Report H1 23

BFA

CONTENTS

1 KEY INDICATORS

Key Indicators

Amounts expressed in AOA Millions

	H1 22	H1 23	Δ
Total Assets	2 418 644	3 360 999	39,0%
Loans to Customers [1]	382 531	496 773	29,9%
Customer Deposits	1 836 774	2 730 227	48,6%
Equity and Equivalent Capital	411 062	483 067	17,5%
Operating Income	125 113	142 642	14,0%
Net Financial Income	104 512	116 480	11,5%
Non-Interest Income	20 601	26 162	27,0%
Overheads [2]	54 131	55 342	2,2%
Net Profit	67 227	83 051	23,5%
Return on Total Assets [ROA]	6,2%	5,8%	-0,4 p.p.
Return On Equity [ROE]	39,9%	33,2%	-6,7 p.p.
Cost-to-Income	43,3%	38,8%	-4,5 p.p.
Total Assets / Staff	881,8	1 263,1	43,2%
Loan-to-Deposit Ratio	22,8%	20,3%	-2,5 p.p.
Total Capital Ratio [3]	39,8%	37,4%	-2,4 p.p.
30 days past-due credit ratio [4]	3,3%	3,5%	0.2 p.p.
NPL Ratio	12,9%	12,3%	-0,6 p.p.
30 days past-due credit provisions coverage	359,2%	302%	-57,2 p.p.
Credit provisions coverage due Impairment(s)	9,3%	8,16%	-1,1 p.p.
Customer Base	2 491 146	2 729 803	238 657
Total number of Branches [5]	194	194	0
Total number of Staff Members	2 743	2 661	-82
BFA Net Penetration Rate	9,1%	16,97%	7,9 p.p.
Debit Cards Penetration Rate	53,0%	49,73%	-3,3 p.p.

1) Total 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) 30 days past-due credit ratio = Overdue Loans to Customers / Total Loans to Customers
5) Branches + Corporate Centres + Investment Centres + Private Banking

2
CORPORATE GOVERNANCE

Corporate Governance

BFA's governance model complies with the provisions laid down in the Financial Institutions Legal Framework (Law no. 14/2021 dated 19th May) and its articles of association abide by the following organisational model:

Governing Bodies and External Audit Firm*

Board of the General Meeting

Chairperson
João Boa Quipipa

Secretary
Tidiane Mendes dos Santos

Statutory External Auditor

External Audit Firm
KPMG Angola

Supervisory Board

Chairperson
Ari Correia Brandão

Member
João Melão Dias

Member
Valdir Lima Rodrigues

Board of Directors

Chairperson
Rui Carneiro Mangueira

Deputy Chairman
Osvaldo Salvador Macaia

Non-Executive and Independent Directors
João Fernando Quíuma
Filomeno Alves Ceita

Non-Executive Directors
Divaldo Kienda Palhares
Jacinto Manuel Veloso

Executive Committee of the Board of Directors

CEO
Luís Roberto Gonçalves

Executive Directors
Vera Escórcio
Sebastião Massango
Natacha Sofia Barradas
António Simões Matias
Paulo Freitas Alves
António Manuel Alfaia

Company Secretary

Secretary
Custódio Moreira João

(*) On the 24th July 2023, BFA Shareholders' General Meeting unanimously elected the new members of the Bank's Governing Bodies for the 2023/2025 term of office. The composition of the new Governing Bodies is outlined in the "Financial Statements and Explanatory Notes" chapter, under the "Subsequent Events" section (page 183).

Board of Directors' Support and Advisory Committees

In compliance with the international standards laid down by the European Banking Authority (EBA) and in accordance with the new Financial Institutions Legal Framework, as well as Notice n. ° 01/2022 on Corporate Governance, the Bank currently has 5 Board of Directors' support and advisory committees, namely:

Audit and Internal Control Committee (AICC)

Members

Chairperson
Rui Mangueira

Executive Directors
Jacinto Veloso
Osvaldo Macaia
João Quiúma
Filomeno Ceita

Permanent invitees

Chief Executive Officer	Luís Gonçalves
Chief Risk Officer	Natacha Barradas
Supervisory Board Members	Ari Brandão • João Dias • Vladir Rodrigues
External Audit Firm	KPMG
Head of Internal Audit Department	Irene de Jesus Vicente
Head of Compliance Department	José Cerqueira
Head of Organisation and Quality Department	Sílvia Peixinho
Head of Risk Management Department	Sandra Vieira

Risk Committee (RC)

Members

Chairperson

Jacinto Veloso

Executive Directors

Divaldo Palhares
Filomeno Ceita

Permanent invitees

Chief Risk Officer	Natacha Barradas
Executive Director Credit Portfolio	António Alfaia
Head of Compliance Department	José Cerqueira
Head of Risk Management Department	Sandra Vieira
Head of Credit Risk Department for Large Companies, Institutional, and Projects	Vladimir Cunha

Innovation and IT Committee (IITC)

Members

Chairperson
Osvaldo Macaia

Executive Directors
João Quiúma
Divaldo Palhares

Permanent invitees

Chief Executive Officer	Luís Gonçalves
Executive Director Information Systems Portfolio	Paulo Alves
Head of Information Systems Department	Sérgio Lopes
Head of Strategic Initiatives and Project Management Department	Filipe Silvério
Head of Marketing Department	[Vacant Position]

Governance, Nominations, Evaluation and Remuneration Committee (GNERC)

Members

Chairperson

Rui Mangueira

Executive Directors

Osvaldo Macaia
Filomeno Ceita
Jacinto Veloso

Advisor

José Van-Dúnem

Permanent invitees

Chief Executive Officer

Luís Gonçalves

Environmental and Social Responsibility Committee (ESRC)

Members

Chairperson

Rui Mangueira

Executive Directors

Osvaldo Macaia
João Quiúma

Advisors

Mariana Assis
José Van-Dúnem

Permanent invitees

Chief Executive Officer	Luís Gonçalves
Chief Risk Officer	Natacha Barradas
Executive Director Social Responsibility Portfolio	Vera Escórcio

Executive Board Expertise Committees

Additionally, and in accordance with the best international corporate practices and standards, the Executive Committee of the Board of Directors also includes ten (10) dedicated expertise committees.

- FX Committee
- Costs & Productivity Committee
- Financial Committee
- Governance and Data Quality Committee
- Business Committee
- Products & Services Committee
- Information Security Committee
- Strategic Initiatives & Projects Committee
- Asset/Liability Committee (ALCO)
- Human Capital Committee

Description and Composition of the Expertise Committees

FX Committee

- Ensure compliance with BNA regulations on the FX Market;
- Approve the criteria for allocation and distribution of the FX Portfolio;
- Monitor the execution of FX operations performed by the Bank, both at auction and from other sources;
- Monitor the management policy of all matters related to the sale of foreign currency, including requesting the drafting of proposals to be submitted to the Executive Committee of the Board of Directors ("ECBOD") with a view to settling any important constraints affecting the business activity.

Financial Committee

- Advise on efficient methodologies for monitoring/controlling the Bank's financial activity;
- Monitor the applicable laws and prudential regulations in force;
- Pricing Policy;
- Development of the strategy for launching new products;
- Balance sheet risk management, namely: FX risk, interest rate risk and liquidity risk.

Business Committee

- Monitor the business development and commercial performance of the various commercial and retail networks;
- Monitor the competitive landscape and business outlook (market trends and opportunities);
- Establishment of the commercial policy, in particular by identifying priorities, opportunities and constraints to the business activity;
- Request the drafting of proposals to be submitted to the ECBOD with a view to address and settle constraints that are considered of critical importance to the business activity;
- Monitor the implementation of the outlined priorities, in particular by analysing any setbacks, shortfalls and misalignments as well as their potential impact;
- Develop, drive and boost the implementation of new products to be launched on the market, as well as monitor their business performance;
- Monitor, drive and boost the commercial activity by identifying market opportunities in order to implement new processes or new methods and ensure their subsequent appraisal by the ECBOD.

Products & Services Committee

- Monitor the business development and commercial performance of the various commercial and retail networks;
- Monitor the legal and regulatory framework that shapes the Bank's products and services offering, encompassing various dimensions such as product features, pricing and sales processes;
- Monitor the competitive landscape and the business outlook for the development of product and service offerings in the domestic market;
- Advise for a subsequent decision-making by the ECBOD on priorities related to new products and services development, taking into account the ongoing evolving regulatory framework and competitive environment, as well as the potential impact on the Bank's business activity;
- Monitor the implementation of the priorities laid down for the development of new products and services, in particular by analysing any misalignments and assessing their potential impacts;
- Monitor the implementation of pricing policies, particularly with regard to banking services fees & commissions, requesting the drafting of proposals to be submitted to the ECBOD with a view to adjusting pricing policies to the regulations in force or to the competitive landscape.

Productivity & Costs Committee

- Monitor the budget's implementation/execution as well as compliance with the financial performance criteria and goals previously stipulated;
- Analyse the relevant misalignments, shortfalls and/or loopholes in coordination with the Heads of Department /Business Area Managers and submit the implementation of mitigating/corrective measures to the ECBOD;
- Provide guidelines for drawing up the annual expenditure budget (staff costs, third-party supplies and services) and amortisations.

ALCO Committee

- Advise the Executive Committee of the Board of Directors on the Assets/Liabilities management strategy;
- Submit to the ECBOD the Asset/Liability Management Policies, particularly with respect to the liquidity, interest rate, foreign exchange rate and market risk management, as well as to carry out their appropriate implementation, follow-up and monitoring;
- Monitor key indicators and performance metrics as well as to ensure that they are in alignment with the Bank's corporate strategic goals and business targets in accordance with the Strategic Planning Framework concerning the Balance Sheet's financial management;
- Monitor the national and international macroeconomic environment, particularly in terms of analysing trends in interest rates and FX rates on the financial markets as well as identifying potential material effects and/or impacts.

Strategic Initiatives & Projects Committee

- Support the ECBOD in setting out the different project teams' scope of action, programmes and strategic initiatives that are already in place or that will be developed in the near future;
- Monitor the implementation and development of BFA's core projects, strategic programmes and initiatives or highly vital projects for the Bank;
- Provide support in the management of priorities related to the allocation and coordination of the organizations' resources from the different departments/ business areas that are involved in the implementation of each strategic project, programme and initiative, identifying solutions and corrective measures when required;
- Monitor the analysis & assessment of the expenditure and income headings forecasted for each strategic project, programme and initiative, as well as any potential misalignments, shortfalls and/or loopholes identified;
- Analyse and issue an opinion on the proposals arising from the numerous active projects and initiatives in progress, thus expediting and facilitating the ECBOD decision-making process.

Human Capital Committee

- Analyse and issue an opinion on personnel management policies and regulations, whenever requested to do so by the HCD or the ECBOD;
- Provide an analysis and issue an opinion for review and assessment by the ECBOD:
  1. Drawing up proposals for the appointment of new Team Members to fulfil management or coordination job roles in the Business/Marketing Units (Managers or equivalent);
  2. Drawing up personnel internal mobility proposals for management positions in Business/ Marketing Units.
- Monitor the development and implementation of onboarding and training programmes, with a special focus on staff schemes aimed at sales teams, as well as to suggest changes or adjustments to the ECBOD when appropriate;
- Analyse and issue an opinion on the Succession Plans related to key roles, as well as for their subsequent submission to the ECBOD;
- Perform an assessment of labour-related incidents cases forwarded by the Audit and Internal Control Committee or any other governing body, which may identify or reveal potentially relevant irregularities, such as breaches of the code of conduct or any other labour duties and recommend to the ECBOD the application of measures deemed appropriate to prevent similar situations from occurring in the future.

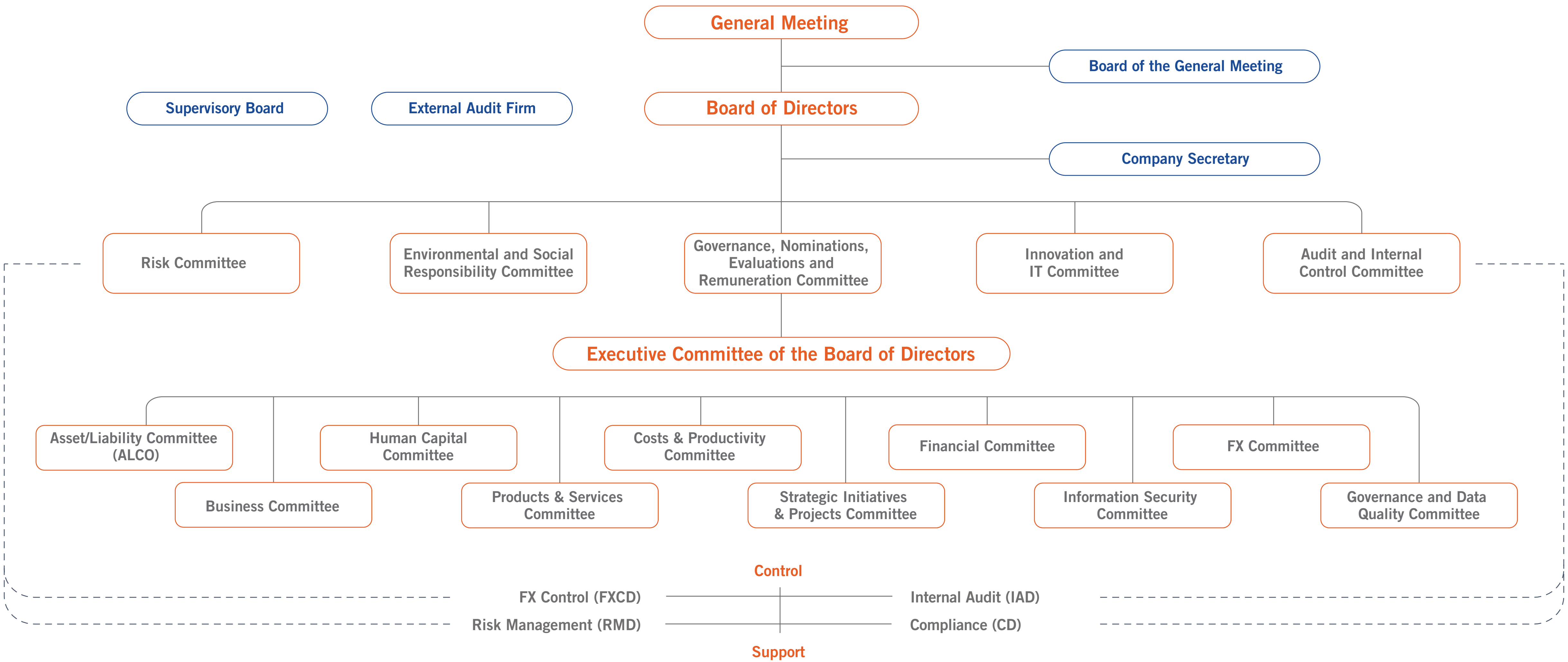
Information & Security Committee

- Advise and issue an opinion on Information Security strategy to the ECBOD;
- Advise the ECBOD on information security policies;
- Monitor, analyse and report on the Security Management System's (SMS) risk and performance metrics;
- Draw up corrective action plans, monitor their implementation and assign the related roles and duties to the appropriate staff members;
- Monitor and report on the internal and external Information Security framework and perform periodic reviews of the related regulations.

Governance & Data Quality Committee

- Draw up and put forward the data management policy, approach and strategy and submit it to the ECBOD for approval;
- Assess, analyse and submit to the ECBOD for approval: the Data Governance Regulatory Framework (DGRF), the implementation of the required organisational structures and the initiatives aimed at implementing the appropriate technological and data infrastructure;
- Deliberate on the inclusion of data owners and admins (data managers) based on the business areas/data domains relevant to Data Governance (DG);
- Monitor the Data Management Ecosystem development, troubleshoot and overcome constraints and ensure the active involvement of all relevant stakeholders;
- Review and assess the risks associated with Data Governance and ensure proper reporting;
- Become fully cognisant and well-informed, as well as assess and prioritise the troubleshooting of the key data-related issues;
- Approve the mitigation/resolution measures and troubleshooting actions within the scope of data quality;
- Approve the definitions of the main concepts and terms, key indicators and performance metrics, including calculation rules;
- When deemed appropriate, determine to set up Working Groups focused on specific functional areas or domains, with the aim of prioritising and/or troubleshooting critical issues related to data quality, integrity, accuracy or completeness.

Governing Bodies and External Auditor Firm Organisational Chart



Executive Committee of the Board of Directors - Organisational Chart

The Bank's organisational chart is underpinned on a functional structure, which allows a well-defined breakdown of each department's business areas and functions under the purview, management and authority of each Executive Director.

Luís Gonçalves
(CEO)

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

António Matias
(Executive Director)

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

Vera Escórcio
(Executive Director)

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

Natacha Barradas
(Executive Director)

- Audit & Monitoring Department[1]
- Compliance Department
- FX Monitoring Department
- Risk Management Department
- Legal Department

Sebastião Massango
(Executive Director)

- Agribusiness Department
- Investment Centres Department
- Private Banking Department
- Retail & Corporate Department (North)
- Retail & Corporate Department (South)

António Alfaia
(Executive Director)

- Credit Recovery & Monitoring Department
- Credit Management Department
- Business & Corporate Credit Risk Management Department
- Large Companies, Institutional and Projects Risk Management Department
- Retail Credit Risk Management Department

Paulo Alves
(Executive Director)

- Quality & Organisation Department
- Information Systems Department
- Strategic Initiatives & Projects Management Department
- Protocol Management Department
- Large Enterprises Department
- Medium-Sized Enterprises Department
- Institutional and Oil & Gas Department

1 - Reports directly to the Board of Directors

Executive Committee of the Board of Directors

Luís Gonçalves
CEO

Nationality: Angolan
Date of Birth:
6th June 1972

Mr. Luís Gonçalves holds a bachelor's degree in advanced management accounting from the Lusíada University of Angola and has completed a Postgraduate Degree in Monetary and Financial Economics from the University of Évora, Portugal. Mr. Luís Gonçalves professional track record highlights include training in Anti-Money Laundering and Counter Terrorist Financing and Sanctions from PricewaterhouseCoopers (PWC), and an Effective Leadership Programme taught by the Nova School of Business & Economics and Interbank Markets, InterMoney Portugal SFC. In 2019, Mr. Luís Gonçalves also attended and completed a training course in Corporate Governance taught by the Financial Services Volunteer Corps ("FSVC") organization.

Mr. Luís Gonçalves began its banking career in 1996 at BFA, where he held several high-profile and senior executive management functions at the Bank for several years. In 2016, Mr. Gonçalves was tasked with the mission of setting up from scratch the BFA Asset Management (Angola's premier fixed income investment management company) and held the position of CEO of its Executive Board. Up until early 2020, Mr. Gonçalves also served as Executive Director of Banco Crédito do Sul. Mr. Gonçalves also performed several senior executive management positions at Banco KEVE. In July 2020, he was co-opted and appointed an Executive Board Member of BFA's Board of Directors.

Executive Committee of the Board of Directors

Vera Escórcio

Executive Director

Nationality: Angolan
Date of Birth:
17th September 1974

Ms. Vera Escórcio holds a Degree in Economics with a major in Business Economics from the Nova School of Business & Economics. Ms. Escórcio also attended and completed a Banking Management Postgraduate degree at the Postgraduate Studies University Institute (Madrid).
In addition to Ms. Escórcio aforementioned academic background, she also attended and completed an Advanced Management Banking Programme from the Católica Lisbon School of Business & Economics.

Ms. Vera Escórcio has performed the duties of BFA's Executive Director since 2009. Ms. Escórcio has 22 years' of professional experience within the banking sector, dating back to 2001 when she began working in BFA's Finance Department. Ms. Escórcio previously also headed Banco BIC's Finance Department. Moreover, Ms. Escórcio has also held other high-profile executive management roles such as board member at Nova Cimangola Supervisory Board and board member at the ABANC Supervisory Board (Angolan Banking Association).

Executive Committee of the Board of Directors

António Matias

Executive Director

Nationality: Angolan
Date of Birth:
19th July 1968

Mr. Matias holds a degree in Business Management from the Agostinho Neto University School of Economics and has completed a post-graduate degree in Banking, Insurance and Financial Markets from the High Education Institute of Languages and Business Administration of Lisbon (Instituto Superior de Línguas e Administração de Lisboa - Portuguese acronym "ISLA").

Mr. António Matias has performed the duties of BFA Executive Director since 2005 as well as Chairman of the Executive Board of the Angola's Banking Training Institute (Instituto de Formação Bancária de Angola - "IFBA"). In addition to a career in the economic field, Mr. Matias boasts more than 25 years' experience in the banking industry, having joined BFA in January 1998. Throughout his professional career, he has held several high-profile executive management roles in both the Credit Department and Corporate Management Department.

Executive Committee of the Board of Directors

Natacha Barradas

Executive Director

Nationality: Angolan
Date of Birth:
25th September 1978

Ms. Natacha Barradas holds a Law Degree from the Catholic University of Angola. Additionally, Ms. Barradas has also completed two Postgraduate Degrees in Corporate Law and International Trade Law from the Lisbon University and the Agostinho Neto University, respectively. In Ms. Barradas academic background it is noteworthy to highlight that she has also attended and completed a master's degree in business and law from the Portuguese Catholic University.

During her professional career, Ms. Natacha Sofia Barradas headed the Legal Department, was Company Secretary and Chairwoman of the Shareholders' Meeting Board of Standard Bank Angola. Mrs. Barradas has also held the position during a two-year period as Supervisory Board Member of the Angolan Sovereign Wealth Fund (FSDEA). Mrs. Barradas has also previously worked at several law firms such as: MLGTS - Morais Leitão, Galvão Teles, Soares da Silva, FBL - Faria De Bastos e Lopes Associated Lawyers and Dentons LEAD Attorneys. In 2013, she joined the Angolan Ministry of Finance as Head of the Legal Department and later as Head of the Minister of Finance's Office. Mrs. Barradas has also worked as a legal expert at BPI Bank (2008) and at the Angolan New Insurance Company (Nossa Seguros) in 2005. In this same year, she took up a position as a lecturer at the Catholic University of Angola Law School.

Executive Committee of the Board of Directors

Sebastião Massango

Executive Director

Nationality: Angolan
Date of Birth:
10th September 1976

Mr. Sebastião Massango holds a Bachelor's Degree in Business Management from the Agostinho Neto University School of Economics and a Postgraduate Degree in Business Management from the Catholic University of Lisbon.

Mr. Sebastião Machado Francisco Massango has a track record of 21 years working at BFA, having performed several high-profile executive management roles in Corporate Banking, Risk Management Department and Agribusiness Department. During its Board of Directors' three-year term of office from 2020 to 2022, Mr. Massango performed the role of Executive Director entrusted with the portfolio management of the following business areas: Retail & Corporate Network Department (North and South), Agribusiness Department, Investment Centres Directorate and Private Banking Division.
Mr. Massango is currently BFA's Executive Director overseeing the Credit Risk Departments portfolio.

Executive Committee of the Board of Directors

António Alfaia
Executive Director

Nationality: Portuguese
Date of Birth:
11th January1973

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 has also completed 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 his professional career within the banking sector has performed duties within the Retail Sector, In Store Banking and Factoring business activities. Mr. Alfaia has also held the position of Commercial Director at Banco BPI within the Retail & Corporate business areas. Mr. Alfaia began its professional career at BFA in 2008, performing several executive management roles in the Private and Corporate Credit Risk Departments, Workplace Banking, Credit Risk Management, whilst it was appointed and entrusted with the implementation of the IFRS9 standard. In 2020, Mr. Alfaia was appointed Managing Director of BFA's Credit Department, with the overall responsibility for overseeing all business areas related to lending (credit granting), as well as with the monitoring, recovery and operational management of credit facilities.

Executive Committee of the Board of Directors

Paulo Alves

Executive Director

Nationality: Angolan
Date of Birth:
24th November 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. Additionally, Mr. Paulo Freitas Alves also holds a Master's Degree in Business Management from the Open University of Lisbon (Universidade Aberta de Lisboa).

