating Income** grew by +11.5% YoY, as a result of the increase in Net Financial Income (+8.4% YoY) and in Non-Interest Income (+26%), highlighting an increase of +84.3% and +23.1% in the Income from Financial Assets and Liabilities measured at fair value and Foreign Exchange Income, respectively.

Overheads also increased by +1.1% YoY, amounting to AOA 102 343.3 million in December 2022. Despite the 21.7% drop recorded in Third-Party Supplies and Services, this increase was mainly due to the +8.8% and +47.8% growth in Staff Costs and Depreciation and Amortisation Costs, respectively.

**Total Capital Ratio** reached a value of 43.5% well above the minimum Regulatory Capital requirement of 8%, calculated in accordance with the regulations published by the BNA. The figures reported validate BFA's financial soundness, strength, and stability, as well as the comprehensive financial safety that the financial institution provides to its customers.

As far as the fiscal year of 2022 is concerned, BFA recorded a **Net Profit** of AOA 140 455.2 million, which represents a 10.2% decrease YoY. This decline was mainly due to the impact of increased Provisions and Impairments in 2022, as opposed to the previous year's figure, which benefitted from the impairment reversal recorded in FY2021.

Notwithstanding the slight decrease recorded in Net Profit, all in all, BFA's full-year 2022 financial results continue to highlight the Bank's financial soundness, strength, and stability amidst a challenging macroeconomic environment. Furthermore, they clearly reveal and demonstrate the Financial Institution's high operational standards in terms of business performance, efficiency, and effectiveness levels.





## Balance Sheet Soundness, Strength and Stability to Address Future Challenges

### BFA Balance Sheet FY21 - FY22

AOAM	Dec-21	Dec-22	Δ%
<b>Net Assets</b>			
Cash and Cash Equivalents	446 664.4	450 426.8	0.8%
Total Short-Term Investments	2 132 056.0	2 196 671.6	3%
Cash and Balances at Central Banks and Other Credit Institutions	556 325.6	726 047.1	30.5%
Loans to Customers	352 959.5	417 425.6	18.3%
Investments in Securities	1 222 771.0	1 053 198.9	-13.9%
Other Tangible and Intangible Assets Net of Depreciation and Amortisation	35 715.3	44 804.7	25.4%
Other Assets	17 839.5	17 001.8	-4.7%
<b>Total Assets</b>	<b>2 632 275.3</b>	<b>2 708 904.8</b>	<b>2.9%</b>
<b>Liabilities</b>			
Deposits from Central Banks and Other Credit Institutions	1 854.0	3 696.6	99.4%
Deposits from Customers and other Loans	2 005 319.5	2 040 285.2	1.7%
Other Liabilities	154 061.0	129 055.3	-16.2%
Provisions for Risks and Charges	48 970.6	51 578.2	5.3%
<b>Total Liabilities</b>	<b>2 210 205.1</b>	<b>2 224 615.3</b>	<b>0.7%</b>
<b>Equity and Equivalent Capital</b>	<b>422 070.2</b>	<b>484 289.5</b>	<b>14.7%</b>
<b>Total Liabilities and Equity</b>	<b>2 632 275.3</b>	<b>2 708 904.8</b>	<b>2.9%</b>

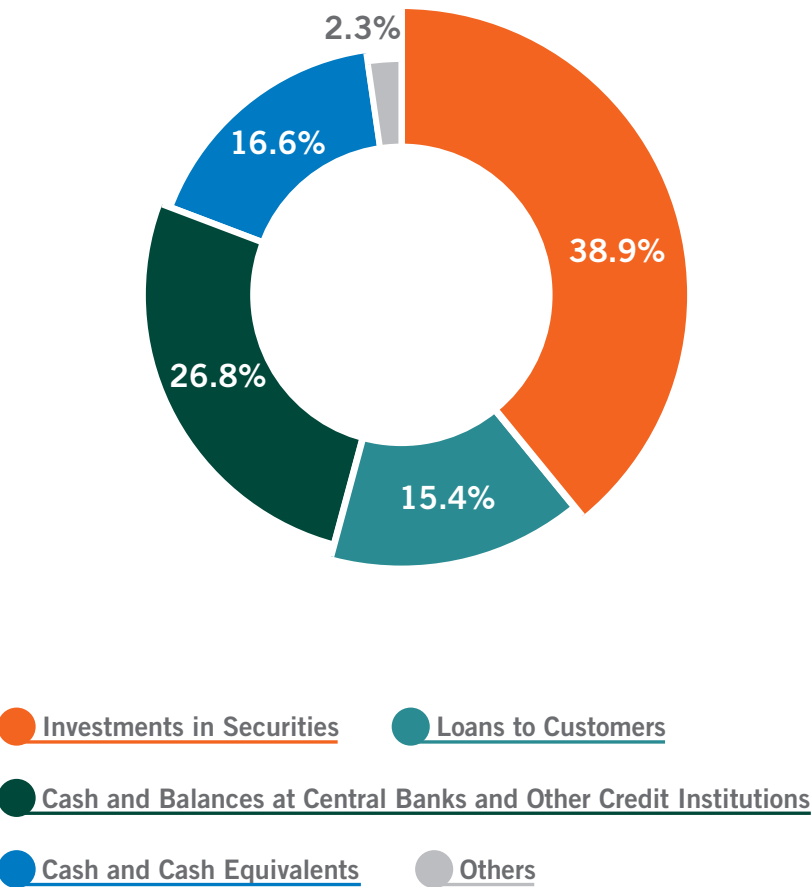
Total Assets Portfolio

In FY2022, BFA recorded a Total Net Assets Portfolio of AOA 2 708 904.8 million, up +2.9% YoY. This positive performance was mainly driven by the +30.5% growth in the value of “Cash and Balances at Central Banks and Other Credit Institutions” (+ AOA 169 721.5 million), and +18.3% rise in the value of “Loans to Customers” (+AOA 64 466.1 million) headings, offsetting the 13.9% decrease in the “Securities Portfolio” (- AOA 169 572.0 million).

In FY2022, BFA experienced a shift in the composition of its Total Net Assets Portfolio, recording a +5.7% increase in the weight of the “Cash and Balances at Central Banks and Other Credit Institutions” heading, a growth of +2% in the weight of the “Loans to Customers” heading, as well as a decrease of 7.6% in the weight of the “Securities Portfolio”.

It is worth highlighting the significant impact of the national currency exchange rate appreciation during FY2022, which resulted in write-downs in the kwanza value regarding BFA’s holdings denominated in foreign currency. With respect to the Total Net Assets Portfolio, this impact led to a decline in its value, due to the exchange rate appreciation factor, in the total amount of approximately AOA 115 557.8 million.

Breakdown of Total Assets FY2022

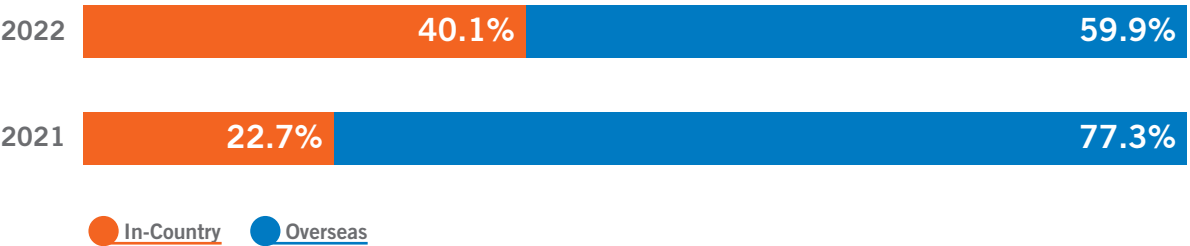


Cash and Balances at Central Banks and Other Credit Institutions

AOAM	Dec-21	Dec-22	Δ%
Cash and Balances at Other Credit Institutions	556 679.5	726 368.1	30.5%
In-Country	126 572.9	291 584.9	130.4%
Overseas	430 106.6	434 783.2	1.1%
Impairments (IFRS9)	- 354.0	- 321.0	9.3%
Total	556 325.6	726 047.1	30.5%

The heading “Cash and Balances at Other Credit Institutions” (excluding impairments) grew +30.5% YoY, totalling AOA 726 047.1 million in FY2022. Domestic Investments experienced a sharp rise of +130.4% amounting to AOA 291 584.9 million. On the other hand, foreign investments stood at AOA 434 783.2 million (+1.1% YoY). Moreover, the financial institution also recorded a decrease of -9.3% in the value of impairments, mainly due to the reduction of its exposure in impaired operations.

Breakdown of Cash and Balances at Other Credit Institutions

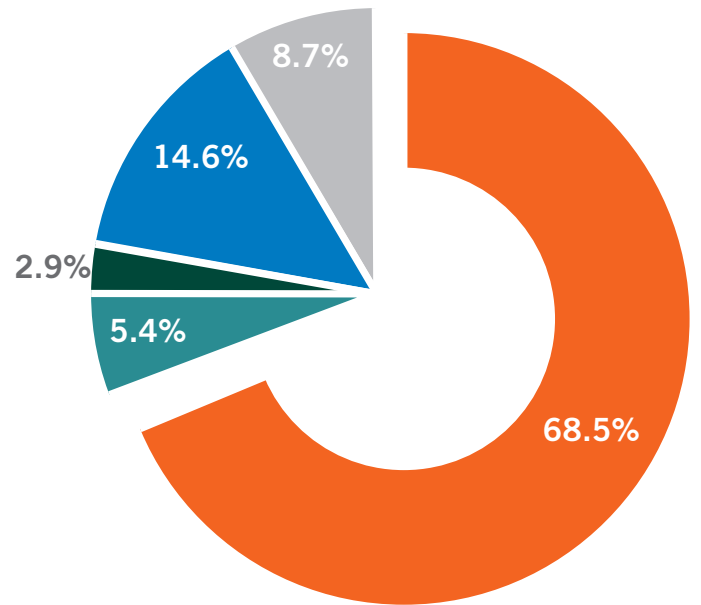


Loans to Customers

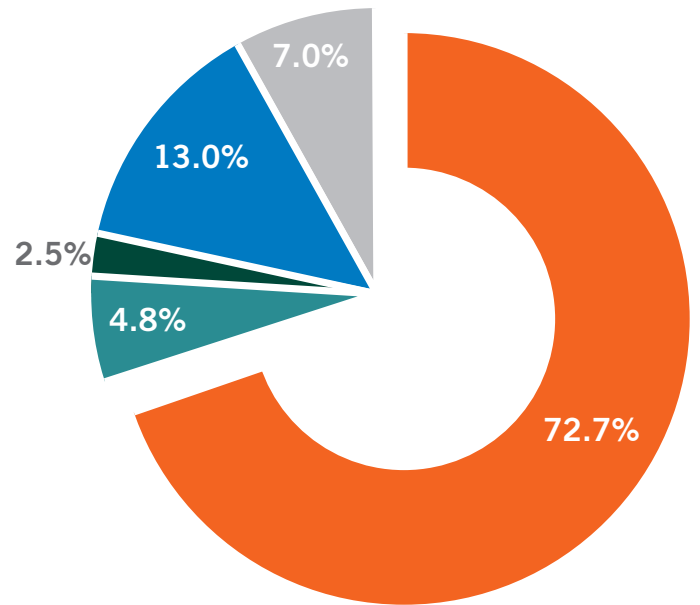
AOAM	Dec-21	Dec-22	Δ%
1. Total Loan Portfolio	529 279.9	589 559.6	11.4%
1.1 Loans to Customers	391 063.7	456 967.9	16.9%
Loans in domestic currency	362 331.8	428 440.8	18.2%
Loans in foreign currency	28 731.9	28 527.0	-0.7%
1.2 Credit and Accrued Interest	15 267.4	14 449.2	-5.4%
1.3 Guarantees (Corporate Banking)	77 127.9	76 629.6	-0.6%
1.4 Undrawn Credit Limits	45 820.9	41 513.0	-9.4%
2.Total Loan Loss Provisions	53 907.2	54 652.8	1.4%
2.1 Specific Provisions	53 371.6	53 991.5	1.2%
For Credit and Accrued Interest	21 967.3	19 954.2	-9.2%
2.2 For General Credit Risks	535.6	661.3	23.5%
3. Total Credit Net of Impairments	352 959.5	417 425.6	18.3%
Of which: Credit and Accrued Interest	15 267.4	14 449.2	-5.4%
4. Loan Portfolio Asset Quality			
Past-Due Loans (% Total Loan Portfolio)	3.8%	3.1%	- 0.7 p.p.
Past-Due Loans Provisions Coverage Ratio	353.1%	378.2%	25.1 p.p.

Breakdown of the Loan Portfolio

2021



2022



Loans in National Currency   Loans in Foreign Currency   Credit and Accrued Interest   Guarantees (Corporate Banking)   Undrawn Credit Limits

BFA's Total Loan Portfolio amounted to AOA 589 559.6 million in FY2022, up +11.4% YoY. This increase was particularly driven by the growth in Loans to Customers in local currency (the largest heading of the Total Loan Portfolio), which grew by +18.2%, to AOA 428 440.8 million, offsetting the negative exchange rate impact and the actual downturn in the foreign currency loan portfolio.

On the other hand, BFA also recorded a -5.4% decrease in the “Credit and Accrued Interest” heading, which stood at AOA 818.2 million YoY. As a result of this decline, the weight of the “Credit and Accrued Interest” heading in the Total Loan Portfolio dropped from 2.9% to 2.5%.

Moreover, the 30 days Overdue Credit Ratio as a percentage of Total Loans to Customers fell 0.7% to stand at 3.1% in December 2022, and the Credit and Accrued Interest Coverage Ratio by Total Provisions and Impairments rose 25.1% to 378.2%.

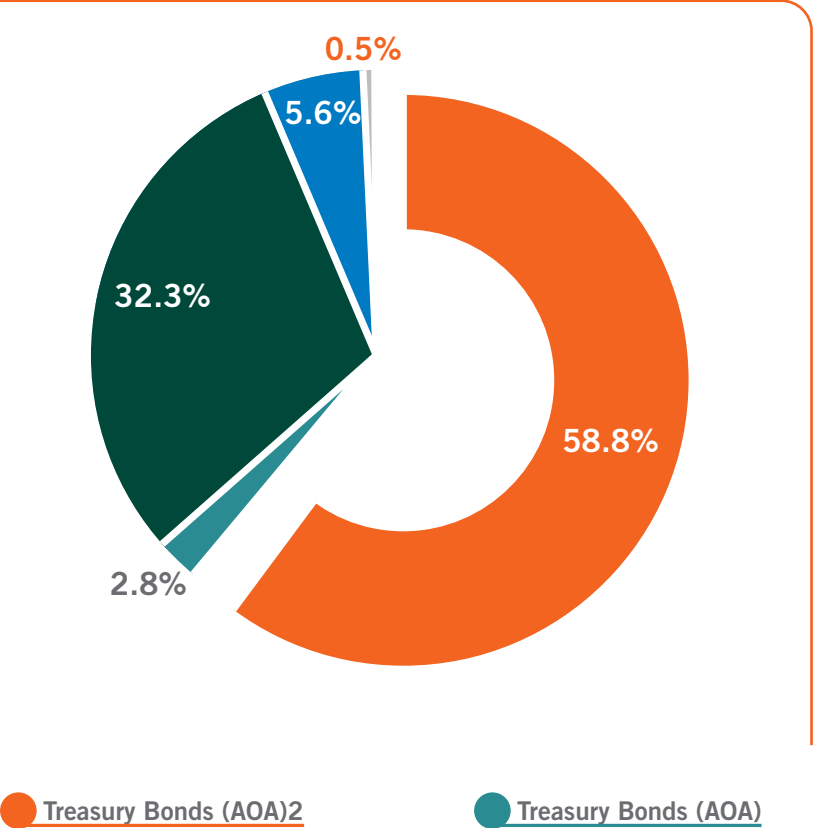
Investments in Securities

AOAM	Dec-21	Dec-22	Δ%
Financial Assets measured at fair value through profit or loss	94 984.8	104 831.3	10.4%
Treasury Bonds (Indexed to the USD)	34 176.1	0.0	-100%
Treasury Bonds (AOA)	54 509.0	94 622.2	73.6%
Others	6 299.8	10 209.1	62.1%
Investments at Amortised Cost	1 127 786.2	948 367.6	-15.9%
Treasury Bills	69 537.1	96 869.0	39.3%
Treasury Bonds (USD)	399 025.0	193 883.7	-51.4%
Treasury Bonds (AOA)	672 696.7	662 964.4	-1.4%
Others	0.0	4 862.3	100%
Impairments (IFRS9)	- 13 472.6	- 10 211.8	24.2%
Total	1 222 771.0	1 053 198.9	-13.9%

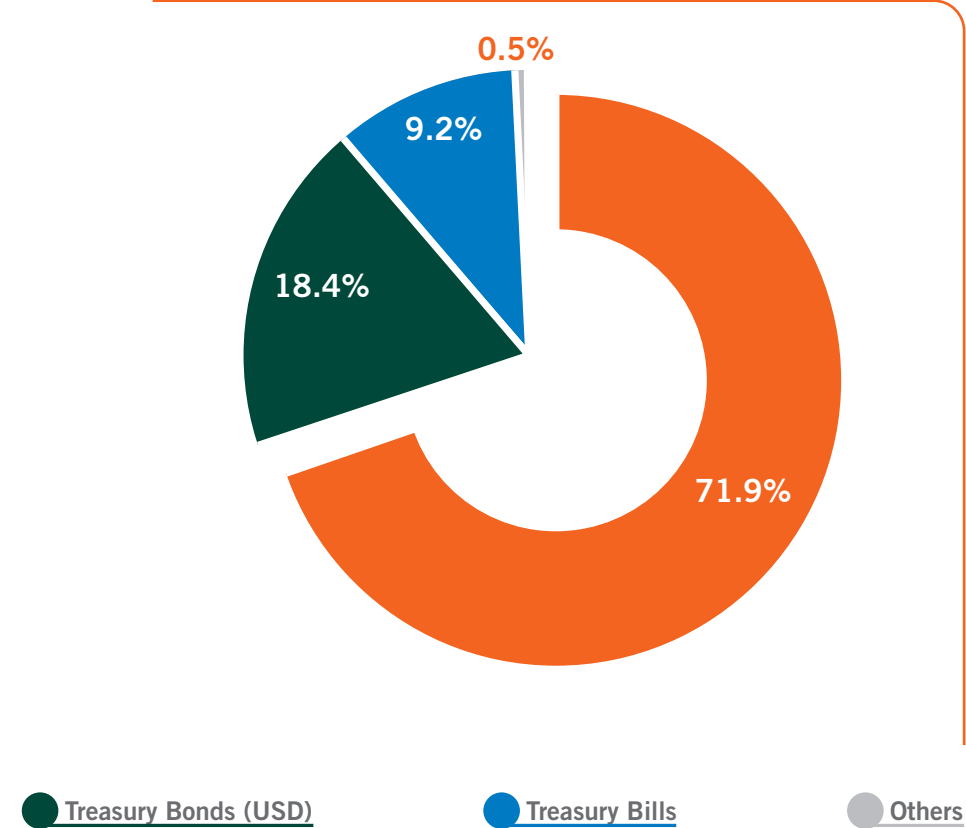


Breakdown of the Securities Portfolio in December 2022

2021



2022





The overall amount of the securities portfolio decreased by 13.9% YoY and stood at AOA 1 053 198.9 million. This decline was mainly due to the high volume of securities maturing in foreign currency and indexed securities, leading to a partial replacement of this type of investment by short-term investments in securities with reverse repurchase agreements (reverse repos), whose yields and maturities were found to be more attractive in view of the Bank’s strategy.

Held-to-Maturity Securities Portfolio

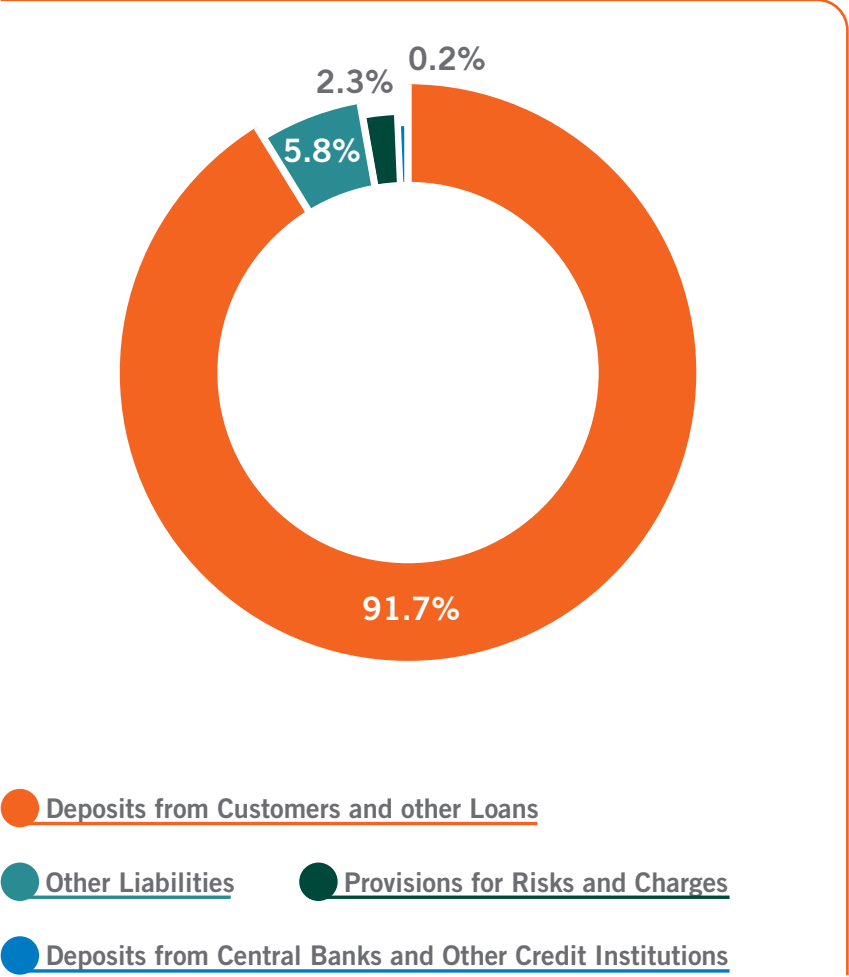
AOAM	< 1 year	1- 3 years	> 3 years	Total
Treasury Bills (AOA)	96 869.0	0.0	0.0	96 869.0
Treasury Bonds (AOA)	0.0	68 346.5	689 240.0	757 586.6
Treasury Bonds (USD)	0.0	7 620.6	186 263.0	193 883.7
Others	15 071.4	0.0	0.0	15 071.4
Impairments (IFRS9)	- 10 211.8	0.0	0.0	- 10 211.8
Total	101 728.7	75 967.2	875 503.1	1 053 198.9

As far as the Held-to-Maturity Securities Portfolio is concerned, the year 2022 ended with 83.1% of the portfolio comprised of securities with a maturity exceeding 3 years, 7.2% with a maturity of between 1 and 3 years and the remaining 9.7% with a maturity of less than 1 year, which usually represents the least performing maturity category.

Liabilities

Liabilities recorded an increase of 0.7% YoY, amounting to AOA 2 224 615.3 million in FY2022, as a result of the 1.7% increase in “Deposits from Customers and other Loans”, which account for 91.7% of total Liabilities. The impact of the increase in “Deposits from Customers and other Loans” was offset by the 16.2% decline in Other Liabilities, amounting to AOA 25 005.7 million, as a result of the payment of dividends to shareholders concerning the FY2021.

Breakdown of Liabilities FY2022



Deposits from Customers and other Loans

AOAM	Dec-21	Dec-22	Δ%
Demand Deposits	840 315.7	891 718.2	6.1%
National Currency	611 498.2	624 115.8	2.1%
Foreign Currency	228 817.6	267 602.4	17%
Term Deposits	1 165 003.8	1 148 567.0	-1.4%
National Currency	362 009.5	467 302.4	29.1%
Foreign Currency	802 994.2	681 264.6	-15.2%
Total	2 005 319.5	2 040 285.2	1.7%

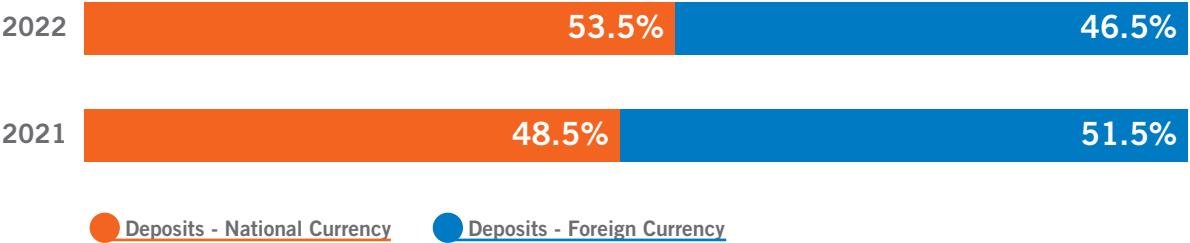
Deposits from Customers and other Loans recorded an increase of AOA 34 965.7 million (+1.7%), totalling AOA 2 040 285.2 million in 2022, backed by the growth in Demand Deposits (+6.1% YoY). However, Term Deposits fell 1.4% YoY, due to the impact of the national currency exchange rate appreciation during the period under review, given that 59.3% of the overall Term Deposits portfolio is denominated in foreign currency.

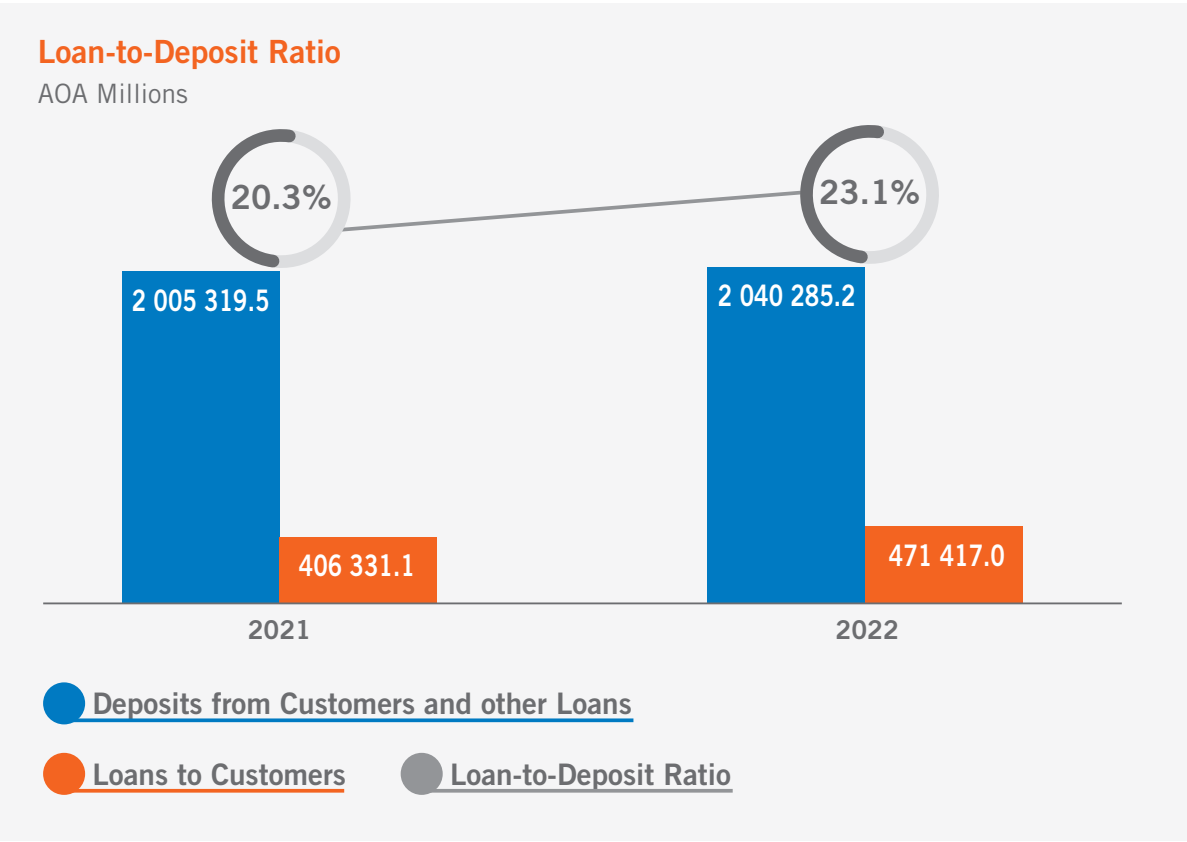
Demand Deposits in national currency rose by AOA 12 617.6 million (+2.1%), YoY, whilst Demand Deposits in foreign currency recorded an increase of AOA 38 784.9 million (+17%), as a result of the Term Deposits maturity.

With regard to Term Deposits (TDs), the amounts placed in TDs denominated in the national currency increased by AOA 105 292.8 million (+29.1%) year-on-year. However, this recorded increase was offset by a decline of AOA 121 729.6 million (-15.2%) in the amounts placed in Term Deposits (TDs) denominated in foreign currency. This decline resulted from the maturing of part of these deposits that remained on demand, but primarily due to the impact of the domestic currency exchange rate appreciation that took place during the period under review.

Hence, there was a reversal of the trend recorded in previous years, and deposits in foreign currency ceased to comprise the majority of the “Deposits from Customers and other Loans” heading, with the national currency now representing 53.5% of total deposits at the end of FY2022.

Breakdown of Customer Deposits by Currency





In FY2022, the Loan-to-Deposit Ratio recorded a rise to 23.1%, up +2.8% from the 20.3% figure recorded in 2021. This positive performance of +2.8% was mainly driven by a higher increase in Loans to Customers (+16%) as a proportion of the growth in Deposits from Customers and other Loans (+1.7%).

Equity

Breakdown of BFA’s Equity

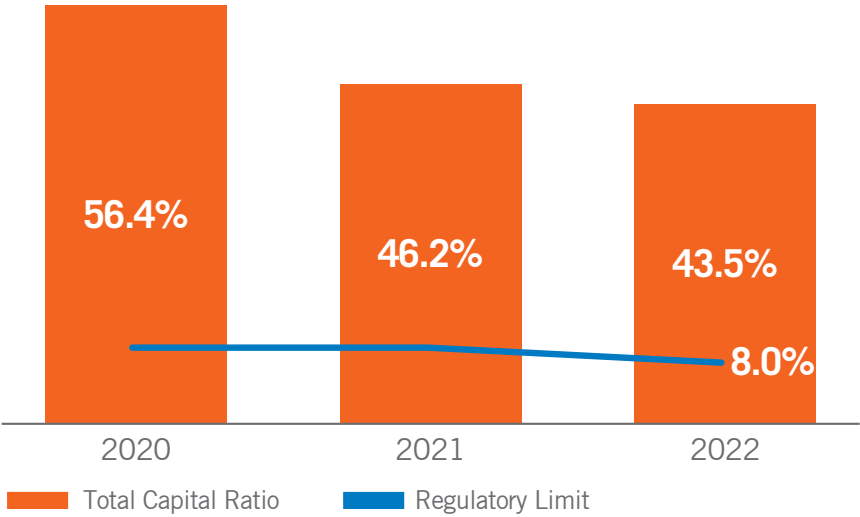
AOAM	Dec-21	Dec-22	Δ%
Equity			
Share capital	15 000.0	15 000.0	0%
Other Reserves and Retained Earnings	250 598.4	328 834.3	31.2%
Net Profit for the Year on an Individual Basis	156 471.7	140 455.2	-10.2%
Total Equity	422 070.2	484 289.5	14.7%

In FY2022, Total Equity and Equivalent Capital recorded a positive performance with a growth of +14.7% YoY, amounting to AOA 484 289.5 million. This positive variation was mainly driven by a +31.2% surge in “Reserves and Retained Earnings”, which totalled AOA 328 834.3 million.



Total Capital Ratio

The Total Capital Ratio, calculated in accordance with the regulations in force issued by the National Bank of Angola (BNA), stood at 43.5% at the end of FY2022. This figure remains well above the 8% minimum Regulatory Capital required by the National Bank of Angola, which attests to BFA's high levels of financial strength and autonomy (with 17.9% of its Total Assets portfolio equity-funded), notwithstanding the 2.7% decrease in Total Capital Ratio YoY.



Overall, the breakdown of BFA's Balance Sheet for 2022 highlights the continuation of a sound liquidity strategy which, in alignment with the Bank's policy, enables the financial institution to finance 93.2% of the Total Asset portfolio through the combination of Deposits from Customers and other Loans and Equity.

## Income Statement

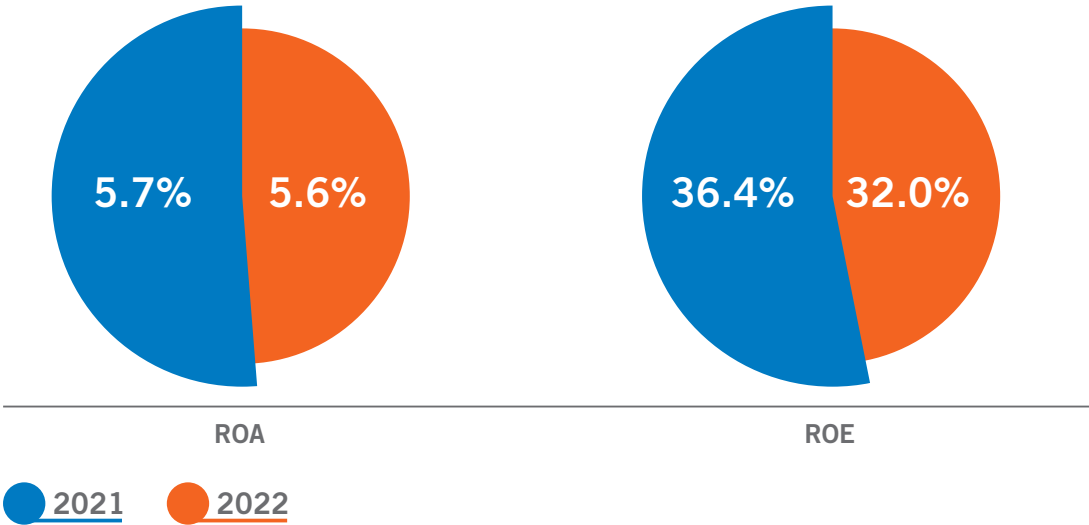
In FY2022, BFA’s Net Profit amounted to AOA 140 455.2 million, which corresponds to a decrease of 10.2% YoY (- AOA 16 016.5 million). This decline was mainly attributed to the impact of increased Provisions and Impairments, resulting from the reversal in securities impairments which took place in FY2021.

AOAM	Dec-21	Dec-22	Δ%
Net Financial Income	199 412.1	216 176.1	8.4%
Non-Interest Income	41 968.2	52 879.9	26%
Operating Income	241 380.3	269 056.0	11.5%
Staff Costs	58 125.3	63 216.8	8.8%
Third-Party Supplies and Services	35 357.5	27 700.8	-21.7%
Depreciation and Amortisation Costs for the year	7 732.3	11 425.8	47.8%
Provisions and Impairments	- 24 405.3	6 560.8	126.9%
Profit Before Taxes	164 570.5	160 151.8	-2.7%
Income Taxes	- 8 098.7	- 19 696.6	- 143.2%
Net Profit for the Financial Year	156 471.7	140 455.2	-10.2%

The financial performance in the FY2022 was primarily determined by the following key drivers: Operating Income growth of +11.5%, as a result of an +8.4% increase in Net Financial Income and a +26% rise in Non-Interest Income. As the reversal concerning impairment losses recorded in FY2021 did not take place in FY2022, the value of Provisions and Impairments increased by 126.9% YoY, which is the primary reason why Net Profit decreased during the period under review.

Moreover, Overheads (Staff Costs, Third-Party Supplies and Services, Depreciation and Amortisation costs) increased by AOA 1 128.3 million (+1.1% YoY).

### Return-on-Assets and Return-on-Equity



Provisions and Impairments increased by 126.9%, totaling AOA +6 560.8 million, primarily due to the reversal of impairments on financial assets recorded in FY2022, as a result of the upward review of Angola’s rating.

In a nutshell, BFA continued to generate value for its Customers, Shareholders, Staff Members, and other Stakeholders in FY2022, highlighted through the achievement of a Return-on-Equity ratio (ROE) of +32% and a Return-on-Assets ratio (ROA) of +5.6%.

## Net Financial Income Development

BFA's Net Financial Income in FY2022 amounted to AOA 216 176.1 million, which represents an increase of AOA 16 764.0 million YoY and a positive change of +8.4%.

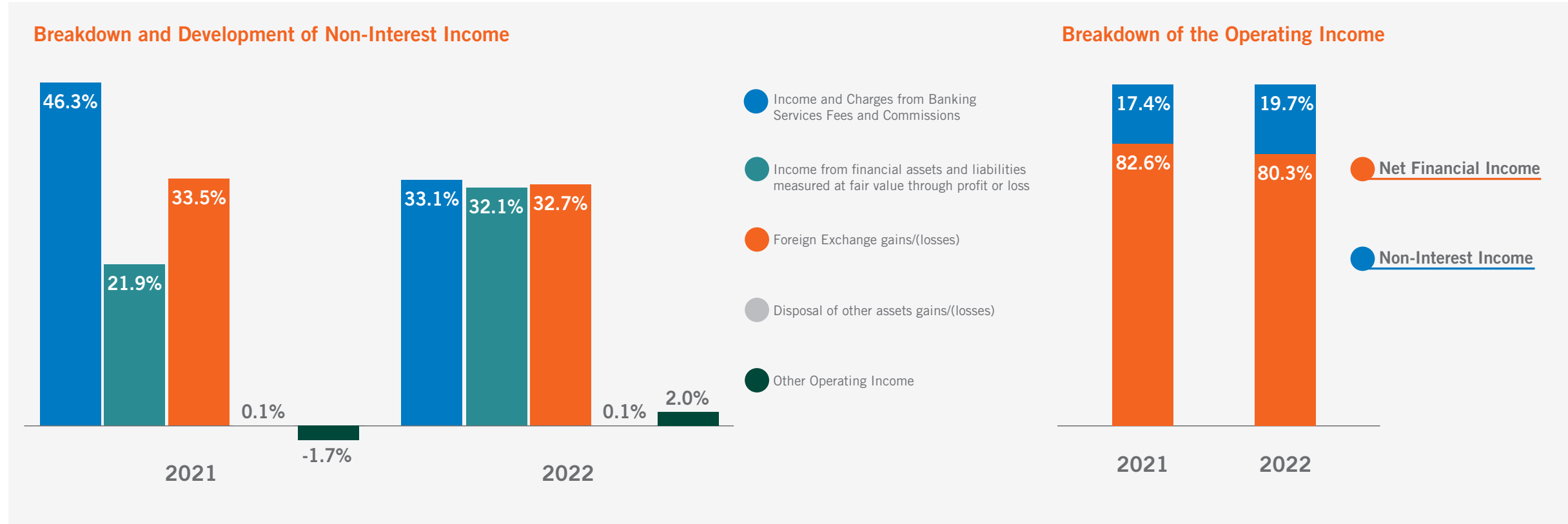
AOAM	Dez-21	Dez-22	Δ%
Interest and similar income	243 010.8	267 676.1	10.1%
Income from Short-term Investments	7 546.9	29 468.4	290.5%
Income from Securities	185 632.4	179 645.9	-3.2%
Income from Loans and Advances to Customers	49 831.4	58 561.8	17.5%
Interest and Similar Charges	43 598.7	51 499.9	18.1%
Deposit Costs	42 171.8	50 167.8	19%
Other Costs	1 426.9	1 332.2	-6.6%
Net Financial Income	199 412.1	216 176.1	8.4%

The growth in Net Financial Income was mainly driven by the increase in Income from Short-Term Investments (in particular through Reverse Repurchase Agreements) and Income from Loans and Advances to Customers, which grew by +290.5% and +17.5%, respectively. On the expenditure side, there was an +18.1% increase in Interest and Similar Charges, as a result of a +19% actual growth in the Deposit Costs heading, which rose to AOA 50 167.8 million.

## Non-Interest Income Development

AOAM	Dez-21	Dez-22	Δ%
Income and Charges from Banking Services Fees and Commissions	19 419.6	17 495.6	-9.9%
Income from financial assets and liabilities measured at fair value through profit or loss	9 201.8	16 956.5	84.3%
Foreign Exchange gains/(losses)	14 039.2	17 286.8	23.1%
Disposal of other assets gains/(losses)	28.2	74.0	162.8%
Other Operating Income	-720.6	1 066.9	-248.1%
Non-Interest Income	41 968.2	52 879.9	26%





BFA’s Non-Interest Income stood at AOA 52 879.9 million in FY 2022, representing an increase of AOA 10 911.7 million (+26%) YoY. It is worth highlighting that this positive change was mainly driven by the increase in the headings of Income from Financial Assets and Liabilities measured at Fair Value through Profit and Loss by 84.3% (+7 754.7 million kwanzas) and a 23% increase in Foreign Exchange Gains/(loses), as a result of the increase in gains from the appreciation of the Financial Assets portfolio measured at Fair Value.

Non-Interest Income accounted for 19.7% of the Operating Income in FY2022, up +2.3% YoY in terms of its contribution to the Bank’s revenues.

## Breakdown of Income from Banking Services Fees and Commissions

AOAM	Dec-21	Dec-22	Δ%
<b>Net Operating Commissions</b>	<b>10 391.3</b>	<b>11 696.1</b>	<b>12.6%</b>
Bank Guarantees	782.6	964.6	23.3%
Loan Portfolio	1 487.2	2 210.6	48.6%
Inter-Bank Transfers in Foreign Currency (FC)	81.6	73.7	-9.6%
Inter-Bank Transfers in National Currency (NC)	861.8	1 107.1	28.5%
Withdrawals in Foreign Currency (FC)	367.5	623.5	69.6%
Withdrawals in National Currency (NC)	1 240.5	859.6	-30.7%
Securities Commissions & Fees	3 562.0	3 402.7	-4.5%
Other Commissions	2 008.3	2 454.4	22.2%
<b>Net Foreign Commissions</b>	<b>6 180.6</b>	<b>5 085.5</b>	<b>-17.7%</b>
<b>Net Card Commissions</b>	<b>6 724.3</b>	<b>7 957.7</b>	<b>18.3%</b>
<b>Other Net Commissions</b>	<b>4 665.6</b>	<b>2 470.4</b>	<b>-47.1%</b>
<b>Total Net Commissions</b>	<b>27 961.8</b>	<b>27 209.8</b>	<b>-2.7%</b>

Notwithstanding the fact that Net Card Fees grew by +18.3% YoY, Total Net Commissions fell by -2.7% in 2022, mainly as a result of the negative variations in Net Foreign Commissions (-17.7%) and Other Net Commissions (-47.1%). Additionally, the Bank recorded a +12.6% growth in Net Operating Commissions, with higher growth in the most significant headings, as follows: the Loan Portfolio rose +48.6% and Intra-Bank Transfers in Local Currency rose +28.5%.

## Overheads Development

AOAM	Dec-21	Dec-22	Δ%
Staff Costs (I)	58 125.3	63 216.77	8.8%
Third-Party Supplies and Services (II)	35 357.5	27 700.8	-21.7%
Depreciation and Amortisation Costs (III)	7 732.3	11 425.76	47.8%
Overheads (I + II + III)	101 215.1	102 343.3	1.1%
<b>Cost-to-Income Ratio</b>	<b>41.9%</b>	<b>38.0%</b>	<b>-3.9 p.p.</b>

In FY2022, Overheads recorded an increase of approximately +1.1% YoY (+AOA 1 128.3 million).

Staff costs consolidated their overall positioning as the subheading with the greatest weight in the Overheads development, recording a rise of +8.8% YoY.

Furthermore, BFA reported a decrease in the Cost-to-Income Ratio, which fell from 41.9% in 2021 to 38%, as a result of a stronger rise in Operating Income in comparison to Overheads.

During FY2022, the financial institution proceeded with the fulfilment of its current financial and fiscal commitments. Deferred tax assets associated to tax losses or temporary differences were not booked, as it is understood that the requirements for their recognition are not proven according to international accounting standards.

## Proposal for the Appropriation of Profits

Whereas in FY2022, Banco de Fomento Angola, S.A. achieved a Net Profit of AOA **140 455.22** million (one hundred and forty million, four hundred and fifty-five thousand and two hundred and twenty), BFA's Board Management proposes that the appropriation of profits be allocated as follows:

**AOA 22 383.52 Million**, for **Free Reserves**, an amount equivalent to 15.94% of the Net Profit achieved;

**AOA 70 227.61 Million**, for **Dividends**, an amount equivalent to 50% of the Net Profit achieved;

**AOA 47 844.10 Million**, for **Legal Reserves**, an amount equivalent to 34.06% of the Net Profit achieved.





# 6

## Notes and Financial Statements

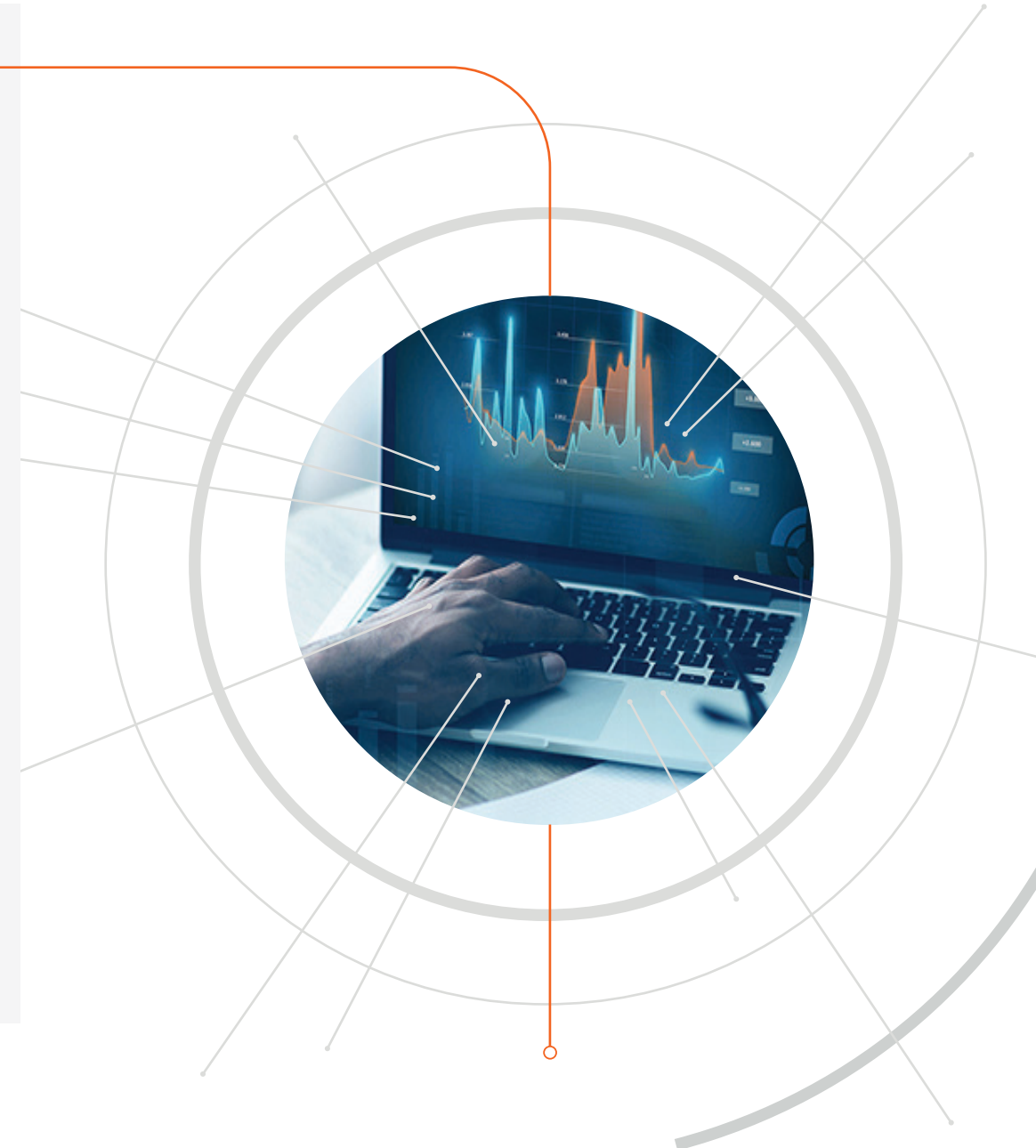
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## Financial Statements

### STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022 AND 2021

AOAM	Notes	2022/12/31	2021/12/31
Interest and similar income	20	267 676 078	243 010 765
Interest and similar expense	20	(51 499 949)	(43 598 651)
<b>Net interest income</b>		<b>216 176 129</b>	<b>199 412 114</b>
Fee and commission income	21	30 908 056	26 799 794
Fee and commission expense	21	(13 412 412)	(7 380 177)
Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss	7	16 956 513	9 201 783
Foreign exchange gains/(losses)	22	17 286 782	14 039 151
Net gains/(losses) on sale of other assets	23	74 012	28 163
Other operating income/(expense)	24	1 066 907	(720 557)
<b>Net operating income</b>		<b>269 055 987</b>	<b>241 380 271</b>
Staff costs	25	(63 216 766)	(58 125 349)
External supplies and services	26	(27 700 826)	(35 357 473)
Depreciation and amortisation for the period	12	(11 425 755)	(7 732 253)
Provisions net of reversals	17	(6 904 619)	(11 255 812)
Impairment of loans and advances to customers net of reversals and recoveries	17	(2 107 343)	(5 605 936)
Impairment of other financial assets net of reversals and recoveries	17	2 516 127	41 445 923
Impairment of other assets net of reversals and recoveries	17	(65 014)	(178 913)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>160 151 791</b>	<b>164 570 458</b>
Income tax			
Current	13	(19 696 571)	(6 524 720)
Deferred	13	-	(1 574 006)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>140 455 220</b>	<b>156 471 732</b>
<b>INCOME RECOGNISED DIRECTLY IN EQUITY</b>		<b>-</b>	<b>-</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>140 455 220</b>	<b>156 471 732</b>
Average number of ordinary shares issued	19	15 000 000	15 000 000
Basic earnings per share (in Kwanzas)	19	9.364	10.431
Diluted earnings per share (in Kwanzas)	19	9.364	10.431



BALANCE SHEET AS AT 31 DECEMBER 2022 AND 2021

AOAM	Notes	2022/12/31	2021/12/31
ASSETS			
Cash and deposits at central banks	4	426 304 724	423 459 380
Loans and advances to credit institutions	5	24 122 059	23 205 063
Other loans and advances to central banks and credit institutions	6	726 047 113	556 325 569
Financial assets at fair value through profit or loss	7	104 831 308	94 984 791
Investments at amortised cost	8	948 367 608	1 127 786 175
Loans and advances to customers	9	417 425 564	352 959 464
Non-current assets held for sale	10	-	92 481
Investments in subsidiaries, associates and joint ventures	11	1 117 215	50 375
Property, plant and equipment	12	36 684 977	33 965 823
Intangible assets	12	8 119 685	1 749 527
Current tax assets	13	145 408	67 985
Deferred tax assets	13	-	-
Other assets	14	15 739 173	17 628 687
Total Assets		2 708 904 834	2 632 275 320

AOAM	Notes	2022/12/31	2021/12/31
LIABILITIES AND EQUITY			
Deposits from central banks and other credit institutions	15	3 696 642	1 854 002
Deposits from customers and other loans	16	2 040 285 204	2 005 319 496
Financial liabilities at fair value through profit or loss	7	545 524	1 023 025
Provisions	17	51 578 164	48 970 649
Current tax liabilities	13	10 984 876	1 978 802
Lease liabilities	18	4 622 610	6 185 862
Other liabilities	18	112 902 282	144 873 306
Total Liabilities		2 224 615 302	2 210 205 142
Share capital	19	15 000 000	15 000 000
Other reserves and retained earnings	19	328 834 312	250 598 446
Net profit/(loss) for the period	19	140 455 220	156 471 732
Total Equity		484 289 532	422 070 178
Total Liabilities and Equity		2 708 904 834	2 632 275 320



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

AOAM	Notes	Share capital	Other reserves and retained earnings	Profit/(loss) for the period	Total
Balance on 1 January 2021		15 000 000	393 128 726	89 848 596	497 977 322
Appropriation of the 2020 net profit:					
Reserve requirement	19	-	17 969 720	(17 969 720)	-
Distribution of dividends	19	-	-	(71 878 876)	(71 878 876)
Distribution of extraordinary dividends	19	-	(160 500 000)		(160 500 000)
Net profit/(loss) for the period	19	-	-	156 471 732	156 471 732
Balance on 31 December 2021		15 000 000	250 598 446	156 471 732	422 070 178
Appropriation of the 2021 net profit:					
Reserve requirement	19	-	78 235 866	(78 235 866)	-
Distribution of dividends	19	-	-	(78 235 866)	(78 235 866)
Net profit/(loss) for the period	19	-	-	140 455 220	140 455 220
Balance on 31 December 2022		15 000 000	328 834 312	140 455 220	484 289 532

STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2022 AND 2021

AOAM	Notes	2022/12/31	2021/12/31
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest, commissions and other similar income received	20 and 21	291 731 998	279 719 230
Interest, commissions and other similar income paid	20 and 21	(59 122 370)	(52 131 781)
Payments to employees and suppliers	25 and 26	(87 425 215)	(87 808 679)
Payments and contributions to pension funds and other benefits		(3 492 376)	(3 366 238)
Recovery of written-off loans	24	331 428	859 827
Other income/(expense) received/(paid)	7, 23 and 24	30 561 912	32 550 614
<b>Cash flows before change in operating assets and liabilities</b>		<b>172 585 377</b>	<b>169 822 973</b>
Increases(decreases) in operating assets:			
Other loans and advances to central banks and credit institutions	6	(165 041 112)	95 018 059
Financial assets at fair value through profit or loss	7	(5 687 106)	292 119 642
Financial investments at amortised cost	8	196 993 487	(165 759 168)
Loans and advances to customers	9	(63 561 868)	(18 512 352)
Non-current assets held for sale	10	-	-
Other assets	14	1 205 672	(1 975 555)
<b>Net cash flows from operating assets</b>		<b>(36 090 927)</b>	<b>200 890 627</b>
Increases/(decreases) in operating liabilities			
Deposits from central banks and other credit institutions	15	1 842 640	(2 234 297)
Deposits from customers and other loans	16	29 175 716	(248 036 164)
Other liabilities	18	2 026 825	(12 374 656)
<b>Net cash flows from operating liabilities</b>		<b>33 045 181</b>	<b>(262 645 117)</b>

AOAM	Notes	2022/12/31	2021/12/31
Net cash from operating activities before income taxes		<b>169 539 631</b>	<b>108 068 482</b>
Income and capital taxes paid	13, 14 and 18	(10 301 392)	(12 136 534)
<b>Net cash from operating activities</b>		<b>159 238 239</b>	<b>95 931 948</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment, net of disposals	12	(10 427 696)	(10 460 537)
Acquisition of intangible asset, net of disposals	12	(9 671 470)	(2 065 105)
<b>Net cash from investing activities</b>		<b>(20 099 166)</b>	<b>(12 525 642)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution of dividends	19	(126 385 866)	(136 078 876)
<b>Net cash from financing activities</b>		<b>(126 385 866)</b>	<b>(136 078 876)</b>
<b>Change in cash and cash equivalents</b>		<b>12 753 207</b>	<b>(52 672 570)</b>
Cash and cash equivalents at the beginning of the period	4 and 5	446 672 013	500 512 176
Effects of changes in foreign exchange rates on cash and cash equivalents		(8 994 993)	(1 167 593)
<b>Cash and cash equivalents at the end of the period</b>	<b>4 and 5</b>	<b>450 430 227</b>	<b>446 672 013</b>

# Notes to the Financial Statements

## 1. INTRODUCTION

Banco de Fomento Angola, S.A. (hereinafter also referred to as “Bank” or “BFA”) was incorporated by Public Deed of 26 August 2002, following the transformation of the Angolan Branch of Banco BPI, S.A. into a bank under local law, and is fully owned by BPI.

In 2008, BPI sold 49.9% of its stake in the Bank to Unitel.

As indicated in Note 19, on 5 January 2017, pursuant to the share purchase and sale agreement entered into in 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of BFA’s share capital was completed. Thus, on 31 December 2022 and 31 December 2021, BFA was majority held by Unitel, S.A., with a stake of 51.9%.

The Bank is engaged in obtaining funds from third parties in the form of deposits or other funds, which it invests, together with its own funds, in the granting of loans, deposits in the Banco Nacional de Angola, investments in credit institutions (hereinafter also “banks”) and acquisition of securities or other assets, for which it is duly authorised. It also provides other banking services and performs various types of operations in foreign currency, having for this purpose, as at 31 December 2022, a national network of 160 branches, 11 customer service centres, 7 investment centres, 11 corporate centres and 1 Private Banking centre.

## 2. BASIS OF PRESENTATION AND SUMMARY OF MAIN ACCOUNTING POLICIES

### 2.1 Basis of presentation

The Bank’s financial statements have been prepared on the going concern assumption and in accordance with International Financial Reporting Standards (“IFRS”), pursuant to Notice No. 5/2019, of 30 August, of the Banco Nacional de Angola. IFRS includes accounting standards, issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”), effective from 1 January 2022.

The financial statements now presented refer to the period ended 31 December 2022.

The accounting policies used by the Bank in preparing its financial statements for the period ended 31 December 2022 are consistent with those used on 31 December 2021.

The Bank’s financial statements are stated in thousands of Kwanzas, rounded to the nearest thousand, with assets and liabilities denominated in other currencies being converted into national currency, based on the average indicative exchange rate published by the Banco Nacional de Angola on each reference date.

The financial statements were prepared in accordance with the historical cost principle, modified by the application of the fair value to derivative financial instruments and financial assets and liabilities recognised at fair value through profit or loss.

The preparation of the financial statements in accordance with IAS/IFRS requires the Bank to make judgments and estimates and uses assumptions that affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Changes or differences between such assumptions and reality may have impacts on the actual estimates and judgments. The areas involving a higher degree of judgment or complexity, or areas where significant assumptions and estimates are made in preparing the financial statements are discussed in Note 3.

The financial statements for the year ended 31 December 2022 were approved at a meeting of the Bank’s Board of Directors on 16 March 2023 and will be submitted to the General Meeting which has the power to amend them. However, it is the belief of the Bank’s Board of Directors that these will be approved without significant amendments.

The recently issued accounting standards and interpretations that have not yet come into force and that the Bank has not yet applied in the preparation of its financial statements can be analysed in Note 31.

Notwithstanding the investment of 99.9% held by the Bank in its subsidiary BFA Gestão de Activos (see Note 11), which started its activity in financial year 2017, in light of the basic principles and conceptual structure of the IFRS, the Bank considers that it is not relevant to prepare consolidated financial statements as at 31 December 2022, considering, namely, (i) the reduced activity carried out by this company since its incorporation and (ii) the reduced impact that would result from the consolidation of its financial statements, after consolidation adjustments, on the financial statements of BFA as at that date. Additionally, the Bank holds an investment in two entities, BFA - Capital Markets and BFA - Fundo de Pensões SGFP, S.A., both incorporated in 2022, however, still without activity as at 31 December 2022. Therefore, the Bank considers that, on this date, the preparation of consolidated financial statements is not relevant.

2.2 Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency (kwanza) at the exchange rate prevailing on the transaction date.

Foreign currency transactions are recorded in accordance with the principles of the “multi-currency” system, with each transaction being recorded according to the respective denomination currencies. Assets and liabilities stated in foreign currency are converted to Kwanzas at the average exchange rate published

by the Banco Nacional de Angola as at the balance sheet date. Expenses and income related to exchange differences, realized or unrealized, are recorded in the income statement for the period in which they occur. The “forward foreign exchange position” transactions relate to foreign exchange forward contracts, and the related income and expenses are recorded under the caption “Net gains/(losses) on financial assets and liabilities at fair value through profit or loss” in the income statement.

As at 31 December 2022 and 2021, the exchange rates of the Kwanza (AOA) against the United States Dollar (USD) and the Euro (EUR) were as follows:

	2022/12/31	2021/12/31
1 USD	503.691	554.981
1 EUR	537.438	629.015

Forward foreign exchange position

The forward foreign exchange position corresponds to the net balance of forward transactions awaiting settlement. All contracts related to these operations are revalued at market forward exchange rates.

The difference between the equivalents in Kwanzas at the forward revaluation rates applied, and the equivalents at the contracted

rates, is recorded in the asset or liability caption, against income or expenses, respectively.

2.3 Financial instruments

2.3.1 Classification of financial assets

In accordance with IFRS 9 - “Financial Instruments”, financial assets can be classified into three categories with different measurement criteria:

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

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

Business model

The business models foreseen in the standard are as follows:

- Business model whose objective is achieved by holding the asset to maturity to collect the contractual cash flows from it (Held to collect);
- Business model whose objective is achieved both by collecting the contractual cash flows from the asset and selling it (Held to collect and sell); and
- Other business models (e.g., trading).

Evaluation of the business model

The business model reflects the way the Bank manages its assets from a cash-flow generation point of view. Thus, it is important to understand whether the objective of the Bank is only to receive the contractual cash flows from the assets or whether it intends to receive the contractual cash flows and the cash flows resulting from the sale of the assets. If none of these situations are applicable (e.g., financial assets are held for trading), then the financial assets are classified as part of another business model and recognised at fair value through profit or loss.

The factors considered by the Bank in identifying the business model for a set of assets include experience with respect to the way (i) cash flows are received, (ii) asset performance is assessed and reported to management, (iii) risks are assessed and managed and (iv) directors are remunerated.

Financial assets at fair value through profit or loss are held essentially for the purpose of being sold in the short term, or to form part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These assets are classified under “other” business model and recognised at fair value through profit or loss.

The evaluation of the business model does not depend on the intentions for an individual instrument, but for a set of instruments,

and considers the frequency, the value, the sales calendar in previous financial years, the reasons for the referred sales and the expectations regarding future sales. Sales that are infrequent, or insignificant, or close to the maturity of the asset and those motivated by an increase in the credit risk of the financial assets, or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

If a financial asset contains a contractual clause that can modify the timing or the amount of the contractual cash flows (such as early amortisation or extension of term clauses), the Bank determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of that contractual clause, are solely payments of principal and interest on the principal amount outstanding.

In the event that a financial asset includes a periodic interest rate adjustment, but the frequency of such adjustment does not coincide with the benchmark interest rate (for example, the interest rate is adjusted every three months), the Bank assesses, at the time of the initial recognition, this inconsistency in the interest component to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Contractual conditions that, at the time of the initial recognition, have a minimal effect on cash flows or depend on the occurrence

of exceptional or highly unlikely events (such as redemption by the issuer) do not prevent their classification in portfolios at amortised cost or at fair value through other comprehensive income.

SPPI evaluation

When the business model involves holding assets in order to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell these assets, the Bank assesses whether the cash flows of the financial instrument correspond solely to the payments of principal and interest on the principal amount outstanding (the solely payments of principal and interest “SPPI” test). In this assessment, the Bank considers whether the contractual cash flows are consistent with a basic loan agreement, that is, the interest includes only considerations regarding the time value of money, credit risk and a profit margin that is consistent with a basic loan agreement. When the contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a basic loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

The financial assets with embedded derivatives are considered in their entirety, when determining whether the cash flows correspond only to payments of principal and interest on the principal outstanding (“SPPI” test).

**Financial liabilities at amortised cost**

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

- the financial asset is held in a business model whose main purpose is to hold the assets 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.

This category of “Financial assets at amortised cost” includes investments in credit institutions, loans and advances to customers and debt securities (Investments at amortised cost) managed based on a business model whose objective is to receive its contractual cash flows.

**Financial assets at fair value through other comprehensive income**

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

- the financial asset is held in a business model purpose is to hold the assets to collect its contractual cash and sale flows (HTC - Held to AND 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).

On initial recognition of an equity instrument that is not held for trading, the Bank may irrevocably assign it to this category. This designation is made on a case-by-case, investment-by-investment basis and is only available for financial instruments that meet the definition of equity instruments under IAS 32, and may not be used for financial instruments classified as equity instruments at issuer level under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

Financial assets at fair value through other comprehensive income are initially recorded at fair value. Gains and losses relating to subsequent changes in fair value are reflected in a specific item of equity (“Reserves of financial assets at fair value through other comprehensive income”) 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. Additionally, they are subject, since their initial recognition, to the calculation of impairment losses (debt instruments only).

Interest income is calculated in accordance with the effective interest rate method and recognised in the income statement under the caption “Interest income and similar income”. Income from variable-income securities is recognised in the income statement caption “Income from equity instruments” on the date when it is attributed. In accordance with this criterion, prepaid dividends are recorded as income in the year the distribution is decided.

**Financial assets at fair value through profit or loss.**

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



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

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

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, as at fair value through profit or loss if the classification significantly eliminated the accounting mismatch that would otherwise exist (Fair Value Option).

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

Equity instruments

Equity instruments are instruments that meet the definition of capital from the issuer’s perspective, which means instruments that do not contain a contractual payment obligation and that evidence a residual interest in the issuer’s net assets. An example of equity instruments are ordinary shares.

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

2.3.2 Classification of financial liabilities

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

Financial liabilities are classified into the following categories:

i. Financial liabilities at amortised cost

Financial liabilities correspond essentially to Deposits from central banks and other credit institutions and Deposits from customers and other loans. These liabilities are initially measured at fair value, which normally corresponds to the consideration received, net of transaction costs, and are subsequently recorded at amortised cost, in accordance with the effective interest method.

ii. Financial liabilities held for trading

This category includes derivative financial instruments with a negative fair value.

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

The Bank designates, at initial recognition, certain financial liabilities at fair value through profit or loss (Fair Value Option) provided that at least one of the following requirements is met:

- the financial liabilities are managed, measured and analysed internally based on their fair value;

- derivative operations are contracted to hedge these assets or liabilities economically, thus ensuring consistency in the measurement of the assets or liabilities and the derivatives (accounting mismatch); and
- the financial liabilities contain embedded derivatives.

The subsequent measurement of financial liabilities is generally performed at amortised cost. There are some exceptions to this measurement basis, namely:

- Financial liabilities that are held for trading or when fair value option is applied - the subsequent measurement consists of fair value through profit or loss.
- Financial guarantees - the subsequent measurement consists of the higher of the corresponding expected credit losses and the amount of the initial fee received less the amounts already recognised as revenue in accordance with IFRS 15.

**2.3.3 Recognition and initial measurement of financial instruments**

At the time of their initial recognition, all financial instruments are recorded at their fair value. For financial instruments that are not recorded at fair value through profit or loss, fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognised in the income statement.

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

Financial assets are recognised in the balance sheet on the transaction date - the date on which the Bank commits to purchase the assets, unless there is a contractual stipulation or applicable legal figure that determines that the transfer of rights occurs later.

At initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity should recognise this difference as follows:

- When the fair value is evidenced by a quotation on an active market of an equivalent asset or liability (that is, level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognised as a gain or loss, and
- In the remaining cases, the difference is deferred, and the moment of initial recognition of the gain or loss is determined individually. This difference can then be (i) amortised over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognised through the liquidation of the asset or liability.

**2.3.4 Subsequent measurement of financial instruments**

After its initial recognition, the Bank measures its financial assets at (i) amortised cost, (ii) fair value through other comprehensive income, or (iii) fair value through profit or loss.

Amounts receivable from commercial operations that do not have a significant financing component and commercial loans and short-term debt instruments that are initially measured at the transaction price or by the principal outstanding, respectively, are valued at the aforementioned amount less impairment losses.

Immediately after initial recognition, an impairment is also recognised for expected credit losses (ECL), for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in results when the asset is originated.

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

2.3.5 Income and expenses of financial instruments

Income and expenses of financial instruments at amortised cost are recognised according to the following criteria:

- i. Interest is recorded in the income statement under “Interest income and similar income” and “Interest expenses and similar expenses”, using the effective interest rate of the transaction on the gross book value of the transaction (except for impaired assets where the interest is applied on the book value net of impairment) and the interest already recognised and unpaid relating to overdue loans for more than 90 days is reversed, being recognised only when received since it is considered that its recovery is remote, and recognised off balance sheet; and
- ii. The remaining changes in value will be recognised in the income statement as income, or costs, when the financial instrument is derecognised from the balance sheet under “Net gains/(losses) arising from investments at amortised cost”, when it is reclassified, and in the case of financial assets, when there are impairment losses or gains through recovery, which are recorded under “Impairment for loans and advances to customers net of reversals and recoveries”, in the case of loans and advances to customers or under “Impairment for other financial assets net of reversals and recoveries”, in the case of other financial assets.

In order to determine the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, without considering possible impairment losses. The calculation includes all fees paid or received considered as part of 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.

Treasury Bonds issued in national currency indexed to the exchange rate of the United States Dollar (hereinafter “US Dollar”) are subject to exchange rate adjustments. The result of the exchange rate adjustments is reflected in the income statement for the period in which it occurs. The result of the exchange rate adjustment of the nominal value of the security is reflected in the caption “Net gains/(losses) arising from foreign exchange differences” and the result of the exchange rate adjustment of the discount and accrued interest is reflected in the caption “Net interest income - Interest and similar income”.

Income and expenses from financial instruments at fair value through profit or loss are recognised according to the following criteria:

- i. Changes in fair value are recorded directly in the income statement, separating the portion attributable to the instrument’s income, which is recorded as interest or dividends according

to its nature under the captions “Interest and similar income” and “Income from equity instruments”, respectively, and the rest, which is recorded as results of financial operations under the caption “Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss”; and

- ii. Interest on debt instruments is recorded in the income statement under the caption “Interest and similar income” and is calculated using the effective interest rate method.

Income and expenses from financial assets at fair value through other comprehensive income are recognised according to the following criteria:

- i. Interest or, when applicable, dividends are recognised in the income statement under the caption “Interest and similar income” and “Income from equity instruments”, respectively. For the interest, the procedure is the same as for assets at amortised cost;
- ii. Foreign exchange differences are recognised in the income statement under the caption “Net gains/(losses) arising from foreign exchange differences”, in the case of monetary financial assets, and in other comprehensive income, in the case of non-monetary financial assets;

- iii. In the case of debt instruments, impairment losses or reversals are recognised in the income statement under the caption “Impairment losses on other financial assets, net of reversals and recoveries”; and
- iv. The remaining changes in value are recognised in other comprehensive income.

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

When a debt instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to the net profit/(loss) for the period. On the other hand, when an equity instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, remaining under a caption of reserves.

2.3.6 Reclassification between categories of financial instruments

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model

for managing financial assets. Financial assets are reclassified into other categories only if the business model used in their management is changed. In this case, all affected financial assets are reclassified. The reclassification is applied prospectively from the date of reclassification, and any previously recognised gains, losses (including those related to impairment) or interest are not restated. Financial assets, at the date of their reclassification, are measured at fair value.

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

The reclassification of financial liabilities is not allowed.

During the period, the Bank did not reclassify any financial instruments.

2.3.7 Fair value

In accordance with IFRS 13, financial instruments at fair value are measured according to the valuation levels described in Note 30.4.

2.3.8 Modification of loans and advances

The Bank occasionally renegotiates or modifies contractual cash flows from loans and advances to customers. In this situation,

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:

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

If the terms of the contract are significantly different, the Bank derecognises the original financial asset and recognises the new asset at fair value, calculating its new effective interest rate.

The renegotiation date is considered the initial recognition date for the purpose of calculating the impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognised financial asset is impaired at initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the payments originally agreed. Differences in the book value are recognised in the income statement as a derecognition gain or loss.

If the terms of the contract are not significantly different, the renegotiation, or modification, does not result in derecognition and the Bank recalculates the gross book value based on the revised cash flows of the financial asset and recognises a gain or loss from this modification in the income statement.

The new gross book value is recalculated discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for impaired financial assets, originated or acquired).

After the modification, the Bank can 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 accordance with the new terms of the contract for a period of twelve consecutive months.

Additionally, the Bank continues to monitor whether there has been a significant increase in the credit risk of these assets, applying specific models for modified assets.

### 2.3.9 Derecognition not resulting from a modification

Financial assets granted are derecognised when the associated cash flows are extinguished, collected or disposed of to third parties and (i) the Bank substantially transfers all risks and rewards of ownership of the asset, or (ii) the Bank neither transfers nor substantially holds all the risks and rewards of ownership of the asset and does not hold control over the asset. Gains and losses obtained from the definitive sale of loans and advances to customers are recorded in “Other operating results”. These gains or losses correspond to the difference between the sales value set and the book value of those assets, net of impairment losses.

The Bank participates in transactions in which it has the contractual right to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks and rewards. These transactions result in the derecognition of the asset if the Bank:

- Has no obligation to make payments unless it receives equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and

- Is obliged to remit any cash flow it receives from the assets without material delays.

The guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities lending and borrowing operations are not derecognised because the Bank holds substantially all the risks and rewards based on the pre-established repurchase price, and therefore the derecognition criteria are not met (see Note 2.4).

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

### 2.3.10 Write-off policy

The Bank writes off financial assets, in part or in whole, when it concludes that there is no reasonable expectation of collection. The indicators that demonstrate that there is no reasonable expectation of collection are (i) the shutdown of the activity and (ii) the cases in which the recovery depends on the collection of a collateral, but in which the value of the collateral is so low that there is no reasonable expectation of fully recovering the asset.

The rules implemented for the selection of loans that may be written off from assets are as follows:

- The loans cannot be under a risk-sharing protocol;

- The loans must be past due for more than 210 days; and
- The loans cannot be marked as overdue renegotiated loans or be part of an active payment agreement.

2.3.11 Impairment of financial assets

The Bank determines impairment losses for debt instruments that are measured at amortised cost and at fair value through other comprehensive income, as well as for other exposures that have an associated credit risk such as bank guarantees and commitments assumed.

The requirements of IFRS 9 aim to recognize expected losses from operations, assessed on an individual or collective basis, considering all reasonable, reliable, and duly substantiated information that is available, including information from a forward-looking perspective.

Impairment losses on debt instruments that are measured at amortised cost are recognised against an accumulated impairment caption in the balance sheet, which reduces the book value of the asset, while impairment of assets measured at fair value through other comprehensive income is recognised against other comprehensive income.

Impairment losses arising from the granting of loans and advances to customers are recognised in the income statement under the caption “Impairment losses on loans and advances to customers, net of reversals and recoveries” and those of the remaining financial assets under the caption “Impairment losses on other financial assets, net of reversals and recoveries”.

Impairment losses on exposures that have an associated credit risk and that are not positions recorded in assets are recorded as a provision under “Provisions” in liabilities, in the balance sheet. Charges for the period and reversals are recorded under the caption “Provisions, net of reversals” in the income statement.

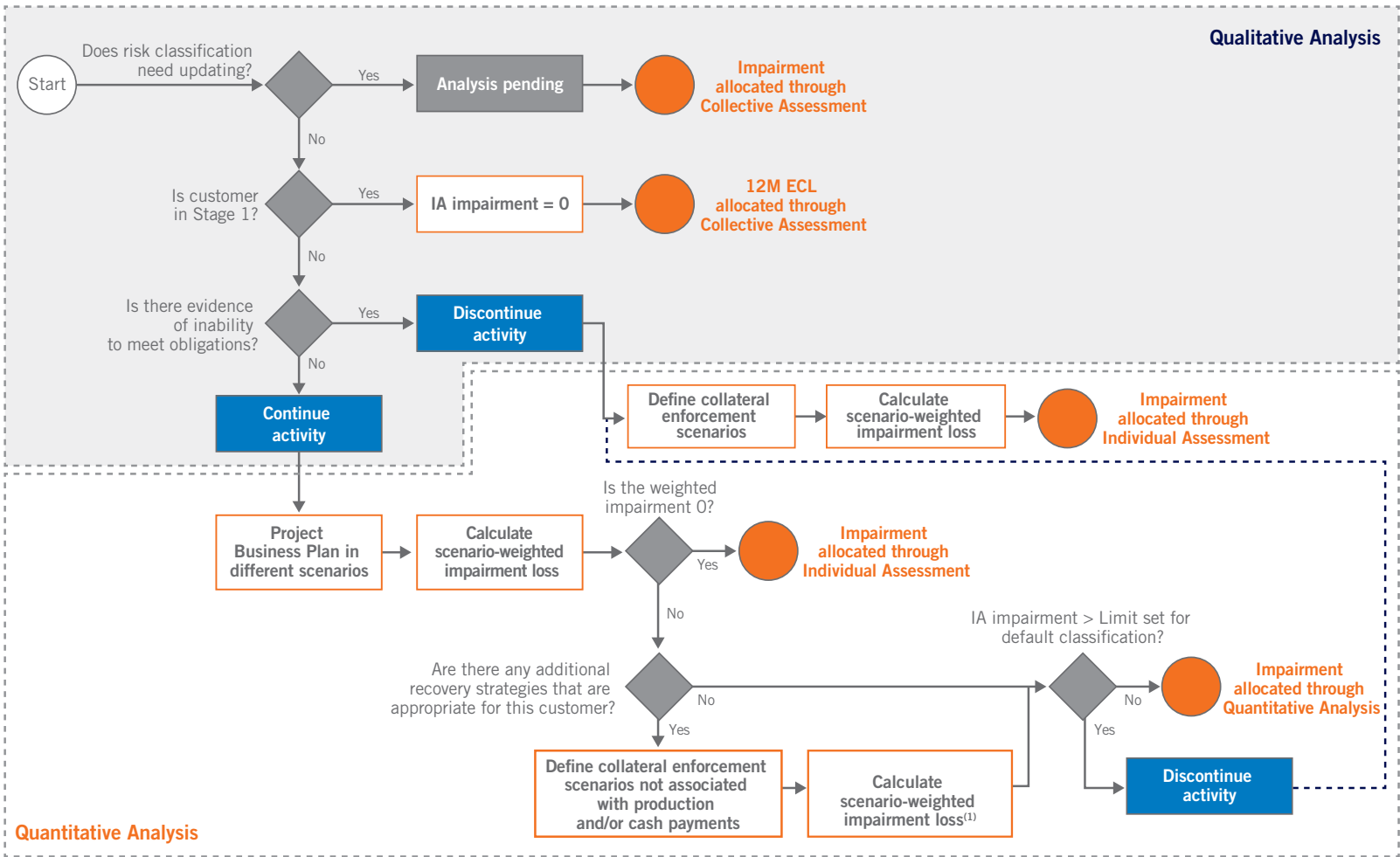
Impairment model of loans and advances to customers

The methodology adopted by the Bank foresees, in a first stage, the identification of Economic Groups (and private customers, hereinafter “individuals”) considered as individually significant. These are analysed individually and the remainder collectively, according to homogeneous risk groups. The following criteria for selecting Groups (and individuals) that are individually significant are considered:

- Customers/economic groups with no evidence of impairment with exposure higher than or equal to 0.1% of FPR;
- Customers/economic groups with signs of impairment with exposure greater than or equal to 0.02% of FPR; and
- Customers restructured due to financial difficulties with exposure above AOA 50 million.