Paulo Freitas Alves possesses a wealth of experience in the commercial area and in leading multidisciplinary teams. Throughout its banking career and before joining BFA, Mr. Paulo Freitas held the following positions at other financial institutions: Clerk, Credit Officer, Desk Manager, Deputy Branch Manager and Branch Manager. In 2005, Mr. Paulo Alves received an invitation to join the BFA team as a Branch Manager, and until 2017 he held various key management positions in the Retail & Corporate Department, namely: Branch Manager, Business Area Manager, Deputy Commercial Director and Commercial Director. Mr. Paulo Alves was subsequently challenged to join the Transformation Team as a Team Leader of one of the work areas and, in 2019, he joined the Corporate Banking Department. In June 2020, he was appointed Executive Director of BFA.

3
ECONOMIC ENVIRONMENT

Economic Environment

Global Economy

According to the latest International Monetary Fund (IMF) forecasts, the global economy is expected to experience a slowdown to 2.8% in FY2023, following a global growth of 3.2% recorded in FY2022. Despite a better-than-expected first quarter, tighter financial conditions, high inflation and the effects of geopolitical tensions are all factors that are expected to have an impact on both investments and household/consumer spending.

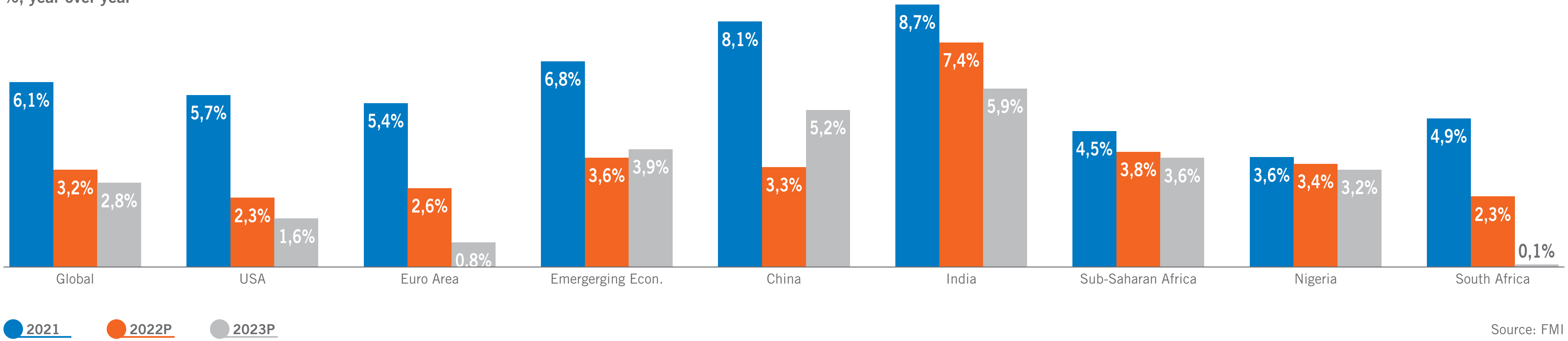
The US economy rose 1.3% in Q12023 (annualised rate) and, according to forecasts, it is expected to close the year with an annual economic growth rate of 1.6%. Despite the high inflation, household consumption increased by 2.3%, as did net foreign demand, but the consumer confidence index declined throughout the 1st half of the year, reaching 102.3 points in May 2023, as a result of the growing economic concerns about the global economy's performance and development.

The Euro Area Economy grew by 1.0% in Q12023 year-on-year and is expected to record an economic growth of 0.8% by the end of the year. However, it experienced a very mild contraction of 0.1% when compared to the previous quarter, following an equal contraction figure recorded in the last quarter of FY2022, which places it in a slight technical recession. On the one hand, high inflation and the cost of credit led to a decline in both public (-1.6%) and household (-0.3%) expenditure, as well as in exports (-0.1%) and imports (-1.3%). On the other hand, gross fixed capital formation recovered (0.6%) and the Euro Area consumer confidence indicator was set at -17.4 points in May 2023, the highest figure since February 2022.

As far as emerging economies are concerned, China's economy grew by 2.2% in the first quarter (Q12023), its third consecutive quarterly increase, as a result of the Covid-related restrictions being lifted and is expected to end the year with a 5.2% economic growth. The Indian economy rose 6.1%, driven by household consumption, exports of services and manufacturing industry, and is expected to grow by 5.9% by the end of the year. The Sub-Saharan Africa region is also foreseeing a 3.6 % economic growth rate due to the effects of monetary policy tightening and pressure on exchange rates.

Global GDP Growth

%, year-over-year



Source: FMI

1

Global economic slowdown recorded in FY2022

2

Strong recovery of China's Economy in H1 2023

3

Slowdown of advanced economies against a backdrop of global economic uncertainty

H1 2022

Advanced Economies

- +2.5% Economic growth
- Slowdown in the economic activity recovery
- Russia-Ukraine military conflict, headline inflation and monetary policy

Emerging Economies

- +3.6% Economic growth
- +3.8% Sub-Saharan Africa economic growth
- China's economic growth slows down

Global Economy: +3.2% Growth

H1 2023

Advanced Economies

- +1.3% Economic growth
- High levels of inflation
- Banking crisis in Europe and the US

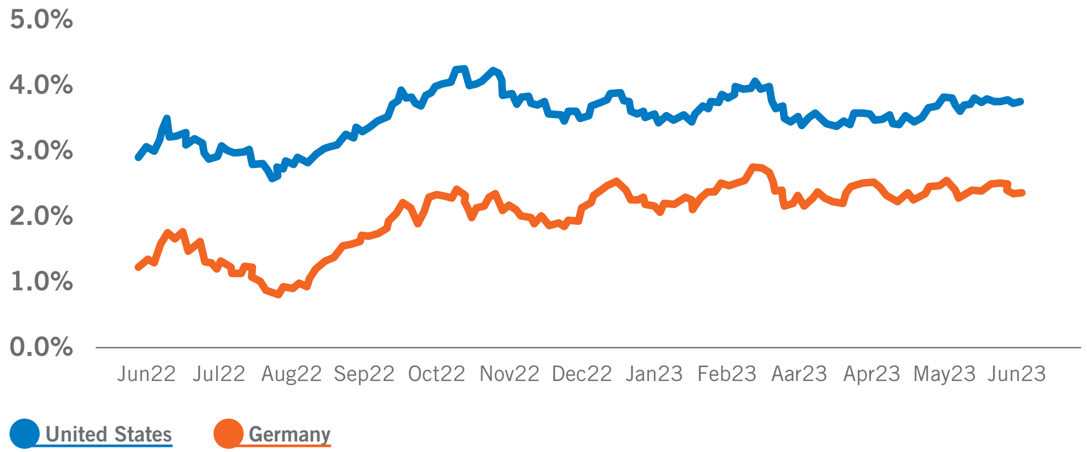
Emerging Economies

- +3.9% Economic growth
- +3.6% Sub-Saharan Africa economic growth
- Asian economies up by +5.3%

Global Economy: +2.8% Growth

Money and Bond Markets

10-year sovereign debt yield



Source: Bloomberg

US yield decline in the first half of 2023 **13 bps**

Germany's yield decline in the first half of 2023 **12 bps**

Average yield increase (in the US and Germany) over the last year **99 bps**

Throughout the first half of FY2023, global financial markets performance was mainly positive, despite the high volatility recorded in early March as a result of the turmoil experienced in the US banking sector and, to a lesser extent, in the European banking sector.

In the United States, the S&P-500 and Nasdaq-100 indexes ended the 1st half of the year with gains of approximately +16% and +39%, respectively. As far as Europe is concerned, the Stoxx-600 and EuroStoxx-50 indexes rose by +7% and +14%. With respect to the emerging markets, the MSCI Emerging Markets Index in USD accumulated gains of approximately +5%, while the MSCI Latin America Index stood out as an outperformer, rising by more than +18%.

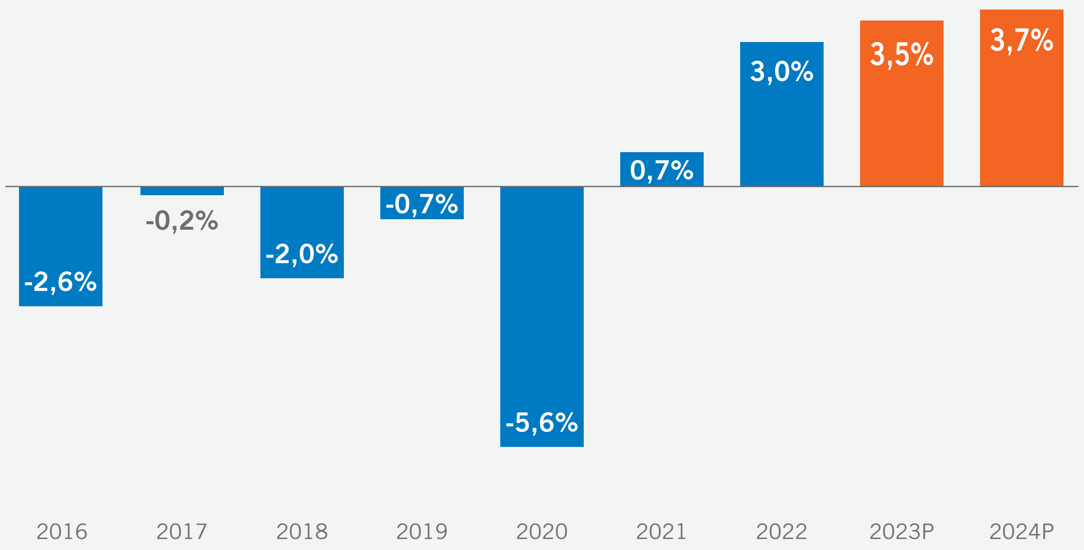
With regard to the sovereign debt markets, the first half of the year was also characterised by high volatility. In the United States, the 10-year Treasury Bond yields closed the half-year period at 3.74%, down 13 basis points (bps), as a result of greater uncertainty concerning the banking sector's soundness and investors' expectations that the Federal Reserve is nearing the end of its interest rate hike cycle. Following the same trend, the 10-year German Treasury Bond yields ended the first semester of 2023 at 2.32% (-12 bps), due to the unwinding of recession fears in the Euro Area and the expectation of additional interest rate hikes by the ECB.

In the United States, the trend of monetary policy tightening that began in FY2022 continued, with three more interest rate hikes taking place, bringing it within the 5.00% - 5.25% range. At the June 2023 meeting, a temporary pause was decided, while signalling the readiness for further hikes until the end of the year. In the Euro Area, the monetary policy followed a similar path throughout the first half of 2023, with deposit, refinancing and marginal lending facility interest rates standing at 3.5%, 4% and 4.25%, respectively.

Angolan Economy

Economic Activity

Angola's GDP Growth
%, year-over-year



Source: FMI

In FY2022, according to the IMF, the Angolan economy grew by 2.8% in nominal terms, maintaining its recovery trend from the Covid-19 outbreak, driven by improved oil production and growth in non-oil economic sectors. With respect to the Angolan Economy, the IMF forecasts a 3.5% growth for the FY2023, underpinned by the ongoing improvement of the oil sector output, which is estimated to rise by 1.2%, as well as the non-oil sectors, which are foreseen to grow by 4.3%, mainly fueled by the recovery of the Trade and Communications sectors. According to the Government's forecasts outlined in the 2023 General State Budget, oil production will be 1.180 million barrels per day (mbd), while the non-oil economic sectors' GDP growth forecast is supported by a lighter fiscal and trade policy, and above all by efforts to support the diversification of the economy by boosting private investment and providing liquidity stimulus to companies and businesses.

In Q1 2023, crude oil exports nevertheless fell by 6.9% year-on-year, partly due to the production shutdown of the Dahlia field in Block 17 that occurred in March 2023. According to data independently collected by the Organisation of Petroleum Exporting Countries (OPEC), in Q1 2023, oil production dropped by about 7.8% year-on-year, from 1.15 mbd to 1.06 mbd. Additionally, during Q1 2023, the non-oil economy grew by 3.1% year-on-year but slowed down by almost 2.1% in comparison with the previous quarter.

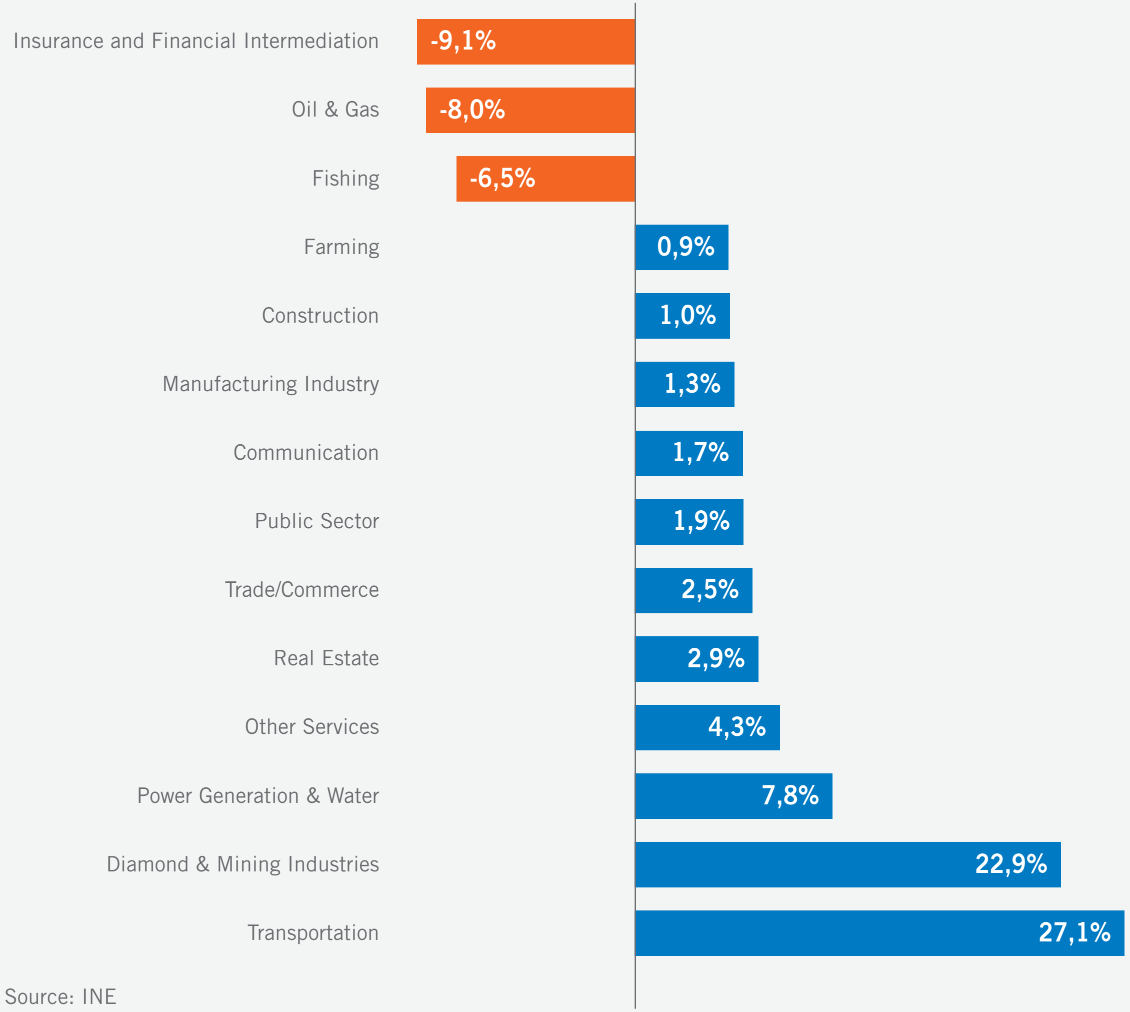
During the first half of 2023, the National Bank of Angola Monetary Policy Committee (MPC) held three meetings with a view to maintain macroeconomic stability and tackle price increases. As a result, the BNA key interest rate was reduced to 17% and the marginal lending and liquidity absorption facility rates fell to 17% and 13.5% respectively. The mandatory total capital ratio remained unchanged at the same levels as in July 2022, both in domestic and foreign currency.

1 **The Transportation and Mining sectors were the key drivers of the economic growth in Q1 2023.**

2 **The Fishing, Oil & Gas and Financial sectors all experienced a downturn year-over-year.**

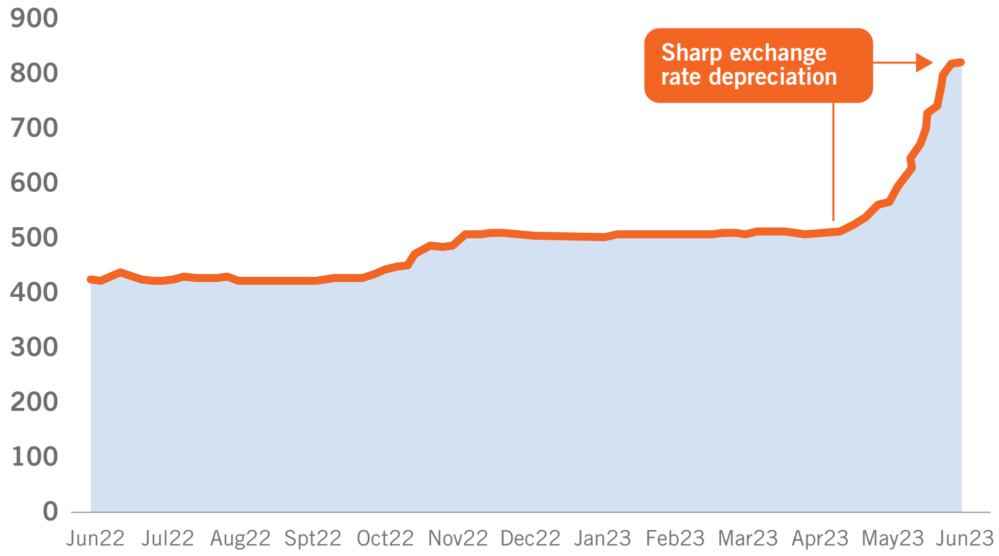
Angola's Sectoral Inputs to GDP Growth in Q1 2023

%, year-over-year



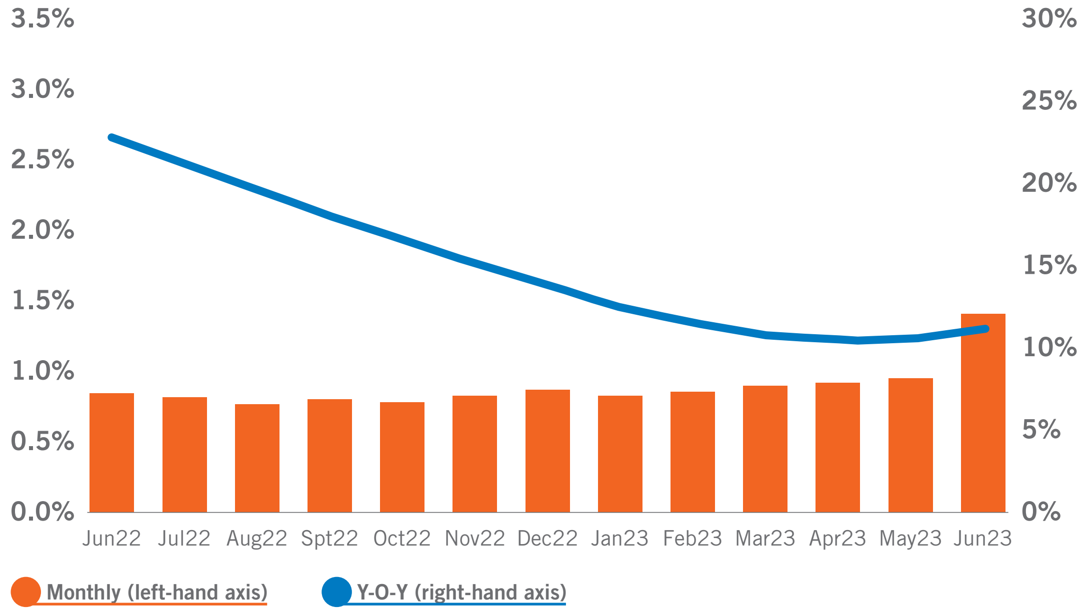
Source: INE

Average Exchange Rate USD/AOA



Source: BNA

Monthly and year-on-year inflation in Angola



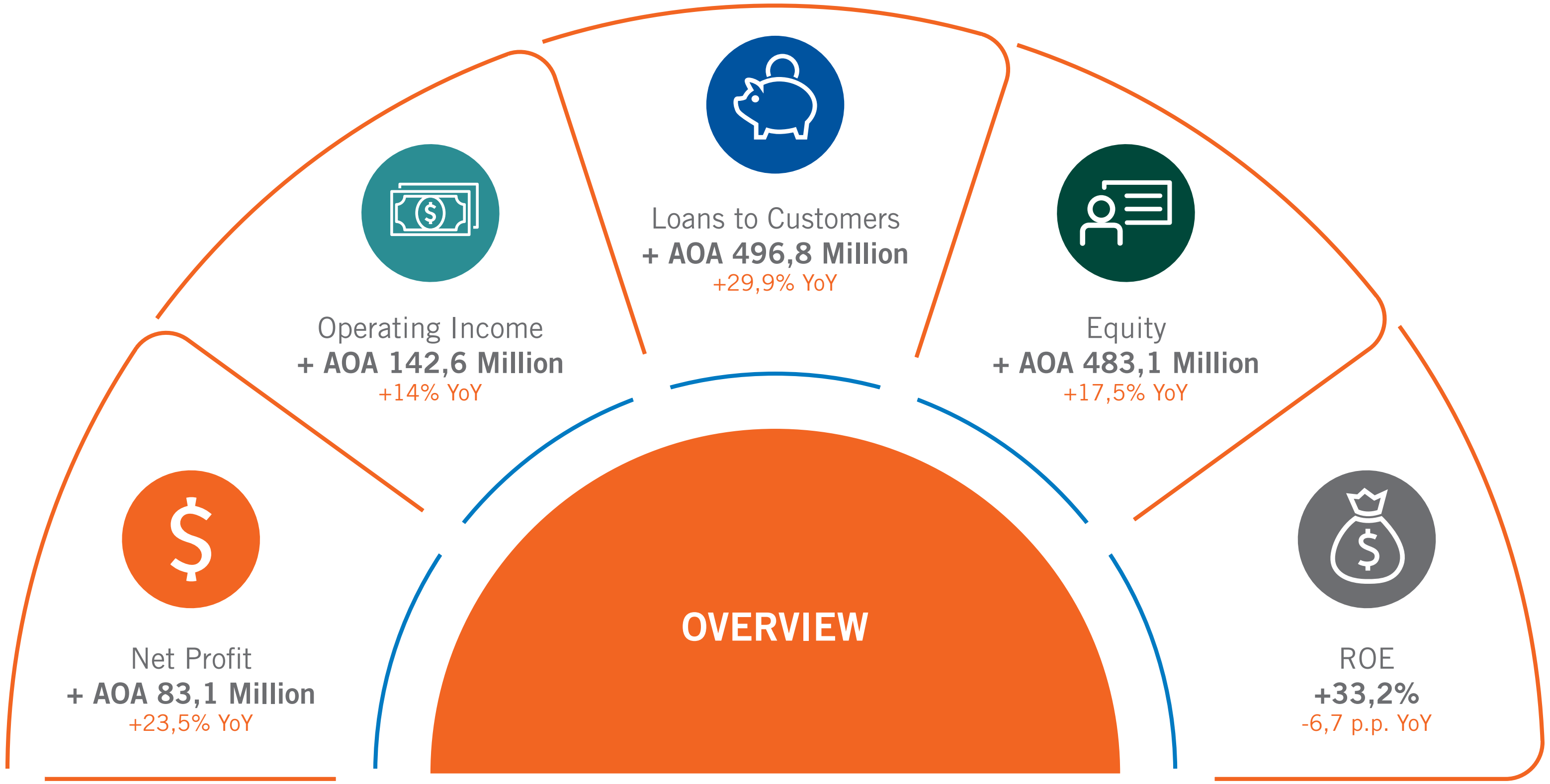
Source: INE

The national currency Kwanza has been undergoing a depreciation trend, reaching all-time lows at the current date, trading at 822.4 USD/AOA at the end of June 2023. At first, the reversal of the currency's stable trend was driven by the rectification of an imbalance stemming from the downturn in crude oil exports, resulting in a decrease in foreign exchange inflows into the country. At the present time, this sharp exchange rate depreciation is fueled by an overall adverse market sentiment.