The individual analysis process follows the following flow:



In the collective analysis methodology, the Bank groups customers into homogeneous risk segments, namely the following:

- Consumer credit
- Overdrafts
- Credit cards
- Car loans
- Mortgages
- Small and Medium Businesses - “Less significant exposures”
- Large businesses – “Significant exposures”
- Government
- Financial institutions

The amount of impairment losses is determined according to whether there is a significant deterioration of the risk since initial recognition, and whether a default event occurs. Consequently, it classifies financial instruments into three stages of impairment, as described below:

- Stage 1: Classification to be applied on initial recognition of the financial instruments or in the event of not meeting any of the classification criteria of the other impairment stages;
- Stage 2: Classification to be applied to financial instruments that show a significant increase in credit risk (SIRC) since their origin;

- Stage 3: All financial instruments that are in default according to the Bank’s internal definition and in line with Instruction No. 8/2019 will be classified under this stage.

The stage 2 criteria for classification are as follows:

Marking

- Product contracts other than overdrafts, with credit more than 30 days overdue
- Overdraft product contracts with credit more than 15 days overdue
- Customer with at least one credit operation restructured due to financial difficulties in the last 12 months
- Customers with an operation in litigation in the last 5 years
- Customers with bounced cheques and/or inhibited from using cheques according to the information available at CIRC (Angolan Centralised Credit Register)
- Customers with unauthorised overdrafts
- Customers with revolving operations (overdrafts, credit cards and secured accounts) above the formally contracted limit, or

revolving credit operations permanently used at, at least, 95% of the initially contracted limit in the last 12 months; and

- Credit with a material decrease in the value of the collateral (greater than 20%) when this results in a funding-collateral ratio greater than 80%;

For individually analysed customers the following additional criteria are considered:

- Customers with a credit operation in the financial system more than 90 days in arrears, capital or interest written off/ annulled or in a situation of litigation;
- Customers with authorised overdrafts above the limit formally contracted with the customers or revolving credit operations used on a permanent basis by at least 95% of the limit initially contracted in the last 12 months;
- Credit with a material decrease in the value of the collateral (greater than 20%) when this results in a funding-collateral ratio greater than 80%;
- Customer subject to Special Recovery Programs;
- Customers with overdue debts to the Tax Administration and/or Social Security;

- Bank pledges or expectation of insolvency or subject to a financial and/or operational recovery/reorganization process;
- Significant change in the Customer’s operating results (Companies), for customers subject to Individual Analysis.

Propagation

- Propagation of marking of default when the default exposure represents 20% of total customer exposure.

Applicable only to Stage 3 Customers, the default marking criteria, are as follows, provided they have (i) Absolute Materiality:  $\geq$  AOA 5 000 of overdue loans; (ii) Relative materiality: 1% Companies and 2.5% Individuals, of the Customer’s asset exposure.

Classification

- Contracts with overdue credit for more than 90 days;
- Restructured contracts with overdue credit for more than 30 days; and
- Restructurings with material loss or grace period of the principal or arising from contracts already at Stage 3.

For individually analysed customers the following additional criteria are considered:

- Customers in bankruptcy/insolvency or with expectation of bankruptcy/insolvency.

#### Propagation

- Propagation of marking of default when the default exposure represents 20% of total customer exposure.

#### Unmarking

- Contracts with overdue credit for more than 90 days: 12-month quarantine period (at least 6 months in Stage 3 and 6 months in Stage 2) with no default activation criteria; and
- Restructured credits: a quarantine period (at least 12 months) is applied with payment of principal and interest without overdue exposure for a period greater than 30 days.

In calculating collective impairment, the Bank considers the following credit risk parameters:

- a) Exposure: The exposure at default (EAD) is the estimated amount outstanding in the event of default. This component is relevant for financial instruments that have a variable amortisation structure depending on the Customer use (credit current accounts, credit cards, in general any revolving

product). The calculation of this estimate is based on the observation of historical data for debtors in respect of which default situations have been verified, relating the levels of use of the limits at the time of default with those in the previous 12 months. In this context, future levels of use are estimated according to the nature of the product, the current levels of use and the value of the cap.

- b) Probability of default (PD): the Bank applies a methodology for calculating the probability of default forecast for each borrower for the entire loan portfolio and for each risk segment. This parameter is used directly to calculate the ECL of operations in Stage 1 and 2 of impairment. Thus, for stage 1, the period of 12 months should be considered and, for stage 2, the residual maturity of the operation. For stage 1, the period of 12 months should be considered and, for stage 2, the residual maturity of the operation.
- c) Loss given default (LGD): is the percentage of debt that will not be recovered in the event of a customer default. The calculation of the LGD is performed based on historical internal information, considering the cash flows associated with the contracts from the time of default until their settlement or until the moment when there are no relevant recovery expectations. It is also included in the calculation of the estimates of the costs associated with the credit recovery processes.

The parameters considered for determining impairment are generally based on the internal historical experience of defaults and recoveries of the Bank. The parameters are reviewed and updated periodically to reflect the economic situation and to be always representative of the current economic context.

The models also incorporate prospects of future economic evolution (forward looking) to determine the expected loss considering the macroeconomic factors that are related to the probability of default and/or recoverability indicators of the Bank, namely:

- Real GDP
- Growth rate of non-oil GDP
- (Parallel) USD/AOA exchange rate - end of period
- Luanda Consumer Price Index
- Real Effective Exchange Rate (REER)

In the review processes, the necessary improvements will also be made as detected in the backtesting exercises.

Additionally, BFA updated the regressions, scenarios, and macroeconomic weightings in its impairment model. However, it is not possible to quantify the impact of the forward-looking adjustment via COVID-19 in isolation, since the Bank also made methodological and structural changes in the estimation of its risk parameters, namely at the level of the history considered, definition of default and segmentation.

Impairment model for other financial instruments (Deposits at other credit institutions and Investments at amortised cost)

The Bank classifies exposures into stages of impairment with regard to financial instruments measured at amortised cost.

**Stage 1** - Financial assets with no significant increase in credit risk since initial recognition

Assets that do not have a significant increase in credit risk since initial recognition are classified in Stage 1. The calculation of impairment losses for these exposures with a maturity of 12 months.

In assessing the existence of a significant increase in the credit risk for the financial asset portfolio, an increase of more than two notches is considered for a significant increase in the credit risk, in accordance with the information published by international rating agency Moody's.

**Stage 2** – Financial assets with significant increase in credit risk since initial recognition

Whenever the existence of a significant increase in the counterparty's credit risk is determined, the exposure is classified as Stage 2.

For these exposures, the Bank measures the impairment losses over the respective residual maturity.

**Stage 3** -Financial assets in default

This stage includes all financial instruments for which default events have been verified.

Impairment losses for debt instruments, investments and cash in other credit institutions were calculated based on the credit risk parameters (probability of default and loss in case of default) provided by Moody's international rating agency.

For the purposes of calculating impairment losses, the Bank also considers risk mitigation through the fair value of financial collateral and mortgage collateral.

## 2.4 Operations with repurchase or resale agreement

Securities sold with a repurchase agreement (repos) for a fixed price, or for a price which equals the sale price plus interest inherent to the term of the operation are not derecognized from the balance sheet and are revalued in accordance with the accounting policy of the category to which they belong. The corresponding liability is accounted for under “Loans and advances from customers” or “Loans and advances from credit institutions”, as appropriate. The difference between the sale price and the repurchase price is treated as interest and is deferred over the life of the agreement, using the effective interest rate method.

Securities purchased with a resale agreement (reverse repos) for a fixed price, or for a price that equals the purchase price plus interest inherent to the term of the operation, are not recognized in the balance sheet, the purchase price being recorded as loans to banks or customers, as appropriate. The difference between the purchase price and the resale price is treated as interest and is deferred over the life of the agreement, using the effective interest rate method. The amounts receivable is collateralized by the associated securities.

## 2.5 Financial instruments derivatives

The Bank can carry out derivative financial instrument operations, within the scope of its activity, to manage its own positions based on expectations of market developments or to meet the needs of its customers.

All derivative instruments are recorded on the trade date at fair value and changes in fair value are recognised in the income statement unless they qualify as cash flow hedges or net investments in foreign operating units. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value).

Derivative financial instruments are classified as hedging (provided that all designation conditions are met) or trading instruments, depending on their purpose.

## Hedging derivatives

The Bank had no hedging derivatives at the date of the first adoption of IFRS 9, however it took the decision to continue to apply as a policy, the accounting treatment of IAS 39 as permitted by IFRS 9.

The Bank designates derivatives and other financial instruments to hedge interest rate and foreign exchange risks, resulting from its business. Derivatives that do not qualify for hedge accounting are recorded as trading instruments.

Hedging derivatives are recorded at fair value and the gains or losses resulting from their remeasurement are recognised in accordance with the hedge accounting model adopted.

A hedging relationship exists when:

- at the beginning of the relationship there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and effectively determined to be highly effective over the financial reporting period; and

- in relation to the hedging of an anticipated transaction, the transaction is highly probable and presents an exposure to changes in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange changes arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognised in profit or loss for the period, as are the changes in the foreign exchange risk of the underlying monetary elements.

### i. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the asset, liability or group of assets and liabilities to be hedged in respect of the risk covered. If the hedging relationship no longer meets the requirements of hedge accounting, the derivative financial instrument is transferred to the trading category and the hedge accounting is subsequently discontinued (the adjustment made to the book value of a hedging instrument, for which the effective interest rate method is used, is amortised through profit or loss for the period until its maturity and recognised in Net interest income). If the hedged asset or liability corresponds to a fixed-income instrument, the accumulated gains or losses in respect of changes in the interest rate risk associated with the hedging item until the

date the hedging is discontinued, are amortised through profit or loss over the remaining period of the hedged item.

### ii. Cash flow hedges

Changes in the fair value of derivatives, which qualify as cash flow hedges, are recognised in equity - cash flow reserves - for the effective part of the hedging relationships. Changes in the fair value of the ineffective portion of hedging relationships are recognised in the income statement when they occur.

The amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects results.

When the hedging instrument is derecognised or when the hedging relationship no longer meets the hedge accounting requirements or is revoked, the hedging relationship is discontinued prospectively. Accordingly, changes in fair value accumulated in equity until the date the hedging is discontinued can be:

- deferred for the remaining period of the hedged instrument; and
- recognised immediately in profit or loss for the period if the hedged instrument has been extinguished.

In the case of the discontinuation of a hedging relationship of a future transaction, the changes in fair value of the derivative

recorded in equity remains there until the future transaction is recognised in the income statement. When the transaction is no longer expected to occur, the accumulated gains or losses recorded in equity are immediately recognised in the income statement.

As at 31 December 2022 and 31 December 2021, the Bank had no hedging derivatives.

Derivatives held for trading

Derivatives that are not considered in an accounting hedging relationship are considered as other financial instruments at fair value through profit or loss. When the fair value of the instruments is positive, they are presented under assets, when their fair value is negative, they are classified under liabilities, in both cases under financial assets or liabilities at fair value through profit or loss.

Embedded derivatives

There is an embedded derivative when a part of the financial instrument traded by the Bank trades contains a derivative and a non-derivative component. This component of the derivative is identified as an “embedded derivative”, while the rest of the contract is described as a “host contract”.

Derivatives embedded in financial instruments are separately accounted for whenever:

- the risks and economic benefits of the derivative are not related to those of the main instrument (host contract);
- a separate instrument with the same terms meets the definition of a derivative; and
- the hybrid instrument (as a whole) is not initially recognised at fair value through profit or loss.

Embedded derivatives are presented under the captions of financial assets or liabilities at fair value through profit or loss, being recorded at fair value with the changes being reflected in profit or loss. As at 31 December 2022, the Bank did not hold any embedded derivatives reflected in its financial statements.

2.6 Investments in subsidiaries, associates and joint ventures

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

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

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

The existence of significant influence on the part of the Bank is usually demonstrated by one, or more than one, of the following:

- representation on the Board of Directors or equivalent governing body;
- participation in policy-making processes, including participation in decisions on dividends or other distributions;
- material transactions between the Bank and the investee;
- exchange of management personnel; and
- provision of essential technical information.

Impairment

The recoverable amount of investments in subsidiaries and associates is assessed whenever there are signs of evidence of impairment. Impairment losses are calculated based on the



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

2.7 Equity instruments

A financial instrument is classified as an equity instrument when it meets the definition of equity from the issuer’s perspective, i.e., there is no contractual obligation for its settlement to be made by delivering cash or another financial asset to a third party, regardless of its legal form, evidencing a residual interest in the assets of the issuing entity after deducting all its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recorded against equity, as a deduction from the amount of the issue. The amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

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

2.8 Intangible assets and other tangible assets

Intangible assets are only recognised when: i) they are identifiable; ii) it is probable that they will generate future economic benefits and iii) their cost can be reliably measured.

The acquisition cost of intangible assets comprises: i) the purchase price, including costs with intellectual rights and fees and after deducting any discounts and ii) any cost directly attributable to the preparation of the asset for its intended use.

After the initial accounting, BFA measures its intangible assets according to the cost model.

Intangible assets, which correspond mainly to IT software, are recorded at acquisition costs, and are amortised on a straight-line basis over a three-year period.

Other tangible assets are recorded at cost of acquisition less accrued amortisation and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the goods.

The acquisition cost of other tangible fixed assets includes the purchase price of the asset, the expenses directly attributable to its acquisition and the costs incurred with the preparation of the asset, so that it is placed in its condition of use. Financial costs incurred with loans obtained for the construction of qualifying tangible fixed assets are recognised as part of the construction cost of the asset.

Land is not depreciated.

Depreciation is calculated on a straight-line basis, according to the useful life estimated by the Bank, which corresponds to the following years of useful life:

	Years of useful life
Real estate for own use (Buildings)	50
Improvements in leased buildings	10
Equipment:	
Furniture and material	10
IT equipment	3
Indoor facilities	10
Transport equipment	3 and 5
Machines and tools	6 and 7

As mentioned in Note 2.18, this caption includes right-of-use assets arising from lease agreements.

2.9 Non-current assets held for sale

Non-current assets are classified as non-current assets held for sale when their book value is intended to be realised mainly through a sale transaction rather than through their continued use in the Bank’s activities.

The value of assets received as payment in kind is initially recorded at the lower of the fair value net of selling costs and the book value of the loan at the date the payment in kind was made.

When the outstanding amount of the loan operation is greater than its book value (net of provisions), the difference must be recognised as income for the period, up to the value determined upon valuation of the assets. When the valuation of the assets is lower than the book value of the loan operation, the difference must be recognised as a cost for the period.

Assets recorded under this caption are not amortised and are valued at the lower of book value and fair value. The fair value of these assets is determined based on periodic valuations performed by independent valuers. Whenever the value resulting from these valuations (net of costs to sell) is lower than the book value, impairment losses are recorded under “Impairment of other assets, net of reversals and recoveries”.

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.

2.10 Impairment of non-financial assets

When there are signs that an asset may be impaired, IAS 36 requires that its recoverable amount is estimated, and an impairment loss shall be recognised whenever the net book value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement and are reversed in subsequent reporting periods when the reasons that led to their initial recognition cease. For this purpose, the new depreciated amount shall not exceed the book value that would be accounted, had no impairment losses been allocated to the asset, considering its depreciation.

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

On the date of the derecognition of property, plant and equipment, the gain or loss calculated by the difference between the fair value less costs to sell and the net book value is recognised in the income statement under the caption “Net gains/(losses) from the sale of other assets”.

2.11 Cash and cash equivalents

For the purposes of the cash flow statement, Cash and cash equivalents comprise balances with less than three months’ maturity from the balance sheet date, including “Cash and deposits at Central Banks” and “Deposits at other credit institutions” (Notes 4 and 5), and do not include impairment losses.

2.12 Dividends

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

2.13 Commissions

Income from services and commissions is recognised as revenue from customer agreements to the extent that the performance obligations are satisfied:

- when they are obtained as the services are rendered, their recognition in profit or loss is made in the period to which they relate; and
- when they result from the rendering of services, their recognition is made when that service is completed.

When they are an integral part of the effective interest rate of a financial instrument, the income resulting from services and commissions are recorded in net interest income.

2.14 Employee benefits

Short-term benefits are reflected under “Staff costs” in the period to which they relate, in accordance with the accrual accounting principle.

The Bank grants variable remuneration to its employees and directors as a result of their performance (performance bonus). The Executive Committee of the Board of Directors is responsible for establishing the respective allocation criteria for each employee,

and the Remuneration Committee is responsible for establishing the criteria at director level. 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 (Note 25).

BFA employees are covered by Law No. 7/04, of 15 October, which regulates the Social Security system of Angola, and provides for the provision of retirement pensions to all Angolan employees registered with the Social Security. The value of these pensions is calculated based on a table proportional to the number of years of work applied to the average monthly gross salary received in the periods immediately preceding the date the employee retires. According to Decree No. 38/08, of 9 June, the contribution rates to this system are 8% for the employer and 3% for the employees.

In accordance with Article No. 262 of Law No. 2/00, of 11 February (General Labour Law), BFA constituted provisions to cover responsibilities with “Retirement compensation”, which are determined by multiplying 25% of the basic monthly salary practiced on the date the employee reaches the statutory retirement age, by the number of years of seniority on that date.

On 15 September 2015, Law No. 7/15, of 15 June (New General Labour Law) came into force, revoking Law No. 2/00, of 11 February. The New General Labour Law does not refer to the need to set up provisions to cover the responsibilities related to “Retirement compensation”.

In addition, the Bank granted its employees contracted locally or their families the right to cash benefits for retirement due to old age, disability, and survival. Therefore, by resolution of the Board of Directors of the Bank, and with effect from 1 January 2005, a “Supplementary Pension Plan” was created, which was embodied in a defined contribution plan. This plan was initially constituted with part of the balance of the “Provision for Probable Responsibilities with Retirement Pension Funds”, consisting of contributions by BFA of a fixed percentage corresponding to 10% of the salary subject to discounts to the Social Security of Angola, applied on fourteen salaries.

In 2013, with reference to the last day of the year, the Bank constituted the “BFA Pension Fund” to cover these responsibilities, having, in financial year 2018, used the provisions previously established as an initial contribution to the BFA Pension Fund (see Note 25). The amounts corresponding to the rights acquired in the “Supplementary Pension Plan” were transferred to the current pension plan and converted into contributions by the participant. The return on the investments made, net of any taxes, is added to the amount of the contributions.

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 (Note 25).

Employment termination benefit

This type of benefit is recognised when the Bank terminates the employment contract before the employee reaches normal retirement date, or when an employee accepts the termination of employment in exchange for such benefit. The Bank recognises a liability for termination benefits on the earliest of the following dates: when the Bank is no longer able to withdraw the offer of benefits or when the Bank recognises the costs of a restructuring, within the scope of the recognition of restructuring provisions. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

2.15 Income tax and other taxes

The total income tax recorded in the income statement includes current and deferred taxes.

Current tax

Current tax is calculated based on the taxable income for the period, which differs from the accounting income due to adjustments to the tax base resulting from expenses or income not relevant for tax purposes, or which will only be considered in future periods according to the applicable tax laws (Industrial Tax Code).

Deferred tax

Deferred tax corresponds to the impact on tax recoverable/payable in future years resulting from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax base, used to determine taxable income. Deferred taxes are calculated based on the tax rate in force or substantially in force at the financial reporting date, and which is estimated to be applicable on the date of realisation of deferred tax assets or on the date of payment of deferred tax liabilities.

Deferred tax liabilities are normally recorded for all taxable temporary differences, whereas deferred tax assets are only recognised up to the amount by which it is probable that future taxable income will exist, to allow for the use of the corresponding deductible temporary differences or tax losses carried forward. Additionally, deferred tax assets are not recorded in cases where their recoverability may be questionable due to other situations, including issues of interpretation of the tax legislation in force.

Industrial Tax

As at 31 December 2022, the Bank is subject to an Industrial Tax under the terms of the General Tax System. The taxation of its income is carried out under the terms of Law No. 26/20, of 20 July (which revoked Law No. 19/14, of 22 October) and, currently, the applicable tax rate is 35%.

The income from public debt securities, resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, whose issue is regulated by the Framework Law of Direct Public Debt (Law No. 16/02, of 5 December) and by Regulatory Decrees No. 51/03 and 52/03, of 8 July, as well as the other income obtained by the Bank subject to Capital Gains Tax (IAC), are exempt from Industrial Tax, in accordance with the provisions of Article 47(1)(b) of the Industrial Tax Code, where it is expressly stated that for the determination of the taxable income, the income or gains subject to IAC must be deducted from the net income determined under the terms of the previous articles.

Furthermore, the referred Law, consecrated, among other changes, the eligibility of favorable and unfavorable realized exchange rate variations as fiscally accepted income and costs, respectively. On the other hand, provisions/impairments made on secured credit are no longer accepted as a cost, except for the part not covered.

In addition, the Industrial Tax is subject to provisional assessment in a single installment to be made by the end of August, calculated by applying a rate of 2% on the result derived from financial intermediation operations, ascertained in the first six months of the previous tax year, excluding income subject to capital gains tax (taxpayers who have presented losses in the previous year are exempt from the provisional assessment).

Tax returns are subject to review and correction by tax authorities for 5 (five) years, which may result in possible amendments to the taxable income for the years 2017 to 2021.

The recording of the tax impacts of the transactions carried out by the Bank corresponds to management's understanding of the tax treatment applicable under the legislation issued. In situations where the tax interpretation is questioned by the Tax Authorities (AGT), Management reassesses the probability (above or below 50%) that the adopted tax treatment will be accepted, and consequently determines the most likely or expected amount of tax assets or liabilities to be recorded.

### Capital Gains Tax (IAC)

The new IAC Code, approved by Presidential Legislative Decree No. 2/2014, of 20 October, came into force on 19 November 2014.

The IAC is generally levied on income from the Bank's financial investments. The rate varies between 5% (in the case of interest received on debt securities which are admitted to trading on a regulated market, and which have a maturity of three years or more) and 15%.

Notwithstanding the above, with respect to income from public debt securities, according to the understanding of the AGT and the Banco Nacional de Angola addressed to the Angolan Banks

Association ("Associação Angolana de Bancos") (letter from the Banco Nacional de Angola dated 26 September 2013), only income arising from securities issued on or after 1 January 2013 are subject to this tax.

This income from Treasury Bonds and Treasury Bills, issued by the Angolan State after 1 January 2013, is subject to IAC at the rate of 10% (5% in the case of debt securities admitted to trading on a regulated market and which have a maturity of three years or more).

On 1 August 2013, the automation process to withhold tax was initiated, by the BNA, in respect of IAC, in accordance with the provisions of Presidential Legislative Decree No. 5/11, of 30 December.

IAC is generally levied on the income from the securities identified above and is withheld by the Bank. For these reasons, the Bank considers that the conditions to consider IAC as an income tax under IFRS are fulfilled.

### Value Added Tax (VAT)

Law No. 7/19 introduced VAT, which has been in force since 1 October 2019, repealing the Consumption Tax Regulation (IC) and introducing relevant amendments to the Stamp Duty Code (IS).

Under the terms of the VAT Code approved by Law No. 7/19 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.

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

It should be noted that the VAT rate in force in Angola, applicable to transactions subject and not exempt from VAT, is 14%. Additionally, and in accordance with Article 21(2) of the VAT Code, commercial banks must withhold 50% of the tax included in the invoice or equivalent document issued by the taxpayer at the time of transfer of goods or rendering of services (except for the transfers of goods or services listed as excluded from this withholding tax). In this regard, the withholding of this tax must be made in the periodic VAT return for the month in which this tax becomes chargeable under the terms of Article 21(3) of the VAT Code (i.e., upon receipt of the respective invoice or equivalent document by the entities subject to the withholding VAT system).

However, Instruction no. 000003/DNP/DSIVA/AGT/2020, issued by the Angolan tax authorities, has clarified that transfers of goods to any withholding entities whose payment is made by debit in the account, except for the State, are exempt from withhold. Examples of these situations are transfers of goods within the scope of banking and financial operations in which the Institutions debit the customer's account, namely: (i) the transfer of goods subject to financial leasing agreements, to the respective lessee, when exercising the stipulated purchase option, as well as (ii) the sale of point-of-sale (POS) systems within the scope of the provision by institutions to their customers of payment card acceptance services.

According to Article 10(1) of the VAT Code, for the purposes of this tax, and as a rule, the rendering of services takes place within the national territory when the purchaser has domicile, head office or fixed establishment therein for which the services are acquired. In this context, Article 29(2) of the VAT Code, in conjunction with Article 2(1)(d) of the same tax compendium, provides for a reverse charge mechanism, whereby “whenever the purchaser is a taxable person, the tax is payable by that purchaser, in respect of services rendered within national territory, under Article 10 of the VAT Code, where the service provider is a non-resident taxable person and does not have a fixed establishment in national territory”, i.e., the purchaser, a VAT taxpayer in Angola, must (self)assess the Angolan VAT due on the rendering of services in Angola, when these are rendered by non-resident suppliers.

Moreover, considering 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.

Nevertheless, the Bank, as a taxable person subject to the general VAT system, may, under the terms of Article 27(2) of the VAT Code, adopt the actual allocation method regarding the VAT incurred on goods for sale. This method of deduction consists of the possibility of deducting all the tax incurred in the acquisition of goods in transactions which give rise to a right to deduct but excludes the possibility of deducting the tax incurred in transactions which do not give rise to this right, under the terms of Articles 22 and 24 of the VAT Code. The goods whose tax may be deducted according to the actual use method are subject to prior authorisation by the Tax Authorities. Additionally, Instruction no. 000003/DNP/DSIVA/AGT/2020, referred to below, established that financial institutions may adopt the actual allocation method to deduct the VAT incurred on the acquisition of goods and services “exclusively used” to carry out:

- I. Financial lease operations;

- II. Financial operations carried out by institutions without head office or permanent establishment in national territory (“correspondent banks”) for Angolan institutions;
- III. Operations covered by the provisions of Article 6(3) of the VAT Code, namely the re-invoicing of goods and/or services acquired by the institutions in their own name, but on behalf of third parties, to whom the respective goods and/or services are re-invoiced, with a view to obtaining a refund (cost recovery).

For the purposes of VAT deduction according to the mentioned method, financial institutions must prepare a letter addressed to the VAT Services Department (*Direcção dos Serviços do IVA*), requesting the amendment of the statement on the commencement of operations, as well as the respective compliance with the obligations foreseen in the VAT Code regarding the accounting record of the operations, in order to allow the control of the operations whose tax was deducted according to the actual allocation method.

Moreover, the Bank is also required to comply with the invoicing rules under the Legal Regime of Invoices and Equivalent Documents (“*Regime Jurídico das Facturas e Documentos Equivalentes*” - RJFDE), in force since April 2019. Within this scope, the economic agents with a turnover equal or superior to



Kwanzas equivalent to USD 250 thousand must issue the invoices or equivalent documents through a certified invoicing system.

The State Budget Laws for the 2021 and 2022 economic years also provide that 2.5% Value Added Tax will be withheld on receipts obtained from automatic payment terminals, relative to the transfer of goods and provision of services by taxpayers.

Property Tax

In accordance with the provisions of Law No. 20/20, published on 9 July, which approved the new Property Tax Code and revoked the previous law, the Bank withholds Property Tax at a rate of 15% (considering that the taxable amount of these properties corresponds only to 60% of the value of the rents received during the year, since the applicable tax rate is 25%), on the payment or delivery of rents on rented property, with the exception of land for construction, for which Property Tax will be due at a rate of 0.6% of the asset value.

Property Tax will be due on non-rented property in accordance with the following ranges:

- A rate of 0.1% on the asset value, applicable to real estate with an asset value below AOA 5 000 000;
- A fixed value of AOA 5 000 for properties with an asset value above AOA 5 000 000 and below AOA 6 000 000;

- A rate of 0.5% on the asset value exceeding AOA 5 000 000, applicable to real estate with an asset value above AOA 6 000 000.

In the transfer with or without consideration of property, the taxable amount corresponds to the asset value as stated in the land registry at the date of transfer, the value determined by evaluation, in the case of an omitted building, or the declared value, whichever is greater. The transfer of real estate assets is subject to property tax at the rate of 2%, the charge and liability for settlement of which should fall on the Bank whenever it acts as purchaser.

Other taxes

The Bank is also subject to indirect taxes, namely, customs duties, stamp duty, labor income tax, as well as other taxes.

2.16 Provisions and contingent assets and liabilities

Provisions

A provision is set up when there is a present obligation (legal or constructive) resulting from past events for which the future outflow of resources is probable and can be reliably determined. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability, at the balance

sheet date. Provisions are measured at the present value of the estimated costs to settle the obligation using a pre-tax interest rate, which reflects the market value, for the discount period and for the risk of the provision in question.

If the future expenditure of resources is not likely, it is a contingent liability, and is subject to the respective disclosure, in accordance with the requirements of IAS 37 - “Provisions, contingent liabilities and contingent assets”.

Provisions related to legal proceedings, opposing BFA to third parties, are constituted in accordance with internal risk assessments carried out by the Board of Directors, with the support and advice of its legal advisors.

Provisions for loan commitments and financial guarantees given are measured according to the impairment model implemented as described in Note 2.3.11.

Provisions are reviewed at each balance sheet 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.

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.

Contingent Assets

Contingent assets are not recognised in the financial statements, being disclosed when it is probable that there will be a future economic inflow of resources.

Contingent Liabilities

Contingent liabilities are not recognised in the financial statements, being framed under IAS 37, and disclosed whenever the possibility of an outflow of resources encompassing economic benefits is not remote. The Bank records a contingent liability when:

- i) it is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Bank’s control; or,
- ii) it is a present obligation that arises from past events, but is not recognised because:
  - a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or,
  - b) the amount of the obligation cannot be measured with sufficient reliability.

Identified contingent liabilities are subject to disclosure unless the possibility of an outflow of resources embodying economic benefits is remote.

2.17 Financial and Performance guarantees

Financial guarantees

Financial guarantees are contracts that require the issuer to make payments to compensate the holder for losses incurred, as a result of breaches of the contractual terms of debt instruments, namely the payment of the respective principal and/or interest.

Financial guarantees issued are initially recognised at their fair value. Subsequently, these guarantees are measured at the higher (i) of the fair value initially recognised and (ii) the amount of any obligation arising from the guaranteed contract, measured at the balance sheet date. Any change in the amount of the obligation associated with financial guarantees issued is recognised in the income statement.

Financial guarantees issued by the Bank usually have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount, and performance of the contract. On this basis, the fair value of the guarantees, on the date of their initial recognition, is approximately equivalent to the value of the initial commission received, considering that the agreed conditions are market conditions. Thus, the amount recognised on the contracting date equals the amount of the initial commission received, which is recognised in the income statement during the period to which it relates. Subsequent commissions are recognised in the income statement, in the period to which it relates.

Performance guarantees

Performance guarantees are contracts that result in one party being compensated if it fails to perform its contractual obligation. Performance guarantees are initially recognised at fair value, which is normally stated by the amount of commissions received over the life of contract. Upon breach of contract, the Bank has the right to revert the guarantee, with the amounts being recognised in Loans and advances to customers, following the transfer of the loss compensation to the guaranteed beneficiary.

2.18 Leases

IFRS 16 sets out requirements regarding the scope, classification/ recognition and measurement of leases:

- from the lessor’s perspective, leases continue to be classified as finance leases or operating leases;
- from the lessee’s perspective, the standard defines a single accounting model for lease agreements that results in the recognition of a right-of-use asset and a lease liability for all lease agreements except for leases with a period of less than 12 months or for leases of low value assets in which cases the lessee may opt for the recognition exemption provided for in IFRS 16, and, in that case, should recognise the lease payments associated with those contracts as “External supplies and services”.

The Bank has opted not to apply this standard to short-term lease agreements of less than or equal to one year and to lease agreements where the underlying asset has low value, and the option of not applying this standard to leases of intangible assets has also been used.

Definition of a lease

A contract is or contains a lease if it conveys the right to control the use of an identified asset, that is, obtaining substantially all of the economic rewards of its use, and the right to direct the use of that identified asset, for a certain period of time in exchange for consideration.

Impacts from the lessee's perspective

The Bank recognises for all leases, except for leases with a period of less than 12 months or for leases of low-value assets:

- A right-of-use asset, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) less lease incentives received, penalties for termination (if reasonably certain), as well as any cost estimates to be incurred by the lessee in dismantling and removing the underlying asset and/or restoring the location where it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortisation according to the lease term of each agreement and to impairment tests);

- a lease liability, initially recorded at the present value of the future lease cash flows (NPV), which includes:
  - fixed payments, less leasing incentives receivable;
  - variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date of the agreement;
  - the amounts payable by the lessee as residual value guarantees;
  - the exercise price of a call-option, if the lessee is reasonably certain to exercise that option; and
  - sanction payments for the termination of the lease if the lease term reflects the exercise of a lease termination option by the lessee.

The lease liability is measured at amortised cost using the effective interest rate method.

Since the interest rate implicit in the lease cannot be easily determined (paragraph 26 of IFRS 16), the lease payments are discounted at the lessee's incremental borrowing rate which incorporates the risk-free interest rate curve (swap curve), plus a risk spread of the Bank, applied over the weighted average term of each lease agreement. For fixed-term contracts, this date is considered as the end date of the lease. For the other contracts without term, the period in which it will be enforceable is evaluated, as well as any economic penalties associated with the lease contract. In assessing enforceability, the particular clauses of the contracts are taken into consideration, as well as the legislation in effect regarding Urban Leases.

Subsequently, the lease liability is measured as follows:

- by an increase in its carrying amount to reflect interest thereon;
- by a decrease in its carrying amount to reflect lease payments; and
- the carrying amount is remeasured to reflect any revaluations or changes in the lease, as well as to incorporate the revision of lease payments fixed in substance and the revision of the lease term.

The Bank remeasures a lease liability, and calculates the respective adjustment related to the right-of-use asset whenever:

- there is a change in the lease term or in the assessment of a call-option over the underlying asset, in which case the lease liability is remeasured, discounting the revised lease payments and using a revised discount rate;
- there is a change in the amounts payable under a residual value guarantee, or in the future lease payments resulting from the change in an index or rate used to determine those payments, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in the lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and

- a lease agreement is changed, but such lease change is not accounted for as a separate lease, in which case the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Right-of-use assets are depreciated/amortised from the lease start date until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is earlier. If the lease transfers the ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that the Bank will exercise a call-option, the right-of-use asset should be depreciated/amortised from the lease start date until the end of the useful life of the underlying asset.

The estimated useful life of the right-of-use assets is determined following the same principles as for Property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted by certain remeasurements of the lease liability.

Depreciation/amortisation begins on the date the lease takes effect.

Accounting for leases from the lessee's perspective in the Bank's financial statements is as follows:

- recording in Net interest income of interest expense related to lease liabilities;

- recording in Other administrative expenses of the amounts related to short-term lease agreements and lease agreements for low-value assets; and
- recording in Depreciation and amortization for the period of the depreciation expense of assets under right-of-use. In the balance sheet:
- recognition of right-of-use assets under "Other property, plant and equipment"; and
- recording of the value of the lease liabilities recognised under "Other liabilities".

#### Impact from the lessor's perspective

As at 31 December 2022 and 2021, the Bank has no lease agreements in which it is the lessor.

#### 2.19 Earnings per share

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

For the diluted earnings per share, the average number of ordinary shares outstanding is adjusted to reflect the effect of all potential

ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion into shares decreases earnings per share.

If earnings per share change as a result of an issue with a 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 (see Note 19).

#### 2.20 Subsequent events

The Bank analyses events that occur after the balance sheet date, i.e., favourable and/or unfavourable events that occur between the balance sheet date and the date on which the financial statements were authorised for issue. In this context, two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

Events occurring after the date of the financial statements that are not considered as adjustable events, if material, are disclosed in the notes to the financial statements.

### 3. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH THE APPLICATION OF THE ACCOUNTING POLICIES

IFRS establish several accounting treatments and require the Board of Directors to make judgments and prepare the necessary estimates to decide which accounting treatment is most appropriate. The main estimates and judgments used in the application of accounting principles by the Bank are presented in this Note, with the objective of improving the understanding of how their application affects the Bank's reported results 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 many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if different treatments were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present, in a true and fair manner, the Bank's financial position and the result of its operations in all materially relevant aspects.

#### 3.1 Impairment losses of financial assets at amortised cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses of financial instruments involves judgments and estimates regarding the following aspects, among others:

##### a) Significant increase in credit risk:

Impairment losses correspond to the expected losses in the event of a default over a 12-month time horizon, for Stage 1 assets, and to the expected losses considering the probability of a default event occurring at some point up to the financial instrument's maturity date, for Stage 2 and 3 assets. An asset is classified as Stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank considers reasonable and sustainable qualitative and quantitative information.

##### b) Definition of groups of assets with common credit risk characteristics:

When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of the credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, the asset segmentation is revised. This revision may result in the creation of new portfolios or in the transfer of assets to existing portfolios which better reflect their credit risk characteristics.

##### c) Probability of default:

The probability of default represents a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in each

period, which is calculated based on historical data, assumptions, and expectations about future conditions.

##### d) Loss given default:

Corresponds to an estimate of loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, either through the cash flows generated by the customer's business or loan collateral. The calculation of the estimated loss given default is based, among other aspects, on the different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of collaterals associated with loan operations.

This assessment is performed using internal and external information and includes the use of assumptions and judgments in its modelling, the change of which could determine different results.

Consequently, the use of different methodologies or different assumptions or judgments in measuring impairment could lead to different results from those reported and summarised in Notes 6, 8, 9 and 30.

Finally, the Bank considers that the impairment determined based on this methodology allows an adequate reflection of the risk associated to its financial assets, considering the rules established by IFRS 9 - "Financial Instruments".

3.2 Fair value of derivative financial instruments and other financial assets and liabilities measured at fair value

Fair value is based on market quotations, when available, and, in their absence, on the use of prices of similar recent transactions carried out under market conditions or based on valuation methodologies, using discounted cash flow techniques, applied to the future cash flows considering market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a given model could give rise to different financial results from those reported in Notes 7 and 30.4.

3.3 Provisions

The measurement of provisions considers the principles defined in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing actions, and considers the risks and uncertainties inherent in the process. Different assumptions and judgments would have an impact on the determination of the amount of the provisions that are presented in Note 17.

Changes to these assumptions could have a significant impact on the values determined.

4. CASH AND DEPOSITS AT CENTRAL BANKS

As at 31 December 2022 and 2021, the caption Cash and deposits at Central Banks was detailed as follows:

AOAM	2022/12/31	2021/12/31
Cash		
National currency - banknotes and coins	22 604 555	21 369 557
Foreign currency - banknotes and coins		
In United States dollar	1 538 022	2 526 116
In Euro	1 108 194	2 995 212
In other currencies	292 435	644 562
	25 543 206	27 535 447
Deposits at central bank		
Demand deposits at the Banco Nacional de Angola (BNA)		
In national currency	120 949 495	200 372 242
In United States dollar	171 976 791	27 824 841
In other currencies	107 835 232	167 726 850
	400 761 518	395 923 933
TOTAL	426 304 724	423 459 380

Demand deposits in the BNA in national and foreign currency aim to comply with the provisions in force regarding the reserve

requirement to be maintained and are not remunerated. As at 31 December 2022, the minimum amount of obligatory reserves was AOA 52 545 939 thousand without national currency and AOA 189 285 211 thousand in foreign currency (2021: AOA 133 134 615 thousand and AOA 230 685 892 thousand, respectively).

As at 31 December 2022, mandatory reserves are calculated in accordance with BNA's Instruction No. 02/2021, of 10 February 2021, and Directive No. 11/2022, of 12 December 2022. As at 31 December 2021, the reserve requirements are calculated in accordance with the provisions of BNA's Instruction No. 02/2021 of 10 February 2021, BNA's Directive No. 05/2021, of 5 May 2021, and BNA's Directive No. 07/2021 of 6 July 2021.