The fiscal year 2022 was shaped by an ongoing decrease in the inflation rate, down to levels akin to those of December 2015, completing eleven consecutive declines. During H1 2023, the downward trend concerning the inflation rate continued until April, marking its fifteenth consecutive drop. In the first four months of 2023, the average annual inflation rate stood at 11.37%, down 15.6 p.p. year-on-year. In June 2023, annual inflation rate surged to 11.23% (+0.6 p.p. compared to May 23), recording the second consecutive month of increases, after reaching the lowest levels since August 2015. Anticipating the upcoming months, the inflation rate is expected to further increase mainly due to the gradual phasing out of government fuel subsidies.

4 FINANCIAL REVIEW

Financial Highlights



H1 2023 was characterised by a sharp depreciation of the national currency Kwanza against the US Dollar, which had a significant impact on the corresponding exchange value of the financial positions held in foreign currency.

Despite the hardships experienced during this period, BFA still achieved a Net Profit of AOA +83,051 million, representing an increase of +23.5% year-on-year.

The financial performance recorded was primarily driven by the Operating Income heading, which rose by AOA 17,529 million (+14%), as a result of an increase in both Net Financial Income (+11.5%) and Non-Interest Income (+27%).

The Total Assets portfolio stood at AOA +3,360,999 million, an increase of AOA +942,355 million year-on-year. Cash and Balances at Central Banks and Other Credit Institutions and the Loans to Customers portfolio net of impairment(s) largely account for the positive change, recording an increase of approximately +78.5% and +29.9 % respectively, which resulted in an across-the-board growth of BFA's Total Assets portfolio by AOA +540,870 million, significantly contributing to the improvement of the Net Financial Income.

On the liabilities side, Customer Deposits continued to rise, totalling AOA 2,730,227 million, an increase of AOA +893,454 million (+48.6%) year-on-year, strongly boosted by the exchange rate impact.

Equity and Equivalent Capital recorded a positive change of +17.5% year-on-year, up by AOA +72,005 million, driven primarily by the increase in Other Reserves and Retained Earnings, as well as due to the Net Profit growth recorded during H1 2023.

Return-on-Equity (ROE) stood at 33.2 %. Total Capital Ratio reached 37.4%, computed and processed in accordance with the regulations published by the BNA, a figure considerably higher than the regulatory capital requirement (8%).

BFA's Balance Sheet Strength and Soundness Against Foreseeable and Future Challenges

BFA's Balance Sheet H1 2022 – H1 2023

Amounts expressed in AOA Millions

	H1 22	H1 23	Δ%
Net Assets			
Cash and Cash Equivalents	363 490.3	630 073.5	73.3%
Total Short-Term Investments	2 000 813.9	2 668 817.6	33.4%
Cash and Balances at Central Banks and Other Credit Institutions	543 781.5	970 410.0	78.5%
Loans to Customers	382 531.1	496 773.1	29.9%
Investments in Securities	1 074 501.2	1 201 634.6	11.8%
Other tangible and intangible assets net of depreciation and amortization	40 675.9	44 854.3	10.3%
Other Assets	13 663.7	17 253.6	26.3%
Total Assets	**2 418 643.8**	**3 360 999.1**	**39.0%**
Liabilities			
Deposits from Central Banks and Other Credit Institutions	14 969.9	16 485.0	10.1%
Customer Deposits and other Loans	1 836 773.9	2 730 227.5	48.6%
Other Liabilities	119 077.0	74 189.1	-37.7%
Provisions for Risks and Charges	36 761.2	57 030.5	55.1%
Total Liabilities	**2 007 582.0**	**2 877 932.1**	**43.4%**
Equity and Equivalent Capital	**411 061.7**	**483 067.0**	**17.5%**
Total Liabilities and Equity	**2 418 643.8**	**3 360 999.1**	**39.0%**

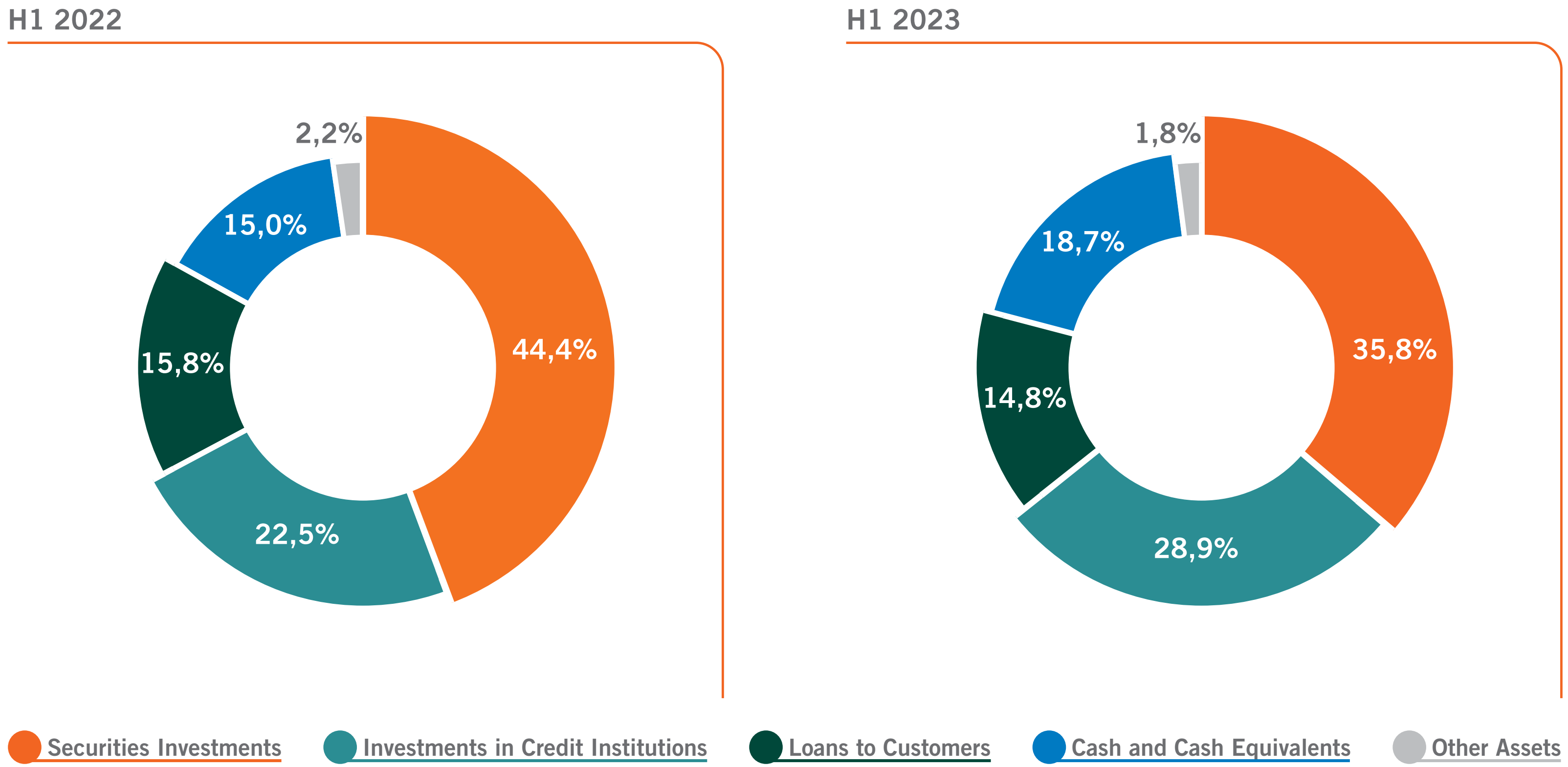
Total Assets

BFA recorded Total Net Assets of AOA +3,360,999.1 million in H1 2023, up +39% YoY. This positive performance was mainly driven by the growth achieved in the headings of 'Cash and Balances at Central Banks and Other Credit Institutions' (+ AOA 426,628.5 million), 'Cash and Cash Equivalents' (+ AOA 266,583.2 million), 'Securities Portfolio' (+ AOA 127,133.4 million) and 'Loans to Customers' (+ AOA 114,241.9 million).

The composition of the Total Net Assets portfolio changed, recording an increase in the share of 'Cash and Balances at Central Banks and Other Credit Institutions' (+6%) and 'Cash and Cash Equivalents' (+4%) headings. The Securities Portfolio continues to be the main component of the Total Assets portfolio, with a total share of 29%, despite the slight decrease recorded (-9%) year-over-year.

The Total Assets Portfolio development is the outcome of BFA's efforts to diversify its balance sheet, coupled with the combination of the risk, profitability and liquidity factors of its assets' holdings. Furthermore, during H1 2023, BFA's business activity was particularly hindered by the depreciation of the national currency Kwanza, which explains an important part of the headings change and leads to a higher exchange value in Kwanzas of the FX exposures denominated in foreign currency. In terms of BFA's Total Assets portfolio, this impact amounted to an increase of approximately AOA 791,131.1 million, as a result of the exchange rate effect.

Breakdown of BFA's Total Assets Portfolio H1 2023



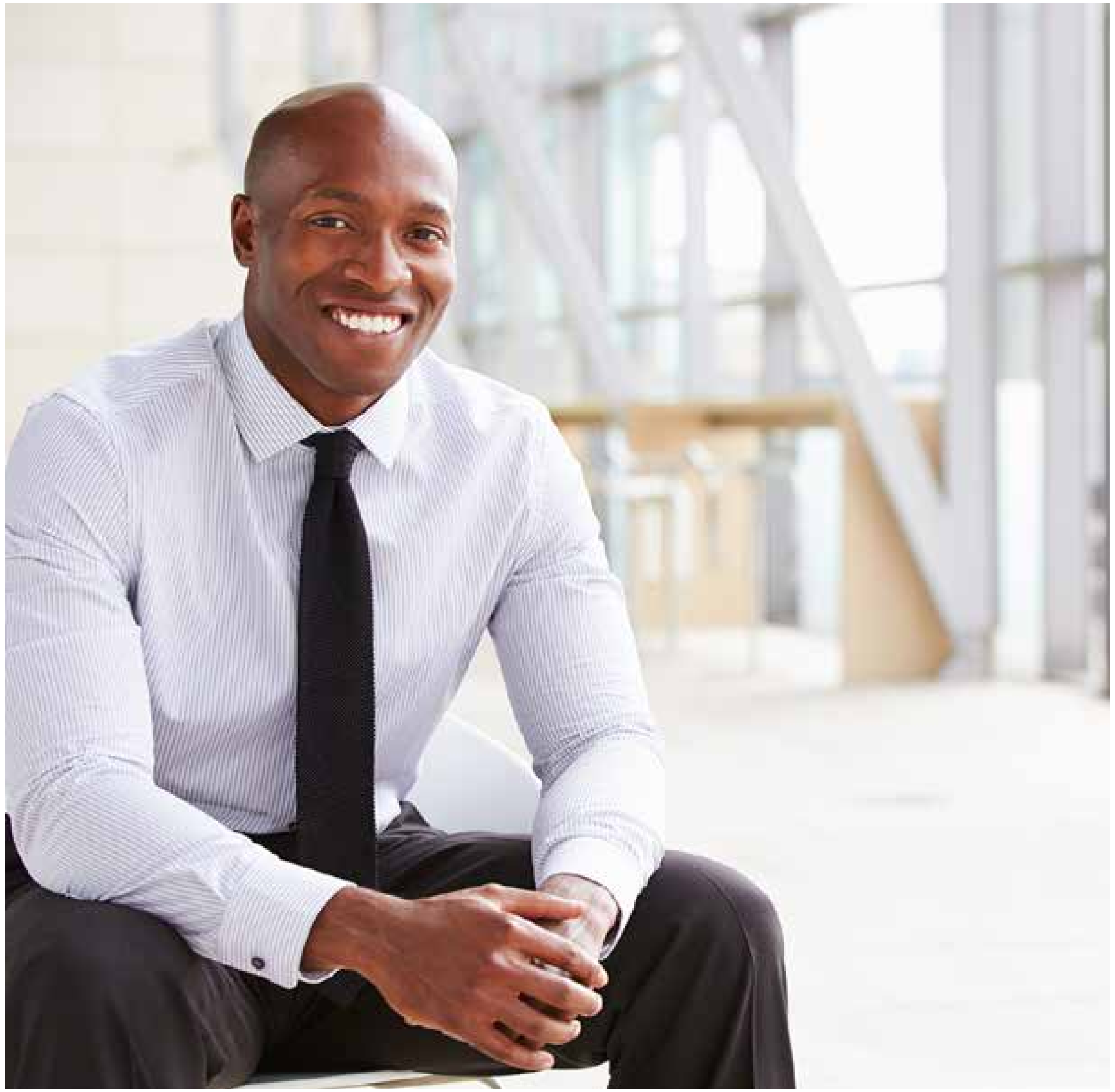
The heading 'Investments in Other Credit Institutions' amounted to AOA 970,410 million, up +78.5% YoY (AOA +426,628.5 million).

Cross-Border Investments accounted for AOA 669,575.4 million (+98%) and Domestic Investments totalled AOA +301,255.2 million (+46.4%).

Amounts expressed in AOA Millions

	H1 22	H1 23	Δ%
Investments in Other Credit Institutions (OCI)	**544 022.2**	**970 830.6**	**78.5%**
Domestic Investments	205 809.8	301 255.2	46.4%
Cross-Border Investments	338 212.4	669 575.4	98.0%
Impairment Provisions (IFRS9)	-240.7	-420.6	74.8%
Total	**543 781.5**	**970 410.0**	**78.5%**

The heading 'Cash and Cash Equivalents' stood at AOA 630,073.5 million, up +73.3% YoY (AOA +266,583.2 million). This growth is mainly due to the exchange rate depreciation experienced during the period under review, with an impact of approximately AOA 188,765.4 million. The Bank also recorded an effective growth of its assets portfolio resulting from the increase in Customer Deposits and the maturity of foreign currency-denominated securities previously held for FX capital reserves coverage, which were converted into cash and cash equivalents in foreign currency.



Securities Portfolio

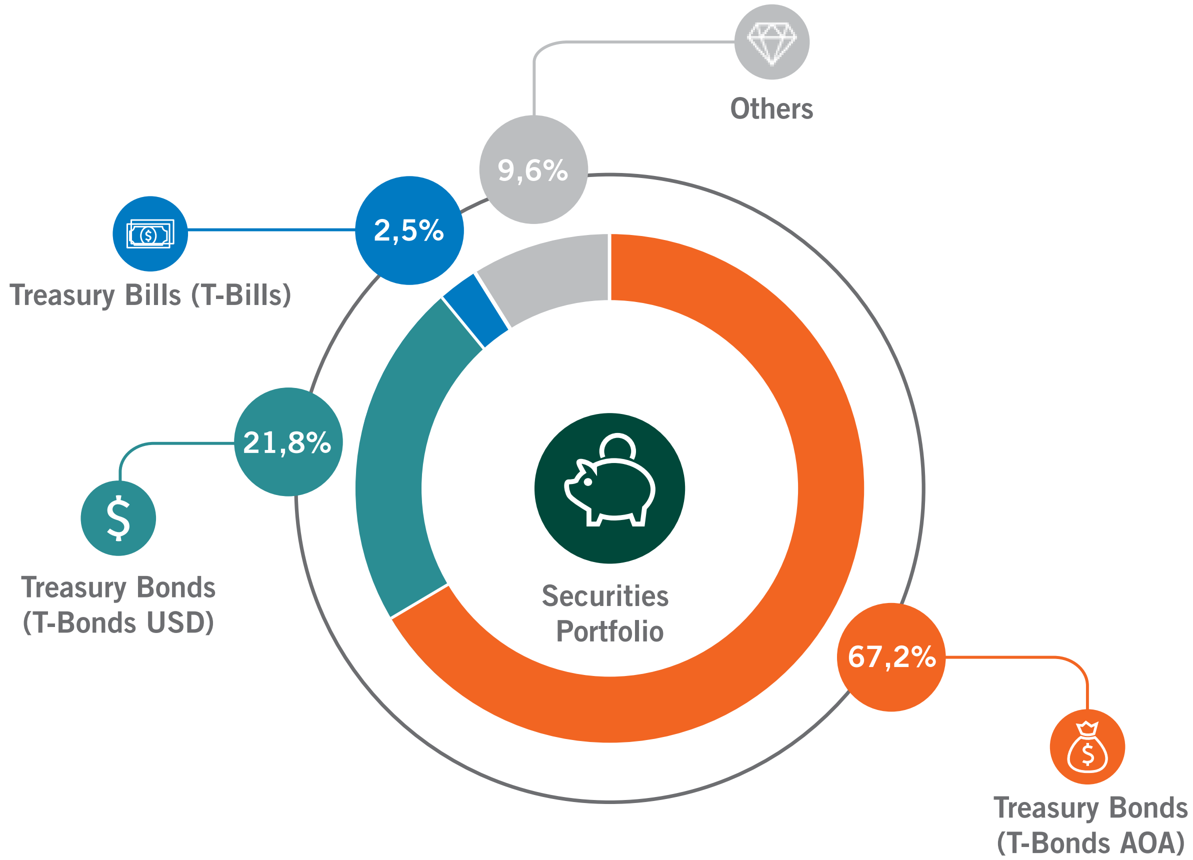
Amounts expressed in AOA Millions

	H1 22	H1 23	Δ%
Financial assets measured at fair value through profit or loss	**109 220.3**	**56 990.4**	**-47.8%**
Treasury Bonds (Pegged to USD)	25 500.3	0.0	-100.0%
Treasury Bonds (AOA)	77 882.6	48 293.5	-38.0%
Others	5 837.5	8 696.9	49.0%
Investment securities at amortised cost	**965 280.9**	**1 144 644.2**	**18.6%**
Treasury Bills	95 872.1	29 958.2	-68.8%
Treasury Bonds (USD)	304 431.3	261 587.0	-14.1%
Treasury Bonds (AOA)	575 648.3	758 833.0	31.8%
Others	0.0	106 284.5	100.0%
Impairment Provisions (IFRS9)	-10 670.7	-12 018.5	12.6%
Total	**1 074 501.2**	**1 201 634.6**	**11.8%**

The Securities Portfolio rose by +11.8 % year-on-year, reaching AOA 1,201,634.6 million (up AOA +127,133.4 million).
This positive performance was mainly due to the impact of the FX rate depreciation which amounted to AOA 280,361.2 million.

The Securities Portfolio decreased by AOA 150,754.5 million in nominal effective terms, primarily due to a high volume of foreign currency-denominated and indexed securities maturities (AOA 212,636.8 million), offset by an increase in domestic currency-denominated securities (AOA 61,882.3 million).

Breakdown of BFA's Securities Portfolio H1 2023[1]



[1] Breakdown of the Securities Portfolio in H1 2023 without impairment losses.

Held-To-Maturity Securities Portfolio

Amounts expressed in AOA Millions

	< 1 year	1-3 years	< 3 years	Total
T-Bills AOA	29 958.1	-	-	29 958.1
T-Bonds AOA	-	62 981.4	744 145.2	807 126.6
T-Bonds USD	-	12 448.9	249 138.0	261 586.9
Others	114 981.4	-	-	114 981.4
Impairment Provisions (IFRS9)	-31.2	-356.2	-11 631.1	-12 018.5
Total	**144 908.3**	**75 074.2**	**981 652.1**	**1 201 634.5**

As far as the Held-to-Maturity Securities Portfolio in H1 2023 is concerned, 12% of the portfolio is made up of securities with a maturity of less than 1 year and 6% of the portfolio is made up of securities with a maturity between 1 and 3 years. Securities with a maturity of more than 3 years remain the largest portfolio share, accounting for 82% of the total portfolio, making this maturity category the most sizeable and prominent within the Bank's securities portfolio as of June 2023.

Total Loan Portfolio Development

Amounts expressed in AOA Millions

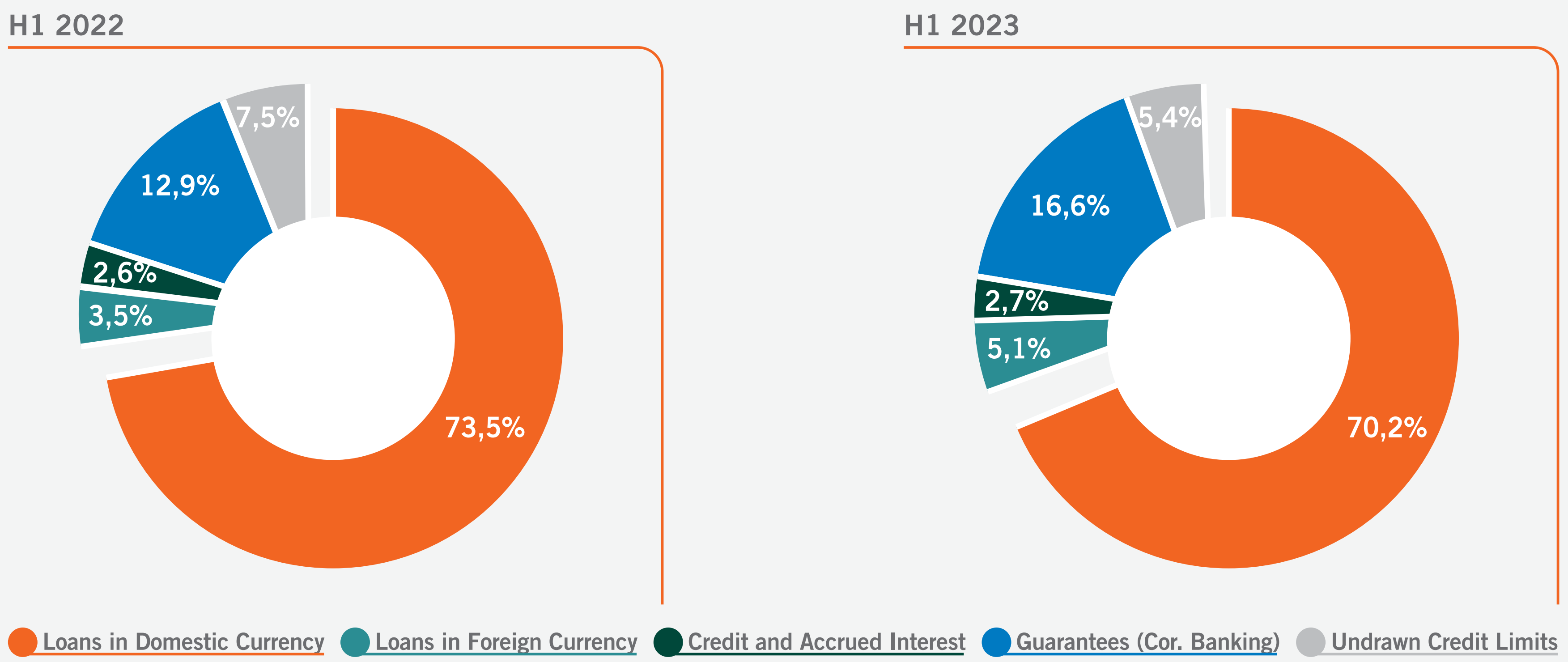
	H1 22	H1 23	Δ%
1. Total Loan Portfolio	**544 454.6**	**710 062.7**	**30.4%**
1.1 Loans to Customers	419 062.3	534 859.6	27.6%
Loans in Domestic Currency	400 237.1	498 593.2	24.6%
Loans in Foreign Currency	18 825.1	36 266.5	92.6%
1.2 Credit and Accrued Interest	14 269.7	19 254.3	34.9%
1.3 Guarantees (Corporate Banking)	70 220.4	117 603.9	67.5%
1.4 Undrawn Credit Limits	40 902.3	38 344.9	-6.3%
2. Total Loan Loss Provisions	**51 255.2**	**57 999.3**	**13.2%**
2.1 Specific Provisions	50 800.9	57 340.9	12.9%
For Credit and Accrued Interest	19 853.4	23 884.3	20.3%
2.2 For General Credit Risks	454.3	658.4	44.9%
3. Total Credit Net of Impairment	**382 531.1**	**496 773.1**	**29.9%**
Of which: Credit and Accrued Interest	14 269.7	19 254.3	34.9%
4. Loan Portfolio Asset Quality			
Past-due loans (% Total Loan Portfolio)	3.3%	3.5%	0.2 p.p.
Past-due Loans Provision Coverage Ratio	359.2%	301.2%	-58.0 p.p.

The Total Loan Portfolio rose by +30.4%, representing an increase of AOA +165,608.1 million year-on-year, amounting to AOA 710,062.7 million. This positive performance was particularly boosted by the growth in credit facilities granted in domestic currency, a key component and the largest share of BFA's Total Loan Portfolio, up by +24.6% YoY, amounting to AOA +498.593,2 million.

Furthermore, the 'Guarantees' heading positive performance and development, which amounted to AOA 47,383.5 (+67.5%), is a clear sign of BFA's commitment, support and contribution towards boosting the domestic economy.

During H1 2023, BFA Total Loan Portfolio recorded an increase of past-due loans totalling AOA 4,984.6 million, which represents an increase of 0.2 % in the ratio of past-due loans to total loans.

Breakdown of BFA's Loan Portfolio



Liabilities

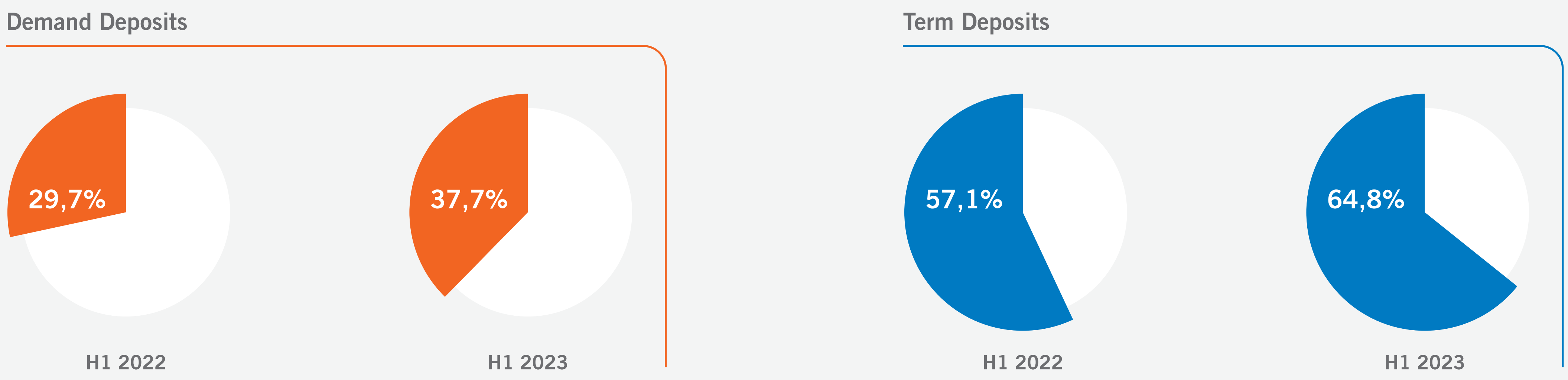
Liabilities totalled AOA 2,877,932.1 million, up by 43.4% (+ AOA 870,350 million). This increase was mainly driven by the +48.6% growth recorded in the Customer Deposits heading, which accounted for 95.6% of Total Liabilities. The impact of the Customer Deposits hike was offset by a 48.2% drop in the Other Liabilities heading, which amounted to AOA 49.944 million, as a result of the payment of dividends to shareholders.

Customer Deposits

Customer Deposits rose +48.6% year-on-year, a sharp increase of approximately AOA 893,453.5 million, totalling AOA 2,730,227.5 million in Q2 2023. This increase was mainly due to the FX rate impact, whose ripple effect led to an increase of AOA 768,106.3 million (+86.2%).

Term Deposits account for 62.3%, while Demand Deposits account for 37.7% in the Customer Deposits heading.

Foreign Currency Share in Total Deposits



Demand Deposits totalled AOA 1,030,092.4 million. Within this category, deposits in national currency recorded an increase of +8.4%, amounting to AOA 49,689.6 million year-on-year, while deposits in foreign currency rose by +55.2%, amounting to AOA 138,259.8 million.

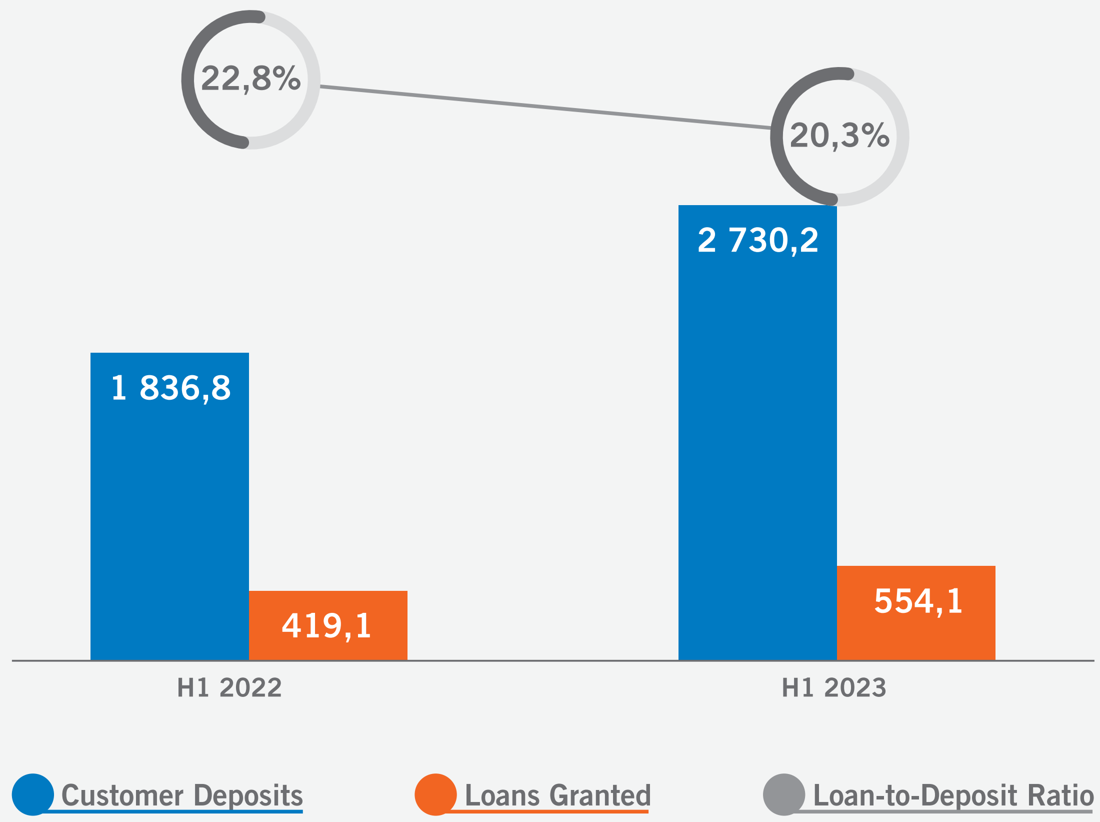
Term Deposits amounted to a total of AOA 1,700,135.1 million. Total short-term investments in national currency increased by 40.5% and in foreign currency by 93.7% year-on-year, the latter essentially due to the impact of the recorded exchange rate depreciation.

As far as Total Customer Deposits are concerned, there was a surge in the portfolio share of customer deposits in foreign currency, which currently accounts for 54.6 per cent of Customer Deposits. As a result, customer deposits in foreign currency once again made up the largest portfolio share of the Total Customer Deposits, reversing the trend seen at the end of 2022. At the same time, Term Deposits continue to represent the largest portion of BFA's Deposit Portfolio, accounting for 62.3% of the Total Customer Deposits.

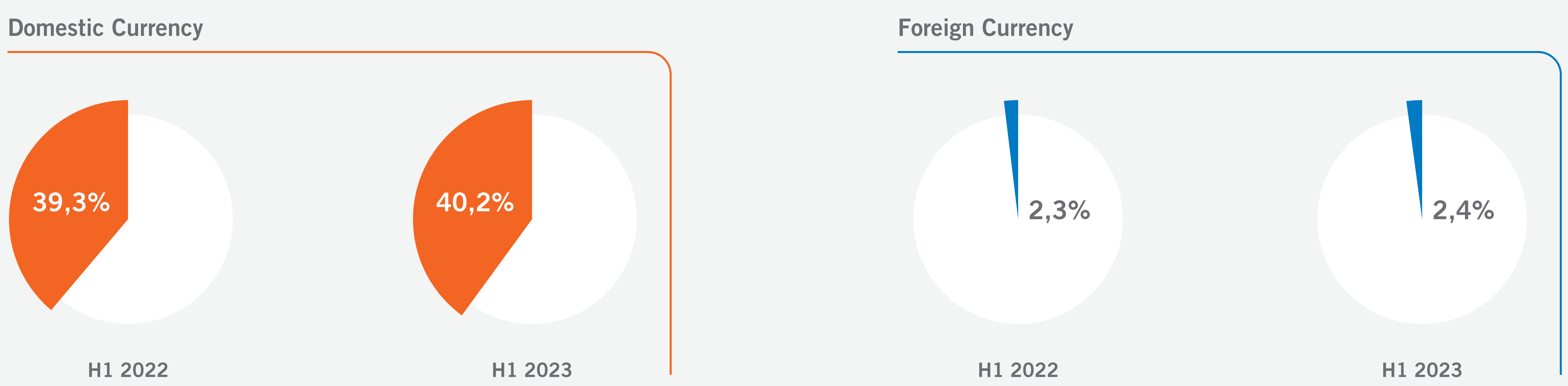
The Loan-to-Deposit ratio recorded in Q2 2023 stood at 20.3%, down from 22.8% YoY. This mild downward change of -2.5 p.p. is mainly explained by the impact of the FX depreciation recorded on the Customer Deposits base, which does not have the same knock-on effect on BFA's Loan Portfolio.

Loan-to-Deposit Ratio

Amounts expressed in AOA Millions



Loan-to-Deposit Ratio by Currency

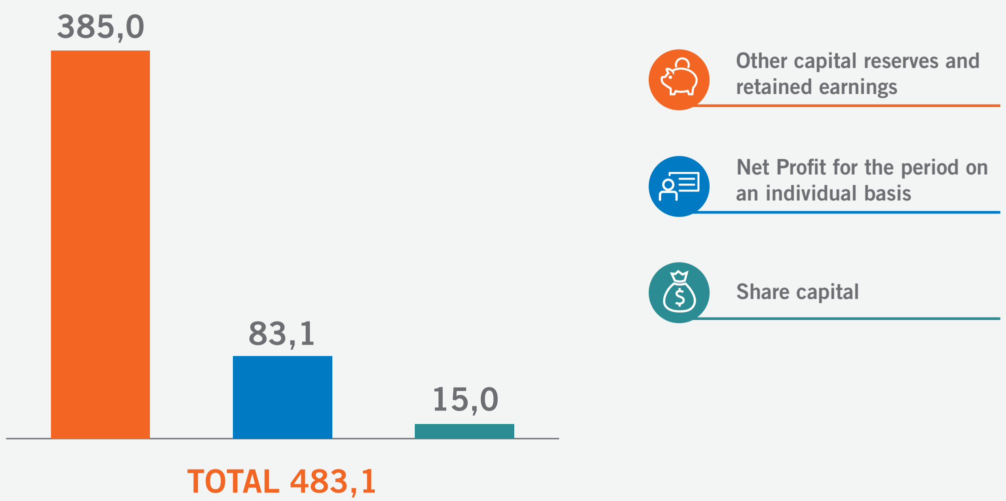


Equity and Equivalent Capital

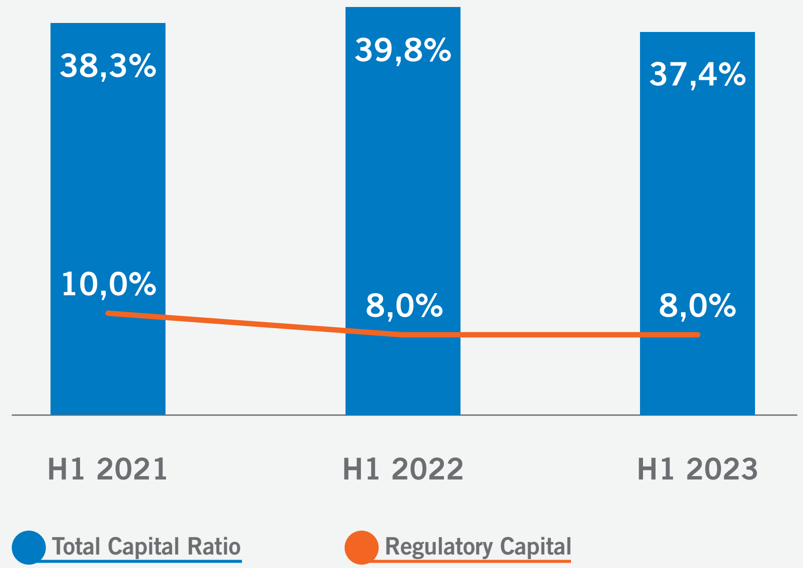
Equity and Equivalent Capital recorded a positive change of +17.5% year-on-year, amounting to AOA 483.067 million. This positive performance was primarily driven by an increase in 'Other Reserves and Retained Earnings' heading and by the growth recorded in 'Net Profit' YoY.

Breakdown of BFA's Equity and Equivalent Capital

Amounts expressed in AOA Millions



Total Capital Ratio



The Total Capital Ratio, computed in accordance with the regulations in force issued by the BNA, stood at 37.4% in Q2 2023, 2.4 p.p. lower year-on-year, but still comfortably above the Regulatory Capital (Minimum Capital Requirement) established by the National Bank of Angola (BNA).

The breakdown of BFA's balance sheet in Q2 2023 highlights its ongoing liquidity strategy which, in alignment with the Bank's corporate and business strategy, allows for the financing of 95.6% of its Assets Portfolio through the combination of Customer Deposits and Shareholders' Equity.

Income Statement

In H1 2023, BFA's Net Profit amounted to AOA 83,050.6 million, an increase of approximately 23.5% year-on-year.

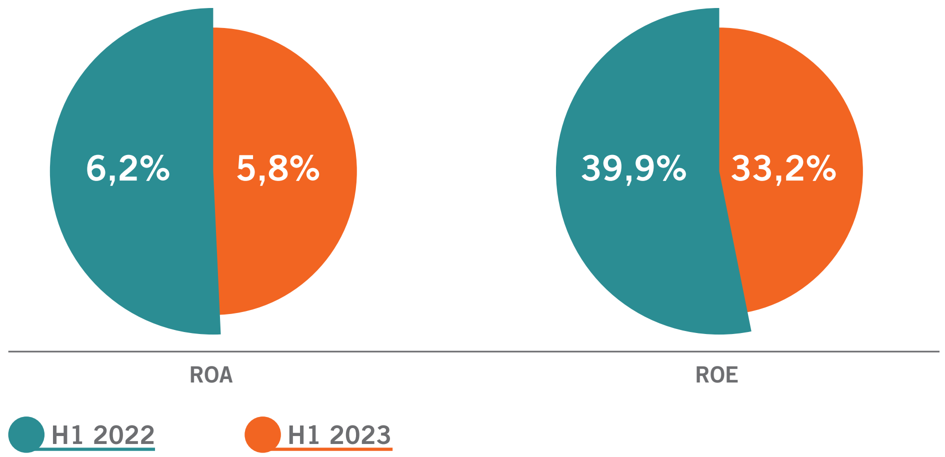
Amounts expressed in AOA Millions

	H1 22	H1 23	Δ%
Net Financial Income	**104 512.0**	**116 479.8**	**11.5%**
Non-Interest Income	**20 600.6**	**26 161.9**	**27.0%**
Operating Income	**125 112.6**	**142 641.6**	**14.0%**
Staff Costs	30 660.2	31 477.3	2.7%
Third-Party supplies and services	17 973.0	17 496.8	-2.6%
Depreciation and amortization costs for the year	5 497.6	6 368.3	15.8%
Provisions and Impairments	-8 747.8	-2 573.1	-70.6%
Profit Before Taxes	**79 729.6**	**89 872.3**	**12.7%**
Income Taxes	**-12 502.2**	**-6 821.7**	**-45.4%**
Net Profit	**67 227.4**	**83 050.6**	**23.5%**

The positive financial performance was mainly driven by the Operating Income, which rose sharply to AOA 17,529 million (+14%), as a result of a higher Net Financial Income, up +11.5% to AOA 116,479.8 million. Additionally, it is also noteworthy the +27% growth recorded in the Non-Interest Income, totalling AOA 26,161.9 million, in which we highlight the Foreign Exchange Gains, which grew by +85.5% to AOA 11,382.1 million, and Other Operating Income, which amounted to AOA 7,658.7 million.

Furthermore, Overheads (Staff Costs, Third-Party Supplies and Services, Depreciations and Amortisations) increased by AOA 1,211.61 million (+2.2%) and the heading of Provisions and Impairments totalled AOA -2,573.1 million, mainly due to the reversal of provisions for general risks that did not materialise.

Return-on-Assets and Return-on-Equity



Overall, BFA continued to deliver value to its Customers, Shareholders, Team Members and other stakeholders in H1 2023, recording a Return-on-Equity (ROE) ratio of 33.2% and a Return-on-Assets (ROA) ratio of 5.8 %.

Net Financial Income Development

Net Financial Income grew by +11.5% amounting to AOA 116,479.8 million, which represents an increase of AOA 11,967.8 million YoY.

Amounts expressed in AOA Millions

	H1 22	H1 23	Δ%
Interest and similar income	**128 835.5**	**146 618.3**	**13.8%**
Income from Short-term Investments	9 416.9	23 671.5	151.4%
Income from Securities	91 838.2	89 303.1	-2.8%
Income from Loans and Advances to Customers	27 580.4	33 643.7	22.0%
Interest and similar charges	**24 323.4**	**30 138.5**	**23.9%**
Deposit Costs	23 739.9	29 441.8	24.0%
Other Costs	583.5	696.8	19.4%
Net Financial Income	**104 512.0**	**116 479.8**	**11.5%**

The Net Financial Income growth was primarily driven by the increase in income from short-term investments, highlighting cross-border investments, and income from loans and advances to customers, which rose by +151.4% and +22%, respectively. Interest and similar charges on Net Financial Income increased by +23.9% as a result of the growth in Customer Deposits Costs (+24%) due to the rise recorded in the Term Deposits Portfolio.

Non-Interest Income Development

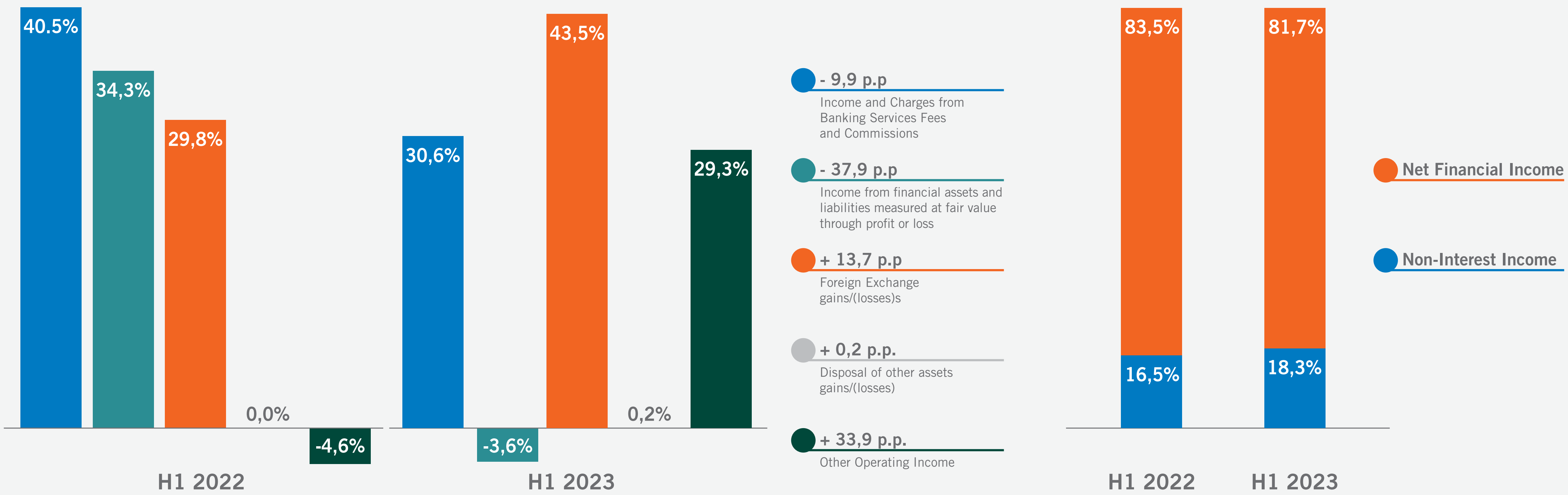
BFA's Non-Interest Income totalled AOA 26,161.9 million, up +27% year-on-year. The underlying reason for this change lays in the AOA 5,247,1 million increase in Foreign Exchange Gains, as a result of the kwanza's exchange rate depreciation, and the AOA 8,605,7 million surge in Other Operating Income. These changes offset the AOA 8,006.1 million decrease recorded in the 'Income from Financial Assets and Liabilities Measured at Fair Value through Profit or Loss' heading, as a result of the drop in income from securities sales and the revaluation of BFA's Asset Portfolio Fair Value.

Amounts expressed in AOA Millions

	H1 22	H1 23	Δ%
Rendimentos e Encargos de Serviços e Comissões	8 336.4	8 010.4	-3.9%
Resultados de activos e passivos financeiros avaliados ao justo valor através de resultados	7 071.0	-935.1	-113.2%
Resultados cambiais	6 135.0	11 382.1	85.5%
Resultados de alienação de outros activos	5.1	45.7	803.4%
Outros resultados de exploração	-946.9	7 658.7	-908.8%
Margem Complementar	**20 600.6**	**26 161.9**	**27.0%**

In H1 2023, BFA's Non-Interest Income accounted for 18.3% of the Operating Income, marking an increase in its share by approximately 1.8 p.p. YoY.