As at 31 December 2022, the reserve base period for calculating the required reserves in local currency (LC) and foreign currency (FC) is weekly.

The reserve requirement in national currency is 17%, for the items that make up the reserve base, defined in paragraph 2 of Instruction No. 02/2021, of 10 February, and for the balances of local governments and municipal administrations, to be applied to the average weekly balances of the reserve base.

The foreign currency reserve requirements are set at 22%, to be applied to the average weekly balances of the items that make



up the reserve base, as defined in paragraph 2 of Instruction No. 02/2021, of 10 February, and at 100% for the balances of local governments and municipal administrations, to be applied to the daily balances of the accounts.

BNA's Directive No. 05/2021, together with Directive No. 11/2021, provides that regarding the reserve requirements in domestic currency, the balances of deposit accounts in foreign and domestic currency, opened at Banco Nacional de Angola on behalf of each banking financial institution, are eligible. The following assets are eligible for compliance with the reserve requirement in foreign currency:

- The balance of the foreign currency deposit account, opened at the Banco Nacional de Angola, on behalf of each Banking Financial Institution. Deducted from the corresponding 100% (one hundred percent) of the deposits on behalf of the Central Government held in the financial institution.

For the fulfillment of the minimum reserve requirements the following are also eligible:

- 80% (eighty percent) of the Assets representing the value of performing loan disbursements in domestic currency, relating to projects in the agriculture, livestock, forestry, and fishing sectors, granted until 14 April 2021, provided that they have

a residual maturity equal to or greater than 24 (twenty-four) months; and

- 100% (one hundred percent) of the loans, defined in accordance with the provisions of Article 8, of Notice no. 10/2020, of 6 April, on Granting Credit to the Real Sector of the Economy, whatever the residual maturity; and
- Loans defined in accordance with Article 10, of Notice No. 09/2022, of 6 April, on mortgage lending, whatever the residual maturity.

In accordance with Instruction No. 08/2021, the Banking Financial Institutions must deposit the amount corresponding to the total Balances of the Central Government, recorded in their trial balances in specific accounts opened at the Banco Nacional de Angola, at the close of each working day, by 8 a.m. of the following business day, in the same currencies in which those balances are recorded.



## 5. LOANS AND ADVANCES TO OTHER CREDIT INSTITUTIONS

As at 31 December 2022 and 31 December 2021, the caption “Loans and Advances to Other Credit Institutions” has the following breakdown:

AOAM	2022/12/31	2021/12/31
Demand deposits	24 125 503	23 212 633
Accumulated impairment losses (Note 17)	(3 444)	(7 570)
	<b>24 122 059</b>	<b>23 205 063</b>

A reconciliation of the changes in the book value and stage impairment losses of deposits at other credit institutions is presented below:

AOAM	2022/12/31 Stage 1	
	Book value	Impairment losses
<b>Balance as at 1 January 2022</b>	<b>23 212 633</b>	<b>7 570</b>
Originated / derecognised financial assets	467 565	(3 579)
Exchange rate changes and other movements	445 305	(547)
<b>Balance as at 31 December 2022</b>	<b>24 125 503</b>	<b>3 444</b>

AOAM	2021/12/31 Stage 1	
	Book value	Impairment losses
<b>Balance as at 1 January 2021</b>	<b>26 295 341</b>	<b>18 548</b>
Originated / derecognised financial assets	(1 915 115)	(7 863)
Exchange rate changes and other movements	(1 167 593)	(3 115)
<b>Balance as at 31 December 2021</b>	<b>23 212 633</b>	<b>7 570</b>

As at 31 December 2022 and 31 December 2021, the breakdown of the balance by currency of “Loans and Advances to Other Credit Institutions” is as follows:

AOAM	2022/12/31	2021/12/31
<b>Assets / (Liabilities)</b>		
In dollars	10 910 881	8 183 508
In Euro	11 171 963	13 394 868
In other currencies	2 039 215	1 626 687
	<b>24 122 059</b>	<b>23 205 063</b>



6. OTHER LOANS AND ADVANCES TO CENTRAL BANKS AND CREDIT INSTITUTIONS

As at 31 December 2022 and 2021, the caption “Other loans and advances to central banks and credit institutions” is detailed as follows:

AOAM	2022/12/31	2021/12/31
Other loans and advances to credit institutions abroad:		
In United States dollars	386 330 997	379 884 495
In Euro	42 995 040	44 200 415
In Pound Sterling	4 858 872	5 992 752
	<b>434 184 909</b>	<b>430 077 662</b>
Other loans and advances to central banks		
Other credit institutions in the country		
In Kwanzas	285 558 170	124 624 305
	285 558 170	124 624 305
Income receivable	6 624 998	1 977 580
	726 368 077	556 679 547
Accumulated impairment losses (Note 17)	(320 964)	(353 978)
	<b>726 047 113</b>	<b>556 325 569</b>

As at 31 December 2022 and 31 December 2021, the investments in credit institutions abroad had residual maturities of less than 3 months.

Other loans and advances to central banks refer to reverse repos, which are accounted for in accordance with the accounting policy described in Note 2.4.

As at 31 December 2022 and 2021, Other loans and advances to credit institutions earned interest at the following annual weighted average rates:

	2022/12/31	2021/12/31
In United States dollars	4.10%	0.12%
In Euro	1.33%	0.09%
In Kwanzas	10.08%	13.16%
In Pound Sterling	2.95%	0.11%

The reconciliation of the changes in the book value and stage impairment losses of other loans and advances at central banks and credit institutions is presented below:

AOAM	2022/12/31 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2022	556 679 547	353 978
Originated financial assets	722 364 690	351 771
Derecognised financial assets	(556 679 547)	(353 978)
Exchange rate changes and other movements	4 003 387	(30 807)
Balance as at 31 December 2022	726 368 077	320 964

AOAM	2021/12/31 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2021	649 862 691	770 956
Originated financial assets	563 657 129	332 576
Derecognised financial assets	(649 862 691)	(770 956)
Exchange rate changes and other movements	(6 977 582)	21 402
Balance as at 31 December 2021	556 679 547	353 978

7. FINANCIAL ASSETS AND AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are detailed as follows:

AOAM	2022/12/31					
	Currency	Average interest	Nominal amount	Fair	Accrued	Balance sheet
Debt securities		rate		Value	Interest	amount
Treasury bonds in national currency:						
Not indexed	AOA	17.40%	89 626 400	97 150 250	4 262 593	101 412 843
Derivatives	AOA	-	768 058	372 018	-	372 018
Equity instruments:						
Visa Incl. - Class C (Série I)	USD	-	-	1 454 172	-	1 454 172
EMIS	AOA	-	-	1 370 672	-	1 370 672
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	EUR	-	-	27 579	-	27 579
Participation units	AOA	-	-	193 687	-	193 687
			90 394 458	100 568 715	4 262 593	104 831 308

AOAM	2021/12/31					
	Currency	Average interest	Nominal amount	Fair	Accrued	Balance sheet
Debt securities		rate		Value	Interest	amount
Treasury bonds in national currency:						
Not indexed	AOA	14.94%	55 806 000	54 882 215	2 230 918	57 113 132
Indexed to US dollar	AOA	6.72%	32 087 140	32 586 642	572 151	33 158 794
Derivatives	AOA	-	2 415 597	627 133	-	627 133
Equity instruments:						
Visa Incl. - Class C (Série I)	USD	-	-	1 671 271	-	1 671 271
EMIS	AOA	-	-	1 370 672	-	1 370 672
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	EUR	-	-	32 278	-	32 278
Participation units		-	-	1 011 174	-	1 011 174
			90 308 737	92 181 722	2 803 069	94 984 791

During 2022 there was a decrease in the yields traded in the market which originated an increase in the potential gains in the portfolio when compared to the same period in the previous year.

Debt securities

As at 31 December 2022 and 2021, the Bank holds Treasury Bonds and Treasury Bills issued by the Angolan State, to be traded in the secondary market with other banks, or with its customers.

Equity instruments

As at 31 December 2022, the equity securities portfolio recorded at fair value through profit or loss, refers to:

Shares

- 13 896 Class C (Series I) shares of Visa Inc. (2021: 13 896);
- Shareholding in EMIS – Empresa Interbancária de Serviços, S.A.R.L. (18.81%) (2021: 18.81%);
- Shareholding in IMC – Instituto de Mercado de Capitais (2%) (2021: 2%);

Participation units in Funds as at 31 December 2022:

- 26 600 (0.27%) participation units in Fundo BFA Oportunidades XI;
- 14 080 (0.14%) participation units in Fundo BFA Oportunidades XII;
- 100 427 (1.00%) participation units in Fundo BFA Oportunidades XVI;

- 36 031 (0.64%) participation units in Fundo BFA Oportunidades XVII;
- 97 143 (0.88%) participation units in Fundo BFA Oportunidades XVIII;
- 6 734 (0.07%) participation units in Fundo BFA Flash; and
- 118 377 (3.95%) participation units in Fundo BFA Futuro.

Participation units in Funds as at 31 December 2021:

- 242 333 (2.48%) participation units in Fundo BFA Oportunidades IV;
- 29 642 (0.15%) participation units in Fundo BFA Oportunidades VI;
- 208 608 (1.41%) participation units in Fundo BFA Oportunidades VII;
- 58 820 (0.39%) participation units in Fundo BFA Oportunidades VIII;
- 344 987 (2.53%) participation units in Fundo BFA Oportunidades IX; and
- 4 318 (0.03%) participation units in Fundo BFA Oportunidades X.

EMIS

As at 31 December 2022, the stake corresponded to 18.81% of EMIS capital stock. EMIS was incorporated, in Angola, with the function of managing electronic means of payment and complementary services.

In the period ended 31 December 2022 and 2021, the company did not distribute any dividends.

Derivatives

As at 31 December 2022 and 31 December 2021, the caption “Derivatives - Foreign exchange forwards contracts” has the following breakdown:

AOAM	2022/12/31	2021/12/31
Financial assets at fair value through profit or loss	372 018	627 133
Derivative financial instruments	372 018	627 133
Financial liabilities at fair value through profit or loss	(545 524)	(1 023 025)
Derivative financial instruments	(545 524)	(1 023 025)
	(173 506)	(395 892)

As at 31 December 2022 and 31 December 2021, the derivative financial instruments correspond to currency forwards contracted with non-financial entities.

The notional of the forwards are recognized in off-balance sheet captions, in the amounts of AOA 18 658 343 thousand and AOA 5 190 049 thousand, as at 31 December 2022 and 31 December 2021, respectively.

The valuation model for financial instruments is described in Note 30.4.

The maturities of the financial instruments in this item are detailed in Note 30.2.

As at 31 December 2022 and 31 December 2021, the changes in the value of debt securities recorded at fair value through profit or loss and the capital gains realized by the Bank, resulting from transactions in these securities are recorded under the caption “Profit/(loss) from financial assets and liabilities at fair value through profit or loss” in the income statement.

Profit/(loss) from financial assets and liabilities valued at fair value through profit and loss show the following breakdown:

AOAM	2022/12/31	2021/12/31
Profit/(loss) from assets and liabilities at fair value through profit or loss		
Debt securities	16 647 606	5 430 137
Currency forwards	222 386	3 263 328
Equity instruments	(21 756)	397 675
Participation units	108 277	110 643
	16 956 513	9 201 783





8. INVESTMENTS AT AMORTISED COST

As at 31 December 2022 and 31 December 2021, the caption of Investments at amortised cost had the following breakdown:

AOAM	2022/12/31											
	Risk level	Country	Currency	Nominal value	Acquisition cost	Accrued premium/discount	Exchange rate	Accrued interest	Gross book value	Impairment (Note 17)	Net book value	Average interest rate
Debt securities												
Treasury Bills in national currency	A	Angola	AOA	98 592 886	92 420 091	4 448 953	-	-	96 869 044	(219 321)	96 649 723	-
Treasury Bonds in national currency:												
Not indexed	A	Angola	AOA	668 673 200	562 590 149	73 257 112	-	26 986 483	662 833 744	(7 731 946)	655 101 798	16.65%
Treasury Bonds in foreign currency	A	Angola	USD	192 107 747	142 992 982	41 800	49 114 766	2 362 221	194 511 769	(2 192 529)	192 319 240	5.28%
Eurobond	A	Angola	USD	4 414 348	4 577 761	(106 558)	(163 414)	57 080	4 364 869	(68 022)	4 296 847	9.50%
				963 788 181	802 580 983	77 641 307	48 951 352	29 405 784	958 579 426	(10 211 818)	948 367 608	

AOAM	2021/12/31											
	Risk level	Country	Currency	Nominal value	Acquisition cost	Accrued premium/discount	Exchange rate	Accrued interest	Gross book value	Impairment	Net book value	Average interest rate
Debt securities												
Treasury Bills in national currency	A	Angola	AOA	78 911 111	67 857 002	1 680 108	-	-	69 537 110	(714 058)	68 823 052	-
Treasury Bonds in national currency:												
Not indexed	A	Angola	AOA	731 129 200	578 217 018	71 439 299	-	23 033 625	672 689 942	(7 500 049)	665 189 893	14.64%
Treasury Bonds in foreign currency	A	Angola	USD	395 296 317	218 940 802	-	176 362 227	3 728 715	399 031 744	(5 258 514)	393 773 230	5.46%
				1 205 336 628	865 014 822	73 119 407	176 362 227	26 762 340	1 141 258 796	(13 472 621)	1 127 786 175	

The breakdown of investments at amortised cost, by residual maturity, is shown in Note 30.2.

The fair value and the detail by fair value hierarchy of the investment portfolio at amortised cost are presented in Note 30.4.

The decrease in the portfolio of investments at amortised cost is justified mainly by the maturity of treasury bonds in foreign currency in the amount of AOA 239 058 million.

In 2022, a treasury bond in national currency was acquired that generated a result in its recognition in the amount of AOA 12 806 million. It was recorded under Other Liabilities (Note 18) and will be deferred until the maturity of the obligation.

Impairment losses as of 31 December 2022 and 31 December 2021, for treasury bonds, treasury bills and Eurobonds were determined based on credit risk parameters provided by Moody’s international rating agency.

A reconciliation of the changes in the book value and stage impairment losses for investments at amortised cost is presented below:

AOAM	2022/12/31					
	Stage 1		Stage 2		Total	
	Book value	Impairment losses	Book value	Impairment losses	Book value	Impairment losses
Balance as at 1 January 2022	950 296 520	10 935 771	190 962 276	2 536 850	1 141 258 796	13 472 621
Impact on profit/(loss)						
Purchased or originated financial assets	351 177 597	4 178 005	-	-	351 177 597	4 178 005
Variation due to changes in credit risk	-	(1 239 583)	-	-	-	(1 239 583)
Derecognised financial assets	(367 597 859)	(2 911 912)	(190 962 276)	(2 536 850)	(558 560 135)	(5 448 762)
Subtotal	933 876 258	10 962 281	-	-	933 876 258	10 962 281
Exchange rate changes and other movements	24 703 168	(750 463)			24 703 168	(750 463)
Balance as at 31 December 2022	958 579 426	10 211 818	-	-	958 579 426	10 211 818

As at 31 December 2022 and 31 December 2021, the impairment for investments at amortised cost is AOA 10 211 818 thousand and AOA 13 472 621 thousand, respectively (see Note 17).

The decrease in the impairment loss recorded in 2021, in the amount of AOA 43 854 331 thousand, results mainly from the increase in Angola’s external rating (Moody’s: 2020 - Caa1 and 2021 - B3) occurred in the second half of 2021, which implied a reversal in the amount of AOA 43 725 986 thousand (see Note 17).

AOAM	2021/12/31					
	Stage 1		Stage 2		Total	
	Book value	Impairment losses	Book value	Impairment losses	Book value	Impairment losses
Balance as at 1 January 2021	751 660 677	33 886 429	283 494 034	23 431 523	1 035 154 711	57 317 952
Impact on profit/(loss)						
Purchased or originated financial assets	331 973 954	4 343 429	-	-	331 973 954	4 343 429
Variation due to changes in credit risk	-	(23 352 155)	-	(16 132 599)	-	(39 484 754)
Derecognised financial assets	(156 903 896)	(3 843 543)	(35 638 739)	(2 120 616)	(192 542 635)	(5 964 159)
Subtotal	175 070 058	(22 852 269)	(35 638 739)	(18 253 215)	139 431 319	(41 105 484)
Transfers to:						
Stage 1	-	-	-	-	-	-
Stage 2	25 823 136	2 353 307	(25 823 136)	(2 353 307)	-	-
Exchange rate changes and other movements	(2 257 351)	(2 451 696)	(31 069 883)	(288 151)	(33 327 234)	(2 739 847)
Balance as at 31 December 2021	950 296 520	10 935 771	190 962 276	2 536 850	1 141 258 796	13 472 621



## 9. LOANS AND ADVANCES TO CUSTOMERS

As at 31 December 2022 and 31 December 2021, the caption of Loans had the following breakdown:

AOAM	2022/12/31	2021/12/31
<b>Loans falling due</b>		
Credit cards	1 349 395	934 983
Consumer credit	70 672 424	58 411 430
Motor vehicle loans	29 688	14 697
Mortgages	22 278 423	24 616 959
Overdrafts	744 178	601 058
Corporate - less significant exposures	2 690 878	2 664 646
Corporate - significant exposures	238 414 400	215 102 934
State	114 991 966	83 785 714
<b>Total loans falling due</b>	<b>451 171 352</b>	<b>386 132 421</b>
<b>Loans and interest overdue</b>		
Credit cards	343 904	189 571
Consumer credit	2 295 161	2 418 193
Motor vehicle loans	1 160	528
Mortgages	1 436 749	1 451 882
Overdrafts	838 774	636 444
Corporate - less significant exposures	277 274	326 442
Corporate - significant exposures	9 343 584	9 954 369
<b>Total loans and interest overdue</b>	<b>14 536 606</b>	<b>14 977 429</b>
Total loans granted	465 707 958	401 109 850
Income receivable from loans granted	5 709 091	5 221 251
	471 417 049	406 331 101
Impairment for loans and advances (Note 17)	(53 991 485)	(53 371 637)
	417 425 564	352 959 464

As at 31 December 2022 and 31 December 2021, the short-term investments in banks earned interest at the following annual weighted average rates:

	2022/12/31	2021/12/31
In Kwanzas	15.13%	15.24%
In United States Dollars	9.02%	6.78%

As at 31 December 2022 and 31 December 2021, the group of ten largest debtors represents 56.05% and 49.81%, respectively, of the total loan portfolio (excluding guarantees issued and documentary credits).

In the period ended 31 December 2022 and 31 December 2021, loans were written-off, in the amount of AOA 557 019 and AOA 4 755 121 thousand, respectively (Note 17), according to the criteria defined by the Bank.

In the period ended 31 December 2022 and 31 December 2021, there were recoveries of loans and interest previously written off or written down from assets, in the amounts of AOA 331 428 thousand (Note 24) and AOA 859 827 thousand (Note 24), respectively.

The loan portfolio, by segment, presents the following structure:

AOAM	2022/12/31	Exposure											Impairment					
		Segment	Total exposure (including interest)	Loans in Stage 1	Of which no longer in default	Of which restructured	Loans in Stage 2	Of which no longer in default	Of which restructured	Of which acquired or originated in credit impairment	Loans in Stage 3	Of which no longer in default	Of which restructured	Of which acquired or originated in credit impairment	Total impairment ( Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
		Credit cards	1 693 299	1 272 097	-	-	109 212	-	-	-	311 990	-	-	-	347 107	47 913	21 925	277 269
		Consumer credit	73 418 955	68 441 728	-	-	2 147 502	406	-	-	2 829 725	-	26 064	-	2 618 627	610 332	101 052	1 907 243
		Motor vehicle loans	30 947	28 707	-	-	-	-	-	-	2 240	-	-	-	1 448	287	-	1 161
		Mortgages	23 738 555	17 071 868	-	1 304 532	1 119 971	-	726 871	-	5 546 716	-	2 130 930	-	4 874 797	358 888	235 392	4 280 517
		Overdrafts	1 582 952	500 176	-	-	304 149	-	-	-	778 627	-	-	-	463 880	6 895	9 855	447 130
		Corporate - less significant exposures	3 029 056	2 480 759	-	-	140 392	-	86 113	-	407 905	-	159 997	-	218 823	54 737	9 294	154 792
		Corporate - significant exposures	249 716 374	172 355 420	-	2 631 185	24 285 792	-	23 356 162	-	53 075 162	-	42 334 764	-	44 136 284	4 068 571	6 512 769	33 554 944
		State	118 206 911	104 890 489	-	-	13 316 422	-	-	-	-	-	-	-	1 330 519	1 255 481	75 038	-
		On-balance sheet exposure	471 417 049	367 041 244	-	3 935 717	41 423 440	406	24 169 146	-	62 952 365	-	44 651 755	-	53 991 485	6 403 104	6 965 325	40 623 056
Documentary credits and guarantees provided																		
		Corporate - less significant exposures	25 441 636	25 441 636	-	-	-	-	-	-	-	-	-	-	23 284	23 284	-	-
		Corporate - significant exposures	51 187 927	50 972 173	-	-	215 754	-	-	-	-	-	-	-	486 797	482 265	4 532	-
		Undrawn credit facilities	41 513 020	40 910 637	-	-	338 664	750	-	-	263 719	-	-	-	151 244	102 607	2 951	45 686
		Off-balance sheet exposure	118 142 583	117 324 446	-	-	554 418	750	-	-	263 719	-	-	-	661 325	608 156	7 483	45 686
		Total exposure	589 559 632	484 365 690	-	3 935 717	41 977 858	1 156	24 169 146	-	63 216 084	-	44 651 755	-	54 652 810	7 011 260	6 972 808	40 668 742

AOAM	2021/12/31	Exposure											Impairment					
	Segment	Total exposure (including interest)	Loans in Stage 1	Of which no longer in default	Of which restructured	Loans in Stage 2	Of which no longer in default	Of which restructured	Of which acquired or originated in loan impairment	Loans in Stage 3	Of which no longer in default	Of which restructured	Of which acquired or originated in loan impairment	Total impairment ( Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	
	Credit cards	1 124 554	886 140	248	-	24 345	1 027	-	-	214 069	-	-	-	209 784	8 724	2 743	198 317	
	Consumer credit	61 275 760	57 815 939	5 696	6 298	276 745	-	-	-	3 183 076	-	13 260	-	3 236 053	516 492	55 345	2 664 216	
	Motor vehicle loans	15 293	12 559	-	-	2 438	-	-	-	296	-	-	-	470	13	177	280	
	Mortgages	26 094 138	17 061 949	31 636	66 527	2 164 867	-	1 620 005	-	6 867 322	-	2 488 258	-	6 032 807	76 032	522 434	5 434 341	
	Overdrafts	1 237 502	566 410	-	-	71 512	-	-	-	599 580	-	-	-	291 524	545	197	290 782	
	Corporate - less significant exposures	3 080 933	2 235 756	-	980	180 770	-	147 456	-	664 407	-	193 830	-	503 239	40 768	66 281	396 190	
	Corporate - significant exposures	228 237 950	150 936 273	-	4 626 456	30 198 997	-	16 024 717	-	47 102 680	-	40 997 562	-	41 537 242	2 710 261	9 220 471	29 606 510	
	State	85 264 971	62 816 525	-	-	22 448 446	-	-	-	-	-	-	-	1 560 518	932 072	628 446	-	
	On-balance sheet exposure	406 331 101	292 331 551	37 580	4 700 261	55 368 120	1 027	17 792 178	-	58 631 430	-	43 692 910	-	53 371 637	4 284 907	10 496 094	38 590 636	
	Documentary credits and guarantees provided																	
	Corporate - less significant exposures	7 231 673	6 890 923	-	-	340 750	-	-	-	-	-	-	-	15 267	15 267	-	-	
	Corporate - significant exposures	69 896 229	69 680 475	-	-	215 754	-	-	-	-	-	-	-	289 370	289 370	-	-	
	Undrawn credit facilities	45 820 872	45 287 015	-	-	169 025				364 832				230 953	165 047	650	65 256	
	Off-balance sheet exposure	122 948 774	121 858 413	-	-	725 529	-	-	-	364 832	-	-	-	535 590	469 684	650	65 256	
	Total exposure	529 279 875	414 189 964	37 580	4 700 261	56 093 649	1 027	17 792 178	-	58 996 262	-	43 692 910	-	53 907 227	4 754 591	10 496 744	38 655 892	



The loan portfolio and impairment by range of days past due presents the following structure:

AOAM	2022/12/31	Exposure								
		Exposures without a significant increase in credit risk since initial recognition (Stage 1)			Exposures with asignificant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures with credit impairment (Stage 3)		
		≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Segment										
Credit cards		1 272 097	-	-	54 048	55 020	144	45 354	4 909	261 727
Consumer credit		68 441 728	-	-	1 844 535	302 967	-	168 696	29 016	2 632 013
Motor vehicle loans		28 707	-	-	-	-	-	-	-	2 240
Mortgages		17 071 868	-	-	772 138	227 506	120 327	1 427 729	265 018	3 853 969
Overdrafts		500 176	-	-	232 548	66 897	4 704	11 452	1 223	765 952
Corporate - less significant exposures		2 480 759	-	-	91 112	49 242	38	154 047	858	253 000
Corporate - significant exposures		171 836 051	519 369	-	24 283 881	1 911	-	42 788 605	-	10 286 557
State		104 890 489	-	-	13 316 422	-	-	-	-	-
On-balance sheet exposure		366 521 875	519 369	-	40 594 684	703 543	125 213	44 595 883	301 024	18 055 458
Documentary credits and guarantees provided										
Corporate - less significant exposures		25 441 636	-	-	-	-	-	-	-	-
Corporate - significant exposures		50 972 173	-	-	215 754	-	-	-	-	-
Undrawn credit facilities		40 910 637	-	-	316 378	22 286	-	234 154	1 277	28 288
Off-balance sheet exposure		117 324 446	-	-	532 132	22 286	-	234 154	1 277	28 288
Total exposure		483 846 321	519 369	-	41 126 816	725 829	125 213	44 830 037	302 301	18 083 746







The following is a breakdown of the credit portfolio by segment and by year in which the operations were granted:

AOAM			2022/12/31												
Segment	Credit cards			Consumer credit			Motor vehicle loans			Mortgages			Overdrafts		
	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised
2017 and prior years	17 962	1 340 384	331 978	4 738	1 624 551	1 139 603	68	394	350	229	4 347 095	2 255 248	9 903	1 193 958	289 728
2018	60	7 350	710	940	328 724	145 952	1	1 845	811	12	213 931	10 175	1 134	123 255	50 872
2019	1 662	83 541	4 815	4 387	2 966 859	272 378	2	3 432	22	531	15 036 160	2 046 772	882	123 834	66 397
2020	10	48	-	4 990	8 132 782	267 516	-	-	-	47	1 756 428	295 667	743	98 387	48 556
2021	1 581	129 373	5 160	8 932	18 877 256	345 401	-	-	-	25	989 196	81 936	1 051	28 676	6 724
2022	2 127	132 603	4 444	15 108	41 488 783	447 777	1	25 276	265	29	1 395 745	184 999	1 157	14 842	1 603
Total	23 402	1 693 299	347 107	39 095	73 418 955	2 618 627	72	30 947	1 448	873	23 738 555	4 874 797	14 870	1 582 952	463 880

AOAM			2022/12/31												
Segment	Corporate - less significant exposures			Corporate - significant exposures			State			Documentarey credits and guarantees provided			Undrawn credit facilities		
	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised
2017 and prior years	950	466 605	51 547	197	13 526 563	3 298 415	2	13 316 422	75 038	8	5 207 121	22 233	18 520	27 242 205	103 867
2018	351	92 060	18 216	10	3 342 445	499 543	1	53 385 962	650 658	1	272 411	5 461	306	107 686	310
2019	422	230 954	35 251	16	12 662 769	7 006 844	1	9 765 154	75 739	2	294 175	5 505	1 776	3 773 496	14 537
2020	481	54 304	9 531	15	8 994 866	327 966	-	-	-	6	14 173 029	92 341	68	797 152	1 236
2021	511	726 788	34 149	47	135 832 091	5 900 791	-	-	-	13	20 596 765	122 570	1 584	6 368 374	19 445
2022	131	1 458 345	70 129	74	75 357 640	27 102 725	3	41 739 373	529 084	159	36 086 062	261 971	2 087	3 224 107	11 849
Total	2 846	3 029 056	218 823	359	249 716 374	44 136 284	7	118 206 911	1 330 519	189	76 629 563	510 081	24 341	41 513 020	151 244

AOAM		2021/12/31														
		Credit cards			Consumer credit			Motor vehicle loans			Mortgages			Overdrafts		
		Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised
2016 and prior years		18 204	960 426	204 826	4 516	1 800 990	1 540 914	72	296	280	281	5 102 022	3 157 619	8 081	815 665	154 099
2017		362	22 620	3 053	711	183 840	106 598	4	2 780	1	13	377 345	1 032	862	84 880	23 676
2018		66	6 099	416	4 257	2 735 640	286 367	1	2 438	177	13	237 101	10 235	981	96 363	33 349
2019		1 721	76 697	1 188	9 560	10 733 524	491 567	3	8 530	10	612	17 128 785	2 318 554	773	114 428	42 239
2020		10	466	1	6 843	15 257 501	401 037	-	0	0	56	2 063 956	388 264	563	109 499	36 135
2021		1 597	58 246	300	10 690	30 564 263	409 570	1	1 250	2	34	1 184 929	157 103	407	16 667	2 026
Total		21 960	1 124 554	209 784	36 577	61 275 758	3 236 053	81	15 294	470	1 009	26 094 138	6 032 807	11 667	1 237 502	291 524

AOAM		2021/12/31														
		Corporate - less significant exposures			Corporate - significant exposures			State			Documentarey credits and guarantees provided			Undrawn credit facilities		
		Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised
2016 and prior years		693	717 577	128 705	199	21 757 277	5 406 775	3	22 448 446	628 446	3	2 651 096	35 319	32 049	27 412 949	150 396
2017		207	118 806	51 058	21	7 581 293	711 249	-	-	-	13	3 851 604	5 843	2 180	1 036 510	5 385
2018		329	91 349	23 033	13	6 507 646	399 636	1	47 268 165	701 365	4	319 411	4 290	5 661	424 365	1 693
2019		367	617 500	104 550	23	20 846 859	9 132 053	1	15 548 360	230 707	3	3 657 540	4 928	13 060	5 091 921	26 383
2020		184	203 951	43 030	22	65 251 342	21 530 019	-	-	-	22	15 681 507	62 406	7 678	3 113 206	13 217
2021		130	1 331 750	152 863	60	106 293 533	4 357 510	-	-	-	113	50 966 744	191 851	12 919	8 741 921	33 879
Total		1 910	3 080 933	503 239	338	228 237 950	41 537 242	5	85 264 971	1 560 518	158	77 127 902	304 637	73 547	45 820 872	230 953



The detail of the amount of the gross credit exposure and the amount of impairment constituted for the exposures analysed individually and collectively, by segment, corresponds to the following:

AOAM	Credit cards		Consumer credit		Motor vehicle loans		Mortgages		Overdrafts	
By segment: 2022/12/31	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	1 691 582	346 402	71 202 702	1 593 894	30 947	1 448	20 017 341	2 915 429	1 582 949	463 880
Individual impairment	1 717	705	2 216 253	1 024 733	-	-	3 721 214	1 959 368	3	-
Total	1 693 299	347 107	73 418 955	2 618 627	30 947	1 448	23 738 555	4 874 797	1 582 952	463 880

AOAM	Corporate - less significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
By segment: 2022/12/31	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	2 940 095	218 429	13 005 465	469 197	-	-	5 227 308	21 804	11 835 747	75 570
Individual impairment	88 961	394	236 710 909	43 667 087	118 206 911	1 330 519	71 402 255	488 277	29 677 273	75 674
Total	3 029 056	218 823	249 716 374	44 136 284	118 206 911	1 330 519	76 629 563	510 081	41 513 020	151 244



AOAM	Credit cards		Consumer credit		Motor vehicle loans		Mortgages		Overdrafts	
By segment: 2021/12/31	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	1 123 757	208 987	58 706 622	1 767 385	15 293	470	21 793 104	3 039 489	1 192 906	291 512
Individual impairment	797	797	2 569 138	1 468 668	-	-	4 301 034	2 993 318	44 596	12
Total	1 124 554	209 784	61 275 760	3 236 053	15 293	470	26 094 138	6 032 807	1 237 502	291 524

AOAM	Corporate - less significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
By segment: 2021/12/31	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	2 834 516	438 286	4 845 847	148 076	-	-	1 539 816	8 016	11 339 062	83 741
Individual impairment	246 417	64 953	223 392 103	41 389 165	85 264 971	1 560 518	75 588 086	296 621	34 481 810	147 212
Total	3 080 933	503 239	228 237 950	41 537 241	85 264 971	1 560 518	77 127 902	304 637	45 820 872	230 953



The detail of the amount of the gross credit exposure and the amount of impairment constituted for the exposures analysed individually and collectively, by sector of activity, corresponds to the following:

AOAM		Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
By business sector: 2022/12/31		Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment		-	-	1 705 144	95 020	467 063	110 126	34 887	966	105 305	5 850
Individual impairment		15 530	1	54 861 737	1 663 905	57 467 702	4 900 654	501 952	234 206	1 884 652	1 884 652
Total		15 530	1	56 566 881	1 758 925	57 934 765	5 010 780	536 839	235 172	1 989 957	1 890 502

AOAM		Real Estate, rental and services rendered by Companies		Cultural, recreational and sports activities		Public administration, defence and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
By business sector: 2022/12/31		Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment		151 516	3 757	647 856	49 379	69	41	886 659	26 299	72 161	10 537
Individual impairment		101 182	589	3 040 202	155 570	118 206 911	1 330 519	60 894 713	23 391 276	2 184 223	162 717
Total		252 698	4 346	3 688 058	204 949	118 206 980	1 330 560	61 781 372	23 417 575	2 256 384	173 254

AOAM		Manufacturing industries		Other service companies		Individuals		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
By business sector: 2022/12/31		Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment		466 514	3 459	10 275 340	354 990	94 593 768	5 324 102	442 907	11 958	4 001	1 155	617 822	11 034
Individual impairment		18 046 728	3 087 862	36 988 459	8 074 768	5 960 666	2 996 821	107 745	39 779	197 322	56 238	486 313	3 255
Total		18 513 242	3 091 321	47 263 799	8 429 758	100 554 434	8 320 923	550 652	51 737	201 323	57 393	1 104 135	14 289

AOAM	Real Estate, rental and services rendered by Companies		Cultural, recreational and sports activities		Public administration, defence and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
By business sector: 2021/12/31	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	75 560	11 541	173 665	28 396	219	140	719 776	21 995	357 764	44 317
Individual impairment	182 741	2 568	1 895 153	349 142	85 264 971	1 560 518	49 983 889	21 723 828	3 199 262	63 138
Total	258 301	14 109	2 068 818	377 538	85 265 190	1 560 658	50 703 665	21 745 823	3 557 026	107 455

AOAM	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
By business sector: 2021/12/31	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	0	0	1 913 239	117 167	339 405	42 158	60 769	8 879	211 248	65 629
Individual impairment	918 529	2 604	25 721 972	615 426	78 106 896	5 660 886	703 361	483 346	2 076 563	876 098
Total	918 529	2 604	27 635 211	732 593	78 446 301	5 703 044	764 130	492 225	2 287 811	941 727

AOAM	Manufacturing industries		Other service companies		Individuals		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
By business sector: 2021/12/31	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	541 049	10 613	1 796 655	202 283	82 930 264	5 311 331	456 879	2 307	264 939	3 698	670 616	23 751
Individual impairment	19 570 015	2 581 798	36 703 311	8 257 807	6 892 447	4 484 262	152 278	66 092	0	0	4 447 666	104 841
Total	20 111 064	2 592 411	38 499 966	8 460 090	89 822 711	9 795 593	609 157	68 399	264 939	3 698	5 118 282	128 592

The details of the restructured loan portfolio, by restructuring measure applied, are as follows:

AOAM	2022/12/31											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
	Measure applied	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure
Term extension	6	2 721 800	338 723	7	2 942 625	402 216	32	1 817 237	1 045 911	45	7 481 662	1 786 850
New loan	29	1 213 917	251 949	21	21 226 521	6 186 508	64	42 834 518	28 226 626	114	65 274 956	34 665 083
Total	35	3 935 717	590 672	28	24 169 146	6 588 724	96	44 651 755	29 272 537	159	72 756 618	36 451 933

AOAM	2021/12/31											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
	Measure applied	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure
Term extension	7	4 662 227	63 736	6	199 313	20 175	16	36 738 731	21 355 937	29	41 600 271	21 439 848
New loan	6	38 033	143	32	17 592 867	3 422 565	81	6 954 179	6 263 661	119	24 585 079	9 686 369
Total	13	4 700 260	63 879	38	17 792 180	3 442 740	97	43 692 910	27 619 598	148	66 185 350	31 126 217

The movements in and out of the restructured loan portfolio were as follows:

AOAM	2022/12/31	2021/12/31
Opening balance of restructured loans portfolio (gross of impairment + interest)	66 185 350	56 817 540
Restructured loans in the period	9 680 594	23 671 241
Accrued interest on the restructured loan portfolio	878 146	5 424 849
Settlement of restructured credits (partial or total)	(3 248 735)	(1 681 522)
Loans reclassified from "restructured" to "normal"	(745 129)	(575 351)
Interest written off from restructured loans	-	(16 151 828)
Other	6 392	(1 319 579)
Closing balance of restructured loans portfolio (gross of impairment + interest)	72 756 618	66 185 350

In 2021, the Bank canceled a number of interest payments related to operations that were restructured or are in the process of being restructured and for which the clients are not currently complying with the obligations initially assumed.





The breakdown of the guarantees underlying the loan portfolio of the corporate, construction and real estate development, and housing segments is as follows:

AOAM	2022/12/31											
	Corporate				Construction and Real Estate promotion				Residential			
	Real Estate		Other real guarantees		Real Estate		Other real guarantees		Real Estate		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50 MAOA	10	197 227	47	841 442	1	47 100	3	59 916	80	2 579 694	3	69 621
>= 50 MAOA and < 100 MAOA	12	841 446	17	1 081 862	1	93 183	1	80 500	121	8 401 671	-	-
>= 100 MAOA and < 500 MAOA	37	8 187 890	33	7 090 220	-	-	4	1 244 121	146	25 307 384	5	1 173 600
>= 500 MAOA and < 1000 MAOA	12	6 194 948	8	4 972 385	-	-	-	-	3	2 213 092	1	503 691
>= 1000 MAOA and < 2000 MAOA	26	20 030 312	4	4 309 610	1	1 900 000	-	-	3	2 236 987	-	-
>= 2000 MAOA and < 5000 MAOA	6	15 232 462	11	25 623 974	1	4 311 867	-	-	1	2 216 240	-	-
>= 5.000 MAOA	26	314 388 571	12	108 962 182	2	31 052 112	5	40 426 980	-	-	-	-
Total	129	365 072 856	132	152 881 675	6	37 404 262	13	41 811 517	354	42 955 068	9	1 746 912

AOAM	2021/12/31											
	Corporate				Construction and Real Estate promotion				Residential			
	Real Estate		Other real guarantees		Real Estate		Other real guarantees		Real Estate		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50 MAOA	18	391 927	196	2 304 778	1	47 100	5	132 064	87	2 704 322	3	69 621
>= 50 MAOA and < 100 MAOA	12	824 863	23	1 273 723	-	0	1	80 500	119	8 624 732	1	66 598
>= 100 MAOA and < 500 MAOA	32	7 729 595	49	9 514 361	1	102 671	5	1 358 263	175	32 268 917	7	1 379 842
>= 500 MAOA and < 1000 MAOA	10	6 402 449	11	7 224 057	2	1 500 124	4	2 950 014	4	2 536 818	1	554 981
>= 1000 MAOA and < 2000 MAOA	20	11 534 350	7	7 164 116	1	1 900 000	5	6 787 998	3	2 464 775	-	-
>= 2000 MAOA and < 5000 MAOA	7	17 761 109	9	25 622 605	-	0	4	10 201 979	1	2 441 916	-	-
>= 5.000 MAOA	17	215 988 023	6	85 586 065	2	238 578 600	5	46 558 489	-	0	-	-
Total	116	260 632 316	301	138 689 705	7	242 128 495	29	68 069 307	389	51 041 480	12	2 071 042

In order to mitigate credit risk, credit operations have associated guarantees, namely mortgages or pledges. The fair value of these guarantees is determined on the date the credit is granted and is periodically reassessed.

The loan-guarantee ratio of the corporate, construction and real estate promotion, and residential segments has the following structure:

AOAM	2022/12/31						AOAM	2021/12/31					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment		Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate							Corporate						
Without guarantee	-	-	7 936 562	98 898	6 738 257	6 972 960	Without guarantee	-	-	9 887 611	224 477	6 991 602	6 733 783
< 50%	2	19	22 043 923	-	214 937	679 769	< 50%	2	11	10 202 414	-	51 856 384	20 837 477
> = 50% and < 75%	2	11	829 653	399 825	36 852 647	22 492 514	> = 50% and < 75%	2	19	3 397 189	8 631 383	2 814 891	2 903 383
> = 75% and < 100%	1	15	2 212 695	-	422 234	167 808	> = 75% and < 100%	-	39	18 487 378	1 177 278	510 970	578 618
> = 100%	124	87	91 852 933	17 186 191	8 564 268	9 025 885	> = 100%	112	232	98 309 758	16 687 078	3 406 841	5 255 397
Construction and Real Estate promotion							Construction and Real Estate promotion						
Without guarantee	-	-	15 872 257	3 005 122	538 882	2 538 559	Without guarantee	-	-	23 203 840	5 252 595	761 950	3 290 262
< 50%	-	-	-	-	-	-	< 50%	-	1	1 377 212	-	-	22 483
> = 50% and < 75%	-	1	613 151	-	-	217	> = 50% and < 75%	-	-	-	-	-	-
> = 75% and < 100%	3	5	22 911 464	-	-	612 398	> = 75% and < 100%	2	11	24 329 356	-	-	555 949
> = 100%	3	7	10 545 317	4 305 213	143 623	1 859 731	> = 100%	5	17	21 245 117	3 315 366	-	1 848 458
Residential							Residential						
Without guarantee	-	-	7 753 072	746 976	2 695 794	2 858 420	Without guarantee	-	-	7 863 715	1 191 882	2 865 929	2 420 254
< 50%	3	-	131 583	4 588	-	803	< 50%	8	-	176 348	-	-	42 096
> = 50% and < 75%	2	-	46 554	-	-	136	> = 50% and < 75%	1	1	78 782	-	-	214
> = 75% and < 100%	4	2	65 416	-	970 423	775 980	> = 75% and < 100%	5	-	72 898	-	-	555 949
> = 100%	345	7	9 095 135	368 407	3 377 402	2 264 318	> = 100%	375	11	8 898 724	972 985	-	1 848 458
Total	489	154	191 909 715	26 115 220	60 518 467	50 249 498	Total	512	342	227 530 342	37 453 044	69 208 567	46 892 781

The distribution of the loan portfolio and impairment measured by internal risk degrees is presented as follows:

AOAM		Exposure as at 2022/12/31						
Segment	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit cards	-	1 339 775	24 394	13 331	17 917	8 439	289 443	1 693 299
Consumer credit	1 548 800	68 865 373	253 645	105 786	124 559	56 000	2 464 792	73 418 955
Motor vehicle loans	-	28 708	-	-	79	-	2 160	30 947
Mortgages	71 640	16 163 357	209 231	296 313	106 944	41 935	6 849 135	23 738 555
Overdrafts	347	781 510	19 636	10 475	16 117	11 182	743 685	1 582 952
Corporate - less significant exposures	196 962	2 332 775	46 090	6 071	47 493	9 198	390 467	3 029 056
Corporate - significant exposures	61 201 504	166 098 271	583 552	2	1 010 203	1 082 237	19 740 605	249 716 374
State	118 206 911	-	-	-	-	-	-	118 206 911
On-balance sheet exposure	181 226 164	255 609 769	1 136 548	431 978	1 323 312	1 208 991	30 480 287	471 417 049
Documentary credits and guarantees provided								
Corporate - less significant exposures	85 961	25 355 675	-	-	-	-	-	25 441 636
Corporate - significant exposures	3 365 911	47 822 016	-	-	-	-	-	51 187 927
Undrawn credit facilities	2 047 875	39 382 423	18 960	12 022	14 141	5 038	32 561	41 513 020
Off-balance sheet exposure	5 499 747	112 560 114	18 960	12 022	14 141	5 038	32 561	118 142 583
Total exposure	186 725 911	368 169 883	1 155 508	444 000	1 337 453	1 214 029	30 512 848	589 559 632

AOAM		Impairment as at 2022/12/31						
Segment	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit cards	-	74 540	7 955	5 461	10 034	5 103	244 014	347 107
Consumer credit	9 025	737 561	49 788	31 607	52 084	24 738	1 713 824	2 618 627
Motor vehicle loans	-	287	-	-	35	-	1 126	1 448
Mortgages	126	280 925	64 025	77 530	70 555	31 135	4 350 501	4 874 797
Overdrafts	10	17 754	1 281	897	4 296	3 100	436 542	463 880
Corporate - less significant exposures	1 053	67 830	7 611	1 301	5 307	2 903	132 818	218 823
Corporate - significant exposures	1 047 539	28 553 085	119 423	-	778 725	566 294	13 071 218	44 136 284
State	1 330 519	-	-	-	-	-	-	1 330 519
On-balance sheet exposure	2 388 272	29 731 982	250 083	116 796	921 036	633 273	19 950 043	53 991 485
Documentary credits and guarantees provided								
Corporate - less significant exposures	342	22 942	-	-	-	-	-	23 284
Corporate - significant exposures	-	486 797	-	-	-	-	-	486 797
Undrawn credit facilities	12 052	132 391	486	77	1 536	525	4 177	151 244
Off-balance sheet exposure	12 394	642 130	486	77	1 536	525	4 177	661 325
Total exposure	2 400 666	30 374 112	250 569	116 873	922 572	633 798	19 954 220	54 652 810

AOAM		Exposure as at 2021/12/31						
Segment	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit cards	-	914 516	1 307	317	1 583	240	206 591	1 124 554
Consumer credit	976 439	57 022 537	288 197	92 891	162 473	111 600	2 621 622	61 275 759
Motor vehicle loans	-	12 559	2 438	-	68	-	228	15 293
Mortgages	87 634	17 663 993	180 920	41 370	123 265	80 277	7 916 678	26 094 137
Overdrafts	145	590 338	39 554	12 934	93 365	4 308	496 858	1 237 502
Corporate - less significant exposures	230 494	2 273 774	58 242	36 244	117 418	12 465	352 296	3 080 933
Corporate - significant exposures	57 720 287	112 588 576	7 993	34 904 598	1 215 589	285 018	21 515 891	228 237 952
State	85 264 971	-	-	-	-	-	-	85 264 971
On-balance sheet exposure	144 279 970	191 066 293	578 651	35 088 354	1 713 761	493 908	33 110 164	406 331 101
Documentary credits and guarantees provided								
Corporate - less significant exposures	80 200	7 151 473	-	-	-	-	-	7 231 673
Corporate - significant exposures	4 078 699	65 817 530	-	-	-	-	-	69 896 229
Undrawn credit facilities	2 879 067	42 894 799	3 528	1 188	699	1 671	39 920	45 820 872
Off-balance sheet exposure	7 037 966	115 863 802	3 528	1 188	699	1 671	39 920	122 948 774
Total exposure	151 317 936	306 930 095	582 179	35 089 542	1 714 460	495 579	33 150 084	529 279 875

AOAM		Impairment as at 2021/12/31						
Segment	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit cards	-	34 782	67	162	1 256	206	173 311	209 784
Consumer credit	5 439	689 866	66 685	23 421	106 850	75 383	2 268 410	3 236 054
Motor vehicle loans	-	13	177	-	60	-	220	470
Mortgages	131	415 738	99 559	18 327	85 001	48 558	5 365 492	6 032 806
Overdrafts	-	3 039	1 502	268	25 925	1 156	259 634	291 524
Corporate - less significant exposures	3 597	182 607	10 615	32 306	71 826	7 977	194 314	503 242
Corporate - significant exposures	870 593	5 158 021	-	20 655 337	1 006 356	149 024	13 697 908	41 537 239
State	1 560 518	-	-	-	-	-	-	1 560 518
On-balance sheet exposure	2 440 278	6 484 066	178 605	20 729 821	1 297 274	282 304	21 959 289	53 371 637
Documentary credits and guarantees provided								
Corporate - less significant exposures	3 347	11 920	-	-	-	-	-	15 267
Corporate - significant exposures	47 590	241 780	-	-	-	-	-	289 370
Undrawn credit facilities	24 496	197 853	42	12	143	404	8 003	230 953
Off-balance sheet exposure	75 433	451 553	42	12	143	404	8 003	535 590
Total exposure	2 515 711	6 935 619	178 647	20 729 833	1 297 417	282 708	21 967 292	53 907 227

As at 31 December 2022 and 31 December 2021, the risk levels presented in the table above, are in accordance with the classification of Instruction No. 9/2015 of Banco Nacional de Angola.



As at 31 December 2022 and 31 December 2021, the details of the customer loan portfolio according to the credit risk categories (Stage 1, Stage 2, and Stage 3) are as follows:

AOAM								
2022/12/31								
Segment	Exposure				Impairment			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit cards	1 272 097	109 212	311 990	1 693 299	47 913	21 925	277 269	347 107
Consumer credit	68 441 728	2 147 502	2 829 725	73 418 955	610 332	101 052	1 907 243	2 618 627
Motor vehicle loans	28 707	-	2 240	30 947	287	-	1 161	1 448
Mortgages	17 071 868	1 119 971	5 546 716	23 738 555	358 888	235 392	4 280 517	4 874 797
Overdrafts	500 176	304 149	778 627	1 582 952	6 895	9 855	447 130	463 880
Corporate - less significant exposures	2 480 759	140 392	407 905	3 029 056	54 737	9 294	154 792	218 823
Corporate - significant exposures	172 355 420	24 285 792	53 075 162	249 716 374	4 068 571	6 512 769	33 554 944	44 136 284
State	104 890 489	13 316 422	-	118 206 911	1 255 481	75 038	-	1 330 519
On-balance sheet exposure	367 041 244	41 423 440	62 952 365	471 417 049	6 403 104	6 965 325	40 623 056	53 991 485
Documentary credits and guarantees provided								
Corporate - less significant exposures	25 441 636	-	-	25 441 636	23 284	-	-	23 284
Corporate - significant exposures	50 972 173	215 754	-	51 187 927	482 265	4 532	-	486 797
Undrawn credit facilities	40 910 637	338 664	263 719	41 513 020	102 607	2 951	45 686	151 244
Off-balance sheet exposure	117 324 446	554 418	263 719	118 142 583	608 156	7 483	45 686	661 325
Total exposure	484 365 690	41 977 858	63 216 084	589 559 632	7 011 260	6 972 808	40 668 742	54 652 810

AOAM 2021/12/31 Segmento	Exposure				Impairment			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit cards	886 140	24 345	214 069	1 124 554	8 724	2 743	198 317	209 784
Consumer credit	57 815 939	276 745	3 183 076	61 275 760	516 492	55 345	2 664 216	3 236 053
Motor vehicle loans	12 559	2 438	296	15 293	13	177	280	470
Mortgages	17 061 949	2 164 867	6 867 322	26 094 138	76 032	522 434	5 434 341	6 032 807
Overdrafts	566 410	71 512	599 580	1 237 502	545	197	290 782	291 524
Corporate - less significant exposures	2 235 756	180 770	664 407	3 080 933	40 768	66 281	396 190	503 239
Corporate - significant exposures	150 936 273	30 198 997	47 102 680	228 237 950	2 710 261	9 220 471	29 606 510	41 537 242
State	62 816 525	22 448 446	-	85 264 971	932 072	628 446	-	1 560 518
On-balance sheet exposure	292 331 551	55 368 120	58 631 430	406 331 101	4 284 907	10 496 094	38 590 636	53 371 637
Documentary credits and guarantees provided								
Corporate - less significant exposures	6 890 923	340 750	-	7 231 673	15 267	-	-	15 267
Corporate - significant exposures	69 680 475	215 754	-	69 896 229	289 370	-	-	289 370
Undrawn credit facilities	45 287 015	169 025	364 832	45 820 872	165 047	650	65 256	230 953
Off-balance sheet exposure	121 858 413	725 529	364 832	122 948 774	469 684	650	65 256	535 590
Total exposure	414 189 964	56 093 649	58 996 262	529 279 875	4 754 591	10 496 744	38 655 892	53 907 227

The movement in Loans to Customers by Stage in the period ended 31 December 2022 and 31 December 2021, was as follows:

AOAM	2022/12/31							
	Stage 1		Stage 2		Stage 3		Total	
	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses
Opening balance as at 1 January 2022	292 331 551	4 284 907	55 368 120	10 496 094	58 631 430	38 590 636	406 331 101	53 371 637
Purchased or originated financial assets	171 135 070	2 939 427	4 741 185	1 172 844	1 241 247	513 665	177 117 502	4 625 936
Variations due to changes in credit risk	-	296 100	-	(837 773)	-	900 694	-	359 021
Derecognized financial assets	(57 626 462)	(849 386)	(3 011 020)	(602 698)	(2 891 338)	(1 425 530)	(63 528 820)	(2 877 614)
Transfers to:								
Stage 1	2 209 491	622 986	(1 609 959)	(261 030)	(599 532)	(361 956)	-	-
Stage 2	(4 756 638)	(77 520)	5 313 890	385 470	(557 252)	(307 950)	-	-
Stage 3	(1 885 111)	(32 652)	(8 831 465)	(2 478 903)	10 716 576	2 511 555	-	-
Loans written off from assets					(557 019)	(557 019)	(557 019)	(557 019)
Settlements, exchange rate changes and other	(34 366 657)	(780 758)	(10 547 311)	(908 679)	(3 031 747)	758 961	(47 945 715)	(930 476)
Balance as at 31 December 2022	367 041 244	6 403 104	41 423 440	6 965 325	62 952 365	40 623 056	471 417 049	53 991 485



AOAM	2021/12/31							
	Stage 1		Stage 2		Stage 3		Total	
	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses
Opening balance as at 1 January 2021	183 347 025	3 891 170	171 497 880	22 329 302	34 278 909	28 225 009	389 123 814	54 445 481
Purchased or originated financial assets	140 054 174	5 145 146	-	-	-	-	140 054 174	5 145 146
Variations due to changes in credit risk	-	(1 822 200)	-	389 040	-	8 736 045	-	7 302 885
Derecognised financial assets	(21 386 716)	(109 812)	(56 812 541)	(2 120 194)	(5 699 236)	(4 612 089)	(83 898 493)	(6 842 095)
Transfers to:							-	-
Stage 1	12 899 855	245 557	(12 835 023)	(211 991)	(64 832)	(33 566)	-	-
Stage 2	(14 739 515)	(2 669 191)	16 914 470	3 647 909	(2 174 955)	(978 718)	-	-
Stage 3	(1 581 259)	(395 114)	(50 334 619)	(11 633 491)	51 915 878	12 028 605	-	-
Loans written off from assets	-	-	-	-	(4 775 121)	(4 775 121)	(4 775 121)	(4 775 121)
Interest on loans and advances written off	-	-	(3 442 205)	-	(16 515 828)	-	(19 958 033)	-
Settlements, exchange rate changes and other	(6 262 013)	(649)	(9 619 842)	(1 904 481)	1 666 615	471	(14 215 240)	(1 904 659)
Balance as at 31 December 2021	292 331 551	4 284 907	55 368 120	10 496 094	58 631 430	38 590 636	406 331 101	53 371 637

The risk factors associated with the impairment model, by segment, correspond to the following:

Segment	Impairment in December 2022 - Average parameters			
	PD		LGD	
	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit cards	2.6%	18.0%	53.9%	87.2%
Consumer credit	3.0%	12.7%	44.0%	93.4%
Motor vehicle loans	2.9%	n.a	44.0%	97.8%
Mortgages	1.8%	65.9%	46.9%	79.2%
Overdrafts	5.9%	20.0%	28.6%	44.8%
Corporate - less significant exposures	17.7%	56.1%	31.3%	44.1%
Corporate - significant exposures	8.2%	38.0%	39.2%	84.0%

Segment	Impairment in December 2021 - Average parameters			
	PD		LGD	
	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit cards	0.5%	23.6%	50.9%	94.2%
Consumer credit	2.7%	46.7%	45.9%	95.0%
Motor vehicle loans	0.3%	24.5%	45.9%	99.3%
Mortgages	1.0%	87.2%	53.4%	78.0%
Overdrafts	0.3%	1.5%	24.8%	43.4%
Corporate - less significant exposures	9.1%	47.9%	35.0%	72.4%
Corporate - significant exposures	10.8%	44.9%	35.6%	86.8%

The Bank, in accordance with the implemented impairment model, recalculated the parameters of PDs and LGDs in 2022.

10. NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2022 and 31 December 2021, this item is analysed as follows:

AOAM	2022/12/31	2021/12/31
Non-current assets held for sale		
Properties	606 592	606 592
Accumulated impairment losses (Note 17)	(606 592)	(514 111)
	-	92 481

The amounts presented refer to the 8 properties received in credit assignment, which are not in use, available for immediate sale.

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The details of investments in subsidiaries, associates, and joint ventures as at 31 December 2022 and 31 December 2021, are presented as follows:

AOAM	2022/12/31				
	Country	Year of acquisition	Number of shares	% held	Acquisition cost
SHAREHOLDINGS IN SUBSIDIARIES					
SOFHA – Sociedade de Fomento Habitacional	Angola	2008	n.a	50%	375
BFA - Gestão de Activos	Angola	2016	399 968	99.99%	50 000
BFA - Capital Markets, SDVM, S.A.	Angola	2022	189 880	94.94%	189 880
BFA - Pensões SGFP, S.A.	Angola	2022	876 960	97.44%	876 960
Total investments in subsidiaries, associates and joint ventures					1 117 215

AOAM	2021/12/31				
	Country	Year of acquisition	Number of shares	% held	Acquisition cost
SHAREHOLDINGS IN SUBSIDIARIES					
SOFHA – Sociedade de Fomento Habitacional	Angola	2008	n.a	50%	375
BFA – Gestão de Activos	Angola	2016	n.a	99.99%	50 000
Total investments in subsidiaries, associates and joint ventures					50 375

Within BFA's strategy, in 2022, the companies BFA Capital Markets, SDVM, S.A. and BFA - Fundo de Pensões SGFP, S.A. were incorporated.

In 2022 and 2021 the subsidiaries did not distribute dividends.



12. OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Other intangible assets and property, plant and equipment present the following movement during the period ended 31 December 2022 and 2021:

AOAM	2022/12/31													
	Balances as at 2021/12/31				Amortisation						Balances as at 2022/12/31			
	Gross assets	Accumulated depreciation	Impairment	Net assets	Increases	Impairment	Transfers	Write-offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated amortisation	Impairment	Net assets
Property, plant and equipment														
Real Estate for own use	27 495 674	(10 749 062)	(436 259)	16 310 353	3 376 138	27 467	1 776 487		(887 811)		32 648 299	(11 636 873)	(408 792)	20 602 634
Furniture, tools, facilities and equipment	32 808 362	(20 400 028)	-	12 408 334	6 662 871			(407 588)	(5 851 813)	380 414	39 063 645	(25 871 427)	-	13 192 218
Assets under construction	1 686 812	-	-	1 686 812	554 256		(1 776 487)	(227 520)	-		237 061	-	-	237 061
Right-of-use assets:														
Branches	4 625 011	(2 158 978)	-	2 466 033	353 422			(102 544)	(690 912)	12 946	4 875 889	(2 836 944)	-	2 038 945
Offices and central services	2 521 622	(1 552 028)	-	969 594	-				(542 259)		2 521 622	(2 094 287)	-	427 335
Other	408 771	(284 074)	-	124 697	218 661				(156 574)		627 432	(440 648)	-	186 784
Subtotal	69 546 252	(35 144 170)	(436 259)	33 965 823	11 165 348	27 467	-	(737 652)	(8 129 369)	393 360	79 973 948	(42 880 179)	(408 792)	36 684 977
Intangible assets														
Automatic data processing systems (Software)	7 219 769	(5 470 242)	-	1 749 527	9 671 470	-	-	-	(3 301 312)	-	16 891 239	(8 771 554)	-	8 119 685
Organisation and expansion costs	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Transfer os assets	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	7 415 292	(5 665 765)	-	1 749 527	9 671 470	-	-	-	(3 301 312)	-	17 086 762	8 967 077	-	8 119 685
Total	76 961 544	(40 809 935)	(436 259)	35 715 350	20 836 818	27 467	-	(737 652)	(11 430 681)	393 360	97 060 710	(51 847 256)	(408 792)	44 804 662

AOAM	2021/12/31													
	Balances as at 2020/12/31				Amortisation						Balances as at 2021/12/31			
	Gross assets	Accumulated amortisation	Impairment	Net assets	Increases	Impairment	Transfers	Write-offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated amortisation	Impairment	Net assets
Property, plant and equipment														
Real Estate for own use	25 572 546	(9 812 289)	(432 624)	15 327 633	501 897	(3 635)	1 421 231		(936 185)	(588)	27 495 674	(10 749 062)	(436 259)	16 310 353
Furniture, tools, facilities and equipment	24 496 083	(15 694 321)	-	8 801 762	7 727 396			584 883	(4 838 220)	132 513	32 808 362	(20 400 028)	-	12 408 334
Assets under construction	2 229 361	-	-	2 229 361	1 312 935		(1 421 231)	(434 253)	-		1 686 812	-	-	1 686 812
Right-of-use assets:														
Branches	4 186 441	(1 440 218)	-	2 746 223	650 919			(212 349)	(784 585)	65 825	4 625 011	(2 158 978)	-	2 466 033
Offices and central services	2 412 845	(1 008 436)	-	1 404 409	108 777				(543 592)		2 521 622	(1 552 028)	-	969 594
Other	250 158	(184 226)	-	65 932	158 613				(99 848)		408 771	(284 074)	-	124 697
Subtotal	59 147 434	(28 139 490)	(432 624)	30 575 320	10 460 537	(3 635)	-	(61 719)	(7 202 430)	197 750	69 546 252	(35 144 170)	(436 259)	33 965 823
Intangible assets														
Automatic data processing systems (Software)	5 154 664	(4 940 419)	-	213 472	2 065 105	-	-	-	(529 823)	-	7 219 769	(5 470 242)	-	1 749 527
Organisation and expansion costs	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Transfers	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	5 350 187	(5 135 942)	-	213 472	12 525 642	(3 635)	-	-	(529 823)	-	7 415 292	(5 665 765)	(436 259)	1 749 527
Total	64 497 621	(33 275 432)	(432 624)	30 788 792	14 590 747	(3 635)	-	-	(7 732 253)	197 750	76 961 544	(40 809 935)	(436 259)	35 715 350

The increase in real estate for own use refers to the acquisition of land for own use in the amount of AOA 3 376 138 thousand.

The increase in the furniture, tools, facilities and equipment refers to the acquisition of IT equipment and transportation equipment.

13. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2022 and 31 December 2021, the balances of current tax assets and liabilities have the following breakdown:

AOAM	2022/12/31	2021/12/31
Current tax assets	145 408	67 985
<b>Total - Current tax assets</b>	<b>145 408</b>	<b>67 985</b>
Current tax liabilities:		
VAT	1 014 651	551 093
On capital gains	9 029 552	513 053
On income from employment	598 236	581 030
Taxation of remuneration	342 437	333 626
<b>Total - Current tax liabilities</b>	<b>10 984 876</b>	<b>1 978 802</b>

In the period ended 31 December 2022, the amount recorded under current tax liabilities corresponds mainly to tax on the application of capital, to be settled, concerning tax on the application of capital on income from treasury bonds in the amount of AOA 7 557 935 thousand and on income from reverse repos, performed with the BNA, in the amount of AOA 1 078 944 thousand.

In the period ended 31 December 2022 and 31 December 2021, the income tax expense recognized in the income statement, as well as the tax burden, measured by the ratio between the tax assessed and the profit for the period before that assessment, can be summarized as follows:

AOAM	2022/12/31	2021/12/31
Current tax liabilities		
Capital Gains Tax	19 696 571	6 524 720
Deferred tax assets	-	1 574 006
<b>Total tax recorded in profit or loss</b>	<b>19 696 571</b>	<b>8 098 726</b>
<b>Profit before tax</b>	<b>160 151 791</b>	<b>164 570 458</b>
Effective tax rate	12.30%	4.92%

In 2022, the amount recorded under Tax on application of capital refers essentially to tax on income from treasury bonds in the amount of AOA 11 309 170 thousand, respectively, tax on interest from reserve repos in the amount of AOA 2 946 841 thousand and tax on the distribution of dividends in the amount of AOA 4 815 000 thousand.

The reconciliation between the nominal tax rate and the tax burden verified in the period ended 31 December 2022 and 31 December 2021, can be analysed as follows:

AOAM	2022/12/31		2021/12/31	
	Tax rate	Amount	Tax rate	Amount
Profit before tax		160 151 791		164 570 458
Tax calculated using nominal tax rate	35.00%	56 053 127	35.00%	57 599 660
Tax benefits on income from public debt securities	-45.48%	(72 838 946)	-43.64%	(71 819 169)
Provisions and impairments	2.90%	4 646 484	2.27%	3 743 575
Paid and unpaid exchange variations	30.45%	48 769 980	-8.36%	(13 759 633)
Other permanent differences	0.34%	544 788	14.73%	24 235 567
Deductible tax losses	-23.21%	(37 175 433)	0.00%	-
Capital Gains Tax (IAC)	12.30%	19 696 571	3.96%	6 524 720
Deferred tax assets	-	-	0.96%	1 574 006
Income tax	12.30%	19 696 571	4.92%	8 098 726

Industrial Tax

As mentioned in Note 2.16, the Bank is subject to taxation under Industrial Tax, with the applicable tax rate being 35% in the periods under analysis.

Deferred Taxes

As at 31 December 2022 and 31 December 2021, the Bank had no deferred tax assets.

The Bank uses the rate of 35% to calculate deferred taxes.

As at 31 December 2022, the tax losses reported for prior years on the respective model 1, by year of expiration, are analyzed as follows:

AOAM	Year	Expiration year	Tax losses
	2020	31/12/2025	15 343 351
	2021	31/12/2026	53 786 987
			69 130 338

The Bank did not recognise deferred tax assets associated with tax losses, as it believes that the requirements for their recognition according to IAS 12 are not met.

The movement in deferred tax assets in the period ended 31 December 2021, was as follows:

AOAM	Balance as at 2021/12/31	Increases	Refunds / Write-offs	Foreign exchange differences	Balance as at 2022/12/31
Provisions temporarily not accepted as a tax cost:					
Provisions for Banking Risks, Retirement compensation and Social Fund	759 346	-	759 346	-	-
Impact of adoption of IFRS 9	886 442	-	886 442	-	-
	<b>1 645 788</b>	-	<b>1 645 788</b>	-	-

Tax authorities have the right to review the tax situation of the Bank during a period of five years, which may result, due to different interpretations of tax legislation, in possible corrections to the respective taxes assessed.

The Bank's Board of Directors believes that any additional payments, which may result from these reviews, will not be significant for the financial statements.



## 14. OTHER ASSETS

As at 31 December 2022 and 31 December 2021, this caption has the following breakdown:

AOAM	2022/12/31	2021/12/31
Foreign exchange transactions		
Foreign exchange spot transactions	15 818	699 659
	<b>15 818</b>	<b>699 659</b>
Other assets of a tax nature		
Other taxes receivable	2 103 421	2 039 328
	<b>2 103 421</b>	<b>2 039 328</b>
Other amounts of a civil nature		
Sundry debtors:		
Public sector - Government	896 708	1 157 245
Private sector - Corporate	3 732 048	1 190 727
Private sector – Staff	1 431 905	1 139 326
Private sector – Retail	1 013	1 526
Advances to fixed asset suppliers	3 311 070	7 275 581
	<b>9 372 744</b>	<b>10 764 405</b>

AOAM	2022/12/31	2021/12/31
Other amounts of an administrative and commercial nature		
Prepaid expenses:		
Rents and leasings	25 483	45 697
Insurance	78 779	-
Other	473 115	222 625
	<b>577 377</b>	<b>268 322</b>
Office material	1 312 734	2 325 517
Other advances:		
Cash shortfalls	8 623	10 352
BFA - Capital Markets	499 054	
BFA - Fundo de Pensões	120 646	
Accruals	1 176 304	1 516 896
Other	552 452	4 208
	<b>2 357 079</b>	<b>1 531 456</b>
	<b>15 739 173</b>	<b>17 628 687</b>

As at 31 December 2021, the balance of “Foreign exchange spot transactions” corresponds to foreign exchange transactions to be settled on D+2.

As at 31 December 2022 and 31 December 2021, “Other taxes receivable” essentially represents taxes recoverable through the provisional assessment of Industrial Tax.

As at 31 December 2022 and 31 December 2021, “Other amounts of a civil nature - Sundry Debtors: Advances to fixed asset suppliers” corresponds to advances made to fixed asset suppliers in the course of the Bank’s business.

As at 31 December 2022 and 31 December 2021, “Other amounts of an administrative and commercial nature - Active operations to be settled” corresponds to amounts of operations outstanding at the end of the month that were settled in the first days of the following month.

15. FUNDS OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 31 December 2022 and 31 December 2021, this caption has the following breakdown:

AOAM	2022/12/31	2021/12/31
Transactions in the Interbank Money Market		
Deposits from Credit Institutions in the country - Loan (AOA)	32 112	28 280
Deposits from Credit Institutions abroad	3 069 090	-
Deposits from other entities		
Certified cheques	537 461	1 107 188
Deposits linked to letters of credit	-	652 222
Other	57 979	66 312
	3 696 642	1 854 002

The grading of resources from Other Credit Institutions by residual maturity is shown in Note 30.2.

As at 31 December 2022, the balance of the item “Deposits from other entities” refers essentially to interbank clearing values, namely, certified checks.

As at 31 December 2021, balance of the item “Deposits from other entities” refers essentially to interbank clearing values, namely, certified checks and import letters of credit.



16. CUSTOMER FUNDS AND OTHER BORROWINGS

As at 31 December 2022 and 31 December 2021, the caption “Deposits from Customers and other borrowings” has the following breakdown:

AOAM	2022/12/31	2021/12/31
Demand deposits from residents		
In national currency	598 660 818	588 564 644
In foreign currency	263 011 913	223 745 350
	<b>861 672 731</b>	<b>812 309 994</b>
Demand deposits from non-residents		
In national currency	25 396 687	22 878 216
In foreign currency	4 620 118	5 079 930
	<b>30 016 805</b>	<b>27 958 146</b>
Interest on demand deposits	28 685	47 582
<b>Total demand deposits</b>	<b>891 718 221</b>	<b>840 315 722</b>
Term deposits from residents		
In national currency	449 847 152	349 998 784
In foreign currency	676 387 091	798 601 311
	<b>1 126 234 243</b>	<b>1 148 600 095</b>
Term deposits from non-residents	8 063 149	7 942 977
Interest on term deposits	14 269 591	8 460 702
<b>Total term deposits</b>	<b>1 148 566 983</b>	<b>1 165 003 774</b>
<b>Total deposits</b>	<b>2 040 285 204</b>	<b>2 005 319 496</b>

As at 31 December 2022 and 31 December 2021, term deposits from customers have the following structure, according to the residual maturity of the operations:

AOAM	2022/12/31	2021/12/31
Up to 1 month	379 408 934	349 272 143
1 to 3 months	325 774 230	388 496 597
3 to 6 months	10 544 595	257 201 342
6 to 12 months	234 343 736	161 100 664
1 to 3 years	198 495 488	8 933 028
	<b>1 148 566 983</b>	<b>1 165 003 774</b>

As at 31 December 2022 and 31 December 2021, interest on customer term deposits earned interest at the following annual weighted average rates:

AOAM	2022/12/31	2021/12/31
In Kwanzas	10.82%	10.99%
In US dollars	1.40%	1.07%
In Euro	0.08%	0.09%



As at 31 December 2022 and 31 December 2021, demand and term deposits presented the following structure, by type of customer:

AOAM	2022/12/31	2021/12/31
Demand deposits		
Public sector - Government	125 329 625	71 940 643
Public sector - Corporate	10 404 615	16 679 791
Corporate	449 856 773	460 998 603
Retail	306 127 208	290 696 685
	891 718 221	840 315 722
Term deposits		
Public sector - Government	44 523 141	21 619 220
Public sector - Corporate	15 123 613	15 093 284
Corporate	547 066 857	548 715 883
Retail	541 853 372	579 575 387
	1 148 566 983	1 165 003 774
	2 040 285 204	2 005 319 496

17. IMPAIRMENT AND PROVISIONS

The movement in impairment and provisions during the period ended 31 December 2022 and 2021 was as follows:

AOAM	2022/12/31								
	Balances as at 2021/12/31	Increases Charges for the period	Decreases Refunds and write-offs	Subtotal	Write-offs	Charge-off	Foreign exchange and other differences	Transfers	Balances as at 2022/12/31
Impairment for other financial assets									
Loans and advances to credit institutions (Note 5)	7 570	19 200	(22 779)	(3 579)	-	-	(547)	-	3 444
Other loans and advances to central banks and credit institutions (Note 6)	353 978	245 495	(247 703)	(2 208)	-	-	(30 806)	-	320 964
Investments at amortised cost (Note 8)	13 472 621	829 040	(3 339 380)	(2 510 340)	-	-	(750 463)	-	10 211 818
	13 834 169	1 093 735	(3 609 862)	(2 516 127)	-	-	(781 816)	-	10 536 226
Impairment of other assets									
Non-current assets held for sale (Note 10)	514 111	92 481	-	92 481	-	-	-	-	606 592
Property, plant and equipment and intangible assets (Note 12)	436 259		(27 467)	(27 467)	-	-	-	-	408 792
	950 370	92 481	(27 467)	65 014	-	-	-	-	1 015 384
Loan impairment (Note 9)	53 371 637	4 882 845	(2 775 502)	2 107 343	(557 019)	-	(930 476)	-	53 991 485
Provisions:									
Of a social or statutory nature	21 554 210	123 889	(123 889)	-	-	(1 410 890)	(1 907 292)	-	18 236 028
Of an administrative and commercial nature	26 880 849	14 064 741	(7 302 461)	6 762 280	-	(266 413)	(695 906)	-	32 680 810
Guarantees provided and undrawn credit facilities (Note 9)	535 590	375 390	(233 051)	142 339	-	-	(16 604)	-	661 325
	48 970 649	14 564 020	(7 659 401)	6 904 619	-	(1 677 303)	(2 619 802)	-	51 578 163
	117 126 825	20 633 081	(14 072 232)	6 560 849	(557 019)	(1 677 303)	(4 332 094)	-	117 121 258

AOAM	2021/12/31								
	Balances as at 2020/12/31	Increases Charges for the period	Decreases Refunds and write-offs	Subtotal	Write-offs	Charge-off	Foreign exchange and other differences	Transfers	Balances as at 2021/12/31
Impairment for other financial assets									
Loans and advances to credit institutions (Note 5)	18 548	24 461	(32 324)	(7 863)	-	-	(3 115)	-	7 570
Other loans and advances to central banks and credit institutions (Note 6)	770 956	478 838	(811 414)	(332 576)	-	-	(84 402)	-	353 978
Investments at amortised cost (Note 8)	57 317 952	8 273 101	(49 378 585)	(41 105 484)	-	-	(2 739 847)	-	13 472 621
	58 107 456	8 776 400	(50 222 323)	(41 445 923)	-	-	(2 827 364)	-	13 834 169
Impairment of other assets									
Non-current assets held for sale (Note 10)	338 833	175 278	-	175 278	-	-	-	-	514 111
Property, plant and equipment and intangible assets (Note 12)	432 624	3 635	-	3 635	-	-	-	-	436 259
	771 457	178 913	-	178 913	-	-	-	-	950 370
Loan impairment (Note 9)	54 445 480	15 520 121	(10 361 809)	5 158 312	(4 755 121)	-	(1 477 034)	-	58 126 758
Provisions:									
Of a social or statutory nature	22 831 006	3 052 396	-	3 052 396	-	(1 116 368)	(3 212 824)	-	21 554 210
Of an administrative and commercial nature	18 544 002	9 617 280	(1 413 864)	8 203 416	-	(202 020)	(345 960)	(681 411)	26 880 849
Guarantees provided and undrawn credit facilities (Note 9)	93 063	588 927	(141 303)	447 624	-	-	(5 097)	-	535 590
	41 468 071	13 258 603	(1 555 167)	11 703 436	-	(1 318 388)	(3 563 881)	681 411	48 970 649
	154 792 464	37 734 037	(62 139 299)	(24 405 262)	(4 755 121)	(1 318 388)	(7 868 279)	681 411	121 881 946

For the period ended 31 December 2022, regarding the Impairment portfolio for Other Financial Assets - Investments at amortized cost, the Bank reversed impairment, on a net basis, of AOA 2 510 340 thousand (see Note 8).

Regarding Impairment for Credit, the Bank reinforced impairment, in net terms, of AOA 2 107 343 thousand (see Note 9). Additionally, regarding guarantees and lines of credit not used, the Bank reinforced impairment, in net terms, of AOA 142 339 thousand (see Note 9).

As at 31 December 2022 and 31 December 2021, “Provision of guarantees” includes the impairment recognised for off-balance sheet items of documentary credits, guarantees provided and unused limits in the loan portfolio.

Also in 2018, the Bank created the Social Responsibility Directorate, which is composed of the centers of (i) monitoring of the “BFA Solidário” projects and (ii) subsidies, being responsible for the social actions of the Bank while the incorporation process of the Fundação BFA is not completed.

Since it is the intention of the Board of Directors of the Bank that the provision existing on 31 December 2022 in the amount of AOA 18 236 028 thousand be used as a monetary endowment for the initial assets of the Fundação BFA, it is also its intention that it be alternatively used through the social activity to be developed by the Social Responsibility Directorate until the incorporation of the Fundação BFA is completed.

As at 31 December 2022 and 31 December 2021, the caption “Provisions of an administrative and commercial nature” consists of amounts to cover contingencies of several natures, frauds, ongoing lawsuits and other liabilities, corresponding to the best estimate of the costs that the Bank will bear in the future with these liabilities. This includes a tax contingency in the amount of AOA 26 030 049 thousand calculated based on the tax inspection processes of the General Tax Administration for fiscal years 2014 and 2017.