Breakdown and Development of BFA's Non-Interest Income

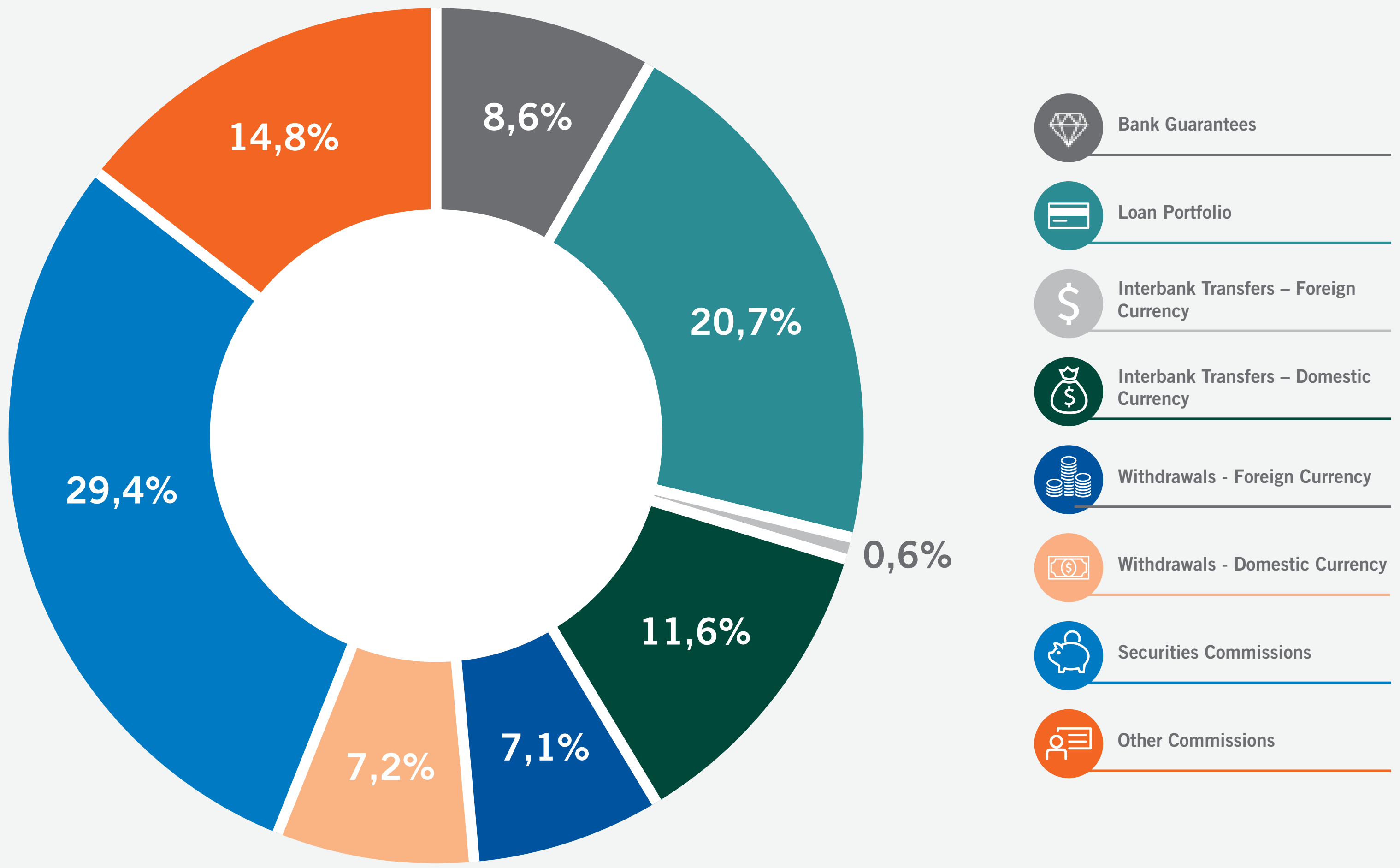


Banking Services Fees & Commissions and Other Income

Amounts expressed in AOA millions

	H1 22	H1 23
Net Business Commissions	**5 613.15**	**5 348.58**
Bank Guarantees	470.10	460.76
Loan Portfolio	1 004.06	1 107.52
Interbank Transfers – Foreign Currency (FC)	37.09	32.88
Interbank Transfers – Domestic Currency (DC)	475.89	622.12
Withdrawals - Foreign Currency (FC)	219.40	378.70
Withdrawals - Domestic Currency (DC)	388.05	386.88
Securities Commissions	1 624.81	1 570.65
Other Commissions	1 393.75	789.07
Net Cross-Border Commissions	**2 225.62**	**2 757.69**
Net Bank Card Commissions	**3 404.83**	**4 167.51**
Other Net Fees & Commissions	**1 452.76**	**969.61**
Total Net Fees & Commissions	**12 696.36**	**13 243.38**

Breakdown of Income from Banking Services Fees and Commissions



Breakdown of Income from Banking Services Fees and Commissions

As far as the heading of 'Income from Banking Services Fees and Commissions' is concerned, BFA recorded a positive performance with a growth of +4.3% YoY. The breakdown of this heading's total comes as follows: 40.4% originates from Net Business Commissions, with Securities Fees (11.9%) and Credit Fees (8.4%) accounting for the largest share. In addition to the Net Business Commissions, it is also noteworthy to highlight Bank Card Commissions (Debit and Credit Cards), which account for 31.5% of the total portfolio.

Overheads Development

Amounts expressed in AOA Millions

	H1 22	H1 23	Δ%
Custos com Pessoal (I)	30 660.2	31 477.3	2.7%
Fornecimento e Serviços de Terceiros (II)	17 973.0	17 496.8	-2.6%
Depreciações e Amortizações (III)	5 497.6	6 368.3	15.8%
Custos de Estrutura (I + II + III)	**54 130.8**	**55 342.4**	**2.2%**
Cost-to-income	**43.3%**	**38.8%**	**-10.3%**

Overheads rose by AOA 1,211.6 million, up by +2.2 % YoY. The Third-Party Supplies and Services heading recorded a drop of -2.6%, mainly due to the decrease in the Auditing, Consultancy and Other Expertise Technical Services heading.

On the other hand, the Staff Costs heading with a share of 56.9%, remains a significant component in terms of total Overheads. In addition, it is noteworthy to highlight the improvement in the Cost-to-Income ratio (from 43.3% to 38.8%), mainly driven by the growth in Operating Income.

In H1 2023, the Bank continued to comply with its ongoing operational and regulatory duties. Deferred tax assets associated with tax losses or temporary differences were not booked/recorded, since it is considered that the requirements for their recognition in accordance with international accounting standards were not met or proven.

5
FINANCIAL STATEMENTS AND EXPLANATORY NOTES

Financial Statements

CONDENSED INTERIM STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDING 30 JUNE 2023

Amounts in thousand of Kwanzas

	Notes	30/06/2023	30/06/2022
Interest and similar income	20	146 618 304	128 835 462
Interest and similar expense	20	(30 138 526)	(24 323 438)
Net interest income		**116 479 778**	**104 512 024**
Fees and commission income	21	15 174 488	14 493 334
Fees and commision expense	21	(7 164 136)	(6 156 893)
Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss	7	(935 088)	7 071 029
Foreign exhchanges gains/(losses)	22	11 382 107	6 135 026
Net gains/(losses) on sale of other assets	23	45 742	5 063
Other operating income/(expense)	24	7 658 740	(946 949)
Net operating income		**142 641 631**	**125 112 634**
Staff costs	25	(31 477 347)	(30 660 235)
External supplies and services	26	(17 496 774)	(17 972 970)
Depreciation and amortization for the period	12	(6 368 309)	(5 497 618)
Provisions net of reversals	17	2 649 335	6 039 681
Impairment of loans and advances to customers net of reversals and recoveries	17	185 870	1 064 962
Impairment of other financial assets net of reversals and recoveries	17	(268 072)	1 707 663
Impairment of other assets net of reversals and recoveries	17	5 958	(64 513)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**89 872 292**	**79 729 604**
Income tax			
Current	13	(6 821 689)	(12 502 180)
Deferred	13	-	-
NET PROFIT/(LOSS) FOR THE PERIOD		**83 050 603**	**67 227 424**
INCOME RECOGNISED DIRECTLY IN EQUITY		-	-
COMPREHENSIVE INCOME FOR THE PERIOD		**83 050 603**	**67 227 424**
Average number of ordinary shares issued	19	15 000 000	15 000 000
Basic earnings per share (in Kwanzas)	19	5.537	4.482
Diluted earnings per share (in Kwanzas)	19	5.537	4.482

CONDENSED INTERIM BALANCE SHEET STATEMENT AS AT 30 JUNE 2023

Amounts in thousand of Kwanzas

ASSETS	Notes	30/06/2023	31/12/2022
Cash and deposits at central banks	4	573 781 602	426 304 724
Loans and advances to credit institutions	5	56 291 943	24 122 059
Other loans and advances to central banks and credit institutions	6	970 409 991	726 047 113
Financial assets at fair value through profit or loss	7	56 990 428	104 831 308
Investments at amortized cost	8	1 144 644 153	948 367 608
Loans and advances to customers	9	496 773 058	417 425 564
Non-current assets held for sale	10	-	-
Investments in subsidiaries, associates and joint ventures	11	1 117 215	1 117 215
Property, plant and equipment	12	36 883 912	36 684 977
Intangible assets	12	7 970 361	8 119 685
Current tax assets	13	145 408	145 408
Deferred tax assets	13	-	-
Other assets	14	15 990 984	15 739 173
Total Assets		**3 360 999 055**	**2 708 904 834**

LIABILITIES AND EQUITY	Notes	30/06/2023	31/12/2022
Deposits from central banks and other credit institutions	15	16 484 974	10 686 251
Deposits from customers and other loans	16	2 730 227 463	2 040 285 204
Financial liabilities at fair value through profit or loss	7	2 754 185	545 524
Provisions	17	57 030 541	51 578 164
Current tax liabilities	13	12 668 419	10 984 876
Lease liabilities	18	5 040 258	4 622 610
Other liabilities	18	53 726 212	105 912 673
Total Liabilities		**2 877 932 052**	**2 224 615 302**
Share capital	19	15 000 000	15 000 000
Other reserves and retained earnings	19	385 016 400	328 834 312
Net profit/(loss) for the period	19	83 050 603	140 455 220
Total Equity		**483 067 003**	**484 289 532**
Total Liabilities and Equity		**3 360 999 055**	**2 708 904 834**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDING 30 JUNE 2023

Amounts in thousand of Kwanzas

	Notes	Share capital	Other reserves and retained earnings	Profit/(loss) for the period	Total
Balance on 1 January 2022		**15 000 000**	**250 598 446**	**156 471 732**	**422 070 178**
Appropriation of 2022 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**
Appropriation of 2022 net profit:					
Reserve requirement	19	-	56 182 088	(56 182 088)	-
Distribution of dividends	19	-	-	(84 273 132)	(84 273 132)
Net profit/(loss) for the period	19	-	-	83 050 603	83 050 603
Balance on 30 June 2023		**15 000 000**	**385 016 400**	**83 050 603**	**483 067 003**

CONDENSED INTERIM CASH FLOWS STATEMENT FOR THE SIX-MONTH PERIOD ENDING 30 JUNE 2023

Amounts in thousand of Kwanzas

	Notes	30/06/2023	30/06/2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, commissions and other similar income received		160 483 139	134 946 248
Interest, commissions and other similar income paid		(35 702 059)	(29 300 570)
Payments to employees and suppliers		(47 406 958)	(46 913 186)
Payments and contributions to pension funds and other benefits		(1 557 630)	(1 720 019)
Recovery of written-off loans		153 186	190 491
Other income/(expense) received/(paid)		10 586 623	11 059 168
Cash flows before changes in operating assets and liabilities		**86 556 301**	**68 262 132**
Increases/(decreases) in operating assets:			
Other loans and advances to central banks and credit institutions		16 547 537	14 947 547
Financial assets at fair value through profit or loss		46 111 587	(14 077 588)
Financial investments at amortized cost		(51 824 547)	170 648 721
Loans and advances to customers		(69 445 904)	(26 408 085)
Non-current assets held for sale		-	-
Other assets		2 449 454	4 167 275
Net cash flows from operating assets		**(56 161 873)**	**149 277 870**
Increases/(decreases) in operating liabilities:			
Deposits from central banks and other credit institutions		5 798 723	13 115 871
Deposits from customers and other loans		112 028 098	(169 725 330)
Other liabilities		(1 250 388)	5 870 105
Net cash flows from operating liabilities		**116 576 433**	**(150 739 354)**

	Notes	30/06/2023	30/06/2022
Net cash from operating activities before income taxes		**146 970 861**	**66 800 648**
Income and capital taxes paid		(5 409 736)	(4 535 935)
Net cash from operating activities		**141 561 125**	**62 264 713**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment, net of disposals		(4 233 212)	(3 610 456)
Acquisition of intangible assets, net of disposals		(1 942 149)	(6 794 045)
Net cash flows from investing activities		**(6 175 361)**	**(10 404 501)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of dividends		(132 423 132)	(126 385 866)
Net cash from financing activities		**(132 423 132)**	**(126 385 866)**
Change in cash and cash equivalents		**2 962 632**	**(74 525 654)**
Cash and cash equivalents at the beginning of the period	4 and 5	450 430 227	446 672 013
Effects of changes in foreign exchange rates on cash and cash equivalents		176 688 050	(8 653 202)
Cash and cash equivalents at the end of the period	4 and 5	**630 080 909**	**363 493 157**

Notes to the Financial Statements as at 30 June 2023

1. INTRODUCTION

Banco 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, in execution of the share purchase and sale agreement entered into 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of BFA's share capital was completed. Thus, on 30 June 2023 and 31 December 2022, 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 authorized. It also provides other banking services and performs various types of operations in foreign currency, having for this purpose, as at 30 June 2023, a national network of 160 branches, 11 customer service centers, 7 investment centers, 4 Oil & Gas centers, 11 corporate centers and 1 Private Banking center.

2. BASES OF PRESENTATION AND SUMMARY OF MAIN ACCOUNTING POLICIES

2.1 Bases 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 2023.

The financial statements now presented refer to the period ended 30 June 2023. These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting (IAS 34). Thus, these financial statements do not include all the information required by IFRS, and therefore should be read in conjunction with the financial statements for the period ended 31 December 2022. The accounting policies used by the Bank in the preparation are consistent with those used in the preparation of the financial statements as at 31 December 2022 and 30 June 2022, except for the new standards issued.

The Bank's financial statements are stated in thousands of Kwanzas, rounded to the nearest thousand. 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 recognized at fair value through profit or loss. Other financial assets and liabilities and other non-financial assets and liabilities are recorded at amortized cost or historical cost.

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 period ended 30 June 2023 were approved at the meeting of the Bank's Board of Directors on 18 September 2023.

The accounting standards and amendments recently issued that are not yet effective and that the Bank has not yet applied in the preparation of its financial statements can be analyzed in Note 31.

Notwithstanding the Bank's investment in its subsidiaries detailed in Note 11, 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 30 June 2023 and 31 December 2022, considering in particular (i) the reduced activity carried out by these companies since their 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.

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 translated into Kwanzas at the average exchange rate published by the Banco Nacional de Angola as at the balance sheet date. Non-monetary assets and liabilities recorded at fair value are converted into the functional currency at the average exchange rate published by the National Bank of Angola on the date on which the fair value is determined and recognised as a result of profit or loss. Income and expenses related to exchange rate differences, whether realized or potential, are recorded in the income statement in the period in which they occur under Foreign exchange gains/(losses). 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 30 June 2023, 31 December 2022 and 30 June 2022, the exchange rates of the Kwanza (AOA) against the United States Dollar (USD) and the Euro (EUR) were as follows:

	30/06/2023	31/12/2022	30/06/2022
1 USD	822.940	503.691	428.209
1 EUR	899.227	537.438	446.129

Forward foreign exchange position

The forward currency position corresponds to the net balance of forward transactions pending settlement. All contracts related to these transactions are revalued at market forward exchange rates.

The difference between the equivalent in Kwanzas at the forward revaluation rates applied, and the equivalent at the contracted rates, is recorded under assets or liabilities, 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:
- Amortized 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 in order to collect its contractual cash flows (Held to collect);
- Business model whose objective is achieved both by collecting the contractual cash flows of the asset and by 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 standpoint. 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 apply (e.g., financial assets are held for trading), the financial assets are classified as part of "other business models" and recognized at fair value through profit or loss.

The factors considered by the Bank in identifying the business model for a set of assets include past experience with 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 recognized 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 periods, 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 amortization 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 amortized cost or at fair value through other comprehensive income.

SPPI Assessment

When the business model involves holding assets in order to (i) collect contractual cash flows or (ii) collect 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 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 solely to payments of principal and interest on the principal outstanding (SPPI test).

Financial liabilities at amortized cost

The Bank measures a financial asset at amortized 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).

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

This category of Financial assets at amortized cost includes loans and advances to credit institutions, loans and advances to customers and debt securities (Investments at amortized cost) managed based on a business model whose objective is to collect 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 whose objective is to hold the assets to collect their contractual cash flows and sell them (HTC and Sell – Held to collect and sell); and
- its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI).

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 calculation of impairment losses (debt instruments only).

Interest income is calculated in accordance with the effective interest rate method and recognized in the income statement under the caption Interest income and similar income. Income from variable-income securities is recognized 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 amortized 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 realizing gains from short-term fluctuations in market prices. This category also includes derivative financial instruments, excluding those that comply with hedge accounting requirements. By default, 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 amortized cost or at fair value through other comprehensive income, as at fair value through profit or loss if the classification significantly eliminates the accounting mismatch that would otherwise exist (Fair Value Option).

Financial assets classified in this category are initially recognized at fair value. Gains and losses arising from subsequent valuation at fair value are recognized 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 general rule, the Bank has 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.

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 realized 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 amortized 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 amortized 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 analyzed 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 amortized 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 recognized 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 recognized 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 formalization expenses.

Financial assets are recognized 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 at a later date.

At initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity should recognize 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 recognized 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) amortized over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognized 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) amortized cost, at (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

Trade receivables 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 recognized for expected credit losses (ECL), for financial assets measured at amortized 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 amortized cost, based on the effective interest rate method, with the exception of financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

2.3.5 Income and expenses of financial instruments

Income and expenses from financial instruments at amortized cost are recognized according to the following criteria:

i. Interest is recorded in the income statement under Interest and similar income and Interest and similar expense, 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 recognized and unpaid relating to overdue loans for more than 90 days is reversed, being recognized only when received since it is considered that its recovery is remote, and recognized off balance sheet; and

ii. The remaining changes in value will be recognized in the income statement as income or expenses, when the financial instrument is derecognized from the balance sheet under Net gains/(losses) on investments at amortized 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 of loans and advances to customers net of reversals and recoveries, in the case of loans and advances to customers or under Impairment of 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 recorded in the caption Foreign exchange gains/(losses) and the result of the exchange rate adjustment of the discount and accrued interest is recorded under Net interest income – Interest and similar income.

Income and expenses from financial instruments at fair value through profit or loss are recognized 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) on 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 instruments at fair value through other comprehensive income are recognized according to the following criteria:

i. Interest or, when applicable, dividends are recognized in the income statement under the caption Interest and similar income and Income from equity instruments, respectively. The procedure for interest is the same as for assets at amortized cost;

ii. Foreign exchange differences are recognized in the income statement under Foreign exchange gains/(losses), 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 recognized in the income statement under Impairment losses on other financial assets, net of reversals and recoveries; and

iv. The remaining changes in value are recognized in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in the income statement for the financial year are the same as those that would be recognized if measured at amortized cost.

When a debt instrument measured at fair value through other comprehensive income is derecognized 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 derecognized 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 to 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 recognized 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 six-month period ended 30 June 2023, 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 derecognizes the original financial asset and recognizes 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 recognized 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 recognized 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 recognizes 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 derecognized 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 income/(expenses). 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 derecognized 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 derecognized 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 amortized 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 amortized cost are recognized 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 recognized against other comprehensive income.

Impairment losses arising from the granting of loans and advances to customers are recognized 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.

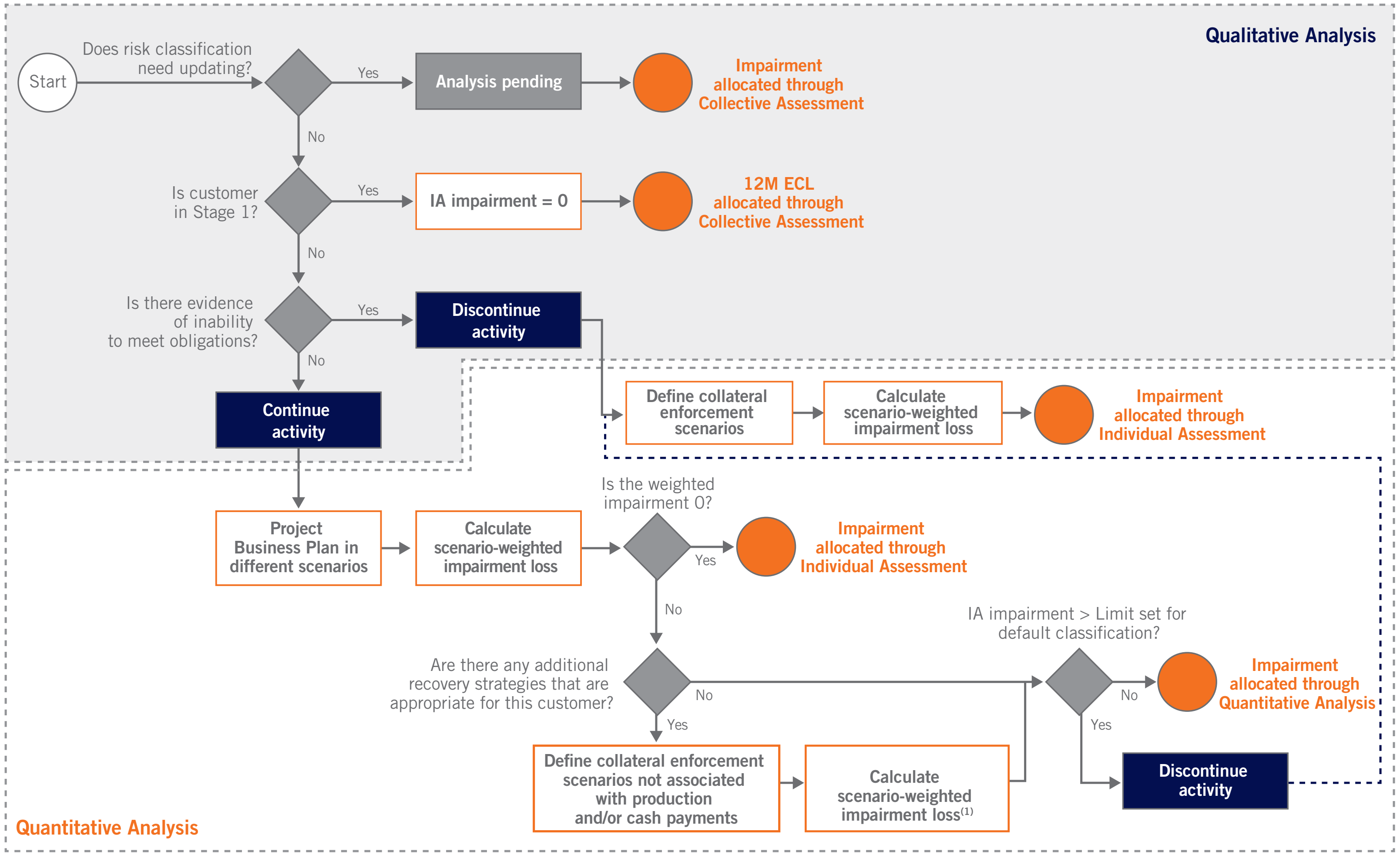
Impairment losses on exposures that have an associated credit risk and that are not positions recorded in assets are recorded as a provision under Provisions in liabilities, in the balance sheet. Charges for the period and reversals are recorded under the caption Provisions, net of reversals in the income 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 Retail customers, hereinafter "Retail") considered as individually significant. These are analyzed individually and the remainder collectively, according to homogeneous risk groups. The following criteria for selecting Groups (and Retail) that are individually significant are considered:

- Customers/economic groups with no evidence of impairment with exposure greater 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, the Bank 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 checks and/or inhibited from using checks according to the information available at CIRC (Angolan Centralized Credit Register);
- Customers with unauthorized overdrafts;
- Customers with revolving operations (overdrafts, credit cards and escrow accounts) above the limit formally contracted, or revolving credit operations used permanently 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%;

For individually analyzed 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 authorized 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 all operations to Stage 2 if the total exposure of the operation in Stage 2 is greater than or equal to 20% of the Customer's exposure.

Applicable only to Stage 3 Customers, the default marking criteria, are as follows, provided they have (i) Absolute Materiality: >= AOA 5,000 of overdue loans; (ii) Relative materiality: 1% Corporate and 2.5% Retail, 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 analyzed 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 amortization 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 12-month period should be considered and for Stage 2 the residual maturity of the operation.

c) Loss given default (LGD): It 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 position 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 back testing 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 separately, 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 amortized cost)

The Bank classifies exposures into stages of impairment with regard to financial instruments measured at amortized 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 securities, investments and cash and cash equivalents in other credit institutions are calculated based on the credit risk parameters (probability of default and loss given default) provided by Moody's, the 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 are 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 recognized 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 recognized 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 recognized 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 amortized through profit or loss for the period until its maturity and recognized 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 amortized 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 recognized 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 recognized 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 derecognized 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
- recognized 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 recognized in the income statement. When the transaction is no longer expected to occur, the accumulated gains or losses recorded in equity are immediately recognized in the income statement.

As at 30 June 2023 and 31 December 2022, 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 rewards 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 recognized 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 disclosed 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 at their historical cost less any impairment losses.

Subsidiaries are entities (including investment funds and securitization 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).

Associates 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 presumed that it does not have significant influence, except when that influence can be clearly demonstrated.

The existence of significant influence by the Bank is normally demonstrated in one or more 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 the management personnel; and
- provision of key technical information.

Impairment

The recoverable amount of investments in subsidiaries and associates is assessed whenever there are signs 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 of 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 recognized 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 recognized when: i) they are identifiable; ii) it is probable that there will be future economic benefits from the asset and iii) the cost of the asset 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 amortized on a straight-line basis over a three-year period.

Property, plant and equipment is recorded at cost of acquisition less accrued amortization and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the goods.

The acquisition cost of property, plant and equipment comprises the purchase price of the asset, expenses directly attributable to its acquisition and costs incurred in preparing the asset to be ready for its intended use. Financial costs incurred with loans obtained for the construction of qualifying tangible fixed assets are recognized 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 e 5
Machinery and tools	6 e 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 realized 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 recognized 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 recognized as a cost for the period.