## 18. OTHER LIABILITIES AND LEASE LIABILITIES

As at 31 December 2022 and 31 December 2021, these captions had the following breakdown:

AOAM	2022/12/31	2021/12/31
Foreign exchange transactions		
Foreign exchange spot transactions	-	342
	-	<b>342</b>
Taxes payable - withheld from third parties		
On income	400 757	473 677
Other	33 187	166 488
	<b>433 944</b>	<b>640 165</b>
Liabilities of a civil nature	9 276 155	4 830 416
Liabilities of a statutory nature - dividends outstanding	48 150 000	96 300 000
Liabilities of an administrative and commercial nature		
Holiday pay and holiday allowance	6 469 228	6 298 915
Performance bonus	7 490 462	6 928 434
Other staff costs	1 166 897	1 292 810
	<b>15 126 587</b>	<b>14 520 159</b>
Other administrative and marketing costs payable		
Liabilities to be settled	4 095	202 759
Accrued costs	10 653 214	16 345 381
ATM cash withdrawals - to be settled	6 989 609	7 066 231
VAT payable	113 813	1 769 248
Deposit Guarantee Fund	1 022 921	1 248 947
Premium/Discount - Acquisition of securities	12 806 211	-
Other	8 325 733	1 949 658
	<b>39 915 596</b>	<b>28 582 223</b>
	<b>112 902 282</b>	<b>144 873 306</b>
Lease liabilities	4 622 610	6 185 862
	<b>117 524 892</b>	<b>151 059 167</b>

As at 31 December 2022 and 31 December 2021, the balance of “Foreign exchange spot transactions” corresponds to foreign exchange transactions to be settled on D+2.

The balance of the item “Taxes payable - withheld from third parties” includes amounts to be paid to the Tax Authorities in the month following the month to which it relates, and the balance of the item “Liabilities of a civil nature” corresponds to invoices for services to be paid to the Bank’s suppliers.

The balance of the item “Liabilities of a statutory nature” corresponds to dividends with deferred settlement attributed to the Bank’s shareholders pending payment, in the amount of AOA 48 150 000 thousand and AOA 96 300 000 thousand, respectively, in accordance with Note 19.

As at 31 December 2022 and 31 December 2021, the balance of the item “Liabilities of an administrative and commercial nature - Staff - Salaries and other remuneration” includes the amounts of vacation and vacation allowances, performance bonus and other accruals related to staff.

The balance of the item “Other administrative and marketing costs payable - Accrued Costs” includes the amount of AOA 10 653 214 thousand (2021: AOA 16 345 381 thousand) related to the constitution of accrued costs with third party supplies and services rendered and not yet invoiced by suppliers and the heading “ATM cash withdrawals - to be settled” corresponds to operations made at ATM’s which are settled in the first days of the following month.

As at 31 December 2022 and 31 December 2021, lease liabilities correspond to the present amount of lease payments to be settled over the lease term, recognized under IFRS 16.

The detail of lease liabilities by maturity is presented below:

AOAM	2022/12/31	2021/12/31
Lease liabilities		
Up to 1 year	2 088 833	2 641 077
1 to 5 years	2 705 617	4 588 052
More than 5 years	1 610 234	1 433 012
	<b>6 404 684</b>	<b>8 662 141</b>
Interest to be accrued on net interest income	1 782 074	2 476 279
	<b>4 622 610</b>	<b>6 185 862</b>

Lease liabilities are related to the lease agreements for branches and offices used by the Bank in the course of its business

19. EQUITY

Share Capital

The Bank was incorporated with a share capital of AOA 1 305 561 thousand (equivalent to EUR 30 188 657 at the exchange rate in force on 30 June 2002), represented by 1 305 561 registered shares of one thousand Kwanzas each, having been subscribed and realized through the incorporation of all the assets and liabilities, including property or real estate rights of all kinds, as well as all the rights and obligations of the former BFE branch.

At the end of 2004, 2003 and 2002, the Bank increased its capital by AOA 537 672 thousand, AOA 1 224 333 thousand and AOA 454 430 thousand, respectively, through the incorporation of the equity monetary restatement reserve, constituted in order to maintain the equivalent in Kwanzas of the initial capital allocation in foreign currency.

By a Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to proceed with the capital increase of BFA, by incorporating reserves recorded under the caption “Other Reserves and Retained Earnings” in the amount of AOA 11 478 004 thousand. This capital increase was performed within Notice No. 02/2018 of Banco Nacional de Angola, which defines that the minimum value of fully paid-up share capital in national currency is AOA 7 500 000 thousand.

Consequently, as at 31 December 2022 and 31 December 2021, the share capital of the Bank amounts to AOA 15 000.000 thousand, represented by AOA 15 000 000 registered shares of one thousand Kwanzas each, resulting from the aforementioned capital increases.

As at 31 December 2022 and 31 December 2021, the shareholder structure of the Bank is as follows:

AOAM	2022/12/31		2021/12/31	
	Number of shares	%	Number of shares	%
Unitel, S.A.	7 785 000	51.90%	7 785 000	51.90%
Banco BPI, S.A.	7 213 950	48.09%	7 213 050	48.09%
Other BPI Group entities	1 050	0.01%	1 950	0.01%
	15 000 000	100%	15 000 000	100%

On 7 October 2016, Unitel, S.A. entered into an agreement with Banco BPI, S.A. (Banco BPI) for the purchase of 2% of the share capital of BFA, the celebration of which implied an increase in the shareholding percentage of Unitel in BFA from 49.9% to 51.9%. On that same date, the new shareholders’ agreement in respect of BFA was also signed.

The completion of this operation was dependent on the verification of the following suspensive conditions:

- Authorization of the Angolan National Bank (BNA) regarding the increase in the qualified shareholding already held by Unitel in BFA and authorization of the capital transactions necessary for the payment to Banco BPI and the transfer to Portugal of the agreed price of EUR 28 million;
- Authorization of the BNA to change the Articles of Association of BFA; and
- Approval of the operation by the General Meeting of Banco BPI.



On 12 December 2016, Banco Nacional de Angola reported that it was not opposed to the practice of the following acts:

- i) Partial amendment of the Articles of Association of BFA;
- ii) Increase in Unitel’s qualified holding in the share capital of BFA through the acquisition from Banco BPI of 26 111 ordinary shares representative of 2% of share capital;
- iii) Indirect acquisition of the qualified holding representative of 48.01% of the share capital of BFA, following the settlement of the general and mandatory takeover bid, launched by Caixabank on all shares representative of Banco BPI’s share capital.

The BNA established as a condition that the three operations referred to above are indivisible, that is, it is assumed that they must occur simultaneously or almost simultaneously or, if it is not possible for any reason to ensure their simultaneity, the operation referred to in (ii) must precede the operations referred to in (i) and (iii).

On 5 January 2017, pursuant to the share purchase and sale agreement signed in 2016, the sale, by Banco BPI to Unitel, of the aforementioned stake representing 2% of the share capital of BFA was completed.

On 26 November 2018, there was an increase in share capital which corresponded to an increase in the shareholding of each shareholder in proportion to their respective holdings in the share capital of the Bank at that date, with 13 694 439 shares having been issued with a par value of AOA 1 000. Thus, as at 31 December 2018, the Bank had a total of 15 000 000 ordinary shares outstanding. Bearing in mind that since 31 December 2018 there were no changes in the share capital of the Bank, the number of ordinary shares outstanding in the period ended 31 December 2022 and 31 December 2021 is 15 000 000 shares.

Other reserves and retained earnings

As at 31 December 2022 and 31 December 2021, this caption has the following breakdown:

AOAM	2022/12/31	2021/12/31
Other reserves and retained earnings		
Legal reserve	17 155 909	17 155 909
Other reserves	311 678 403	233 442 537
Retained earnings	-	-
	328 834 312	250 598 446

By unanimous deliberation of the General Meeting of 7 April 2022, it was decided to distribute dividends to the shareholders in the amount of AOA 78 235 866 thousand, corresponding to 50% of the net profit obtained in the previous period (AOA 156 471 732 thousand), with the remaining amount being transferred to “Other Reserves” (AOA 78 235 866 thousand).

By unanimous deliberation of the General Meeting of 16 June 2021, it was approved the distribution, through extraordinary dividends with deferred liquidation, of other reserves and retained earnings in the amount of AOA 160 500 000 thousand - to be paid in three installments on the following dates:

- 40% corresponding to AOA 64 200 000 thousand on 30 September 2021;
- 30% corresponding to AOA 48 150 000 thousand on 30 June 2022; and
- 30% corresponding to AOA 48 150 000 thousand on 30 June 2023.

IFRIC 17 - “Distributions to owners of non-cash assets” stipulates that the dividend payable is recorded considering the fair value of the asset to be delivered which, in this case, given the fact that this distribution is made through cash outflow, it was considered to be AOA 160 500 000 thousand. The amount not yet settled is detailed in Note 18.

Under current legislation, the Bank must constitute a legal reserve fund until same is equal to the share capital. To this end, a minimum of 10% of the previous year’s net income is transferred to this reserve. This reserve can only be used to cover accumulated losses when the remaining reserves are exhausted. As at 31 December 2022, the Bank is in compliance with the requirements for the establishment of the legal reserve, therefore no amount was transferred.

Earnings and dividend per share

In the period ended 31 December 2022 and 2021, the basic earnings per share and the dividend attributed, related to the previous financial year’s income, were as follows:

AOAM	2022/12/31	2021/12/31
Average number of ordinary shares issued	15 000 000	15 000 000
Net profit/(loss) for the period	140 455 220	156 471 732
Dividends distributed in the period relating to the previous period	78 235 866	71 878 876
Extraordinary dividends attributed during the period	-	160 500 000
Basic earnings per share	9.36	10.43
Diluted earnings per share	9.36	10.43
Dividend per share attributed during the period	5.22	15.49

In accordance with the provisions of IAS 33 - Earnings per share, the basic Earnings per share and the Dividend attributed in the period must be adjusted retrospectively, in all the periods affected, in the event of an increase or reduction in the number of ordinary shares.



## 20. NET INTEREST INCOME

In the periods ended 31 December 2022 and 2021, this caption has the following breakdown:

AOAM	2022/12/31	2021/12/31
<b>Interest and similar income</b>		
<b>From short-term investments:</b>		
Term deposits with credit institutions abroad	5 626 364	439 293
Term deposits with credit institutions in the country	1 089 638	440 020
Other	149 705	5 279
Income from reverse purchase agreements	22 602 705	6 662 346
	<b>29 468 412</b>	<b>7 546 938</b>
<b>From securities:</b>		
From securities at fair value through profit or loss		
Treasury Bills	-	21 319 455
Treasury Bonds	13 057 126	18 754 837
From investments at amortised cost		
Treasury Bills	13 283 046	-
Treasury Bonds	153 305 678	145 558 131
	<b>179 645 850</b>	<b>185 632 423</b>
<b>From loans granted</b>		
Corporate and Government		
Loans	39 870 825	30 752 573
Credit current account	5 497 570	5 688 051
Other loans	4 119	10 687
Mortgages	330 097	355 307
Consumer credit	9 880 021	8 808 851
Other credit	2 979 184	3 011 710
Interest overdue	-	1 204 225
	<b>58 561 816</b>	<b>49 831 404</b>
<b>Total interest and similar income</b>	<b>267 676 078</b>	<b>243 010 765</b>

AOAM	2022/12/31	2021/12/31
<b>Interest and similar expense</b>		
<b>Interest and similar expense</b>		
Demand deposits	455 504	466 305
Term deposits	49 712 294	41 705 445
	<b>50 167 798</b>	<b>42 171 750</b>
<b>Funding liquidity:</b>		
From transactions in the Interbank Money Market	603 132	472 050
	603 132	472 050
Other interest and similar expense	729 019	954 851
	729 019	954 851
<b>Total interest and similar expense</b>	<b>51 499 949</b>	<b>43 598 651</b>
	<b>216 176 129</b>	<b>199 412 114</b>

The proceeds from resale agreement securities purchase operations relate to operations with the Central Bank.

## 21. FEE AND COMMISSION INCOME / EXPENSE

In the periods ended 31 December 2022 and 2021, this caption had the following breakdown:

AOAM	2022/12/31	2021/12/31
Fees and commissions income		
Fees and commissions on ATMs and TPAs	12 324 536	8 318 612
Fees and commissions on securities	4 300 759	5 838 267
Fees and commissions on payment orders issued	2 068 583	2 204 470
Fees and commissions on cards	1 873 827	1 138 818
Fees and commissions on currency sales	1 835 237	1 684 414
Fees and commissions on services rendered	1 415 071	1 056 951
Fees and commissions on open import documentary credits	1 014 421	1 324 922
Fees and commissions on guarantees and sureties provided	963 246	780 266
Fees and commissions on restructuring credit operations	806 014	370 390
Fees and commissions on the issuance of cheques	779 338	1 117 413
Fees and commissions on opening credit	699 929	522 981
Fees and commissions on card cancellation/replacement	658 999	378 189
Fees and commissions on interbank services	556 589	526 944
Other fees and commissions	1 611 507	1 537 157
	<b>30 908 056</b>	<b>26 799 794</b>
Expense from services rendered		
Fees and commissions on cards	(11 347 190)	(6 363 478)
Fees and commissions on ATMs and TPAs	(987 196)	(822 369)
Other fees and commissions expense	(1 078 026)	(194 330)
	<b>(13 412 412)</b>	<b>(7 380 177)</b>
<b>Total</b>	<b>17 495 644</b>	<b>19 419 617</b>

The variation in the caption “Income from services rendered - commissions on ATM's and TPA's” and in the caption “Costs of services rendered - commissions on cards”, year-on-year, is due to the increase in the EMIS price list and the corresponding impact on the corresponding price list.

## 22. FOREIGN EXCHANGE GAINS/(LOSSES)

In the periods ended 31 December 2022 and 2021, this caption had the following breakdown:

AOAM	2022/12/31	2021/12/31
Changes in exchange rates on assets and liabilities denominated in foreign currency	(5 682 243)	(2 407 461)
Foreign currency purchase and sale transactions	22 969 025	16 446 612
	<b>17 286 782</b>	<b>14 039 151</b>

“Changes in exchange rates on assets and liabilities denominated in foreign currency” refers to foreign exchange gains/(losses) related to the exchange revaluation of the Bank's assets and liabilities in foreign currency and securities in Kwanzas indexed to US dollars.

## 23. GAINS/(LOSSES) ON DISPOSAL OF OTHER ASSETS

In the periods ended 31 December 2022 and 2021, this caption had the following breakdown:

AOAM	2022/12/31	2021/12/31
Net gains/(losses) on sale of assets		
Gains on sale of property, plant and equipment	74 215	28 872
Losses on the sale of tangible assets	(203)	(709)
	<b>74 012</b>	<b>28 163</b>

**24. OTHER OPERATING INCOME /(EXPENSE)**

In the periods ended 31 December 2022 and 2021, this caption had the following breakdown:

AOAM	2022/12/31	2021/12/31
<b>Other operating income:</b>		
Recovery of administrative and commercial expenses	6 047 171	5 294 411
Gain on expenses charged	2 730 140	2 063 046
Gains on credit recovery	331 428	859 827
Other	1 213 684	490 194
	<b>10 322 423</b>	<b>8 707 478</b>
<b>Other operating expense:</b>		
Taxes and fees not levied on income	(7 326 275)	(7 051 229)
Contribution to Deposit Guarantee Fund	(1 433 564)	(1 939 581)
Penalties applied by regulatory authorities	(371 856)	(372 021)
Other	(123 821)	(65 204)
	<b>(9 255 516)</b>	<b>(9 428 035)</b>
	<b>1 066 907</b>	<b>(720 557)</b>

For the period ended 31 December 2022 and 2021, “Taxes and fees not levied on income” includes a balance of AOA 5 381 722 thousand and AOA 5 313 091 thousand, respectively.

In the period ended 31 December 2022 and 2021, the caption “Other operating income - Recovery of administrative and commercial expenses” refers, essentially, to: (i) the reimbursement of communication and mailing expenses originally borne by the Bank, namely in carrying out payment order operations and (ii) gains from lease renegotiations.

**25. STAFF COSTS**

In the periods ended 31 December 2022 and 2021, this caption had the following breakdown:

AOAM	2022/12/31	2021/12/31
Members of the Management and Supervisory Bodies		
Monthly remuneration	3 096 610	2 913 065
Additional remuneration	3 704 794	3 267 310
Mandatory social charges	523 786	475 125
	<b>7 325 189</b>	<b>6 655 499</b>
Staff		
Monthly remuneration	40 666 327	40 316 745
Additional remuneration	5 172 924	5 392 305
Mandatory social charges	2 736 330	2 300 213
Optional social charges	3 742 066	3 783 279
Other	187 781	(3 618 914)
	<b>52 505 428</b>	<b>48 173 627</b>
Pension costs		
Supplementary pension plan	3 386 149	3 296 222
	<b>3 386 149</b>	<b>3 296 222</b>
	<b>63 216 766</b>	<b>58 125 349</b>

In 2013, with reference to the last day of the year, the Bank constituted the “Fundo de Pensões BFA” (BFA Pension Fund) to covers liabilities with retirement for old age, disability, and survival pensions, that the Bank granted to its Angolan employees registered with Social Security, having used the provisions previously constituted as an initial contribution to the BFA Pension Fund (defined contribution plan).

According to the Fund’s constitution contract, BFA will contribute annually with 10% of the salary subject to Angolan Social Security charges, applied on fourteen salaries.

In November 2022, the Addendum to the BFA Pension Fund and the New Pension Plan was published in Order No. 3923/22 (*Diário da República* No. 123, Series II). The new Pension Plan defines a mixed contribution system between the Associate (BFA) and the Employees and establishes the associate’s rate at 7.5% on the pensionable salary, also defining a variable employee contribution between 2.5% and 10% on the pensionable salary.

As at 31 December 2022 and 31 December 2021, the Bank’s contribution to the BFA Pension Fund amounted to AOA 3 386 149 thousand and AOA 3 296 222 thousand, respectively. The responsibility for the management of the BFA Pension Fund rests with Fenix – Sociedade Gestora de Fundos de Pensões, S.A. The Bank assumes the role of depositary of the Fund.

As at 31 December 2021, “Employees - others” included an amount of AOA 3 816 779 thousand, referring to settlements of estimated health expenses with COVID-19 in 2020.

26. THIRD-PARTY SUPPLIES & SERVICES

In the periods ended 31 December 2022 and 2021, this caption had the following breakdown:

AOAM	2022/12/31	2021/12/31
Audits, advisory and other specialised technical services	11 048 455	14 459 490
Safety, maintenance and repair	4 206 187	8 399 098
Sundry materials	3 286 455	3 533 076
Communications	3 313 368	2 520 773
Advertising and marketing	1 915 903	1 972 527
Transport, travel and accommodation	2 145 195	2 901 240
Insurance	611 729	112 278
Rentals	554 783	817 913
Water and energy	127 675	276 347
Other external supplies and services	491 076	364 731
	27 700 826	35 357 473

## 27. OFF-BALANCE SHEET DISCLOSURES

These captions have the following breakdown:

AOAM	2022/12/31	2021/12/31
Liabilities to third parties:		
Guarantees provided	58 984 788	52 613 339
Commitments to third parties		
- Open documentary credits	17 644 775	24 514 563
	<b>76 629 563</b>	<b>77 127 902</b>
Liabilities for services rendered:		
Services rendered by the Bank		
- Safekeeping of securities	917 188 788	1 069 424 885
- Cheque clearing on foreign banks	165 751	174 030
- Documentary remittances	(57 658 695)	(69 805 310)
	<b>859 695 844</b>	<b>999 793 605</b>

As at 31 December 2021, the caption “Open documentary credits” includes open documentary credits guaranteed by blocked deposits in the Bank, in the amounts of AOA 652 222 thousand, respectively (Note 15).

As at 31 December 2022 and 31 December 2021, the Bank has constituted provisions to cover the credit risk assumed in the granting of guarantees and documentary credits, in the amounts of AOA 661 325 thousand and AOA 535 590 thousand, respectively (Notes 9 and 17).

The notional of the forwards are recognised in off-balance sheet captions, in the amounts of AOA 18 658 343 thousand and AOA 5 190 049 thousand, as at 31 December 2022 and 31 December 2021, respectively.

As at 31 December 2022 and 2021, the caption “Safekeeping of securities” refers, essentially, to securities of customers in the custody of the Bank.

## 28. RELATED PARTIES

In accordance with IAS 24, the following are considered entities related to the Bank:

- the entities that exercise, directly or indirectly, a significant influence over the management and financial policy of the Bank - Shareholders;
- those over which the Bank exercises, directly or indirectly, a significant influence over their financial management and policy - Associates and joint ventures and the Pension Fund;
- the members that are key management personnel of the Bank, considering for this purpose the members of the Board of Directors, executive and non-executive, and the Companies over which the members of the Board of Directors have significant influence;
- subsidiaries, joint ventures or associates of the shareholder holding control over the Bank;
- key personnel of the shareholder holding control over the Bank (executive and non-executive members of the Board of Directors);
- entities controlled or jointly controlled by the key personnel of the shareholder holding control over the Bank;
- entities controlled or jointly controlled by the close family members of the key personnel of the Shareholders.



The related entities of the Bank with which it maintained balances or transactions in the period ended 31 December 2022 and 2021 are as follows:

<b>BFA shareholders</b> BPI Group Unitel	
Members of supervisory or management bodies – UNITEL	Companies in which members of BFA's supervisory or management bodies have significant influence
Aguinaldo Jaime	<ul style="list-style-type: none"><li>MULTINVEST-INVEST. E PARTICIPACOES, Lda.</li><li>HOTEL PRAIA MAR, Lda.</li></ul>
Osvaldo António Inácio	
António Miguel Ferreira Geraldès	
Amílcar Frederico Safeca	<ul style="list-style-type: none"><li>NODIBRAND-SISTEMAS, TECNOLOGIA E CONSULTORIA</li><li>ANTOSC, S.A.</li><li>ANGLOBAL - COMERCIO, INDUSTRIA E SERVIÇOS, S.A.</li></ul>
Eliana Maria Fortes Dos Santos	
Arlindo Ngueva Narciso Das Chagas Rangel	<ul style="list-style-type: none"><li>TRANSLUX EXPRESS, Lda.</li></ul>
José Manuel Rela Dos Santos Bento	
<b>UNITEL investees</b> <ul style="list-style-type: none"><li>ANGOLA CABLES, S.A.</li><li>UNITEL INTERNATIONAL BV</li><li>HOLDFINANCE</li><li>UNI TELECOMUNICAÇÕES</li><li>UNITEL SOCIEDADE IMOBILIÁRIA</li><li>TELEACE JLT</li><li>UNICANDA – AGRO-INDUSTRIAL (SU), S.A.</li><li>UNITEL SPM – SERVIÇOS DE PAGAMENTOS MÓVEIS (SU) S.A.</li><li>UNITEAL SOCIEDADE IMOBILIÁRIA, S.A. (USI – MOBILIÁRIA, S.A.)</li></ul>	

<b>BFA – Members of supervisory or management bodies and Companies where Members have Control</b>	
Board of Directors	Companies where members have control or joint control
Rui Jorge Carneiro Mangureira	
António José Simões Matias	
Divaldo Kenda Feijó Palhares	
Jacinto Manuel Veloso	<ul style="list-style-type: none"><li>BLENDGEST CONSULTING Lda.</li><li>VLS GLOBAL</li></ul>
Luís Roberto Fernandes Gonçalves	
Natacha Sofia da Silva Barradas	
João Fernando Quiúma	<ul style="list-style-type: none"><li>F Q &amp; FILHOS Lda.</li></ul>
Filomeno da Costa Alegre Alves de Ceita	
Paulo Leis de Freitas Alves	
Osvaldo Salvador de Lemos Macaia	
Sebastião Machado Francisco Massango	<ul style="list-style-type: none"><li>SEILMA, Lda.</li><li>HONGAMBANDU RESTAURAÇÃO E CARTERING</li></ul>
Vera Cristina dos Anjos Tangué Escórcio	
António Manuel Costa Alfaia	
Supervisory Board	Companies where members have control or joint control
Ari Nelson Correia Brandão	<ul style="list-style-type: none"><li>ADVISORS PRESTAÇÃO DE SERVIÇOS Lda.</li><li>PISON IMOBILIARIA Lda.</li><li>ATELIER DO PEIXE Lda.</li></ul>
Valdir de Jesus Lima Rodrigues	
João Filipe Melão Dias	

<b>Investees of BFA</b> BFA – CAPITAL MARKETS, SDVM, S.A. BFA – PENSÕES SGFP, S.A. BFA GESTÃO DE ACTIVOS SGOIC. S.A.	
Board of Directors	Companies where members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Vera Cristina dos Anjos Tanguê Escórcio*	
Rui Elvídio Gonçalves de Oliveira	<ul style="list-style-type: none"><li>• EUROCUANZA Lda.</li><li>• SOCONCRETO CONSTRUÇÕES , S.A.</li><li>• RUCATUR, Lda.</li><li>• RUCATUR - RUCA'S PLACE</li></ul>
Manuel André	<ul style="list-style-type: none"><li>• TALARA COMERCIAL Lda.</li></ul>
Carla Yessénia de Lousada L. E. de Jesus	<ul style="list-style-type: none"><li>• CNST-SERV, Lda.</li></ul>
*Other members of the Board of Directors are BFA Directors identified above.	
Supervisory Board	Companies where members have control or joint control
Henrique Manuel Camões Serra	<ul style="list-style-type: none"><li>• C&amp;S - ASSURANCE AND ADVISORY, S.A.</li><li>• CE-MAGNUS - CONSULTORIA EMPRESARIAL S.A.</li></ul>
Catarino Eduardo César	
Ana Marisa da Rocha Domingos	
<b>Pension Fund</b> BFA Pension Fund	

Qualified Parties	
Unitel Shareholders	Qualified Parties
MS TELCOM - MERCURY, SERVIÇOS DE TELECOMUNICAÇÃO, S.A. – 25% ESTADO ANGOLANO (IGAPE - INSTITUTO DE GESTÃO DE ACTIVOS E PARTICIPAÇÕES DO ESTADO) – 50% PT VENTURES, SGPS S.A. – 25%	<ul style="list-style-type: none"><li>• Sonangol E.P.</li></ul>



As at 31 December 2022 and 31 December 2021, the main balances and transactions maintained by the Bank with related entities are as follows:

AOAM	2022/12/31								
	BFA shareholders			Members of the BFA Board of Directors	Companies where members of the Board of Directors have significant influence	Affiliates	BFA - Fundo de Pensões	Related parties via Unitel	Total
	BPI	Unitel							
Cash and deposits									
Loans and advances to credit institutions repayable on demand	13 492 160	-	-	-	-	-	-	-	13 492 160
Short-term investments									
Other loans to credit institutions	220 062 427	-	-	-	-	-	-	-	220 062 427
Loans granted	2 747	-	206 381	-	318 679	-	3 643	531 450	
Deposits from customers	-				-	-	-	-	
Demand Deposits	-	5 439 356	452 024	105 540	214 049	2 941	16 665 546	22 879 456	
Term Deposits	-	132 794 564	1 873 854	-	28 080	9 347 583	490 904	144 534 985	
Other liabilities	-	-	-	-	-	-	-	-	
Interest and similar income	2 820 414	-	8 202	-	16 098	-	-	2 844 714	
Interest and similar expense	-	3 602 488	86 939	-	11 695	32 298	11 081	3 744 501	
Fees and commissions	-	-	-	-	-	-	-	-	
Securities used as deposits	-	77 696 623	2 809 515	-	1 819 475	39 513 655	3 802 937	125 642 205	
Participation Units	-	5 499 989	42 200	-	-	-	32 500	5 574 689	
Documentary Credits	-	3 526 756	-	-	-	-	31 677 064	35 203 820	
Bank Guarantees	-	13 942 329	-	-	-	-	-	13 942 329	

AOAM	2021/12/31							
	BFA shareholders		Members of the BFA Board of Directors	Companies where members of the Board of Directors have significant influence	Affiliates	BFA - Fundo de Pensões	Related parties via Unitel	Total
	BPI	Unitel						
Cash and deposits								
Loans and advances to credit institutions repayable on demand	12 693 152	-	-	-	-	-	-	12 693 152
Short-term investments								
Other loans to credit institutions	213 800 555	-	-	-	-	-	-	213 800 555
Loans granted	2 294	-	216 990	-	291 445	-	11 290 759	11 801 488
Deposits from customers								
Demand Deposits	-	2 111 377	231 622	31 195 308	349 494	-	4 487 310	38 375 110
Term Deposits	-	186 023 168	646 299	-	236 553	5 055 442	2 082 343	194 043 805
Other liabilities	-	-	-	-	-	-	-	-
Interest and similar income	197 903	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	197 903
Interest and similar expense	-	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	-
Fees and commissions	-	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	-
Securities used as deposits	-	103 312 304	2 285 173	-	1 031 600	39 209 865	4 153 681	149 992 623
Participation Units	-	3 800 000	35 000	-	21 000	-	144 934	4 000 934
Documentary Credits	-	4 083 603	-	-	-	-	-	4 083 603
Bank Guarantees	-	15 362 084	-	-	-	-	-	15 362 084

The balances relating to the shareholder BPI include the amounts of La Caixa Group, BPI's parent entity.



The information presented regarding BFA's "Members of supervisory or management bodies" includes the main balances and transactions maintained by the Bank with:

- Members of BFA's members of supervisory or management bodies; and
- Close family members of the members of the BFA Board of Directors.

The information presented regarding the "Companies over which BFA members of supervisory or management bodies have a significant influence or control" includes the main balances and transactions maintained by the Bank with:

- Companies over which the BFA's members of supervisory or management bodies have a significant influence; and
- Companies over which the close family members of the members of the BFA's members of supervisory or management bodies have a significant influence.

The information presented regarding the "Related parties via Unitel" includes the main balances and transactions maintained by the Bank with:

- Members of the Board of Directors of Unitel;
- Companies over which the members of the Board of Directors of Unitel have a significant influence;
- Close family members of the members of the Board of Directors of Unitel; and
- Investees of Unitel.

The information presented for the periods ended 31 December 2022 and 31 December 2021 does not include expenses and income with Unitel, with the Members of BFA's members of supervisory or management bodies, with the Companies over which they have a significant influence or control, with the Investees, with the BFA Pension Fund and with related parties via Unitel.

29. BALANCE SHEET BY CURRENCY

As at 31 December 2022 and 31 December 2021, the balance sheets by currency have the following structure:

AOAM	2022/12/31					
	Kwanzas	United States dollar	Euro	Indexed to the US Dollar	Other currencies	Total
Cash and deposits at central banks	143 554 050	173 514 813	108 943 426	-	292 435	426 304 724
Loans and advances to credit institutions	-	10 910 881	11 171 963	-	2 039 215	24 122 059
Other loans and advances to central banks and credit institutions	291 565 089	386 648 027	42 978 508	-	4 855 489	726 047 113
Financial assets at fair value through profit or loss	103 349 557	1 454 172	27 579	-	-	104 831 308
Investments at amortised cost	751 751 521	196 616 087	-	-	-	948 367 608
Loans and advances to customers	393 798 917	12 036 110	11 590 537	-	-	417 425 564
Non-current assets held for sale	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	1 117 215	-	-	-	-	1 117 215
Property, plant and equipment	36 684 977	-	-	-	-	36 684 977
Intangible assets	8 119 685	-	-	-	-	8 119 685
Current tax assets	145 408	-	-	-	-	145 408
Other assets	15 326 369	214 727	198 077	-	-	15 739 173
Total Assets	1 745 412 788	781 394 817	174 910 090	-	7 187 139	2 708 904 834
Deposits from central banks and other credit institutions	569 784	2 135 674	988 101	-	3 083	3 696 642
Deposits from customers and other loans	1 091 469 172	773 365 918	172 286 005	-	3 164 109	2 040 285 204
Financial liabilities at fair value through profit or loss	545 524	-	-	-	-	545 524
Provisions	34 205 076	15 502 470	1 870 318	-	300	51 578 164
Current tax liabilities	10 984 876	-	-	-	-	10 984 876
Lease liabilities	4 236 657	-	-	-	385 953	4 622 610
Other liabilities	100 013 634	10 265 973	(94 835)	-	2 717 510	112 902 282
Total Liabilities	1 242 024 723	801 270 035	175 049 589	-	6 270 955	2 224 615 302
Net Assets/(Liabilities)	503 388 065	(19 875 218)	(139 499)	-	916 184	484 289 532



AOAM	2021/12/31					
	Kwanzas	United States dollar	Euro	Indexed to the US Dollar	Other currencies	Total
Cash and deposits at central banks	221 741 798	30 350 958	170 722 062	-	644 562	423 459 380
Loans and advances to credit institutions	-	8 183 508	13 394 868	-	1 626 687	23 205 063
Other loans and advances to central banks and credit institutions	126 572 934	379 590 725	44 174 247	-	5 987 663	556 325 569
Financial assets at fair value through profit or loss	60 181 925	1 671 271	32 278	33 099 317	-	94 984 791
Investments at amortised cost	734 019 657	393 766 518	-	-	-	1 127 786 175
Loans and advances to customers	329 445 209	23 308 135	206 116	-	4	352 959 464
Non-current assets held for sale	92 481	-	-	-	-	92 481
Investments in subsidiaries, associates and joint ventures	50 375	-	-	-	-	50 375
Property, plant and equipment	33 965 823	-	-	-	-	33 965 823
Intangible assets	1 749 527	-	-	-	-	1 749 527
Current tax assets	67 981	3	1	-	-	67 985
Other assets	5 910 659	10 951 971	766 057	-	-	17 628 687
<b>Total Assets</b>	<b>1 513 798 369</b>	<b>847 823 089</b>	<b>229 295 629</b>	<b>33 099 317</b>	<b>8 258 916</b>	<b>2 632 275 320</b>
Deposits from central banks and other credit institutions	1 135 679	135 349	579 319	-	3 655	1 854 002
Deposits from customers and other loans	973 519 239	806 201 433	222 081 266	-	3 517 558	2 005 319 496
Financial liabilities at fair value through profit or loss	1 023 025	-	-	-	-	1 023 025
Provisions	27 542 900	19 271 728	2 156 021	-	-	48 970 649
Current tax liabilities	1 978 783	19	-	-	-	1 978 802
Lease liabilities	5 758 467	-	-	427 395	-	6 185 862
Other liabilities	128 740 920	6 696 066	6 019 540	-	3 416 779	144 873 305
<b>Total Liabilities</b>	<b>1 139 699 013</b>	<b>832 304 595</b>	<b>230 836 146</b>	<b>427 395</b>	<b>6 937 992</b>	<b>2 210 205 141</b>
<b>Net Assets/(Liabilities)</b>	<b>374 099 356</b>	<b>15 518 494</b>	<b>(1 540 517)</b>	<b>32 671 922</b>	<b>1 320 924</b>	<b>422 070 179</b>



### 30. RISK MANAGEMENT

BFA's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: foreign exchange risk, credit risk, liquidity risk and cash flow risks associated with interest rate risk, among others.

BFA's risk management is controlled by the Risk Management Department, in accordance with policies approved by the Board of Directors. In this sense, the Board of Directors has defined, in writing, the main global risk management principles, as well as specific policies for some areas, such as interest rate risk, liquidity risk and credit risk.

The Board of Directors defines the principles for risk management as a whole and policies that cover specific areas, such as exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, as well as the investment of excess liquidity.

#### Main Risk Categories

**Credit** – Credit risk is associated with the degree of uncertainty of recovering the investment and its return, due to the inability of a debtor (and its guarantor, if any), thus causing a financial loss for the creditor. The credit risk is evident in debt securities or other receivables.

**Market** – The concept of market risk reflects the potential loss that may be incurred by a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the different financial instruments that comprise it, considering both the correlations that exist between them and their respective volatilities. Market risk encompasses interest rate risk and exchange rate risk.

**Liquidity** – Liquidity risk reflects the Bank's inability to meet its obligations associated with financial liabilities at each maturity date without incurring significant losses as a result of deteriorating access conditions to funding (funding risk) and/or the sale of its assets for less than their normal market value (market liquidity risk).

**Real Estate** – Real estate risk results from possible negative impacts on the Bank's results or capital level due to fluctuations in the market price of real estate assets.

**Operational** – Operational risk is understood as the potential loss resulting from failures or inadequacies in internal processes, people or systems, or even potential losses resulting from external events.

#### 30.1 Credit Risk

Credit risk corresponds to the risk of default by counterparties, with which the Bank maintains open positions in financial

instruments, as a creditor. In accordance with the BFA General Credit Regulation, the granting of credit, in the Bank, is based on the following basic principles:

#### Formulation of proposals

Loan operations, or guarantees, subject to the decision of BFA:

- They are adequately characterised in a Technical File, containing all the essential elements and accessories, necessary for the formalization of the operation;
- Respect the specific product sheet;
- Are accompanied by a duly substantiated credit risk analysis;
- Contain the signatures of the proposing bodies.

#### Credit risk analysis

In the credit risk analysis, the total exposure of the Bank to the customer, or to the group to which the customer belongs, is considered, according to the terms of the legislation applicable at any time. Exposures in respect of the same customer or economic group are classified, having as the reference those that represent the greatest risk.

Currently, considering the regulations of Banco Nacional de Angola:

- For a single customer, all its liabilities vis-à-vis the Bank, in force or potential, already contracted or committed, for financing and guarantees are considered (total exposure of the Bank to the customer);
- For a group of customers, the sum of the liabilities of each customer that constitutes the group is considered (total exposure of the Bank to the group); and
- The existence of guarantees with State risk, or with immediate liquidity, has an impact on the calculation of the value of the Global Exposure.

Classification of Risk

The Bank classifies loan operations in ascending order of risk, according to the following classes:

- Level A: Minimum risk
- Level B: Very low risk
- Level C: Low risk
- Level D: Moderate risk
- Level E: High risk
- Level F: Very high risk
- Level G: Maximum risk

The individual classification of the exposure considers the characteristics and risks of the operation and of the borrower, being classified, initially, based on the following criteria adopted by the Bank:

Level A: operations that are:

- (i) assumed by the Angolan State, encompassing its central and provincial administrations;
- (ii) assumed by central administrations, central banks of countries, included in group 1 (defined in Instruction No. 1/2015, of 14 January, of Banco Nacional de Angola), international organizations and multilateral development banks;
- (iii) fully guaranteed by cash deposits, or certificates of deposit, constituted or issued by the lending institution, or by institutions in a dominant relationship, or a group relationship with the lending institution and having their registered office in Angola, or a country included in group 1, multilateral development banks and international organizations, provided that the exposure and the deposit or certificate are denominated in the same currency;
- (iv) fully guaranteed by cash deposits or certificates of deposit constituted or issued by the lending institution or by branches of the lending institution, not covered by the preceding

paragraph, provided that the exposure and the deposit or certificate are denominated in the same currency;

- (v) fully guaranteed by securities or bonds issued by the Angolan State, or by Banco Nacional de Angola.

Level B and others: remaining loans.

The classification of exposures is revised whenever there are changes in the indications of impairment in payment delays.

Within the scope of the regular review of loan operations, including operations with overdue loans, BFA performs reclassifications of overdue loan operations to not yet due, based on an analysis of the economic prospects of collectability, considering namely, the existence of guarantees, the assets of the borrowers or guarantors and the existence of transactions which risk BFA equates to State risk or, too, when the circumstances of delay result from the sole responsibility of the Bank due to the sporadic failure of its processes.

Association of Guarantees

When granting loans to individuals, or small companies, with a term of more than 36 months, in the absence of short-term financial investments, BFA requires, as a rule, the provision of a real guarantee of immovable property.

Loan operations have associated guarantees considered appropriate to the borrower's risk, and the nature and term of the operation, which are duly substantiated, in terms of sufficiency and liquidity.

Real guarantees are assessed prior to the loan decision, and these assessments are periodically reviewed. Exceptions to this rule (with decisions being conditional on a subsequent assessment) imply that disbursement will only occur after the Bank has obtained the guarantee assessment.

The main types of collateral for loans and advances to customers are:

- Mortgages on residential properties;
- Encumbrances on company assets, such as facilities, inventory or accounts receivable;
- Encumbrances on financial instruments, such as debt securities or shares; and
- Encumbrances on term deposits at the institution.

Long-term financing and loans to corporate entities usually have an associated guarantee. On the contrary, revolving credit products do not generally have an associated guarantee.

Collaterals obtained as a guarantee for financial assets, other than loans and advances to customers, always depends on the type of financial instrument. Debt instruments do not normally have an associated guarantee, except for securitized instruments, which are backed by portfolios of financial instruments. On the other hand, derivative instruments have associated guarantees.

The Bank's policies regarding collateral obtained as a guarantee have not changed significantly during the reporting period, and there have also been no significant changes in the quality of the collaterals held by the Bank since the previous period.



The Bank monitors collaterals obtained as a guarantee for loans in respect of impaired customers, as it becomes more likely that the Bank will take possession of these collaterals to mitigate possible credit losses. Loans to impaired customers (stage 3) and the collaterals obtained as guarantee are detailed as follows:

AOAM	2022/12/31			
	Gross loans	Impairment	Net loans	Value of collateral
Retail				
Credit cards	311 990	277 269	34 721	-
Current accounts	21 478	12 015	9 463	-
Loans	1 952 485	1 422 880	529 605	3 477 938
Leasing	6 429 098	4 767 268	1 661 830	8 021 015
Overdrafts	778 627	447 130	331 497	-
	9 493 678	6 926 562	2 567 116	11 498 953
Corporate				
Current accounts	32 301	13 076	19 225	491 099
Loans	53 252 806	33 614 835	19 637 971	39 715 347
Leasing	50 140	20 330	29 810	1 661 173
Overdrafts	123 440	48 253	75 187	-
	53 458 687	33 696 494	19 762 193	41 867 619
Total	62 952 365	40 623 056	22 329 309	53 366 572

AOAM	2021/12/31			
	Gross loans	Impairment	Net loans	Value of collateral
Retail				
Credit cards	214 069	198 317	15 752	-
Current accounts	21 478	21 478	-	-
Loans	2 178 519	1 856 732	321 787	1 253 702
Leasing	7 875 176	6 244 104	1 631 072	11 776 182
Overdrafts	599 096	290 492	308 604	-
	10 888 338	8 611 123	2 277 215	13 029 884
Corporate				
Current accounts	172 476	111 273	61 203	941 195
Loans	47 345 354	29 774 455	17 570 899	36 973 592
Leasing	164 439	55 095	109 344	4 195 945
Overdrafts	60 823	38 690	22 133	-
	47 743 092	29 979 513	17 763 579	42 110 732
Total	58 631 430	38 590 636	20 040 794	55 140 616

Exclusions due to Incidents

The Bank neither grants loans to customers with material incidents in the last 24 months that BFA is aware of, nor to other companies that are part of a group with customers that are in this situation. The following are considered material incidents:

- Delays in making payments of principal or interest owed to a financial institution of more than 45 days;
- Irregular use of means of payment under the responsibility of that person or entity;
- Pending legal actions against that person or entity that have potential adverse effects on their economic or financial situation.

Exceptions to these rules have specific decision rules under the Bank’s general credit regulation, which are more stringent.

Restructurings

In principle, BFA only formalizes ongoing loan restructuring operations, after assessing the customer’s ability to comply with the new plan, if the following criteria are met:

- New guarantees (more liquid and/or more valuable) are presented for the new operation;

- Interest and late payment fees are paid in advance (in the event of a non-performing operation); and
- There is a significant partial settlement of the outstanding principal (performing and/or non-performing).

Exceptionally, and if none of the described assumptions are verified, BFA admits formalizing the formal restructuring of private individuals’ debts, if it is verified that in the last 6 months, deposits were made of a minimum amount equal to the installment amount foreseen for the restructured operation.

Loan operations restructured due to the customer’s financial difficulties are defined in the General Credit Regulation and comply with the regulator’s specific regulations in this matter.

The restructuring operations are marked, for the purpose of aggravating risk, and are monitored periodically regarding the fulfillment of the established plan, only being demarked when certain conditions of regularity in the fulfillment of the plan are met.

The operations subject to renegotiation are maintained, at least, at the same risk level in which they were classified in the month immediately prior to the renegotiation. Reclassification to a lower risk level occurs only if there is a regular and significant amortization of the operation, payment of overdue interest and late payment fees, or in function of the quality and value of new

guarantees presented for the renegotiated operation.

Monitoring of non-performing loans

Non-performing loans are accompanied by the commercial teams, as a rule until they are 60 days in arrears, with monitoring being done by a specialized team. After 60 days of non-compliance, the management of the relationship is transferred to this specialized team, which mission is to collaborate in loan recovery actions, being able to assume negotiations and restructuring proposals, and being responsible for monitoring the processes under its management.

The restructuring negotiations follow the principles mentioned above.

This team is responsible for the management and relationship with the customer, with the aim of recovering the loan, resorting to the enforcement, through the courts, if necessary.

Impairment

BFA implemented a model to calculate impairment losses of the loan portfolio, in accordance with the requirements set out in IFRS 9.

BFA calculates the impairment losses of the loan portfolio monthly based on the implemented model, with the amount of impairment determined being approved by the Executive Committee of the Board of Directors.

The first application and the respective results of this model were calculated with reference to 1 January 2018. Since that reference date, monthly calculations have been carried out. The half-yearly results are approved by the Board of Directors of the Bank.

Securities and bonds

BFA's securities portfolio respects the principle of the high credit quality of its issuers, being mainly comprised of securities issued by the Angolan State and the Angolan National Bank, as at 31 December 2022 and 31 December 2021.

As at 31 December 2022 and 31 December 2021, the maximum exposure to credit risk presents the following detail:

AOAM	2022/12/31			2021/12/31		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
On-balance sheet						
Cash and deposits at central banks	426 304 724	-	426 304 724	423 459 380	-	423 459 380
Loans and advances to credit institutions	24 125 503	(3 444)	24 122 059	23 212 633	(7 570)	23 205 063
Other loans and advances to central banks and credit institutions	726 368 077	(320 964)	726 047 113	556 679 547	(353 978)	556 325 569
Financial assets at fair value through profit or loss	104 831 308	-	104 831 308	94 984 791	-	94 984 791
Investments at amortised cost	958 579 426	(10 211 818)	948 367 608	1 141 258 796	(13 472 621)	1 127 786 175
Loans and advances to customers	471 417 049	(53 991 485)	417 425 564	406 331 101	(53 371 637)	352 959 464
Other assets	15 739 173		15 739 173	17 628 687	-	17 628 687
	2 727 365 260	(64 527 711)	2 662 837 549	2 663 554 935	(67 205 806)	2 596 349 129
Off-balance sheet						
Guarantees provided, open documentary credits and undrawn credit facilities	118 142 583	(661 325)	117 481 258	122 950 994	(535 590)	122 415 404
Total	2 845 507 843	(65 189 036)	2 780 318 807	2 786 505 929	(67 741 396)	2 718 764 533

For financial assets recognised in the Balance Sheet, the maximum exposure to credit risk is represented by the book value net of impairment. For off-balance sheet items, the maximum exposure from guarantees is the maximum amount the Bank would have to pay if the guarantees were called and from loan and other credit-related commitments of an irrevocable nature is the total amount of commitments made.

As at 31 December 2022 and 31 December 2021, the credit quality of the financial assets has the following breakdown:

AOAM	Source of rating	Rating grade	2022/12/31		
			Gross exposure	Impairment	Net exposure
Cash and deposits at central banks	External rating	B+ to B-	400 761 518	-	400 761 518
	Unrated	N/ D	25 543 206	-	25 543 206
			426 304 724	-	426 304 724
Loans and advances to credit institutions	External rating	AAA to AA-	2 096 396	(1)	2 096 395
		A+ to A-	386 212	(11)	386 201
		BBB+ to BBB-	17 230 519	(598)	17 229 921
		BB+ to BB-	3 609 284	(1 191)	3 608 093
		B+ to B-	803 092	(1 643)	801 449
		CCC+ to CCC	-	-	-
	Unrated	CCC to CC-	-	-	-
		N/ D	-	-	-
			24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions	External rating	AAA to AA-	42 874 010	(10 919)	42 863 091
		A+ to A-	61 535 271	(18 062)	61 517 209
		BBB+ to BBB-	325 300 299	(252 100)	325 048 199
		BB+ to BB-	10 074 979	(39 883)	10 035 096
		B+ to B-	286 583 518	-	286 583 518
		CCC+ to CCC	-	-	-
	Unrated	CCC to CC-	-	-	-
		N/ D	-	-	-
			726 368 077	(320 964)	726 047 113

AOAM			2022/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Financial assets at fair value through profit or loss	External rating	B+ to B-	101 412 843	-	101 412 843
	Unrated	N/ D	3 418 465	-	3 418 465
			104 831 308	-	104 831 308
Investments at amortised cost	External rating	B+ to B-	958 579 426	(10 211 818)	948 367 608
		N/ D	-	-	-
Loans and advances to customers - On-balance sheet	Internal rating		958 579 426	(10 211 818)	948 367 608
		Grade A	181 226 164	(2 388 272)	178 837 892
		Grade B	255 609 769	(29 731 982)	225 877 787
		Grade C	1 136 548	(250 083)	886 465
		Grade D	431 978	(116 796)	315 182
		Grade E	1 323 312	(921 036)	402 276
		Grade F	1 208 991	(633 273)	575 718
		Grade G	30 480 287	(19 950 043)	10 530 244
			471 417 049	(53 991 485)	417 425 564
Loans and advances to customers - Off-balance sheet	Internal rating	Grade A	5 499 747	(12 394)	5 487 353
		Grade B	112 560 114	(642 130)	111 917 984
		Grade C	18 960	(486)	18 474
		Grade D	12 022	(77)	11 945
		Grade E	14 141	(1 536)	12 605
		Grade F	5 038	(525)	4 513
		Grade G	32 561	(4 177)	28 384
			118 142 583	(661 325)	117 481 258
Total			2 829 768 670	(65 189 036)	2 764 579 634



AOAM	2021/12/31				
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Cash and deposits at central banks	External rating	B+ to B-	395 923 933	-	395 923 933
	Unrated	N/ D	27 535 447	-	27 535 447
			423 459 380	-	423 459 380
Loans and advances to credit institutions	External rating	AAA to AA-	1 212 190	(1)	1 212 189
		A+ to A-	1 329 397	(42)	1 329 355
		BBB+ to BBB-	15 134 526	(1 057)	15 133 469
		BB+ to BB-	4 289 590	(1 420)	4 288 170
		B+ to B-	-	-	-
		CCC+ to CCC	1 246 930	(5 050)	1 241 880
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			23 212 633	(7 570)	23 205 063
Other loans and advances to central banks and credit institutions	External rating	AAA to AA-	47 179 220	(12 264)	47 166 956
		A+ to A-	48 285 933	(16 987)	48 268 946
		BBB+ to BBB-	309 664 725	(244 223)	309 420 502
		BB+ to BB-	24 976 735	(80 504)	24 896 231
		B+ to B-	126 572 934	-	126 572 934
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			556 679 547	(353 978)	556 325 569

AOAM	2021/12/31				
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Financial assets at fair value through profit or loss	External rating	B+ to B-	90 271 926	-	90 271 926
	Unrated	N/ D	4 712 865	-	4 712 865
			94 984 791	-	94 984 791
Investments at amortised cost	External rating	B+ to B- N/ D	1 141 258 796	(13 472 621)	1 127 786 175
			-	-	-
			1 141 258 796	(13 472 621)	1 127 786 175
Loans and advances to customers - On-balance sheet	Internal rating	Grade A	144 279 970	(2 440 278)	141 839 692
		Grade B	191 066 293	(6 484 066)	184 582 227
		Grade C	578 651	(178 605)	400 046
		Grade D	35 088 354	(20 729 822)	14 358 532
		Grade E	1 713 761	(1 297 274)	416 487
		Grade F	493 908	(282 304)	211 604
		Grade G	33 110 164	(21 959 288)	11 150 876
			406 331 101	(53 371 637)	352 959 464
Loans and advances to customers - Off-balance sheet	Internal rating	Grade A	7 037 966	(75 434)	6 962 532
		Grade B	115 866 022	(451 547)	115 414 475
		Grade C	3 528	(43)	3 571
		Grade D	1 188	(13)	1 201
		Grade E	699	(144)	843
		Grade F	1 671	(405)	2 076
		Grade G	39 920	(8 004)	47 924
			122 950 994	(535 590)	122 415 404
Total			2 768 877 242	(67 741 396)	2 701 135 846

As at 31 December 2021, the amount of unused lines of irrevocable commitments amounts to AOA 35 052 058 thousand, and are not presented in the tables of this note.

As at 31 December 2022 and 31 December 2021, interest income and expenses from financial instruments not measured at fair value through profit or loss, net of impairment, present the following detail:

AOAM	2022/12/31			2021/12/31		
	Income	Expenses	Net	Income	Expenses	Net
<b>Assets</b>						
Othe loans and advances to central banks and credit institutions	29 694 489	(245 495)	29 448 994	8 358 352	(478 838)	7 879 514
Investments at amortised cost	183 006 856	(829 040)	182 177 816	194 936 716	(8 273 101)	186 663 615
Loans and advances to customers	61 337 318	(4 882 845)	56 454 473	60 193 213	(15 967 745)	44 225 468
	274 038 663	(5 957 380)	268 081 283	263 488 281	(24 719 684)	238 768 597
<b>Liabilities</b>						
Deposits from customers and other loans	-	(50 167 798)	(50 167 798)	-	(42 171 750)	(42 171 750)
Deposits from central banks and other credit institutions	-	(603 132)	(603 132)	-	(472 050)	(472 050)
	-	(50 770 930)	(50 770 930)	-	(42 643 800)	(42 643 800)
<b>Off-balance sheet</b>						
Guarantees provided	963 246	-	963 246	780 266	-	780 266
Documentary credit	1 014 421	-	1 014 421	1 324 922	-	1 324 922
	1 977 667	-	1 977 667	2 105 188	-	2 105 188
	276 016 330	(56 728 310)	219 288 020	265 593 469	(67 363 484)	198 229 985

As at 31 December 2022 and 31 December 2021, net gains and losses from financial instruments have the following detail:

AOAM	2022/12/31					
	Against profit or loss			Against equity		
	Gains	Loss	Net gains/ (losses)	Gains	Loss	Net gains/ (losses)
Assets						
Financial assets at fair value through profit or loss	17 382 747	(903 734)	16 479 013	-	-	-
	17 382 747	(903 734)	16 479 013	-	-	-
Liabilities						
Financial liabilities at fair value through profit or loss	477 501	-	477 501	-	-	-
	477 501	-	477 501	-	-	-

AOAM	2021/12/31					
	Against profit or loss			Against equity		
	Gains	Loss	Net gains/ (losses)	Gains	Loss	Net gains/ (losses)
Assets						
Financial assets at fair value through profit or loss	12 388 738	(2 655 194)	9 733 544	-	-	-
	12 388 738	(2 655 194)	9 733 544	-	-	-
Liabilities						
Financial liabilities at fair value through profit or loss	-	(1 023 025)	(1 023 025)	-	-	-
	-	(1 023 025)	(1 023 025)	-	-	-

As at 31 December 2022 and 31 December 2021, the geographical concentration of credit risk exposure presents the following detail:

AOAM	2022/12/31					AOAM	2021/12/31				
	Angola	Other African countries	Europe	Other	Total		Angola	Other African countries	Europe	Other	Total
<b>Assets</b>						<b>Assets</b>					
Cash and deposits at central banks	426 304 724	-	-	-	426 304 724	Cash and deposits at central banks	423 459 380	-	-	-	423 459 380
Loans and advances to credit institutions	-	5 023 697	16 775 284	2 323 078	24 122 059	Loans and advances to credit institutions	-	4 642 525	16 296 979	2 265 559	23 205 063
Other loans and advances to central banks and credit institutions	291 565 089	52 258 604	381 215 436	1 007 984	726 047 113	Other loans and advances to central banks and credit institutions	126 572 934	44 174 247	367 865 779	17 712 609	556 325 569
Financial assets at fair value through profit or loss	103 349 557	-	-	1 481 751	104 831 308	Financial assets at fair value through profit or loss	93 281 242	-	-	1 703 549	94 984 791
Investments at amortised cost	948 367 608	-	-	-	948 367 608	Investments at amortised cost	1 127 786 175	-	-	-	1 127 786 175
Loans and advances to customers	417 425 564	-	-	-	417 425 564	Loans and advances to customers	352 959 464	-	-	-	352 959 464
<b>Total</b>	<b>2 187 012 542</b>	<b>57 282 301</b>	<b>397 990 720</b>	<b>4 812 813</b>	<b>2 647 098 376</b>	<b>Total</b>	<b>2 124 059 195</b>	<b>48 816 772</b>	<b>384 162 758</b>	<b>21 681 717</b>	<b>2 578 720 442</b>

The sectoral concentration of credit to customers, as at 31 December 2022 and 31 December 2021, has the following breakdown:

AOAM	2022/12/31						
	Loans and advances to customers				Impairment		
	Performing	Overdue	Loans and advances to customers - off-balance sheet	Total exposure	Relative weight	Amount	Total impairment/ exposure
Corporate							
Real Estate, rental and services rendered by Companies	251 721	977	574 738	827 436	0%	7 349	0%
Other collective, social and personal service activities	3 624 470	63 588	283 009	3 971 067	1%	205 597	0%
Central Government	118 206 911	69	-	118 206 980	20%	1 330 560	2%
Agriculture, livestock, game and forestry	61 116 247	665 125	713 749	62 495 121	11%	23 420 108	43%
Accommodation and catering	2 235 891	20 493	300 000	2 556 384	0%	173 883	0%
Financial activities	15 530	0	5 254 730	5 270 260	1%	1 594	0%
Wholesale and retail trade	56 131 084	435 797	13 051 969	69 618 850	12%	1 811 519	3%
Construction	57 254 297	680 468	28 670 984	86 605 749	15%	5 415 756	10%
Education	87 722	449 117	7 000	543 839	0%	235 172	0%
Extractive industries	105 024	1 884 933	8 000	1 997 957	0%	1 890 989	3%
Manufacturing industries	18 417 533	95 709	12 022 282	30 535 524	5%	3 130 042	6%
Other service companies	42 044 870	5 218 929	27 521 048	74 784 847	13%	8 475 258	16%
Production and distribution of energy, gas and water	498 835	51 817	21 000	571 652	0%	51 919	0%
Health and social services	196 226	5 097	284 687	486 010	0%	58 151	0%
Transport, storage and communication	1 066 145	37 990	20 618 970	21 723 105	4%	61 697	0%
	361 252 506	9 610 109	109 332 166	480 194 781		46 269 594	
Retail							
Consumer	72 581 952	2 650 975	8 920 239	84 153 166	14%	3 044 417	6%
Mortgages	22 301 806	1 436 749	-	23 738 555	4%	4 874 797	9%
Other purposes	744 178	838 774	150 130	1 733 082	0%	463 997	1%
	95 627 936	4 926 498	9 070 369	109 624 803		8 383 211	
Total	456 880 442	14 536 607	118 402 535	589 819 584		54 652 805	

AOAM	2021/12/31							
	Loans and advances to customers			Loans and advances to customers - off-balance sheet	Total exposure	Relative weight	Impairment	
	Performing	Overdue	Amount				Total impairment/ exposure	
Corporate								
Real Estate, rental and services rendered by Companies	243 483	14 818	429 823	688 124	0%	16 953	0%	
Other collective, social and personal service activities	1 785 271	283 547	1 039 270	3 108 088	1%	383 053	1%	
Central Government	85 264 971	219	-	85 265 190	16%	1 560 658	3%	
Agriculture, livestock, game and forestry	50 138 940	564 725	793 105	51 496 770	10%	21 752 163	40%	
Accommodation and catering	3 460 373	96 653	342 338	3 899 364	1%	108 346	0%	
Financial activities	918 529	-	8 722 050	9 640 579	2%	5 372	0%	
Wholesale and retail trade	27 045 880	589 331	24 629 700	52 264 911	10%	872 423	2%	
Construction	77 547 529	898 772	21 861 167	100 307 468	19%	5 892 953	11%	
Education	256 291	507 839	7 000	771 130	0%	492 225	1%	
Extractive industries	210 899	2 076 912	178 370	2 466 181	0%	1 727 504	3%	
Manufacturing industries	20 110 221	843	8 204 223	28 315 287	5%	2 643 122	5%	
Other service companies	33 310 670	5 189 296	25 478 238	63 978 204	12%	8 362 845	16%	
Production and distribution of energy, gas and water	573 555	35 602	15 900	625 057	0%	68 587	0%	
Health and social services	264 283	656	271 687	536 626	0%	4 253	0%	
Transport, storage and communication	5 105 963	12 319	22 941 530	28 059 812	5%	157 152	0%	
	306 236 858	10 271 532	114 914 401	431 422 791		44 047 609		
Retail								
Consumer	59 918 127	2 620 960	7 918 712	70 457 799	13%	3 535 438	7%	
Mortgages	24 642 256	1 451 882	-	26 094 138	5%	6 032 807	11%	
Other purposes	556 431	633 055	117 881	1 307 367	0%	291 373	1%	
	85 116 814	4 705 897	8 036 593	97 859 304		9 859 618		
Total	391 353 672	14 977 429	122 950 994	529 282 095		53 907 227		

The exposure to credit risk by class of financial assets, rating level and stage, as at 31 December 2022 and 31 December 2021, shows the following detail:

AOAM	2022/12/31				
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Financial assets acquired or originated impaired by credit losses	Total
Cash and deposits at central banks:					
B+ to B-	400 761 518	-	-	-	400 761 518
N/ D	25 543 206	-	-	-	25 543 206
	426 304 724	-	-	-	426 304 724
Loans and advances to credit institutions:					
AAA to AA-	2 096 396	-	-	-	2 096 396
A+ to A-	386 212	-	-	-	386 212
BBB+ to BBB-	17 230 519	-	-	-	17 230 519
BB+ to BB-	3 609 284	-	-	-	3 609 284
B+ to B-	803 092	-	-	-	803 092
CCC+ to CCC	-	-	-	-	-
CCC to CC-	-	-	-	-	-
N/ D	-	-	-	-	-
	24 125 503	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions:					
AAA to AA-	42 874 010	-	-	-	42 874 010
A+ to A-	61 535 271	-	-	-	61 535 271
BBB+ to BBB-	325 300 299	-	-	-	325 300 299
BB+ to BB-	10 074 979	-	-	-	10 074 979
B+ to B-	286 583 518	-	-	-	286 583 518
CCC+ to CCC	-	-	-	-	-
CCC to CC-	-	-	-	-	-
N/ D	-	-	-	-	-
	726 368 077	-	-	-	726 368 077

AOAM	2022/12/31				
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Financial assets acquired or originated impaired by credit losses	Total
Investments at amortised cost:					
B+ to B-	958 579 426	-	-	-	958 579 426
N/ D	-	-	-	-	-
	958 579 426	-	-	-	958 579 426
Loans and advances to customers - On-balance sheet:					
Grade A	167 909 710	13 316 422	32	-	181 226 164
Grade B	197 125 399	20 736 776	37 747 594	-	255 609 769
Grade C	611 022	455 393	70 133	-	1 136 548
Grade D	8 616	207 996	215 366	-	431 978
Grade E	1 318	73 567	1 248 427	-	1 323 312
Grade F	-	525	1 208 466	-	1 208 991
Grade G	1 385 180	6 632 761	22 462 346	-	30 480 287
	367 041 245	41 423 440	62 952 364	-	471 417 049
Loans and advances to customers - Off-balance sheet:					
Grade A	5 486 972	5 325	7 450	-	5 499 747
Grade B	111 833 244	516 749	210 121	-	112 560 114
Grade C	1 272	15 723	1 965	-	18 960
Grade D	550	11 060	412	-	12 022
Grade E	500	538	13 103	-	14 141
Grade F	0	652	4 386	-	5 038
Grade G	1 906	4 371	26 284	-	32 561
	117 324 444	554 418	263 721	-	118 142 583
Total gross book value	2 619 743 419	41 977 858	63 216 085	-	2 724 937 362
Accumulated impairment / Provision	17 547 486	6 972 808	40 668 742	-	65 189 036
Net book value	2 637 290 905	48 950 666	103 884 827	-	2 790 126 398

AOAM	2021/12/31				
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Financial assets acquired or originated impaired by credit losses	Total
Cash and deposits at central banks:					
B+ to B-	395 923 933	-	-	-	395 923 933
N/ D	27 535 447	-	-	-	27 535 447
	423 459 380	-	-	-	423 459 380
Loans and advances to credit institutions:					
AAA to AA-	1 212 190	-	-	-	1 212 190
A+ to A-	1 329 397	-	-	-	1 329 397
BBB+ to BBB-	15 134 526	-	-	-	15 134 526
BB+ to BB-	4 289 590	-	-	-	4 289 590
B+ to B-	-	-	-	-	-
CCC+ to CCC	1 246 930	-	-	-	1 246 930
CCC to CC-	-	-	-	-	-
N/ D	-	-	-	-	-
	23 212 633	-	-	-	23 212 633
Other loans and advances to central banks and credit institutions:					
AAA to AA-	47 179 220	-	-	-	47 179 220
A+ to A-	48 285 933	-	-	-	48 285 933
BBB+ to BBB-	309 664 725	-	-	-	309 664 725
BB+ to BB-	24 976 735	-	-	-	24 976 735
B+ to B-	126 572 934	-	-	-	126 572 934
CCC+ to CCC	-	-	-	-	-
CCC to CC-	-	-	-	-	-
N/ D	-	-	-	-	-
	556 679 547	-	-	-	556 679 547

AOAM	2021/12/31				
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Financial assets acquired or originated impaired by credit losses	Total
Investments at amortised cost:					
B+ to B-	923 462 847	217 795 949	-	-	1 141 258 796
N/ D	-	-	-	-	-
	923 462 847	217 795 949	-	-	1 141 258 796
Loans and advances to customers - On-balance sheet:					
Grade A	121 806 413	22 448 468	25 087	-	144 279 970
Grade B	170 374 645	19 228 098	1 463 550	-	191 066 293
Grade C	68 411	320 000	190 240	-	578 651
Grade D	28 936	70 487	34 988 931	-	35 088 354
Grade E	2 262	135 388	1 576 111	-	1 713 761
Grade F	-	39 538	454 370	-	493 908
Grade G	50 884	13 126 141	19 933 139	-	33 110 164
	292 331 551	55 950 048	58 631 430	-	406 331 101
Loans and advances to customers - Off-balance sheet:					
Grade A	7 023 291	150	14 525	-	7 037 966
Grade B	114 829 675	718 618	315 509	-	115 866 022
Grade C	2 477	804	247	-	3 528
Grade D	477	411	300	-	1 188
Grade E	91	-	608	-	700
Grade F	-	-	1 671	-	1 671
Grade G	2 402	5 546	31 972	-	39 920
	121 858 413	725 529	364 832	-	122 948 774
Total gross book value	2 367 838 044	247 055 925	58 996 262	-	2 673 890 231
Accumulated impairment / Provision	(16 052 560)	(34 099 134)	(17 589 702)		(67 741 396)
Net book value	2 351 785 484	212 956 791	41 406 560	-	2 606 148 835



30.2 Liquidity risk

Liquidity risk corresponds to the risk of the Bank presenting difficulties in obtaining the financial resources it needs to meet its financial commitments when they become due. Liquidity risk can be embodied, for example, in the inability to quickly sell a financial instrument for an amount representing its fair value, due to its high volume, in relation to the volume normally transacted, or due to some market discontinuation.

Within the scope of the Bank’s internal policies with respect to exposure to liquidity risk, the respective accompanying and monitoring of the established principles and limits is ensured by the Risk Management Department.

As at 31 December 2022 and 31 December 2021, the total contractual cash flows present the following detail:

AOAM	2022/12/31									
	Refixing dates/Maturity dates									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
<b>Assets</b>										
Cash and deposits at central banks	426 304 724	-	-	-	-	-	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	-	-	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	-	429 090 617	195 377 047	73 931 125	27 969 288	-	-	-	-	726 368 077
Financial assets at fair value through profit or loss	-	-	556 994	505 362	60 558	55 093 033	30 155 656	15 041 240	3 418 465	104 831 308
Investments at amortised cost	-	35 818 674	52 596 684	92 712 198	232 205 592	229 220 304	128 625 161	187 400 813		958 579 426
Loans and advances to customers	-	15 133 424	8 857 929	18 683 396	40 004 265	85 911 001	129 507 091	158 783 337	14 536 606	471 417 049
<b>Total Assets</b>	<b>450 430 227</b>	<b>480 042 715</b>	<b>257 388 654</b>	<b>185 832 081</b>	<b>300 239 703</b>	<b>370 224 338</b>	<b>288 287 908</b>	<b>361 225 390</b>	<b>17 955 071</b>	<b>2 711 626 087</b>
<b>Liabilities</b>										
Deposits from central banks and other credit institutions	3 696 642									3 696 642
Deposits from customers and other loans	891 718 221	379 408 934	325 774 230	234 343 736	198 495 488	10 544 595	-	-	-	2 040 285 204
Financial liabilities at fair value through profit or loss	-	545 524	-	-	-	-	-	-	-	545 524
<b>Total Liabilities</b>	<b>895 414 863</b>	<b>379 954 458</b>	<b>325 774 230</b>	<b>234 343 736</b>	<b>198 495 488</b>	<b>10 544 595</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 044 527 370</b>
<b>Liquidity Gap</b>	<b>(444 984 636)</b>	<b>100 088 257</b>	<b>(68 385 576)</b>	<b>(48 511 655)</b>	<b>101 744 215</b>	<b>359 679 743</b>	<b>288 287 908</b>	<b>361 225 390</b>	<b>17 955 071</b>	<b>667 098 717</b>
<b>Accumulated Gap Liquidity</b>	<b>(444 984 636)</b>	<b>(344 896 379)</b>	<b>(413 281 955)</b>	<b>(461 793 610)</b>	<b>(360 049 395)</b>	<b>(369 652)</b>	<b>287 918 256</b>	<b>649 143 646</b>	<b>667 098 717</b>	<b>1 334 197 434</b>

AOAM	2021/12/31									
	Refixing dates/Maturity dates									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
<strong>Assets</strong>										
Cash and deposits at central banks	423 459 380	-	-	-	-	-	-	-	-	423 459 380
Loans and advances to credit institutions	23 212 633	-	-	-	-	-	-	-	-	23 212 633
Other loans and advances to central banks and credit institutions	-	408 061 806	148 617 741	-	-	-	-	-	-	556 679 547
Financial assets at fair value through profit or loss	-	6 032	10 612 467	22 317	20 793 162	53 544 155	3 896 571	2024355	4 085 732	94 984 791
Investments at amortised cost	-	-	20 957 164	174 922 563	310 451 919	447 177 073	187 750 077	-	-	1 141 258 796
Loans and advances to customers	-	9 286 511	3 669 006	8 508 457	31 422 666	129 367 672	58 680 019	150 419 341	14 977 429	406 331 101
Total Assets	446 672 013	417 354 349	183 856 378	183 453 337	362 667 747	630 088 900	250 326 667	152 443 696	19 063 161	2 645 926 248
<strong>Liabilities</strong>										
Deposits from central banks and other credit institutions	718 322	1 135 680	-	-	-	-	-	-	-	1 854 002
Deposits from customers and other loans	840 315 715	349 272 143	388 496 597	257 201 342	161 100 671	8 933 028	-	-	-	2 005 319 496
Financial liabilities at fair value through profit or loss	-	1 023 025	-	-	-	-	-	-	-	1 023 025
Total Liabilities	841 034 037	351 430 848	388 496 597	257 201 342	161 100 671	8 933 028	-	-	-	2 008 196 523
Liquidity Gap	(394 362 024)	65 923 501	(204 640 219)	(73 748 005)	201 567 076	621 155 872	250 326 667	152 443 696	19 063 161	637 729 725
Accumulated Gap Liquidity	(394 362 024)	(328 438 523)	(533 078 742)	(606 826 747)	(405 259 671)	215 896 201	466 222 868	618 666 564	637 729 725	

The contractual cash flows relating to capital, as at 31 December 2022 and 31 December 2021, have the following breakdown:

AOAM	2022/12/31									
	Residual contract terms									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
<b>Assets</b>										
Cash and deposits at central banks	426 304 724	-	-	-	-	-	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	-	-	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	-	426 636 810	191 754 001	73 547 143	27 805 125	-	-	-	-	719 743 079
Financial assets at fair value through profit or loss	-	-	527 897	491 885	59 486	52 989 645	28 748 220	14 333 117	3 418 465	100 568 715
Investments at amortised cost		35 818 674	52 360 075	91 349 641	226 047 082	220 815 734	124 344 163	178 495 353	-	929 230 722
Loans and advances to customers	-	15 033 745	8 530 509	18 223 412	39 314 820	85 390 123	128 097 578	156 581 165	14 536 606	465 707 958
<b>Total activo</b>	<b>450 430 227</b>	<b>477 489 229</b>	<b>253 172 482</b>	<b>183 612 081</b>	<b>293 226 513</b>	<b>359 195 502</b>	<b>281 189 961</b>	<b>349 409 635</b>	<b>17 955 071</b>	<b>2 665 680 701</b>
<b>Liabilities</b>										
Deposits from central banks and other credit institutions	3 696 642	-		-	-	-	-	-	-	3 696 642
Deposits from customers and other loans	891 718 221	375 045 162	321 284 774	231 068 761	196 704 376	10 194 319	-	-	-	2 026 015 613
Financial liabilities at fair value through profit or loss	-	545 524	-	-	-	-	-	-	-	545 524
<b>Total Liabilities</b>	<b>895 414 863</b>	<b>375 590 686</b>	<b>321 284 774</b>	<b>231 068 761</b>	<b>196 704 376</b>	<b>10 194 319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 030 257 779</b>
<b>Liquidity Gap</b>	<b>(444 984 636)</b>	<b>101 898 543</b>	<b>(68 112 292)</b>	<b>(47 456 680)</b>	<b>96 522 137</b>	<b>349 001 183</b>	<b>281 189 961</b>	<b>349 409 635</b>	<b>17 955 071</b>	<b>635 422 922</b>
<b>Accumulated Gap Liquidity</b>	<b>(444 984 636)</b>	<b>(343 086 093)</b>	<b>(411 198 385)</b>	<b>(458 655 065)</b>	<b>(362 132 928)</b>	<b>(13 131 745)</b>	<b>268 058 216</b>	<b>617 467 851</b>	<b>635 422 922</b>	<b>1 270 845 844</b>

AOAM	2021/12/31									
	Residual contract terms									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	423 459 380	-	-	-	-	-	-	-	-	423 459 380
Loans and advances to credit institutions	23 212 633	-	-	-	-	-	-	-	-	23 212 633
Other loans and advances to central banks and credit institutions	-	407 388 242	147 313 725	-	-	-	-	-	-	554 701 967
Financial assets at fair value through profit or loss	-	5 609	10 135 371	21 813	20 443 908	51 043 305	3 802 508	2 023 486	4 085 732	91 561 732
Investments at amortised cost	-	-	20 164 424	171 877 819	308 236 732	432 274 577	181 964 742			1 114 518 294
Loans and advances to customers	-	8 232 492	3 514 211	8 223 923	29 848 400	126 079 244	58 497 523	151 736 628	14 917 993	401 050 414
Total activo	446 672 013	415 626 343	181 127 731	180 123 555	358 529 040	609 397 126	244 264 773	153 760 114	19 003 725	2 608 504 420
Liabilities										
Deposits from central banks and other credit institutions	718 322	1 135 680		-	-	-	-	-	-	1 854 002
Deposits from customers and other loans	840 283 485	347 705 020	384 755 175	255 485 109	160 027 769	8 570 318	-	-	-	1 996 826 876
Financial liabilities at fair value through profit or loss	-	1 769 226	-	-	-	-	-	-	-	1 769 226
Total Liabilities	841 001 807	350 609 926	384 755 175	255 485 109	160 027 769	8 570 318	-	-	-	2 000 450 104
Liquidity Gap	(394 329 794)	65 016 417	(203 627 444)	(75 361 554)	198 501 271	600 826 808	244 264 773	153 760 114	19 003 725	608 054 316
Accumulated Gap Liquidity	(394 329 794)	(329 313 377)	(532 940 821)	(608 302 375)	(409 801 104)	191 025 704	435 290 477	589 050 591	608 054 316	

30.3 Market risk

Market risk corresponds to the possible fluctuation of the fair value or future cash flows associated with a financial instrument, due to changes in market prices. Market risk encompasses interest rate risk and exchange rate risk.

Interest rate risk

The interest rate risk corresponds to the risk arising from adverse movements in interest rates resulting in a mismatch in the amount, maturities or interest-fixing dates observed in financial instruments with interest receivable and payable.