Assets recorded under this caption are not amortized 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 recognized whenever the net book value of an asset exceeds its recoverable amount. Impairment losses are recognized 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 derecognition of a non-financial asset, the gain or loss calculated as the difference between the fair value less costs to sell and the net book value is recognized in the income statement under the caption Net gains/(losses) on 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 recognized in the income statement when the right to receive them is attributed. Dividends are recorded under Net gains/(losses) on financial operations, Net gains/(losses) on 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 recognized 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.

Pursuant to Article 262 of Law No. 2/00, of 11 February (General Labor Law), BFA has set up provisions to cover liabilities related to "Retirement compensation", which are determined by multiplying 25% of the monthly base salary on the date the employee reaches the legal 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 Labor Law) came into force, revoking Law No. 2/00, of 11 February. The New General Labor Law does not refer to the need to set up provisions to cover the liabilities 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. Accordingly, by resolution of the Bank's Board of Directors, and with effect from 1 January 2005, a "Supplementary Pension Plan" was created, consisting of a defined-contribution plan. This plan was initially set up with part of the balance of from the "Provision for Probable Liabilities with Retirement Pension Funds", consisting of contributions from BFA of a fixed percentage corresponding to 10% of the salary subject to deduction for the Social Security of Angola, applied on fourteen salaries.

In 2013, with reference to the last day of the year, the Bank set up the "BFA Pension Fund" to cover these liabilities, and in 2018 it used the provisions previously set up 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 recognized as an expense of the period when due (Note 25).

Employment termination benefit

This type of benefit is recognized 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 recognizes 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 BFA recognizes 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 realization 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 recognized 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 30 June 2023, 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). This article expressly states that in order to determine the taxable amount, income or gains subject to IAC must be deducted from the net profit calculated under the terms of the previous articles.

Moreover, this law enshrined, among other changes, the eligibility for tax purposes of favorable and unfavorable exchange rate variations as fiscally accepted income and costs, respectively. Likewise, provisions/impairment on secured loans 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 instalment 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 2018 to 2022.

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 the aforementioned Law no. 7/19, as well as the amendments introduced by Law no. 17/19, of August 13, 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, with the exception of 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 leased assets to the respective lessee when the stipulated purchase option is exercised, as well as (ii) the sale of point-of-sale (POS) systems as part of the institutions' provision of payment card acceptance services to their customers.

Under the terms of Article 10(1) of the VAT Code, for the purposes of this tax, and as a general 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 authorization by the Tax Authorities. Additionally, Instruction No. 000003/DNP/DSIVA/AGT/2020, referred to below, established that credit 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, credit 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.

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) as a result of a past event for which the future outflow of resources is probable and can be reliably measured. 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 derecognized through their use for the obligations for which they were initially recognized or for the cases that the situations were no longer observed.

Contingent Assets

Contingent assets are not recognized 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 recognized in the financial statements but are covered by 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 recognized 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 in order 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 recognized at their fair value. Subsequently, these guarantees are measured at the higher (i) of the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any change in the amount of the obligation associated with financial guarantees issued is recognized 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 recognized on the contracting date equals the amount of the initial commission received, which is recognized in the income statement during the period to which it relates. Subsequent commissions are recognized 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 recognized 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 recognized in Loans and advances to customers, following the transfer of the loss compensation to the guarantee 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 recognize 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 recognizes 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, considering 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/amortization 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 amortized cost using the effective interest rate method.

Given that the interest rate implicit in the lease cannot be readily 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 open-ended contracts, the term during which the agreement is enforceable is evaluated. When assessing enforceability, the particular clauses of the contracts are considered, as well as the legislation in force 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 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/amortized 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/amortization 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:
In the income statement:

- the interest expense on lease liabilities is recorded under Net interest income;
- the amounts relating to short-term lease agreements and lease agreements for low-value assets are recorded under Other administrative expenses; and
- the cost of depreciation of right-of-use assets is recorded under Depreciation and amortization for the period. In the balance sheet:

- right-of-use assets recognized under Other property, plant and equipment; and
- the value of lease liabilities recorded under Other liabilities.

Impact from the lessor´s perspective

As at 30 June 2023 and 31 December 2022, 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 analyzes events that occur after the balance sheet date, i.e., favorable and/or unfavorable events that occur between the balance sheet date and the date on which the financial statements were authorized 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, considering the context of uncertainty resulting from the impact of the devaluation of the functional currency. 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 should a different treatment be chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements give a true and fair view of the Bank's financial position and the result of its operations in all material respects.

3.1 Impairment losses of financial assets at amortized cost and debt instruments at fair value through other comprehensive income

Determining impairment losses for 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 a given 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 summarized 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, which 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 30 June 2023 and 31 December 2022, the caption Cash and deposits at Central Banks was detailed as follows:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Cash		
National currency - banknotes and coins	20 247 231	22 604 555
Foreign currency - banknotes and coins		
In United States Dollars	1 535 827	1 538 022
In Euro	848 458	1 108 194
In other currencies	253 545	292 435
	22 885 061	**25 543 206**
Deposits at the Central Bank		
Demand deposits at the Banco Nacional de Angola (BNA)		
In national currency	121 639 103	120 949 495
In United States Dollars	248 830 872	171 976 791
In Euro	180 426 566	107 835 232
	550 896 541	**400 761 518**
TOTAL	**573 781 602**	**426 304 724**

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 30 June 2023, the minimum reserve requirements amounted to AOA 51,716,147 thousand in national currency and AOA 288,913,956 thousand in foreign currency (2022: AOA 52,545,939 thousand and AOA 189,285,211 thousand, respectively).

As at 30 June 2023, the reserve requirements are calculated in accordance with the provisions of BNA Instruction No. 04/2023, of 30 March 2023, and BNA Directive No. 06/2023 of 30 March 2023. The currencies for compliance with the minimum reserve requirements in Foreign Currency are the US Dollar, the Euro and the South African Rand, in accordance with Directive 03/DME/2023 of 6 February 2023.

As at 30 June 30, 2023, the tax base for calculating reserve requirements in national currency (MN) and in foreign currency (ME) is every two weeks.

The enforceability of reserve requirements in national currency is 17%, for items that comprise the tax base, as defined in paragraph 2 of Instruction no. 04/2023 of 30 March, and for the balances of local governments and municipal administrations, to be applied to the average fortnightly balances of the tax base.

The reserve requirement in foreign currency is set at 22%, to be applied to the average weekly balances of the items that comprise the tax base, as defined in paragraph 2 of Instruction No. 04/2023, of 30 March, and at 100% for the balances of local governments and municipal administrations, to be applied to the daily balances of the accounts.

Directive No. 06/2021 provides that in relation to the reserve requirements in national and foreign currency, the balances of deposit accounts in foreign and national currency, opened at the Banco Nacional de Angola on behalf of each banking credit 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 Credit Institution. Deducted from the corresponding 100% (one hundred percent) of deposits on behalf of the Central Government held at the financial institution.

The following are also eligible to meet the minimum reserve requirements:

- 80% (eighty percent) of the assets representing the value of loan disbursements in national 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;
- 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 the provisions of Article 10 of Notice No. 09/2022, of 6 April, on the granting of mortgages, whatever the residual maturity.

As at 31 December 2022, reserve requirements 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 2022, the reserve base period for calculating the required reserves in national currency (NC) and foreign currency (FC) is weekly.

The enforceability of reserve requirements in national currency is 17%, for items that comprise the tax base, as 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 tax base.

The reserve requirement in foreign currency is set at 22%, to be applied to the average weekly balances of the items that comprise the tax 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.

Directive No. 11/2022 provides that in relation to the reserve requirements in national and foreign currency, the balances of deposit accounts in foreign and national currency, opened at the Banco Nacional de Angola on behalf of each banking credit institution, are eligible. The following assets are eligible to meet reserve requirements in foreign currency:

- The balance of the foreign currency deposit account, opened at the Banco Nacional de Angola, on behalf of each Banking Credit Institution. Deducted from the corresponding 100% (one hundred percent) of deposits on behalf of the Central Government held at the financial institution.

For the fulfilment of the minimum reserve requirements the following are also eligible:

- 80% (eighty percent) of the assets representing the value of loan disbursements in national 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;
- 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 the provisions of Article 10 of Notice No. 09/2022, of 6 April, on the granting of mortgages, whatever the residual maturity.

In accordance with Instruction No. 08/2021, the Banking Credit 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 30 June 2023 and 31 December 2022, the caption "Loans and advances to Other credit institutions" has the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Demand deposits	56 299 307	24 125 503
Accumulated impairment losses (Note 17)	(7 364)	(3 444)
	56 291 943	**24 122 059**

The reconciliation of changes in the gross book value and impairment losses per stage of impairment of Loans and advances to credit institutions is presented below:

Amounts in thousand of Kwanzas

	30/06/2023 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2023	**24 125 503**	**3 444**
Originated / derecognized financial assets	18 851 685	988
Exchange rate changes and other movements	13 322 119	2 932
Balance as at 30 June 2023	**56 299 307**	**7 364**

Amounts in thousand of Kwanzas

	31/12/2022 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2022	**23 212 633**	**7 570**
Originated / derecognized financial assets	467 565	(3 579)
Exchange rate changes and other movements	445 305	(547)
Balance as at 31 December 2022	**24 125 503**	**3 444**

As at 30 June 2023 and 31 December 2022, the breakdown of the balance by currency of "Loans and Advances to Other Credit Institutions" is as follows:

Amounts in thousand of Kwanzas

Assets / (Liabilities)	30/06/2023	31/12/2022
In United States Dollars	23 801 529	10 910 881
In Euro	25 315 264	11 171 963
In other currencies	7 175 150	2 039 215
	56 291 943	**24 122 059**

6. OTHER LOANS AND ADVANCES TO CENTRAL BANKS AND CREDIT INSTITUTIONS

As at 30 June 2023 and 31 December 2022, the caption "Other loans and advances to central banks and credit institutions" is detailed as follows:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Other loans and advances to credit institutions abroad:		
In United States dollars	594 162 680	386 330 997
In Euro	66 902 489	42 995 040
In Pound Sterling	6 281 820	4 858 872
	667 346 989	**434 184 909**
Other loans and advances to Central Banks:		
Other credit institutions in the country		
In Kwanzas	293 134 403	285 558 170
	293 134 403	285 558 170
	960 481 392	719 743 079
Income receivable	10 349 187	6 624 998
	970 830 579	726 368 077
Accumulated impairment losses (Note 17)	(420 588)	(320 964)
	970 409 991	**726 047 113**

As at 30 June 2023 and 31 December 2022, the residual maturities of Other loans and advances to credit institutions abroad were as follows:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Up to three months	805 468 498	719 743 079
Three to six months	58 654 060	-
More than six months	96 358 834	-
	960 481 392	**719 743 079**

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 30 June 2023 and 31 December 2022, "Other loans and advances to credit institutions" earned interest at the following annual weighted average rates:

	30/06/2023	31/12/2022
In United States Dollars	4.96%	4.10%
In Euro	3.04%	1.33%
In Kwanzas	7.78%	10.08%
In Pound Sterling	4.50%	2.95%

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:

Amounts in thousand of Kwanzas

	30/06/2023 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2023	**726 368 077**	**320 964**
Originated financial assets	552 176 603	180 322
Derecognized financial assets	(428 310 026)	(201 427)
Exchange rate changes and other movements	120 595 925	120 729
Balance as at 30 June 2023	**970 830 579**	**420 588**

Amounts in thousand of Kwanzas

	31/12/2022 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
Derecognized financial assets	(556 679 547)	(353 978)
Exchange rate changes and other movements	4 003 387	(30 807)
Balance as at 31 December 2023	**726 368 077**	**320 964**

7. FINANCIAL ASSETS AND AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are detailed as follows:

Amounts in thousand of Kwanzas

	30/06/2023					
	Currency	Average interest,rate	Nominal, value	Fair value	Accrued interest	Balance,sheet amount
Debt securities		interest,rate		value	interest	amount
Treasury Bonds in national currency						
Not indexed	AOA	16.37%	45 356 700	48 758 535	2 493 985	51 252 520
Derivatives	AOA	-	13 599 670	1 212 888	-	1 212 888
Equity instruments						
Visa Incl. - Class C (Series I)	USD	-	-	2 715 720	-	2 715 720
EMIS	AOA	-	-	1 370 672	-	1 370 672
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	EUR	-	-	46 144	-	46 144
Participation units	AOA	-	-	392 147	-	392 147
			58 956 370	**54 496 443**	**2 493 985**	**56 990 428**

Amounts in thousand of Kwanzas

	31/12/2022					
	Currency	Average interest,rate	Nominal, value	Fair value	Accrued interest	Balance,sheet amount
Debt securities						
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 (Series 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**

Debt securities

As at 30 June 2023 and 31 December 2022, 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 30 June 2023, 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. (2022: 13 896 shares);
- shareholding in EMIS – Empresa Interbancária de Serviços, S.A.R.L. (18.81%) (2022: 18.81%);
shareholding in IMC – Instituto de Mercado de Capitais (2%) (2022: 2%);

Participation Units in Funds as at 30 June 2023:
- 1 500 (0.02%) participation units in Fundo BFA Oportunidades XIX;
- 95 177 (1.73%) participation units in Fundo BFA Oportunidades XVII;
- 97 143 (0.91%) participation units in Fundo BFA Oportunidades XVIII;
- 40 542 (0.43%) participation units in Fundo BFA Oportunidades XVI;
- 16 000 (0.11%) participation units in Fundo BFA PRIVATE V;
- 118 377 (4.15%) participation units in Fundo BFA Futuro.

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 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.

EMIS

As at 30 June 2023, the shareholding corresponded to 18.81% of the share capital of EMIS. EMIS was set up in Angola to manage electronic means of payment and complementary services.

In the six-month period ended 30 June 2023 and 31 December 2022, this Company did not distribute any dividends.

Derivatives

As at 30 June 2023 and 31 December 2022, the caption "Derivatives – Foreign exchange forwards contracts has the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Financial assets at fair value through profit or loss	1 212 888	372 018
Derivative financial instruments	-	-
Positive fair value (assets)	1 212 888	372 018
Passivos financeiros ao justo valor através de resultados	(2 754 185)	(545 524)
Derivative financial instruments	-	-
Positive fair value (liabilities)	(2 754 185)	(545 524)
	(1 541 297)	**(173 506)**

As at 30 June 2023 and 31 December 2022, the derivative financial instruments correspond to currency forwards contracted with non-financial entities.

As at 30 June 2023 and 31 December 2022, the notional amounts of the currency forwards are recorded under off-balance sheet items, in the amount of AOA 16,154,557 thousand and AOA 18,658,343 thousand, respectively.

The valuation model for financial instruments is described in Note 30.4.

The maturities of the financial instruments under this caption are detailed in Note 30.2.

As at 30 June 2023 and 31 December 2022, changes in the fair 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 Net gains/(losses) on financial assets and liabilities measured 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:

Amounts in thousand of Kwanzas

	30/06/2023	30/06/2022
Net gains/(losses) on assets and liabilities at fair value through profit or loss		
Debt securities	129 829	6 053 253
Currency forwards	(1 367 791)	1 055 505
Equity instruments	268 664	(110 025)
Participation units	34 210	72 296
	(935 088)	**7 071 029**

8. INVESTMENTS AT AMORTIZED COST

As at 30 June 2023 and 31 December 2022, the caption of Investments at amortized cost had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023											
	Internal risk level	Country	Currency	Nominal value	Acquisition cost	Premium/ accrued discount	Changes in foreign exchange rates	Accrued interest	Gross value	Impairment (Note 17)	Net book value	Average interest rate
Debt securities												
Treasury Bills in national currency	A	Angola	AOA	30 223 060	29 754 100	203 376	-	-	29 957 476	(31 249)	29 926 227	16,37%
Treasury Bonds in national currency:												
Not indexed	A	Angola	AOA	745 495 200	649 374 355	78 116 789	-	31 342 596	758 833 740	(8 058 850)	750 774 890	16,54%
Treasury Bonds in foreign currency	A	Angola	USD	258 230 343	162 325 286	303 284	95 385 166	3 573 214	261 586 950	(2 427 326)	259 159 624	10,94%
Treasury Bonds in foreign currency	A	Portugal	USD	8 049 999	4 927 780	(5 289)	3 202 719	85 951	8 211 161	(116 178)	8 094 983	5,13%
Treasury Bonds in foreign currency	A	United States	USD	8 738 800	5 349 427	160 864	2 865 044	12 221	8 387 556	(121 145)	8 266 411	0,38%
Eurobond	A	Angola	USD	96 334 179	59 121 323	(31 973)	30 010 667	585 766	89 685 783	(1 263 765)	88 422 018	7,00%
				1 147 071 581	**910 852 271**	**78 747 051**	**131 463 596**	**35 599 748**	**1 156 662 666**	**(12 018 513)**	**1 144 644 153**	

Amounts in thousand of Kwanzas

	31/12/2022											
	Internal risk level	Country	Currency	Nominal value	Acquisition cost	Premium/ accrued discount	Changes in foreign exchange rates	Accrued interest	Gross 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	0
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**	

The breakdown of investments at amortized 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 amortized cost are presented in Note 30.4.

As at 30 June 2023 and 31 December 2022, impairment losses for Treasury Bonds, Treasury Bills, Eurobonds, and foreign Treasury Bonds were calculated based on the credit risk parameters provided by the international rating agency Moody's.

The reconciliation of the changes in the book value and stage impairment for investments at amortized cost is presented below:

Amounts in thousand of Kwanzas

	30/06/2023	
	Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2023	**956 579 426**	**10 211 818**
Impacts in results		
Purchased or originated financial assets	241 502 075	1 814 738
Variations due to changes in credit risk	-	(743 576)
Derecognized financial assets	180 809 350	(748 143)
Subtotal	**1 019 272 151**	**10 534 837**
Exchange rate changes and other movements	137 390 515	1 483 676
Balance as at 30 June 2023	**1 156 662 666**	**12 018 513**

Amounts in thousand of Kwanzas

	31/12/2022					
	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**
Impacts in results						
Purchased or originated financial assets	351 177 597	4 178 005	-	-	351 177 597	4 178 005
Variations due to changes in credit risk	-	(1 239 583)	-	-	-	(1 239 583)
Derecognized 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 30 June 2023 and 31 December 2022, the impairment for investments at amortized cost is AOA 12,018,513 thousand and AOA 10,211,818, respectively (see Note 17).

9. LOANS AND ADVANCES TO CUSTOMERS

As at 30 June 2023 and 31 December 2022, the caption of Loans had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Loans falling due		
Credit cards	1 392 206	1 349 395
Consumer credit	75 788 080	70 672 424
Motor vehicle loans	85 578	29 688
Mortgages	23 266 600	22 278 423
Overdrafts	850 570	744 178
Corporate - less significant exposures	2 426 529	2 690 878
Corporate - significant exposures	269 997 783	238 414 400
State	154 143 439	114 991 966
Total loans falling due	**527 950 785**	**451 171 352**
Loans and interest overdue		
Credit cards	456 915	343 904
Consumer credit	3 408 705	2 295 161
Motor vehicle loans	312	1 160
Mortgages	2 342 379	1 436 749
Overdrafts	1 913 584	838 774
Corporate - less significant exposures	398 635	277 274
Corporate - significant exposures	10 816 820	9 343 584
Total loans and interest overdue	**19 337 350**	**14 536 606**
Total loans granted	547 288 135	465 707 958
Income receivable from loans granted	6 825 837	5 709 091
	554 113 972	471 417 049
Impairment for loans and advances (Note 17)	(57 340 914)	(53 991 485)
	496 773 058	417 425 564

As at 30 June 2023 and 31 December 2022, the short-term investments in banks earned interest at the following annual weighted average rates:

	30/06/2023	31/12/2022
In Kwanzas	15,42%	15,13%
In United States Dollars	8,58%	9,02%

As at 30 June 2023 and 31 December 2022, the group of ten largest debtors represents 64.05% and 56.05%, respectively, of the total loan portfolio (excluding guarantees provided and documentary credits).

In the period ended 31 December 2022, loans were written-off in the amount of AOA 557,019 thousand (Note 17), in accordance with the criteria defined by the Bank.

In the six-month period ended 30 June 2023 and in the period ended 31 December 2022, there were recoveries of loans and interest previously written off or written down from assets, in the amounts of AOA 153,186 thousand (Note 24) and AOA 331,428 thousand, respectively.

The loan portfolio, by segment, presents the following structure:

Amounts in thousand of Kwanzas

30/06/2023	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 credit impaired**	**Loans Stage 3**	**of which no longer in default**	**of which restructured**	**Of which acquired or originated credit impaired**	**Total impairment (Note 17)**	**Loans in Stage 1**	**Loans in Stage 2**	**Loans in Stage 3**
Credit cards	1 849 121	743 220	-	-	732 518	1 474	-	-	373 383	-	-	-	464 773	16 031	125 995	322 747
Consumer credit	79 599 444	72 671 809	-	-	2 912 644	286	14 021	-	4 014 991	-	28 409	-	3 697 296	798 139	162 918	2 736 239
Motor vehicle loans	86 154	85 842	-	-	-	-	-	-	312	-	-	-	820	685	-	135
Mortgages	25 629 482	17 044 934	-	1 010 520	1 647 287	-	1 234 165	-	6 937 261	-	1 833 421	-	6 004 719	279 727	271 884	5 453 108
Overdrafts	2 764 153	587 912	-	-	852 858	998	-	-	1 323 383	-	-	-	968 822	7 153	46 529	915 140
Corporate - less significant exposures	2 884 398	1 989 748	-	-	311 136	-	137 783	-	583 514	-	121 765	-	387 727	44 559	48 455	294 713
Corporate - significant exposures	281 856 790	204 539 813	-	4 560 834	22 613 155	-	20 741 596	-	54 703 822	-	42 181 840	-	43 985 491	3 336 322	6 074 348	34 574 821
State	159 444 430	146 920 924	-	-	12 523 506	-	-	-	-	-	-	-	1 831 266	1 793 996	37 270	-
On-balance sheet exposure	**554 113 972**	**444 584 202**	**-**	**5 571 354**	**41 593 104**	**2 758**	**22 127 565**	**-**	**67 936 666**	**-**	**44 165 435**	**-**	**57 340 914**	**6 276 612**	**6 767 399**	**44 296 903**
Documentary credits and guarantees provided																
Corporate - less significant exposures	43 333 385	43 268 698	-	-	64 687	-	-	-	-	-	-	-	39 466	36 285	3 181	-
Corporate - significant exposures	74 267 179	74 014 223	-	-	252 956	-	-	-	-	-	-	-	497 735	496 633	1 102	-
Undrawn credit facilities	38 315 030	37 589 545	-	-	608 733	-	-	-	116 752	-	-	-	121 203	106 143	1 709	13 351
Off-balance sheet exposure	155 915 594	154 872 466	-	-	926 376	-	-	-	116 752	-	-	-	658 404	639 061	5 992	13 351
Total exposure	**710 029 566**	**599 456 668**	**-**	**5 571 354**	**42 519 480**	**2 758**	**22 127 565**	**-**	**68 053 418**	**-**	**44 165 435**	**-**	**57 999 318**	**6 915 673**	**6 773 391**	**44 310 254**

Amounts in thousand of Kwanzas

31/12/2022	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 credit impaired	Loans Stage 3	of which no longer in default	of which restructured	Of which acquired or originated credit impaired	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**

The loan portfolio and impairment by range of days past due presents the following structure:

Amounts in thousand of Kwanzas

30/06/2023	Exposures								
	Exposures without a significant Increase in credit risk since Initial recognition (Stage 1)			Exposures with a significant Increase in credit risk since Initial recognition and which are not credit impaired (Stage 2)			Exposure with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	743 220	-	-	649 917	82 601	-	27 304	4 617	341 462
Consumer credit	72 671 809	-	-	2 475 622	437 022	-	125 344	28 430	3 861 217
Motor vehicle loans	85 842	-	-	-	-	-	-	-	312
Mortgages	17 044 934	-	-	1 308 803	215 458	123 026	995 825	126 271	5 815 165
Overdrafts	587 912	-	-	256 208	592 103	4 547	6 449	3 686	1 313 248
Corporate - less significant exposures	1 989 748	-	-	242 777	68 324	35	43 069	1 278	539 167
Corporate - significant exposures	203 836 102	703 711	-	22 394 331	-	218 824	42 448 411	-	12 255 411
State	146 920 924	-	-	12 523 506	-	-	-	-	-
On-balance sheet exposure	**443 880 491**	**703 711**	**-**	**39 851 164**	**1 395 508**	**346 432**	**43 646 402**	**164 282**	**24 125 982**
Documentary credits and guarantees provided									
Corporate - less significant exposures	43 268 698	-	-	64 687	-	-	-	-	-
Corporate - significant exposures	74 014 223	-	-	252 956	-	-	-	-	-
Undrawn credit facilities	**37 589 545**	**-**	**-**	**569 380**	**39 103**	**250**	**77 742**	**1 048**	**37 962**
Off-balance sheet exposure	**154 872 466**	**-**	**-**	**887 023**	**39 103**	**250**	**77 742**	**1 048**	**37 962**
Total exposure	**598 752 957**	**703 711**	**-**	**40 738 187**	**1 434 611**	**346 682**	**43 724 144**	**165 330**	**24 163 944**

Amounts in thousand of Kwanzas

30/06/2023	Impairment								
	Impairment without a significant increase in credit risk since initial recognition (Stage 1)			Impairment without a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposure with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	16 031	-	-	85 329	40 666	-	20 429	3 602	298 716
Consumer credit	798 139	-	-	41 106	121 812	-	78 188	13 016	2 645 035
Motor vehicle loans	685	-	-	-	-	-	-	-	135
Mortgages	279 727	-	-	170 658	59 669	41 557	643 594	107 467	4 702 047
Overdrafts	7 153	-	-	4 649	41 537	343	2 526	1 456	911 158
Corporate - less significant exposures	44 559	-	-	30 353	18 093	9	28 982	665	265 066
Corporate - significant exposures	3 202 408	133 914	-	6 012 997	-	61 351	24 542 863	-	10 031 958
State	1 793 996	-	-	37 270	-	-	-	-	-
On-balance sheet exposure	**6 142 698**	**133 914**	**-**	**6 382 362**	**281 777**	**103 260**	**25 316 582**	**126 206**	**18 854 115**
Documentary credits and guarantees provided									
Corporate - less significant exposures	36 285	-	-	3 181	-	-	-	-	-
Corporate - significant exposures	496 633	-	-	1 102	-	-	-	-	-
Undrawn credit facilities	**106 143**	**-**	**-**	**1 675**	**10**	**24**	**8 736**	**103**	**4 512**
Off-balance sheet exposure	**639 061**	**-**	**-**	**5 958**	**10**	**24**	**8 736**	**103**	**4 512**
Total exposure	**6 781 759**	**133 914**	**-**	**6 388 320**	**281 787**	**103 284**	**25 325 318**	**126 309**	**18 858 627**

Amounts in thousand of Kwanzas

31/12/2022	Exposures								
	Exposures without a significant Increase in credit risk since Initial recognition (Stage 1			Exposures with a significant Increase in credit risk since Initial recognition and which are not credit impaired (Stage 2)			Exposure with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
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**

Amounts in thousand of Kwanzas

31/12/2022	Impairment								
	Impairment without a significant increase in credit risk since initial recognition (Stage 1)			Impairment without a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposure with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	47 913	-	-	2 177	19 686	62	39 427	4 607	233 235
Consumer credit	610 332	-	-	29 887	71 165	-	100 884	14 685	1 791 674
Motor vehicle loans	287	-	-	-	-	-	-	-	1 161
Mortgages	358 888	-	-	122 884	71 418	41 090	1 112 882	104 633	3 063 002
Overdrafts	6 895	-	-	4 832	4 649	374	3 359	378	443 393
Corporate - less significant exposures	54 737	-	-	707	8 579	8	46 610	279	107 903
Corporate - significant exposures	3 950 304	118 267	-	6 512 761	8	-	24 819 780	-	8 735 164
State	1 255 481	-	-	75 038	-	-	-	-	-
On-balance sheet exposure	**6 284 837**	**118 267**	**-**	**6 748 286**	**175 505**	**41 534**	**26 122 942**	**124 582**	**14 375 532**
Documentary credits and guarantees provided									
Corporate - less significant exposures	23 284	-	-	-	-	-	-	-	-
Corporate - significant exposures	482 265	-	-	4 532	-	-	-	-	-
Undrawn credit facilities	**102 607**	**-**	**-**	**2 797**	**154**	**-**	**41 622**	**225**	**3 839**
Off-balance sheet exposure	**608 156**	**-**	**-**	**7 329**	**154**	**-**	**41 622**	**225**	**3 839**
Total exposure	**6 892 993**	**118 267**	**-**	**6 755 615**	**175 659**	**41 534**	**26 164 564**	**124 807**	**14 379 371**

The following is a breakdown of the credit portfolio by segment and by year in which the operations were granted:

Amounts in thousand of Kwanzas

	30/06/2023														
	Credit cards			Consumer credit			Motor vehicles loans			Mortgages			Overdrafts		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2018 and prior years	17 841	1 457 400	435 405	5 239	2 815 238	1 971 104	67	312	135	234	6 437 703	3 918 702	12 293	1 760 480	633 751
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	1 633	88 029	8 902	6 383	5 971 464	524 643	2	2 099	12	541	15 953 453	1 898 719	1 695	294 915	195 415
2021	1 570	134 884	7 617	7 518	13 344 030	358 644	-	-	-	23	958 317	73 015	1 346	142 213	33 477
2022	2 109	143 438	11 708	14 510	33 783 850	542 161	1	23 310	297	29	1 404 703	97 077	1 534	217 874	47 884
2023	444	25 370	1 141	6 932	23 684 862	300 744	3	60 433	376	17	875 306	17 206	329	348 671	58 295
Total	**23 597**	**1 849 121**	**464 773**	**40 582**	**79 599 444**	**3 697 296**	**73**	**86 154**	**820**	**844**	**25 629 482**	**6 004 719**	**17 197**	**2 764 153**	**968 822**

Amounts in thousand of Kwanzas

	30/06/2023														
	Corporate - less significant expo sures			Corporate - significant exposures			State			Documentary credits and guarantees provided			Undrawn credit facilities		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2017 and prior years	1 439	614 662	104 155	217	13 319 405	4 754 287	4	65 909 468	678 694	7	6 982 814	6 881	31 359	25 620 962	65 821
2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	1 067	271 565	76 991	24	18 195 703	7 152 790	1	3 980 317	16 857	6	20 869 448	62 265	4 393	2 800 960	12 259
2020	590	529 323	70 262	42	119 318 834	4 733 041	-	-	-	8	25 616 977	72 590	3 499	6 661 465	33 491
2021	135	1 008 040	107 302	57	76 831 372	26 587 159	3	57 659 358	730 057	31	23 435 382	161 208	3 723	2 856 947	8 520
2022	26	460 808	29 017	31	54 191 476	758 214	1	31 895 287	405 658	143	40 695 943	234 257	782	374 696	1 112
Total	**3 257**	**2 884 398**	**387 727**	**371**	**281 856 790**	**43 985 491**	**9**	**159 444 430**	**1 831 266**	**195**	**117 600 564**	**537 201**	**43 756**	**38 315 030**	**121 203**

Amounts in thousand of Kwanzas

Segment	31/12/2022														
	Credit cards			Consumer credit			Motor vehicles loans			Mortgages			Overdrafts		
	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
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**

Amounts in thousand of Kwanzas

Segment	31/12/2022														
	Corporate - less significant expo sures			Corporate - significant exposures			State			Documentary credits and guarantees provided			Undrawn credit facilities		
	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
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**

The detail of the amount of the gross credit exposure and the amount of impairment constituted for the exposures analyzed individually and collectively, by segment, corresponds to the following:

Amounts in thousand of Kwanzas

By segment: 30/06/2023	Credit cards		Consumer credit		Motor vehicles loans		Mortgages		Overdrafts	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	1 846 780	464 253	76 515 833	2 018 404	86 154	820	21 440 770	3 628 680	2 764 153	968 822
Individual impairment	2 341	520	3 083 611	1 678 892	-	-	4 188 712	2 376 039	-	-
Total	**1 849 121**	**464 773**	**79 599 444**	**3 697 296**	**86 154**	**820**	**25 629 482**	**6 004 719**	**2 764 153**	**968 822**

Amounts in thousand of Kwanzas

By segment: 30/06/2023	Corporate - loss significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	2 603 977	338 347	12 453 623	270 373	-	-	9 574 813	25 682	12 546 240	44 501
Individual impairment	280 421	49 380	269 403 167	43 715 118	159 444 430	1 831 266	108 025 751	511 519	25 768 790	76 702
Total	**2 884 398**	**387 727**	**281 856 790**	**43 985 491**	**159 444 430**	**1 831 266**	**117 600 564**	**537 201**	**38 315 030**	**121 203**

Amounts in thousand of Kwanzas

By segment: 31/12/2022	Credit cards		Consumer credit		Motor vehicles loans		Mortgages		Overdrafts	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective 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**

Amounts in thousand of Kwanzas

By segment: 31/12/2022	Corporate - loss significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective 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**

The detail of the amount of the gross credit exposure and the amount of impairment constituted for the exposures analyzed individually and collectively, by sector of activity, corresponds to the following:

Amounts in thousand of Kwanzas

By business sector: 30/06/2023	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	49	-	3 224 266	133 694	504 186	106 524	68 462	5 368	83 293	1 614
Individual impairment	18 004	1	39 993 624	942 806	46 954 364	4 521 515	438 119	271 511	3 079 181	3 079 181
Total	**18 053**	**1**	**43 217 890**	**1 076 500**	**47 458 550**	**4 628 039**	**506 581**	**276 879**	**3 162 474**	**3 080 795**

Amounts in thousand of Kwanzas

By business sector: 30/06/2023	Real Estate, rental and services rendered by Companies		Cultural, recreational and suports activities		Public administration, defense and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	118 765	2 924	473 591	47 788	246	126	2 746 351	63 318	57 522	14 073
Individual impairment	107 123	935	1 660 427	68 230	159 444 430	1 831 267	64 366 596	23 102 110	2 805 590	50 816
Total	**225 888**	**3 859**	**2 134 018**	**116 018**	**159 444 676**	**1 831 393**	**67 112 947**	**23 165 428**	**2 863 112**	**64 889**

Amounts in thousand of Kwanzas

By business sector: 30/06/2023	Manufacturing industries		Other services companies		Individuals		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	548 067	3 472	6 580 838	209 954	102 712 648	7 083 414	50 390	386	14 975	2 128	527 641	14 916
Individual impairment	16 818 556	2 943 006	92 758 998	8 601 593	7 296 143	4 067 413	460 981	40 766	191 337	129 983	9 209	82
Total	**17 366 623**	**2 946 478**	**99 339 836**	**8 811 547**	**110 008 791**	**11 150 827**	**511 371**	**41 152**	**206 312**	**132 111**	**536 850**	**14 998**

Amounts in thousand of Kwanzas

By business sector: 31/12/2022	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective 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**

Amounts in thousand of Kwanzas

By business sector: 31/12/2022	Real Estate, rental and services rendered by Companies		Cultural, recreational and suports activities		Public administration, defense and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective 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**

Amounts in thousand of Kwanzas

By business sector: 31/12/2022	Manufacturing industries		Other services companies		Individuals		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective 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**

The details of the restructured loan portfolio, by restructuring measure applied, are as follows:

Amounts in thousand of Kwanzas

	30/06/2023											
	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	Impairment
Term extension	3	3 430 932	50 504	19	4 215 440	1 672 872	29	37 826 090	22 840 354	51	45 472 462	24 563 730
New loan	11	2 140 422	173 071	46	17 912 125	4 510 366	55	6 339 345	5 773 996	112	26 391 892	10 457 433
Total	**14**	**5 571 354**	**223 575**	**65**	**22 127 565**	**6 183 238**	**84**	**44 165 435**	**28 614 350**	**163**	**71 864 354**	**35 021 163**

Amounts in thousand of Kwanzas

	31/12/2022											
	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	Impairment
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**

The movements in and out of the restructured loan portfolio were as follows:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Opening balance of restructured loans portfolio (gross of impairment + interest)	**72 756 618**	**66 185 350**
Restructrured loans in the period	876 891	9 680 594
Accrued interest on the restructured loan portfolio	401 169	878 146
Settlement of restructured credit (partial or total)	(2 785 510)	(3 248 735)
Loans reclassified from “restructured” to “normal”	-	(745 129)
Other	615 186	6 392
Closing balance of restructured loans portfolio (gross of impairment + interest)	**71 864 354**	**72 756 618**

The detail of the guarantees underlying the loan portfolio of the corporate, construction and real estate development, and residential segments is as follows:

Amounts in thousand of Kwanzas

	30/06/2023											
	Corporate				Construction and real estrate promotion				Housing			
	Real State		Other real guarantees		Real State		Other real guarantees		Real State		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50MAOA	14	255 744	55	906 113	-	0	3	59 916	51	1 515 536	3	49 071
> = 50MAOA e < 100 MAOA	9	719 284	18	1 154 333	-	0	2	171 386	89	6 916 983	-	-
> = 100 MAOA e < 500 MAOA	32	7 300 414	33	7 263 330	1	187 375	4	1 017 730	203	41 925 026	5	1 464 833
> = 500 MAOA e < 1000 MAOA	13	8 778 310	8	4 678 124	-	0	1	958 725	11	6 907 729	2	1 398 998
> = 1000 MAOA e < 2000 MAOA	34	28 131 032	6	5 740 531	1	1 900 000	-	-	3	4 254 600	-	-
> = 2000 MAOA e < 5000 MAOA	8	22 061 899	11	34 652 823	2	7 641 052	-	-	3	5 629 888	-	-
> = 5.000 MAOA	23	297 025 274	12	122 943 019	2	62 557 879	6	70 089 612	-	0	-	-
Total	**133**	**364 271 957**	**143**	**177 338 273**	**6**	**72 286 306**	**16**	**72 297 369**	**360**	**67 149 762**	**10**	**2 912 902**

Amounts in thousand of Kwanzas

	31/12/2022											
	Corporate				Construction and real estrate promotion				Housing			
	Real State		Other real guarantees		Real State		Other real guarantees		Real State		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50MAOA	10	197 227	47	841 442	1	47 100	3	59 916	80	2 579 694	3	69 621
> = 50MAOA e < 100 MAOA	12	841 446	17	1 081 862	1	93 183	1	80 500	121	8 401 671	-	-
> = 100 MAOA e < 500 MAOA	37	8 187 890	33	7 090 220	-	-	4	1 244 121	146	25 307 384	5	1 173 600
> = 500 MAOA e < 1000 MAOA	12	6 194 948	8	4 972 385	-	-	-	-	3	2 213 092	1	503 691
> = 1000 MAOA e < 2000 MAOA	26	20 030 312	4	4 309 610	1	1 900 000	-	-	3	2 236 987	-	-
> = 2000 MAOA e < 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**

In order to mitigate the credit risk, credit operations have associated guarantees, namely mortgages or pledges. The fair value of these guarantees is determined on the date the loan is granted and is periodically reassessed.

The loan-guarantee ratio of the corporate, construction and real estate development, and residential segments has the following structure:

Amounts in thousand of Kwanzas

	30/06/2023					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without guarantee	-	-	9 457 676	1 135 315	13 785 507	10 471 089
< 50%	5	15	13 179 946	6 714	-	232 026
> = 50% e < 75%	2	8	1 203 994	60 688	339 000	165 731
> = 75% e < 100%	7	21	15 502 838	-	36 929 896	22 780 917
> = 100%	119	99	101 794 733	14 672 749	3 548 598	5 814 345
Construction and Real Estate Promotion						
Without guarantee	-	-	6 885 452	3 000 508	539 089	2 564 799
< 50%	-	1	-	-	-	-
> = 50% e < 75%	-	-	-	-	-	-
> = 75% e < 100%	-	5	26 067 617	-	-	274 951
> = 100%	6	10	32 955 782	4 048 317	137 028	2 066 180
Residential						
Without guarantee	-	-	6 910 932	1 305 474	2 783 601	2 830 787
< 50%	6	1	127 375	3 717	234 583	236 174
> = 50% e < 75%	-	-	-	-	-	-
> = 75% e < 100%	8	1	201 924	-	1 585 496	1 275 318
> = 100%	346	8	9 819 608	338 096	4 779 250	3 340 571
Total	**499**	**169**	**224 107 877**	**24 571 578**	**64 662 048**	**52 052 888**

Amounts in thousand of Kwanzas

	31/12/2022					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without guarantee	-	-	7 936 562	98 898	6 738 257	6 972 960
< 50%	2	19	22 043 923	-	214 937	679 769
> = 50% e < 75%	2	11	829 653	399 825	36 852 647	22 492 514
> = 75% e < 100%	1	15	2 212 695	-	422 234	167 808
> = 100%	124	87	91 852 933	17 186 191	8 564 268	9 025 885
Construction and Real Estate Promotion						
Without guarantee	-	-	15 872 257	3 005 122	538 882	2 538 559
< 50%	-	-	-	-	-	-
> = 50% e < 75%	-	1	613 151	-	-	217
> = 75% e < 100%	3	5	22 911 464	-	-	612 398
> = 100%	3	7	10 545 317	4 305 213	143 623	1 859 731
Residential						
Without guarantee	-	-	7 753 072	746 976	2 695 794	2 858 420
< 50%	3	-	131 583	4 588	-	803
> = 50% e < 75%	2	-	46 554	-	-	136
> = 75% e < 100%	4	2	65 416	-	970 423	775 980
> = 100%	345	7	9 095 135	368 407	3 377 402	2 264 318
Total	**489**	**154**	**191 909 715**	**26 115 220**	**60 518 467**	**50 249 498**

The distribution of the loan portfolio and impairment measured by internal risk degrees is presented as follows:

Amounts in thousand of Kwanzas

Segment	Exposure as at 30/06/2023							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	1 381 916	45 256	18 230	24 274	10 131	369 314	1 849 121
Consumer credit	1 497 689	73 653 758	340 173	168 490	181 954	64 869	3 692 511	79 599 444
Motor vehicles loans	-	85 842	-	-	-	-	312	86 154
Mortgages	69 999	19 234 580	191 522	97 938	241 945	49 777	5 743 721	25 629 482
Overdrafts	176	930 083	187 762	327 566	408 724	25 245	884 597	2 764 153
Corporate - less significant exposures	77 533	2 197 899	22 353	46 808	96 703	82 587	360 515	2 884 398
Corporate - significant exposures	100 349 806	157 237 588	703 711	-	774 002	71 741	22 719 942	281 856 790
State	159 444 430	-	-	-	-	-	-	159 444 430
On-balance sheet exposure	**261 439 633**	**254 721 666**	**1 490 777**	**659 032**	**1 727 602**	**304 350**	**33 770 912**	**554 113 972**
Documentary credits and guarantees								
Corporate - less significant exposures	212 173	43 121 212	-	-	-	-	-	43 333 385
Corporate - significant exposures	6 453 171	67 814 008	-	-	-	-	-	74 267 179
Undrawn credit facilities	1 177 529	37 031 405	34 439	11 486	11 724	7 238	41 209	38 315 030
Off-balance sheet exposure	**7 842 873**	**147 966 625**	**34 439**	**11 486**	**11 724**	**7 238**	**41 209**	**155 915 594**
Total exposure	**269 282 506**	**402 688 291**	**1 525 216**	**670 518**	**1 739 326**	**311 588**	**33 812 121**	**710 029 566**

Amounts in thousand of Kwanzas

Segment	Impairment as at 30/06/2023							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	102 617	21 948	8 665	11 529	5 216	314 798	464 773
Consumer credit	9 586	898 819	56 751	61 866	82 023	27 889	2 560 362	3 697 296
Motor vehicles loans	-	685	-	-	-	-	135	820
Mortgages	239	1 050 380	77 198	69 665	145 180	20 289	4 641 768	6 004 719
Overdrafts	-	20 711	11 868	24 769	146 925	9 032	755 517	968 822
Corporate - less significant exposures	190	103 672	5 843	12 737	46 787	28 051	190 447	387 727
Corporate - significant exposures	1 359 767	26 895 396	133 914	-	161 324	18 859	15 416 231	43 985 491
State	1 831 266	-	-	-	-	-	-	1 831 266
On-balance sheet exposure	**3 201 048**	**29 072 280**	**307 522**	**177 702**	**593 768**	**109 336**	**23 879 258**	**57 340 914**
Documentary credits and guarantees								
Corporate - less significant exposures	1 586	37 880	-	-	-	-	-	39 466
Corporate - significant exposures	2 228	495 507	-	-	-	-	-	497 735
Undrawn credit facilities	8 270	105 646	156	164	1 202	719	5 046	121 203
Off-balance sheet exposure	**12 084**	**639 033**	**156**	**164**	**1 202**	**719**	**5 046**	**658 404**
Total exposure	**3 213 132**	**29 711 313**	**307 678**	**177 866**	**594 970**	**110 055**	**23 884 304**	**57 999 318**

Amounts in thousand of Kwanzas

Segment	Exposure as at31/12/2022							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	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 vehicles 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								
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**

Amounts in thousand of Kwanzas

Segment	Impairment as at 31/12/2022							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	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 vehicles 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								
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**

As at 30 June 2023 and 31 December 2022, the risk levels presented in the table above, are in accordance with the classification of Instruction No. 9/2015 of the Banco Nacional de Angola.

As at 30 June 2023 and 31 December 2022, the details of the customer loan portfolio according to credit risk categories (Stage 1, Stage 2 and Stage 3) are as follows:

Amounts in thousand of Kwanzas

30/06/2023	Exposure				Impairment			
Segment	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit carts	743 220	732 518	373 383	1 849 121	16 031	125 995	322 747	464 773
Consumer credit	72 671 809	2 912 644	4 014 991	79 599 444	798 139	162 918	2 736 239	3 697 296
Motor vehicles loans	85 842	-	312	86 154	685	-	135	820
Mortgages	17 044 934	1 647 287	6 937 261	25 629 482	279 727	271 884	5 453 108	6 004 719
Overdrafts	587 912	852 858	1 323 383	2 764 153	7 153	46 529	915 140	968 822
Corporate - less significant exposures	1 989 748	311 136	583 514	2 884 398	44 559	48 455	294 713	387 727
Corporate - significant exposures	204 539 813	22 613 155	54 703 822	281 856 790	3 336 322	6 074 348	34 574 821	43 985 491
State	146 920 924	12 523 506	-	159 444 430	1 793 996	37 270	-	1 831 266
On-balance sheet exposure	**444 584 202**	**41 593 104**	**67 936 666**	**554 113 972**	**6 276 612**	**6 767 399**	**44 296 903**	**57 340 914**
Documentary credits and guarantees								
Corporate - less significant exposures	43 268 698	64 687	-	43 333 385	36 285	3 181	-	39 466
Corporate - significant exposures	74 014 223	252 956	-	74 267 179	496 633	1 102	-	497 735
Undrawn credit facilities	37 589 545	608 733	116 752	38 315 030	106 143	1 709	13 351	121 203
Off-balance sheet exposure	**154 872 466**	**926 376**	**116 752**	**155 915 594**	**639 061**	**5 992**	**13 351**	**658 404**
Total exposure	**599 456 668**	**42 519 480**	**68 053 418**	**710 029 566**	**6 915 673**	**6 773 391**	**44 310 254**	**57 999 318**

Amounts in thousand of Kwanzas

31/12/2022	Exposure				Impairment			
Segment	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit carts	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 vehicles 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								
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**

The movement in Loans to customers by Stage in the six-month period ended 30 June 2023 and 31 December 2022, was as follows:

Amounts in thousand of Kwanzas

	30/06/2023							
	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 2023	**367 041 244**	**6 403 104**	**41 423 440**	**6 965 325**	**62 952 365**	**40 623 056**	**471 417 049**	**53 991 485**
Purchased or originated financial assets	143 862 656	1 453 116	-	-	-	-	143 862 656	1 453 116
Variations due to changes in credit risk		(1 446 456)		(298 303)		613 705	-	(1 131 054)
Derecognized financial assets	(39 702 493)	(356 640)	(402 631)	(15 938)	(245 884)	(135 354)	(40 351 008)	(507 932)
Transfers to:								
Stage 1	3 637 095	366 881	(3 631 634)	(363 465)	(5 461)	(3 416)	-	-
Stage 2	(6 765 071)	(478 377)	7 358 809	994 841	(593 738)	(516 464)	-	-
Stage 3	(1 507 360)	(320 648)	(423 724)	(98 182)	1 931 084	418 830	-	-
Loans written off from assets					-	-	-	-
Settlements, exchange rate changes and other	(21 981 869)	655 632	(2 731 156)	(416 879)	3 898 300	3 296 546	(20 814 725)	3 535 299
Balance as at 30 June 2023	**444 584 202**	**6 276 612**	**41 593 104**	**6 767 399**	**67 936 666**	**44 296 903**	**554 113 972**	**57 340 914**

Amounts in thousand of Kwanzas

	31/12/2022							
	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**

The risk factors associated with the impairment model, by segment, correspond to the following:

	Impairment in June 2023 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 e 2	Stage 3
Credit cards	1.8%	25.6%	48.1%	72.2%
Consumer credit	3.4%	7.6%	43.3%	74.6%
Motor vehicles loans	3.3%	8.4%	43.2%	71.7%
Mortgages	2.5%	10.8%	44.2%	77.4%
Overdrafts	3.0%	14.3%	36.0%	62.5%
Corporate - less significant exposures	16.1%	41.7%	36.7%	45.9%
Corporate - significant exposures	6.5%	17.6%	32.2%	52.5%

	Impairment in Dezembro 2022 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 e 2	Stage 3
Credit cards	2.6%	18.0%	53.9%	87.2%
Consumer credit	3.0%	12.7%	44.0%	93.4%
Motor vehicles 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%

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 30 June 2023 and 31 December 2022, this item is analysed as follows:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Non-current assets held for sale		
Properties	606 592	606 592
Accumulated impairment losses (Note 17)	(606 592)	(606 592)
	-	-

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 30 June 2023 and 31 December 2022, are presented as follows:

Amounts in thousand of Kwanzas

	30/06/2023				
	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 - Fundo de pensões SGFP, S.A.	Angola	2022	876 960	97,44%	876 960
Total investments in subsidiaries, associates and joint ventures					**1 117 215**

Amounts in thousand of Kwanzas

	31/12/2022				
	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 - Fundo de pensões SGFP, S.A.	Angola	2022	876 960	97,44%	876 960
Total investments in subsidiaries, associates and joint ventures					**1 117 215**

As part of BFA's strategy, in 2022, the companies BFA Capital Markets, SDVM, S.A. and BFA - Fundo de Pensões SGFP, S.A. were incorporated.