As at 31 December 2022 and 31 December 2021, the details of financial instruments by exposure to interest rate risk are as follows:

AOAM	2022/12/31				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	2 533 307 876	2 304 621	3 046 447	-	2 539 030 962
Cash and deposits at central banks	426 304 724	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	719 743 079	-	-	-	719 743 079
Financial assets at fair value through profit or loss	97 150 250	-	3 046 447	372 018	100 568 715
Investments at amortised cost	802 580 983	-	-	-	802 580 983
Loans and advances to customers	463 403 337	2 304 621	-	-	465 707 958
Liabilities	2 029 116 815	-	595 440	275 246	2 029 987 501
Deposits from central banks and other credit institutions	3 101 202	-	595 440	-	3 696 642
Deposits from customers and other loans	2 026 015 613	-	-	-	2 026 015 613
Financial liabilities at fair value through profit or loss	-	-	-	275 246	275 246
Total	4 562 424 691	2 304 621	3 641 887	647 264	4 569 018 463

AOAM	2021/12/31				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	2 569 201 263	4 806 314	4 085 732	-	2 578 720 442
Cash and deposits at central banks	423 459 380	-	-	-	423 459 380
Loans and advances to credit institutions	23 205 063	-	-	-	23 205 063
Other loans and advances to central banks and credit institutions	556 325 569	-	-	-	556 325 569
Financial assets at fair value through profit or loss	90 271 926	-	4 085 732	627 133	94 984 791
Investments at amortised cost	1 127 786 175	-	-	-	1 127 786 175
Loans and advances to customers	348 153 150	4 806 314	-	-	352 959 464
Liabilities	2 005 347 776	-	1 825 722	1 023 025	2 008 196 523
Deposits from central banks and other credit institutions	28 280	-	1 825 722	-	1 854 002
Deposits from customers and other loans	2 005 319 496	-	-	-	2 005 319 496
Financial liabilities at fair value through profit or loss	-	-	-	1 023 025	1 023 025
Total	4 574 549 039	4 806 314	5 911 454	1 650 158	4 586 916 965

The details of financial instruments with exposure to interest rate risk according to the maturity or pre-fixing date, as at 31 December 2022 and 31 December 2021, are as follows:

AOAM	2022/12/31								
	Re-fixing dates/Maturity dates								
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	926 766 926	248 967 834	148 079 357	219 755 391	353 049 186	287 774 062	336 683 135	17 955 071	2 539 030 962
Cash and deposits at central banks	426 304 724								426 304 724
Loans and advances to credit institutions	24 125 503								24 125 503
Other loans and advances to central banks and credit institutions	426 636 810	191 754 001	73 547 143	27 805 125					719 743 079
Financial assets at fair value through profit or loss		527 897	491 885	59 486	52 989 645	28 748 220	14 333 117	3 418 465	100 568 715
Investments at amortised costs	34 666 144	48 155 427	55 816 917	152 575 960	214 669 418	130 928 264	165 768 853	-	802 580 983
Loans and advances to customers	15 033 745	8 530 509	18 223 412	39 314 820	85 390 123	128 097 578	156 581 165	14 536 606	465 707 958
Liabilities	1 270 460 025	321 284 774	231 068 761	196 704 376	10 194 319	-	-	-	2 029 712 255
Deposits from central banks and other credit institutions	3 696 642	-	-	-	-	-	-	-	3 696 642
Deposits from customers and other loans	1 266 763 383	321 284 774	231 068 761	196 704 376	10 194 319	-	-	-	2 026 015 613

AOAM	2021/12/31								
	Re-fixing dates/Maturity dates								
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	865 367 696	183 590 897	182 159 902	357 254 697	620 049 415	245 501 855	120 710 248	4 085 732	2 578 720 442
Cash and deposits at central banks	423 459 380	-	-	-	-	-	-	-	423 459 380
Loans and advances to credit institutions	23 205 063	-	-	-	-	-	-	-	23 205 063
Other loans and advances to central banks and credit institutions	407 775 072	148 550 497	-	-	-	-	-	-	556 325 569
Financial assets at fair value through profit or loss	6 032	10 612 467	22 317	20 793 162	53 544 155	3 896 571	2 024 355	4 085 732	94 984 791
Investments at amortised costs	-	20 898 209	173 982 903	306 714 993	441 051 254	185 138 816	-	-	1 127 786 175
Loans and advances to customers	10 922 149	3 529 724	8 154 682	29 746 542	125 454 006	56 466 468	118 685 893	-	352 959 464
Liabilities	1 190 306 180	389 632 277	257 201 342	161 100 671	8 933 028	-	-	-	2 007 173 498
Deposits from central banks and other credit institutions	718 322	1 135 680	-	-	-	-	-	-	1 854 002
Deposits from customers and other loans	1 189 587 858	388 496 597	257 201 342	161 100 671	8 933 028	-	-	-	2 005 319 496



As at 31 December 2022 and 31 December 2021, the average interest rates for the main financial assets and liabilities are as follows:

AOAM	2022/12/31			2021/12/31		
	Average balance of the period	Interest for the period	Average interest rate	Average balance of the period	Interest for the period	Average interest rate
<b>Investments</b>						
Financial assets at fair value through profit or loss	95 842 385	13 057 126	14%	225 535 479	40 074 292	18%
Loans and advances to customers	438 874 075	58 561 816	13%	397 074 925	49 831 404	13%
Investments at amortised cost	1 049 919 111	166 588 724	16%	1 088 206 754	145 558 131	13%
Other loans and advances to central banks and credit institutions	641 523 812	29 468 412	5%	603 271 119	7 546 938	1%
	<b>2 226 159 383</b>	<b>267 676 078</b>	<b>12%</b>	<b>2 314 088 277</b>	<b>243 010 765</b>	<b>11%</b>
<b>Deposits</b>						
Deposits from customers	2 022 802 350	50 167 798	2%	2 128 761 102	42 171 750	2%
Interbank deposits	1 564 741	603 132	39%	526 353	472 050	0%
Other deposits	5 404 236	729 019	13%	6 752 109	954 851	14%
	<b>2 029 771 327</b>	<b>51 499 949</b>	<b>3%</b>	<b>2 136 039 564</b>	<b>43 598 651</b>	<b>2%</b>
<b>Net interest income</b>		<b>216 176 129</b>			<b>199 412 114</b>	

As at 31 December 2022 and 31 December 2021, the sensitivity analysis of the results generated by financial instruments to changes in interest rates presents the following detail:

AOAM	2022/12/31					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(33 392 391)	(22 261 594)	(11 130 797)	11 130 797	22 261 594	33 392 391
Interest and similar expense	(30 446 570)	(20 297 713)	(10 148 857)	10 148 857	20 297 713	30 446 570
Total	(63 838 961)	(42 559 307)	(21 279 654)	21 279 654	42 559 307	63 838 961

AOAM	2021/12/31					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(15 754 822)	(10 492 385)	(5 240 800)	5 240 800	10 492 385	15 754 822
Interest and similar expense	(15 756 801)	(10 491 816)	(5 239 580)	5 239 580	10 491 816	15 756 801
Total	(31 511 624)	(20 984 202)	(10 480 380)	10 480 380	20 984 202	31 511 624

Exchange rate risk

Exchange rate risk consists of the fluctuation of the fair value or future cash flows of a financial instrument, due to changes in exchange rates.

The securities portfolio of the Bank is divided between securities denominated in national currency and in foreign currency, taking into consideration the overall structure of its balance sheet, in order to avoid incurring, in this manner, exchange rate risk.

As at 31 December 2022 and 31 December 2021, the detail of financial instruments by currency is as follows:

AOAM	2022/12/31					
	AOA	Indexed to the US Dollar	United States dollar	Euro	Other currencies	Total
<strong>Assets</strong>						
Cash and deposits at central banks	143 554 051	-	173 514 813	108 943 426	292 434	426 304 724
Loans and advances to credit institutions	-	-	10 910 881	11 171 963	2 039 215	24 122 059
Other loans and advances to central banks and credit institutions	291 565 089	-	386 648 027	42 978 508	4 855 489	726 047 113
Financial assets at fair value through profit or loss	103 349 557	-	1 454 172	27 579	-	104 831 308
Investments at amortised cost	751 882 171	-	196 485 437	-	-	948 367 608
Loans and advances to customers	393 798 917	-	12 036 110	11 590 537	-	417 425 564
	1 684 149 785	-	781 049 440	174 712 013	7 187 138	2 647 098 376
<strong>Liabilities</strong>						
Deposits from central banks and other credit institutions	569 784	-	2 135 674	988 101	3 083	3 696 642
Deposits from customers and other loans	1 091 469 172	-	773 365 918	172 286 005	3 164 109	2 040 285 204
Financial liabilities at fair value through profit or loss	545 524	-	-	-	-	545 524
	1 092 584 480	-	775 501 592	173 274 106	3 167 192	2 044 527 370
	591 565 305	-	5 547 848	1 437 907	4 019 946	602 571 006

AOAM	2021/12/31					
	AOA	Indexed to the US Dollar	United States dollar	Euro	Other currencies	Total
Assets						
Cash and deposits at central banks	221 741 798	-	30 350 958	170 722 062	644 562	423 459 380
Loans and advances to credit institutions	-	-	8 183 508	13 394 868	1 626 687	23 205 063
Other loans and advances to central banks and credit institutions	126 572 934	-	379 590 725	44 174 247	5 987 663	556 325 569
Financial assets at fair value through profit or loss	60 181 925	33 099 317	1 671 271	32 278	-	94 984 791
Investments at amortised cost	734 019 657	-	393 766 518	-	-	1 127 786 175
Loans and advances to customers	329 445 209	-	23 308 135	206 116	4	352 959 464
	1 471 961 523	33 099 317	836 871 115	228 529 571	8 258 916	2 578 720 442
Liabilities						
Deposits from central banks and other credit institutions	1 135 679	-	135 349	579 319	3 655	1 854 002
Deposits from customers and other loans	973 519 239	-	806 201 433	222 081 266	3 517 558	2 005 319 496
Financial liabilities at fair value through profit or loss	1 023 025	-	-	-	-	1 023 025
	975 677 943	-	806 336 782	222 660 585	3 521 213	2 008 196 523
	496 283 580	33 099 317	30 534 333	5 868 986	4 737 703	570 523 919

The sensitivity analysis (considering indexed securities and foreign exchange forwards) of the book value of financial instruments to changes in exchange rates, as at 31 December 2022 and 31 December 2021, has the following detail:

AOAM	2022/12/31					
	-20%	-10%	-5%	5%	10%	20%
United States dollar	(1 109 570)	(554 785)	(277 392)	277 392	554 785	1 109 570
Euro	(287 581)	(143 791)	(71 895)	71 895	143 791	287 581
Other currencies	(803 989)	(401 995)	(200 997)	200 997	401 995	803 989
Total	(2 201 140)	(1 100 571)	(550 285)	550 285	1 100 570	2 201 140

AOAM	2021/12/31					
	-20%	-10%	-5%	5%	10%	20%
United States dollar	(6 106 867)	(3 053 433)	(1 526 717)	1 526 717	3 053 433	6 106 867
Euro	(1 173 797)	(586 899)	(293 449)	293 449	586 899	1 173 797
Other currencies	(947 541)	(473 770)	(236 885)	236 885	473 770	947 541
Total	(8 228 204)	(4 114 102)	(2 057 051)	2 057 051	4 114 102	8 228 204

30.4 Fair value of financial assets and liabilities

The Bank classified the financial instruments recorded in the balance sheet at fair value in accordance with the hierarchy established in IFRS 13.

Instruments quoted on an active market (level 1)

Included in this category are financial instruments with quotations available in official markets and those where there are entities that routinely disclose transaction prices for these instruments traded on liquid markets.

Priority in the prices used is given to those observed in official markets, in cases where there is more than one official market the option falls on the main market where these financial instruments are traded.

This category includes, among others, the following financial instruments: (i) derivatives traded on an organized market and (ii) listed shares.

Valuation methods with observable market parameters/prices (level 2)

In this category are considered the financial instruments valued using internal models, namely discounted cash flow models, which require judgments that vary according to the complexity of the products being valued and use assumptions like those that an unrelated party would use in estimating the fair value of the same financial instrument. The Bank uses as inputs in its models' variables made available by the market, such as interest rate curves and credit spreads. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities, but whose markets have lower liquidity.

This category includes, among others, the following financial instruments: (i) unlisted bonds; and (ii) over-the-counter (OTC).

Valuation methods with parameters not observable in the market (level 3)

This level includes the valuations determined using internal valuation models or quotations provided by third parties, but whose parameters used are not observable in the market. The bases and assumptions for the calculation of fair value are in accordance with the principles of IFRS 13.

This category includes, among others, the following financial instruments: (i) debt securities valued using non-observable market inputs; (ii) unlisted shares; (iii) over-the-counter (OTC) derivatives with quotes provided by third parties.

As at 31 December 2022 and 31 December 2021, the book value of Financial Instruments has the following breakdown:

AOAM	2022/12/31			
	Measured at fair value	Measured at amortised cost	Impairment	Net value
<b>Assets</b>				
Cash and deposits at central banks	-	426 304 724	-	426 304 724
Loans and advances to credit institutions	-	24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions	-	726 368 077	(320 964)	726 047 113
Financial assets at fair value through profit or loss	104 831 308	-	-	104 831 308
Investments at amortised cost	-	958 579 426	(10 211 818)	948 367 608
Loans and advances to customers	-	471 417 049	(53 991 485)	417 425 564
	<b>104 831 308</b>	<b>2 606 794 779</b>	<b>(64 527 711)</b>	<b>2 647 098 376</b>
<b>Liabilities</b>				
Deposits from central banks and other institutions	-	3 696 642	-	3 696 642
Deposits from customers and other loans	-	2 040 285 204	-	2 040 285 204
Financial liabilities at fair value through profit or loss	545 524	-	-	545 524
	<b>545 524</b>	<b>2 043 981 846</b>	<b>-</b>	<b>2 044 527 370</b>

AOAM	2021/12/31			
	Measured at fair value	Measured at amortised cost	Impairment	Net value
<b>Assets</b>				
Cash and deposits at central banks	-	423 459 380	-	423 459 380
Loans and advances to credit institutions	-	23 212 633	(7 570)	23 205 063
Other loans and advances to central banks and credit institutions	-	556 679 547	(353 978)	556 325 569
Financial assets at fair value through profit or loss	94 984 791	-	-	94 984 791
Investments at amortised cost	-	1 141 258 796	(13 472 621)	1 127 786 175
Loans and advances to customers	-	406 331 101	(52 726 559)	353 604 542
	<b>94 984 791</b>	<b>2 550 941 457</b>	<b>(66 560 729)</b>	<b>2 579 365 519</b>
<b>Liabilities</b>				
Deposits from central banks and other institutions	-	1 854 002	-	1 854 002
Deposits from customers and other loans	-	2 005 319 496	-	2 005 319 496
Financial liabilities at fair value through profit or loss	1 023 025	-	-	1 023 025
	<b>1 023 025</b>	<b>2 007 173 498</b>	<b>-</b>	<b>2 008 196 523</b>

As at 31 December 2022 and 31 December 2021, the fair value of the Bank's financial instruments is presented as follows:

AOAM	2022/12/31				
	Book value (net)	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortised cost		
Assets					
Cash and deposits at central banks	426 304 724	-	426 304 724	426 304 724	-
Loans and advances to credit institutions	24 122 059	-	24 122 059	24 122 059	-
Other loans and advances to central banks and credit institutions	726 047 113	-	726 047 113	726 047 113	-
Financial assets at fair value through profit or loss	104 831 308	104 831 308	-	104 831 308	-
Investments at amortised cost	948 367 608	-	1 029 890 193	1 029 890 193	81 522 585
Loans and advances to customers	417 425 564	-	421 307 572	421 307 572	3 882 008
	2 647 098 376	104 831 308	2 627 671 661	2 732 502 969	85 404 593
Liabilities					
Deposits from central banks and other institutions	3 696 642	-	3 696 642	3 696 642	-
Deposits from customers and other loans	2 040 285 204	-	2 040 285 204	2 040 285 204	-
Financial liabilities at fair value through profit or loss	545 524	545 524	-	545 524	-
	2 044 527 370	545 524	2 043 981 846	2 044 527 370	-

AOAM	2021/12/31				
	Book value (net)	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortised cost		
Assets					
Cash and deposits at central banks	423 459 380	-	423 459 380	423 459 380	-
Loans and advances to credit institutions	23 205 063	-	23 205 063	23 205 063	-
Other loans and advances to central banks and credit institutions	556 325 569	-	556 325 569	556 325 569	-
Financial assets at fair value through profit or loss	94 984 791	94 984 791	-	94 984 791	-
Investments at amortised cost	1 127 786 175	-	1 209 795 237	1 209 795 237	82 009 062
Loans and advances to customers	353 604 542	-	366 812 648	366 812 648	13 208 105
	2 579 365 519	94 984 791	2 579 597 896	2 674 582 687	95 217 168
Liabilities					
Deposits from central banks and other institutions	1 854 002	-	1 854 002	1 854 002	-
Deposits from customers and other loans	2 005 319 496	-	2 005 319 496	2 005 319 496	-
Financial liabilities at fair value through profit or loss	1 023 025	1 023 025	-	1 023 025	-
	2 008 196 523	1 023 025	2 007 173 498	2 008 196 523	-



The fair value of financial instruments should be estimated, whenever possible, using quotations in an active market. A market is considered active, and therefore liquid, when it is accessed by equally knowledgeable counterparties and where transactions are carried out on a regular basis. Almost all the financial instruments of the Bank are not listed on active markets.

In view of the absence of quotations on active markets, the valuation of financial instruments is performed in the following terms:

a) Financial instruments recorded in the balance sheet at fair value:

Treasury Bonds in local currency that are non-readjustable and Treasury Bonds in local currency indexed to the US dollar exchange rate issued by the Angolan State and held by the Bank for trading in the secondary market with other banks are revalued based on a discounted cash-flows model. The discount curve used can be seen directly from BODIVA's daily report, which the Bank considers to be an active market.

Respectively, currency forwards are revalued with a discounted cash-flows model. The amounts in foreign currency are updated with an interest rate curve observed directly from Bloomberg and the amounts in local currency are updated with a curve built with interbank money market yields and reference rates ("Luibor") observed on the BNA website.

Not being listed on a stock exchange and in the existence of observable market data, the equity instruments, with the exception of Visa Incl, are valued by the equity method and the Shares by quotation made available by the fund management company.

b) Financial instruments recorded in the balance sheet at amortised cost:

For financial instruments recorded in the balance sheet at amortised cost, the Bank determines their fair value by using valuation techniques based on the conditions applicable to similar operations on the reference date of the financial statements, namely the value of the respective discounted cash flows based on the interest rates considered most appropriate, i.e:

- Non-adjustable Treasury Bills and Treasury Bonds in local currency issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model. The discount curve used can be seen directly from BODIVA's daily report, which the Bank considers to be an active market.
- Non-adjustable Treasury Bonds in Dollar issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model. As there are not yet any significant transactions of this instrument in BODIVA, the discount curve is constructed based on the yields of the last issues of these instruments.

- For loan and advance operations with customers, the average interest rates practiced by the Bank in the period ended 31 December 2022 and 2021, respectively, for operations with similar characteristics and net of accumulated impairment losses, were used; and
- For "Cash and deposits at central banks", "Deposits at other credit institutions", "Deposits at central banks and other credit institutions", "Deposits from central banks and other credit institutions", and "Deposits from customers and other borrowings", as they are essentially short-term operations, it was considered that the balance sheet value represents a reasonable approximation to their fair value.

It should be noted that the fair value presented does not correspond to the realization value of these financial instruments in a sale or liquidation scenario and was not calculated for that purpose.

As at 31 December 2022 and 31 December 2021, the fair value of financial instruments recorded in the balance sheet at fair value shows the following detail by valuation methodology:

AOAM	2022/12/31				AOAM	2021/12/31			
	Level 1 Prices on the active markets	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total		Level 1 Prices on the active markets	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
<b>Assets</b>					<b>Assets</b>				
Financial assets at fair value through profit or loss	1 454 172	101 784 861	1 592 275	104 831 308	Financial assets at fair value through profit or loss	1 671 271	90 899 058	2 414 462	94 984 791
Debt securities issued by the State					Debt securities issued by the State				
Non-adjustable Treasury Bonds in national currency					Non-adjustable Treasury Bonds in national currency	-	56 095 869	-	56 095 869
Treasury Bonds in national currency indexed to the US dollar exchange rate	-	101 412 843	-	101 412 843	Treasury Bonds in national currency indexed to the US dollar exchange rate	-	34 176 056		34 176 056
Equity instruments	-	-		-	Equity instruments				
VISA					VISA	1 671 271	-	-	1 671 271
Other equity instruments	1 454 172	-	-	1 454 172	Other equity instruments	-	-	1 403 289	1 403 289
Participation units	-	-	1 398 588	1 398 588	Participation units	-	-	1 011 173	1 011 173
Derivatives	-	-	193 687	193 687	Derivatives	-	627 133	-	627 133
<b>Liabilities</b>	-	372 018	-	372 018	<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss		545 524	-	545 524	Financial liabilities at fair value through profit or loss	-	1 023 025	-	1 023 025
Derivatives	-	545 524	-	545 524	Derivatives	-	1 023 025	-	1 023 025

### 30.5 Capital management

The Bank's own funds and solvency ratio are calculated in accordance with the applicable regulatory standards, namely Notice No. 08/2021, of 31 December 2022. The applicable instructions are as follows: Instruction No. 13/2021, Instruction No. 14/2021, Instruction No. 15/2021, Instruction No. 16/2021, Instruction No. 17/2021, Instruction No. 19/2021, Instruction No. 22/2021, Instruction No. 2/2022, and Instruction No. 5/2022.

Angolan financial institutions must maintain a level of capital compatible with the nature and scale of operations properly weighted by the risks inherent to the operations, with a minimum regulatory capital ratio of 8%, a minimum Tier 1 capital ratio of 6%, and a minimum Tier 1 core capital ratio of 4.5%.

Regulatory own funds comprise:

1. Tier 1 Own Funds comprises: i) paid-in capital; ii) positive retained earnings from previous periods; iii) legal, statutory and other reserves arising from non-distributed profits, or those set up to increase capital; iv) positive net income from the previous period; v) provisional positive net income from the current year; vi) equity instruments; and, vii) share premiums.

2. The negative elements of Tier 1 Own Funds – comprise: (i) own shares in the portfolio at book value; (ii) negative results, carried forward from previous periods; (iii) negative net income for the previous period; (iv) provisional negative net income for the current period; (v) intangible assets net of amortization, 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 depending 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 exercise; ix) positive revaluation differences arising from the application of the equity method; x) actuarial losses not recognized in results; xi) the amount of the items that must be deducted from additional Tier 1 Own Funds items that exceed the institution's additional Tier 1 Own Funds items; xii) the exposure value of incomplete transactions; xiii) the applicable value of Common Equity Tier 1 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 value of Tier 1 Own Funds 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

Tier 1 Own Funds 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; xvi) any tax on Tier 1 Own Funds items that is foreseeable at the time it is calculated, except where the institution appropriately adjusts the value of Tier 1 Own Funds items to the extent that such tax reduces the amount by which those items may be used to hedge risks or losses.

3. Additional Tier 1 capital - comprises (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 iv) issue premiums relating to the items included in the previous paragraphs.
4. The negative elements of additional Tier 1 capital – comprise:
  - i) Additional Tier 1 instruments held directly, indirectly and synthetically, including additional Tier 1 instruments that the institution may be obliged to acquire as a result of existing contractual obligations; ii) The additional Tier 1 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 value of the additional Tier 1

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 value of additional Tier 1 own fund instruments of Financial Institutions held directly, indirectly and synthetically by the institution, where the institution has a significant investment in such Financial Institutions, excluding underwriting positions held for a period of five business days or less; v) the value of items required to be deducted from Tier 2 own fund items in excess of the institution's Tier 2 own fund items and, vi) any tax on additional Tier 1 own fund items that is foreseeable at the time it is calculated, except where the institution appropriately adjusts the value of additional Tier 1 own fund items to the extent that such tax reduces the amount by which those items may be allocated to cover risks or losses.

5. Tier 2 Own Funds – comprise: i) Redeemable preferred shares; ii) Reserves from the revaluation of real estate for own use; iii) Subordinated debt, in the form of loans or bonds issued, whose issue conditions were previously approved by Banco Nacional de Angola; iv) Other instruments whose issue conditions were previously approved by Banco Nacional de Angola; and, v) Issue premiums relating to the items included in the previous points.

6. The negative elements of Tier 2 capital – comprise: i) Common Equity Tier 2 instruments held directly, indirectly and synthetically, including Tier 2 instruments that the institution may be obliged to acquire as a result of existing contractual obligations; ii) Tier 2 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 value of Tier 2 instruments of financial institutions held directly, indirectly and synthetically, if the institution does not have a significant investment in such financial institutions; and, iv) Tier 2 instruments of financial institutions held directly, indirectly and synthetically by the institution, if the institution has a significant investment in such entities, excluding underwriting positions held for a period of five working days or less.

The positive net results of the previous and current fiscal year referred to in the previous paragraphs can only be considered whenever certified by the accounting expert member of the supervisory body or statutory auditor and by the external auditor.

The table below shows the own funds and the solvency ratio of the entity as at 31 December 2022:

AOAM	2022/12/31	2021/12/31
<b>Regulatory Capital Ratio</b>		
Tier I	404 825 397	n.a
Tier II	-	n.a
Total	404 825 397	357 681 771
<b>Regulatory Capital Requirements</b>		
Credit Risk Requirements	33 017 817	35 591 863
Market Risk Requirements	2 357 101	5 834 991
Operational Risk Requirements	39 124 468	36 077 505
Excesses of Prudential Limits for Large Exposures	188	n.a
Total	74 499 574	77 504 359
<b>Regulatory Solvency Ratio</b>	<b>43.47%</b>	<b>46.15%</b>

The Bank’s own funds and solvency ratio are calculated in accordance with the applicable regulatory standards, namely Notice No. 08/2021. Regarding the requirements for the solvency ratio, Notice No. 3/2016, Notice No. 4/2016 and Notice No. 5/2016 applied at that time, as well as Instruction No. 12/2016, Instruction No. 13/2016, Instruction No. 14/2016, Instruction No. 15/2016, Instruction No. 16/2016, Instruction No. 17/2016 and Instruction No. 18/2016.

The table below shows the own funds and the solvency ratio of the entity as at 31 December 2021:

AOAM	2021/12/31
Regulatory Own Funds	357 681 771
Own funds requirements (credit risk)	35 591 863
Own funds requirements (market risk)	5 834 991
Own funds requirements (operational risk)	36 077 505
Regulatory Solvency Ratio	46.15%

31. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

Reference to the Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board’s Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

The Bank has no impact resulting from the adoption of this interpretation.

Property, Plant and Equipment – Proceeds before Intended Use, Amendments to IAS 16 Property, Plant and Equipment

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss.

The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Bank has no impact resulting from the adoption of this standard.

Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Bank has no impact resulting from the adoption of this standard.

## Annual Improvements to IFRS Standards 2018 – 2020

On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:

(a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRSs;

(b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf;

(c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and

(d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41.

The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Bank has no impact resulting from the adoption of this standard.

## Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the Board has issued ON 12 February 2021 amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements.

The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material:

“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users

of general-purpose financial statements make on the basis of those financial statements”.

The amendments are effective from 1 January 2023 but may be applied earlier.

The Bank is evaluating the impacts that this standard will have on its financial statements.

## Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Bank is evaluating the impacts that this standard will have on its financial statements.

#### **Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction**

The IASB issued amendments to IAS 12 - “Income Taxes”, on 7 May 2021.

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the

amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The Amendment shall be applied for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Bank is evaluating the impacts that this standard will have on its financial statements.

#### **Clarification requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)**

IABS issued on 23 January 2020 narrow-scope amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability’s settlement at least 12 months after the reporting period.

The amendments aim to:

- a. specify that an entity’s right to defer settlement must exist at the end of the reporting period;

b. clarify that the classification is not affected by management’s intentions or expectations as to whether the entity will exercise its right to postpone settlement However, where non-current liabilities are subject to future ratios, companies must disclose information that allows users to understand the risk that these liabilities may be repaid within 12 months after the balance sheet date; and

c. clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments (e.g. convertible debt).

This amendment is effective for periods starting on 1 January 2024.

The Bank is evaluating the impacts that this standard will have on its financial statements.

#### **Lease liability in a sale and leaseback transaction (amendments to IFRS 16 - Leases)**

The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction.

These amendments confirm that:

- At initial recognition, the seller-tenant includes variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.



- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it recognises no gain or loss related to the right of use it retains.

A seller-tenant can adopt different approaches that satisfy the new subsequent measurement requirements.

The Amendments shall be applied for annual periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the changes retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means it will have to identify and re-examine sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Bank is evaluating the impacts that this standard will have on its financial statements.



### 32. RELEVANT FACTS

In response to the current conflict in Ukraine, several countries have announced economic sanctions on Russia and in some cases Belarus. Possible new sanctions may be implemented in the near future and could cover other individuals, other entities, and a wider range of goods and services.

The economic impacts resulting from conflict can be of various natures, such as: 1) Significant disruption of operations in Ukraine, Russia and Belarus; 2) Liquidity challenges resulting from the applied economic sanctions; 3) Specific effects on

the Banking, financial services, energy sectors, among others resulting from the applied sanctions; 5) Increased uncertainty in the global economy, and 6) among others. These events and current market conditions can have significant implications for the entities' financial statements. Consequently, the Board's understanding of the potential impacts and its response to them is critical.

The Bank's Board of Directors has implemented a number of internal controls related to the prevention of money laundering and terrorist financing, as well as in the face of international sanctions and embargoes, which include the review and

verification of clients and counterparties against commonly accepted and mandatory international sanctions lists throughout its process of accepting clients and monitoring transactions. As a consequence of the above in line with the regularity already developed, the Bank is performing procedures to update its portfolio of clients and counterparties, based on the most recent updates of the lists of verified international sanctions.

In the period ended 31 December 2022, the Bank did not observe a significant financial impact on its financial statements arising from this situation, nor does it estimate at this date that such a situation will occur.





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INDEPENDENT AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Shareholders of  
Banco de Fomento Angola, S.A.

Introduction

1. We have audited the accompanying financial statements of **Banco de Fomento Angola** ("the Bank"), which comprise the balance sheet as at 31 December 2022, showing total assets of AOA 2,708,904,834 thousand and a total equity of AOA 484,289,532 thousand, including a profit for the year of AOA 140,455,220 thousand, and the statement of income and comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and the accompanying notes to the financial statements.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of 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 these financial statements based on our audit, which was conducted in accordance with the Technical Standards of the Angolan Institute of Accountants and 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 financial statements are free from material misstatement

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Número de Identificação Fiscal: 5011178277



4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to in paragraph 1 above present fairly, in all material respects, the financial position of **Banco de Fomento Angola, S.A.** as at 31 December 2022 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Luanda, 22 March 2023

KPMG Angola – Audit, Tax, Advisory, S.A.  
Represented by  
Maria Inês Rebelo Filipe  
(Registered Auditor with certificate no. 20140081)



Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.

OPINION OF THE SUPERVISORY BOARD

- 1. In compliance with the mandatory legal and regulatory, article 441, g) of the Law of Commercial Companies (Law 1/04 of February 13), article 71, point 2 of the Basic Law of Financial Institutions (Law 14/21 of May 19), in conjunction with point 1,d) of article 15 of the Corporate Governance Code of Financial Institutions (Notice nº 1/22, of January 28), article 8, point 1, f), of the Regulations of the Supervisory Board of the Banco de Fomento Angola, S.A. (approved on July 19, 2022) it is the responsibility of the Supervisory Board to issue an opinion on the Board of Directors’ report of BANCO DE FOMENTO ANGOLA, S.A., for the year 2022.
- 2. It is the responsibility of the Board of Directors of BANCO DE FOMENTO ANGOLA, S.A. to present the 2022 Financial Statements and the other related documents.
- 3. The Supervisory Board is responsible for verifying the information contained in the Financial Report, in order to issue a professional and impartial opinion, based on its supervisory activity.
- 4. The Supervisory Board analyzed the financial statements, which comprise the balance sheet as of 31 December 2022, showing a total of 2,708,904,834 thousand Kwanzas and a total equity of 484,289,532 thousand Kwanzas, including net profit for the year of 140,455,220 thousand Kwanzas, the income statement and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes attached to the financial statements.
- 5. The Supervisory Board analyzed the External Auditor's opinion for the year ended 31 December 2022, which was issued without any reserve, declaring that the financial statements are presented fairly, in all material aspects, the financial position of the Banco de Fomento Angola, SA as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in conformity with the International Financial Reporting Standards (IFRS).

BANCO DE FOMENTO ANGOLA, S.A.  
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Sociedade Anónima, Capital Social 15.000.000.000 AKZ | Contribuinte: 5410003691 | SWIFT/BIC: BFMXAOLU

Modelo Prontuário 2



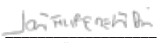
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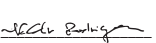
- 6. In accordance with the above and taking into account the work carried out, we are the opinion that the General Assembly:
  - a) Approve the financial statements for the year 2022.
  - b) Approve the 2022 proposal for the application of results.
- 7. We express our gratitude for the collaboration provided by the Board of Directors, Executive Committee, Directors and other employees of the BANCO DE FOMENTO ANGOLA, S.A..

Luanda 21 of March 2023

SUPERVISORY BOARD

  
Ari Brandão  
(Presidente)  
Perito Contabilista nº 20120120

  
João Dias  
(Vice-Presidente)

  
Valdir Rodrigues  
(Vogal)

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Modelo Prontuário 2





# 7

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## Glossary

- **Assets** – The set of Goods and Rights that an organization owns that have economic value and can be converted into liquidity.
- **Real Estate Assets** – The set of Rights over real estate for commercial, residential or industrial leasing purposes.
- **Amortization** – Accounting technique that decreases the book value of a company's fixed assets, accordingly to their use, wear and useful life.
- **ATM (Automated Teller Machine)** – Equipment that allows authorized users (usually holders of valid cards for financial transactions in a given system) to access financial and other services, including cash withdrawals.
- **Investment in Bonds** – Investments in fixed income assets issued by the National Treasury to finance the national public debt.
- **Capital Account** – Corresponds to the balance between the capital invested in the country by foreigners and, inversely, the investments made, and the credits held by the country abroad.
- **Commercial Balance** - Corresponds to the difference between the value of goods and services exported by a country and those that are imported.
- **Current Account** – Result of the trade balance and financial flows, namely interest paid to foreign debt holders issued by the country and dividends paid to foreign investors.
- **Balance of Payments** - Reflects the total payments made abroad as well as all income earned abroad by a country. It is split between the Current Account and the Capital Account.
- **Balance Sheet** – Accounting statement that summarizes all assets held by a company as well as its equity and liabilities.
- **Treasury Bills (BT's)** – A short-term public debt security issued by the Treasury, with a maturity of less than a year. It is a security issued at discount and reimbursed at face value at maturity.
- **Equity** – Funds that belong to the company itself, as opposed to those that have been borrowed.
- **Cash Flow for the Year** – Corresponds to the annual net profit plus depreciation and provisions. It represents the company's ability to generate funds for investment without resorting to borrowed capital.
- **Operating Cash Flow** – Corresponds to the net operating income, excluding the value of administrative charges.
- **Tripartite Contracts** – Contracts between the Bank, a service provider in the oil sector and an oil operator that allows the operator to sell USD directly to the service provider without the intervention of the BNA.
- **Commodities** – Tradable goods, such as agricultural products and natural resources. In international trade relations, the term denotes a particular type of raw commodity or primary product of commercial importance.
- **Cost-to-income** – A financial measure indicating the percentage of a company's costs compared with its revenues.
- **Deposit** – A Bank transaction to raise funds.
- **Term Deposit** – Investing money in a Bank account for a certain period of time (one month, three months, six months, one year), earning interest on invested capital.
- **EMIS** - Angolan company that provides services to Banks regarding the use of banking cards. EMIS manages the shared networks of ATM and Automatic Payment Terminals.

- **eMudar@BFA** – System implemented by BFA, consisting of a front-end implemented in the Branches, Corporate Centres and Investment Centres that introduced mechanisms based on standardized workflow methodologies for the processing of the various banking activities of the branches, allowing their dematerialization, making them more efficient and mitigating the level of operational risk.
- **EMV** – Chip technology for cards, which transmits a unique code for each transaction, making card fraud difficult.
- **Euribor** – A combination of the words Euro Interbank Offered Rate. The Euribor rate is calculated daily by averaging the rates of 57 major Banks in the Euro economy and reflects the price of money at which these Banks exchange money among themselves.
- **MT940 statements** – SWIFT's standard format used internationally for the electronic transmission of daily Bank account movements and balances.
- **PSX files** – Mass transfer processing file, with the ability to make cross-border payments (mostly used for payroll processing and frequent vendor payments).
- **Filtering** – Automatic filtering of the new or existing Customer database against lists of International Sanctions.
- **MT101 Format** – SWIFT standard file format, which allows funds transfers to be made between two accounts held at Banks that may, at the limit, be in different countries.
- **FX transactions** – Foreign exchange market transactions.
- **H2H (host to host)** – Channel that enables Customers of banking institutions, through internet banking and mobile banking made available by their banking institutions, to access Payment of Services functionalities made available in the MULTICAIXA Network.
- **Inflation** – A term generally expressed as a percentage that reflects the average price increase in a given economy.
- **Financial Institution** – A commercial company whose purpose is to enter into financial contracts and, therefore, subject to prudential regulation and supervision.
- **Financial Instruments** – Investment instruments that include securities, derivative financial instruments and money market instruments.
- **Active Financial Instruments** – Contractual right to receive cash or other financial asset from another company (securities, accounts receivable).
- **Financial Instruments Liabilities** – Contractual obligation to deliver cash or another financial asset from another company.
- **Complementary Margin** – Sum of Net Commissions, Income from Financial Operations and Other Operating Income.
- **Net Financial Income** – The difference between the interest charged on loans (calculated using the active interest rate) and the interest paid to savers for the amounts they entrust to the Bank (calculated using the passive interest rate).
- **Operating Margin** – This is determined by dividing operating income by the turnover and multiplying by one hundred. It is an indicator that measures the operating profitability of a company in a given period of time.
- **Interbank Money Market** – A market where Banks borrow and/or lend money to each other.
- **Treasury Bonds (OT's)** – A public debt security issued by the Treasury with periodic coupon interest payments and redemption at par value.
- **Liabilities** – The total of an organization's debts and obligations.
- **Interest-bearing Liabilities** – Liabilities that require the payment of interest, such as Bank loans and corporate bonds.



- **Monetary Policy** – A set of measures adopted to control the supply of money and credit and, consequently, the interest rate of a given economy. The Central Bank is responsible for executing the country's monetary policy.
- **Net operating income** – All of the revenues received by a financial institution: commissions, interest and trading, interbank operations.
- **Gross Domestic Product (GDP)** – The sum of all goods and services produced in a country during a given period of time, usually a year.
- **Profiling** – Any form of personal data automated processing that uses such data to evaluate certain personal aspects of a person, particularly to analyze or predict aspects relating to their financial situation, reliability, or behavior.
- **Financial Income** – Interest charged on loans, calculated using the active interest rate.
- **Past-due Loans Ratio** – Ratio between the balance of loans and advances to Customers with overdue capital instalments or accrued interest and the total loans granted.
- **Capital Ratio** – Measures the relative proportion of a company's assets financed by equity versus liabilities. The Capital Ratio indicates the degree of financial stability of a company.
- **Total Capital Ratio** – The Total Capital Ratio (TCR) corresponds to the ratio between Total Capital (RSF) and the value of the assets exposed to the risks inherent to the operations carried out by the credit institutions.
- **Loan-to-deposit Ratio** – Ratio between Total Loans to Customers minus Accumulated Impairment for Loans and advances to Customers (Balance Sheet value) divided by Customer Deposits.
- **Bank Rediscount** – An instrument of monetary control in which the Central Bank grants loans to Commercial Banks at rates above those practiced in the market.
- **Return on Assets (ROA)** – An indicator, in percentage, that compares the company's net income to its net assets, and deducted of accumulated depreciation. It measures the profit generated by each monetary unit of assets.
- **Return on Equity (ROE)** – Measures the company's efficiency in generating profits from net assets (net worth), indicating the percentage of profit generated from shareholders' capital.
- **Spread** – The difference between the price offered by buyers and the price desired by sellers within the scope of supply and demand in financial markets.
- **SPTR** – Angolan Real Time Payment System, operated, managed and owned by the BNA.
- **STC** – Credit Transfer Subsystem.
- **Stress test** – A procedure in which various scenarios are tested in order to analyze the behavior of the values of an investment portfolio. It is about assessing the value of the portfolio in atypical situations.
- **Swift** - Society for Worldwide Interbank Financial Telecommunication, which provides the interbank communication service. Its services are used in the foreign exchange, money, and securities markets for confirmation and payment messages.
- **Banking Rate** – Rate of use of financial services by the population of a country.
- **Ceding Rate** – Rate at which a country's National Bank buys or sells its currency to bring it back to its previous value.
- **Key Rates** – Interest rates determined by Central Banks, which serve as the basis for interest rates in a given economy.
- **Interest Rate** – Price of money that the borrower must pay to the owner of the borrowed capital over a given period of time, expressed as a percentage.
- **Main refinancing rate** – Minimum rate applied to liquidity-providing operations, carried out through weekly tenders during a two-week period.

- **TCX (Money Trade Coin X)** – Program for financial transactions in virtual currency.
- **TLTRO'S (Targeted long-term refinancing operations)** – Refinancing operations to credit institutions with extended maturities.
- **APT (Automatic Payment Terminal)** – A network terminal of the banking system that allows the Customer to perform several types of operations in a self-service regime without resorting to Bank branches.
- **NPV (Net Present Value)** – Present value of the expected future cash flows from operations.
- **Way4** – EMIS' platform for card management.
- **Write-offs** – Past-due loans are removed as assets from the balance sheet because the Bank does not expect to receive payment. The loans are fully provisioned and therefore the write-off is made against those provisions, thus no impact is generated on the financial statements or the Bank's profit.
- **Yields** – This is the main indicator of the real estate investment market. It should be seen as a risk measure of future profitability: the higher the yield, the higher the price, the greater the associated risk and the greater the opportunities for future profitability



## General Contacts



### HEAD OFFICE

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## Central Services

### COQUEIROS

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### GIKA

Edifício Garden Towers B,  
3º, 4º, 5º andar  
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Edifício Domo Business Center  
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### ZENITH

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Luanda

Investment Centres

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Corporate Centres

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