In the first half of 2023 and in 2022, 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 periods ended 30 June 2023 and 31 December 2022:

Amounts in thousand of Kwanzas

	30/06/2023													
	Balances as at 31/12/2022								Amortization		Balance as at 30/06/2023			
	Gross assets	Accumulated depreciation	Impairment	Net assets	Increases	Impairment	Transfers	Write - offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated depreciation	Impairment	Net assets
Property, plants and equipment														
Real Estate for own use	32 648 299	(11 636 873)	(408 792)	20 602 634	-	5 958	-	-	(427 286)	58	32 648 299	(12 064 101)	(402 834)	20 181 364
Fumiture, tools, facilities and equipment	39 063 645	(25 871 427)	-	13 192 218	2 513 678	-	-	(250 629)	(3 144 297)	213 917	41 326 694	(28 801 807)	-	12 524 887
Assets under construction	237 061	-	-	237 061	940 291	-	-	-	-	-	1 177 352	-	-	1 177 352
Right-of-use assets:														
Branches	4 875 889	(2 836 944)	-	2 038 945	405 158	-	-	-	(339 250)	-	5 281 047	(3 176 194)	-	2 104 853
Offices and central services	2 521 622	(2 094 287)	-	427 335	658 028	-	-	-	(288 244)	-	3 179 650	(2 382 531)	-	797 119
Other	627 432	(440 648)	-	186 784	-	-	-	(33 317)	(80 119)	24 989	594 115	(495 778)	-	98 337
Subtotal	**79 973 948**	**(42 880 179)**	**(408 792)**	**36 684 977**	**4 517 155**	**5 958**	**-**	**(283 946)**	**(4 279 196)**	**238 964**	**84 207 157**	**(46 920 411)**	**(402 834)**	**36 883 912**
Intangible assets														
Automatic data processing systems (Software)	16 891 239	(8 771 554)	-	8 119 685	1 939 789	-	-	-	(2 089 113)	-	18 833 388	(10 860 667)	-	7 970 361
Organization 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	**17 086 762**	**(8 967 077)**	**-**	**8 119 685**	**1 939 789**	**-**	**-**	**-**	**(2 089 113)**	**-**	**19 028 911**	**(11 056 190)**	**-**	**7 970 361**
Total	**97 060 710**	**(51 847 256)**	**-**	**44 804 662**	**6 456 944**	**5 958**	**-**	**(283 946)**	**(6 368 309)**	**238 964**	**103 236 068**	**(57 976 601)**	**(402 834)**	**44 854 273**

Amounts in thousand of Kwanzas

	31/12/2022													
	Balances as at 31/12/2021								Amortization		Balances as at 31/12/2022			
	Gross assets	Accumulated depreciation	Impairment	Net assets	Increases	Impairment	Transfers	Write - offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated depreciation	Impairment	Net assets
Property, plants 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
Fumiture, 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
Organization 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	**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**

As at 31 December 2022, the increase in Property in use relates to the acquisition of a plot of land for own use.

As at 30 June 2023, the increase in furniture, fixtures, installations and equipment relates to the acquisition of IT equipment. As at 31 December 2022, the increase in furniture, fixtures, installations and equipment relates to the acquisition of IT equipment and transport equipment.

As at 30 June 2023 and 31 December 2022, the increase in automatic data processing systems relates to the acquisition of software.

13. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As at 30 June 2023 and 31 December 2022, the balances of current tax assets and liabilities have the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Current tax assets	145 408	145 408
Total - Current tax assets	**145 408**	**145 408**
Current tax liabilities:	-	-
VAT	1 226 516	1 014 651
On capital gains	9 911 426	9 029 552
On income from employment	1 034 983	598 236
Contributions to social security	495 494	342 437
Total - Current tax liabilities	**12 668 419**	**10 984 876**

In the six-month periods ended 30 June 2023 and 2022, 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:

Amounts in thousand of Kwanzas

	30/06/2023	30/06/2022
Capital Gains Tax	6 821 689	12 502 180
Total tax recorded in profit or loss	**6 821 689**	**12 502 180**
Profit before tax	**89 872 293**	**79 729 604**
Effective tax rate	7.59%	15.68%

The reconciliation between the nominal tax rate and the tax charge for the six-month periods ended 30 June 2023 and 2022, can be analyzed as follows:

Amounts in thousand of Kwanzas

	30/06/2023		30/06/2022	
	Tax rate	Value	Tax rate	Value
Profit before tax		89 872 292		79 729 604
Tax calculated using nominal tax rate	35.00%	31 455 302	35.00%	27 905 361
Tax benefits on income from public debt securities not subject to II (subject to IAC)	-42.48%	(38 178 755)	-44.45%	(35 439 524)
Provisions and impairments	-0.66%	(592 739)	-0.54%	(433 996)
Paid and unpaid exchanges variations	18.02%	16 195 138	9.08%	7 242 811
Other permanent differences	0.43%	384 066	0.91%	725 349
Deductible tax losses	-9.47%	(8 511 264)	0.00%	-
Previous years tax credits	-0.84%	(751 748)	0.00%	-
Capital Gains Tax (IAC)	8.21%	6 821 689	15.68%	12 502 180
Income tax	**7.59%**	**6 821 689**	**15.68%**	**12 502 180**

Industrial tax

As mentioned in Note 2.15, the Bank is subject to Industrial Tax, and the applicable tax rate is 35% for the six-month periods ended 30 June 2023 and 2022.

Deferred tax

As at 30 June 2022 and 31 December 2022, the Bank had no deferred tax assets.

The Bank applies a rate of 35% to calculate deferred taxes.

As at 30 June 2023, the Bank fully used its tax losses carried forward from previous years.

The tax authorities may review the Bank's tax position for a period of five years, and as a result of different interpretations of tax law, potential adjustments to the respective tax/tax losses assessed may arise.

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 30 June 2023 and 31 December 2022, this caption has the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Foreign exchange transactions		
Foreign exchange spot transactions	8 911	15 818
	8 911	**15 818**
Other assets of a tax nature		
Other taxes receivable	2 109 541	2 103 421
	2 109 541	**2 103 421**
Other amounts of a civil nature		
Sundry debtors:		
Public sector Government	1 378 439	896 708
Private sector - Corporate	3 112 582	3 732 048
Private sector - Staff	1 346 583	1 431 905
Private sector - Retail	367	1 013
Advances to fixed asset suppliers	3 733 774	3 311 070
	9 571 745	**9 372 744**

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Other amounts of an administrative and commercial nature		
Prepaid expenses:		
Rents and leasings	11 600	25 483
Insurance	0	78 779
Other	698 731	473 115
	710 331	**577 377**
Office material	1 854 321	1 312 734
Other advances:		
Cash shortfalls	3 713	8 623
BFA - Capital Markets	529 639	499 054
BFA - Fundo de Pensões	122 940	120 646
Accruals	383 073	1 176 304
Other	696 770	552 452
	1 736 135	**2 357 079**
	15 990 984	**15 739 173**

As at 30 June 2023 and 31 December 2022, the balance of Foreign exchange spot transactions corresponds to foreign exchange transactions to be settled on D+1.

As at 30 June 2023 and 31 December 2022, Other taxes receivable essentially represents taxes recoverable through the provisional assessment of Industrial Tax.

As at 30 June 2023 and 31 December 2022, Other amounts of a civil nature – Sundry debtors: Advances to fixed assets suppliers refers to advances made to suppliers of property, plant and equipment in the course of the Bank's business.

As at 30 June 2023 and 31 December 2022, Other amounts of an administrative and commercial nature - Accruals refers to outstanding operations at the end of the month which were settled in the first days of the following month.

15. FUNDS OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 30 June 2023 and 31 December 2022, this caption has the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Transactions in the Interbank Money Market		
Deposits from credit institutions in the country - Loan (AOA)	33 937	32 112
Deposits from credit institutions abroad	-	3 069 090
Deposits from other entities		
Certified checks	437 584	537 461
Deposits linked to letters of credit	349 503	-
ATM transactions - pending settlement	15 567 939	6 989 609
Other	96 011	57 979
	16 484 974	**10 686 251**

The breakdown of Deposits from other credit institutions, by residual maturity, is disclosed in Note 30.2.

As at 30 June 2023 and 31 December 2022, the balance under Deposits from other entities relates essentially to interbank clearing values, namely, certified checks, ATM transactions, Multicaixa network transactions which are settled in the first days of the following month and import letters of credit.

16. CUSTOMERS FUNDS AND OTHER BORROWINGS

As at 30 June 2023 and 31 December 2022, the caption "Deposits from customers and other borrowings" has the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Demand deposits from residents		
In national currency	608 625 874	598 660 818
In foreign currency	381 628 061	263 011 913
	990 253 935	**861 672 731**
Demand deposits from non-residents		
In national currency	32 607 540	25 396 687
In foreign currency	7 225 901	4 620 118
	39 833 441	30 016 805
Interest on demand deposit	5 010	28 685
Total demand deposits	**1 030 092 386**	**891 718 221**
Term deposits from residents		
In national currency	520 592 282	449 847 152
In foreign currency	1 092 796 631	676 387 091
	1 613 388 913	1 126 234 243
Term deposits from non-residents	70 876 442	8 063 149
Interest on term deposits	15 869 722	14 269 591
Total term deposits	**1 700 135 077**	**1 148 566 983**
Total deposits	**2 730 227 463**	**2 040 285 204**

As at 30 June 2023 and 31 December 2022, term deposits from customers have the following structure, according to the residual maturity of the operations:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Up to 1 month	481 366 042	379 408 934
1 to 3 months	483 338 868	325 774 230
3 to 6 months	338 210 252	10 544 595
6 to 12 months	376 465 099	234 343 736
1 to 3 years	20 754 816	198 495 488
	1 700 135 077	**1 148 566 983**

As at 30 June 2023 and 31 December 2022, interest on customer term deposits earned interest at the following annual weighted average rates:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
In Kwanzas	10,31%	10,82%
In US Dollars	1,58%	1,40%
In Pound Sterling	0,58%	-
In Euro	0,45%	0,08%

As at 30 June 2023 and 31 December 2022, demand and term deposits presented the following structure, by type of customer:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Demand deposits		
Public Sector - Government	109 139 192	125 329 625
Public Sector - Corporate	26 109 222	10 404 615
Corporate	528 242 550	449 856 773
Retail	366 601 422	306 127 208
	1 030 092 386	**891 718 221**
Terms deposits		
Public Sector - Government	50 707 078	44 523 141
Public Sector - Corporate	23 472 303	15 123 613
Corporate	876 783 613	547 066 858
Retail	749 172 083	541 853 371
	1 700 135 077	**1 148 566 983**
	2 730 227 463	**2 040 285 204**

17. IMPAIRMENT AND PROVISIONS

The movement in impairment and provisions during the six-month period ended 30 June 2023 and 31 December 2022 was as follows:

Amounts in thousand of Kwanzas

	30/06/2023								
		Increases	Decreases						
	Balances as at 31-12-2022	Charge for the period	Refund and write-offs	Impact on profit or loss	Write-offs	Charge-off	Exchange rate differences and other	Transfers	Balance as at 30-06-2023
Impairment of othe financial assets									
Loans and advances to credit institutions (Note 5)	3 444	8 027	(6 732)	1 295	-	-	2 625	-	7 364
Other loans and advances to central banks and credit institutions (Note 6)	320 964	153 387	(209 629)	(56 242)	-	-	155 866	-	420 588
Investments at amortized cost (Note 8)	10 211 818	1 469 647	(1 146 628)	323 019	-	-	1 483 676	-	12 018 513
	10 536 226	1 631 061	(1 362 989)	268 072	-	-	1 642 167	-	12 446 465
Impairment of the other assets									
Non-current assets held for sale (Note 10)	606 592	-	-	-	-	-	-	-	606 592
Property, plant and equipment and intangible assets (Note 12)	408 792	-	(5 958)	(5 958)	-	-	-	-	402 834
	1 015 384	-	(5 958)	(5 958)	-	-	-	-	1 009 426
Loan impairment (Note 9)	**53 991 485**	**953 629**	**(1 139 499)**	**(185 870)**	**-**	**-**	**3 535 299**	**-**	**57 340 914**
Provisions:									
Of a social or statutory nature	18 236 028	-	-	-	-	(397 027)	9 588 901	-	27 427 902
Of an administrative and commercial nature	32 680 810	1 142 216	(3 730 074)	(2 587 858)	-	(3 047 186)	1 898 469	-	28 944 235
Guarantees provided and undrawn credit facilities (Note 9)	**661 325**	**256 164**	**(317 641)**	**(61 477)**	**-**	**-**	**58 556**	**-**	**658 404**
	51 578 163	**1 398 380**	**(4 047 715)**	**(2 649 335)**	**-**	**(3 444 213)**	**11 545 926**	**-**	**57 030 541**
	117 121 258	**3 983 070**	**(6 556 161)**	**(2 573 091)**	**-**	**(3 444 213)**	**16 723 392**	**-**	**127 827 346**

Amounts in thousand of Kwanzas

	31/12/2022								
		Increases	Decreases						
	Balances as at 31/12/2021	Charge for the period	Refund and write-offs	Impact on profit or loss	Write-offs	Charge-off	Exchange rate differences and other	Transfers	Balance as at 31/12/2022
Impairment of othe 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 amortized 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 the 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**

Amounts in thousand of Kwanzas

	30/06/2022								
		Increases	Decreases						
	Balances as at 31/12/2021	Charge for the period	Refund and write-offs	Impact on profit or loss	Write-offs	Charge-off	Exchange rate differences and other	Transfers	Balances as at 30/06/2022
Impairment of othe financial assets									
Loans and advances to credit institutions (Note 5)	7 570	13 840	(16 857)	(3 017)	-	-	(1 703)	-	2 850
Other loans and advances to central banks and credit institutions (Note 6)	353 978	120 550	(157 368)	(36 818)	-	-	(76 484)	-	240 676
Investments at amortized cost (Note 8)	13 472 621	253 574	(1 921 402)	(1 667 828)	-	-	(1 134 060)		10 670 733
	13 834 169	387 964	(2 095 627)	(1 707 663)	-	-	(1 212 247)	-	10 914 259
Impairment of the other assets									
Non-current assets held for sale (Note 10)	514 111	86 022	-	86 022	-	-	-	-	600 133
Property, plant and equipment and intangible assets (Note 12)	436 259		(21 509)	(21 509)	-	-	-	-	414 750
	950 370	86 022	(21 509)	64 513	-	-	-	-	1 014 883
Loan impairment (Note 9)	**53 371 637**	**1 396 226**	**(2 406 662)**	**(1 010 436)**	**-**	**-**	**(1 560 336)**	**-**	**50 800 865**
Provisions:									
Of a social or statutory nature	21 554 210	-	-	-	-	(1 029 227)	(4 201 839)		16 323 144
Of an administrative and commercial nature	26 880 849	1 986 690	(8 026 371)	(6 039 681)	-	(32 175)	(825 152)		19 983 841
Guarantees provided and undrawn credit facilities (Note 9)	**535 590**	**92 962**	**(147 488)**	**(54 526)**	**-**	**-**	**(26 806)**	**-**	**454 258**
	48 970 649	**2 079 652**	**(8 173 859)**	**(6 094 207)**	**-**	**(1 061 402)**	**(5 053 797)**	**-**	**36 761 243**
	117 126 825	**3 949 864**	**(12 697 657)**	**(8 747 793)**	**-**	**(1 061 402)**	**(7 826 380)**	**-**	**99 491 250**

In the six-month period ended 30 June 2023, the Bank increased impairment for Other Financial Assets - Investments at amortized cost by AOA 323,019 thousand on a net basis (see Note 8).

With regard to Loan Impairment, the Bank reversed impairment, on a net basis, in the amount of AOA 185,070 thousand (see Note 9). In addition, in terms of undrawn guarantees and credit facilities, the Bank reversed impairment, on a net basis, in the amount of AOA 61,477 thousand (see Note 9).

As at 30 June 2023 and 31 December 2022, the caption Guarantees provided includes the impairment recognized for off-balance sheet captions of documentary credits, guarantees provided and undrawn ceilings included in the loan portfolio.

In 2018, the Bank created the Social Responsibility Department, which comprises the (i) monitoring of the "BFA Solidário" project and (ii) subsidies units and is responsible for the Bank's social activities until the process of setting up the BFA Foundation is completed.

Since it is the intention of the Board of Directors of the Bank that the provision existing on 30 June 2023 in the amount of AOA 27,427,902 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 30 June 2023 and 31 December 2022, the caption Provisions of an administrative and commercial nature consists of provisions to cover several contingencies, frauds, ongoing legal proceedings and other liabilities, corresponding to the best estimate of the costs that the Bank will bear in the future with these liabilities.

18. OTHER LIABILITIES AND LEASE LIABILITIES

As at 30 June 2023 and 31 December 2022, these captions had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Taxes payable - withheld from third parties		
On income	2 982 325	428 444
Other	**5 506**	**5 500**
	2 987 831	**433 944**
Liabilities of a civil nature	**6 456 792**	**9 276 155**
Liabilities of a statutory nature - Dividends outstanding	**-**	**48 150 000**
Liabilities of an administrative and commercial nature		
Holiday pay and holiday allowance	6 102 025	6 469 228
Performance bonus	5 603 490	7 490 462
Pension fund	77 250	-
Other staff costs	1 788 694	1 151 709
Contributions to the Bank Employees Union	2 881	15 188
	13 574 340	**15 126 587**

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Other administrative and marketing costs payable		
Liabilities to be settled	58 461	4 095
Accrued costs	3 705 081	10 653 214
VAT payable	1 373 153	113 813
Deposit Guarantee Fund	615 024	1 022 921
Premium/Discount - Acquisition of securities	11 975 591	12 806 211
Other	12 979 939	8 325 733
	30 707 249	**32 925 987**
	53 726 212	**105 912 673**
Lease liabilities	5 040 258	4 622 610
	58 766 470	**110 535 283**

The balance of the caption Tax charges payable – withheld on behalf of third parties includes amounts payable to the Tax Authorities in the month following the month to which it relates. The balance of the caption Liabilities of a civil nature corresponds to invoices for services rendered outstanding to the Bank's suppliers.

As at 31 December 2022, the balance of the caption Liabilities of a statutory nature corresponds to dividends with deferred payment allocated to the Bank's shareholders pending payment, in the amount of AOA 48 150 000 thousand, as per Note 19.

As at 31 December 2022 and 30 June 2023, the balance of the caption Liabilities of an administrative and marketing nature – "Staff – Salaries and wages" included the amounts related to the Variable Remuneration of the Directors of the Executive Board for the financial year 2022.

On March 28, 2023, through Unanimous Written Resolution No. 3/2023 (and after the postponement of the decision taken at the General Assembly of March 30, 2023), it was determined the settlement of the amount related to 60% the variable remuneration for the financial year 2022 and the deferral of 40% of that amount for a period of 3 years, and should be valued considering the interest rate of Angolan Treasury bonds, traded in the secondary market, in the same currency and maturity of the deferral.

The balance of the caption Other administrative and marketing costs payable – Accrued costs includes the amount of AOA 3 705 081 thousand (2022: AOA 10 653 214 thousand) related to accrued costs with external supplies and services rendered and not yet invoiced by the suppliers.

As at 30 June 2023 and 31 December 2022, the caption Lease liabilities corresponds to the present value of lease payments to be settled over the lease term, recognized under IFRS 16.

The detail of lease liabilities by maturity is presented below:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Lease liabilities		
Up to 1 year	2 253 962	2 088 833
1 to 5 years	2 837 644	2 705 617
More than 5 years	1 839 934	1 610 234
	6 931 540	**6 404 684**
Interest to be accrued on net interest income	1 891 282	1 782 074
	5 040 258	**4 622 610**

Lease liabilities relate 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 Euro 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 paid-up by incorporation of all assets and liabilities, including property or real estate rights of any nature, as well as all the rights and obligations of the former BFE Branch.

At the end of the 2004, 2003 and 2002, the Bank increased its share capital by AOA 537,672 thousand, AOA 1 224 333 thousand and AOA 454 430 thousand, respectively, through the incorporation of the special reserve for the maintenance of own funds, in order to maintain the counter value in kwanzas of the initial capital endowment in foreign currency.

By Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to increase BFA's share capital 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 carried out within the scope of Notice No. 02/2018 of the 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, the share capital of the Bank amounts to AOA 15 000 000 thousand, represented by 15 000 000 nominal shares of one thousand kwanzas each, resulting from the aforementioned capital increases.

On 30 March 2023, the General Shareholders' Meeting decided on a share capital increase by incorporating Free Reserves in the amount of AOA 30 000 000, remaining above the minimum set by the BNA stipulated in BNA Notice No. 17/2022.

Following this decision, Banco de Fomento Angola, S.A. is completing the legal formalities required to register the change in share capital and has already obtained the necessary authorization from the BNA for this purpose. The Bank grouped its shares representing its share capital by applying a grouping ratio of 1:5, with every 5 shares prior to the grouping corresponding to 1 share after the grouping, with the regrouping applying to all the shares in the same proportion. Accordingly, BFA's share capital on that date, amounting to AOA 45 000 000 thousand, was now represented by 9 000 000 shares.

As at 30 June 2023 and 31 December 2022, the shareholder structure of the Bank is as follows:

	30/06/2023		31/12/2022	
	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%	7 213 950	48.09%
Other BPI Group entities	1 050	0.01%	1 050	0.01%
	15 000 000	**100%**	**15 000 000**	**100%**

On 7 October 2016, Unitel, S.A. (Unitel) entered into an agreement with Banco BPI, S.A. (Banco BPI) for the purchase of 2% of BFA's share capital, which led to an increase in Unitel's stake in BFA from 49.9% to 51.9%. On the same date, the new shareholders' agreement concerning BFA was also signed.

The completion of this operation was dependent on the verification of the following suspensive conditions:

- Authorization from the Banco Nacional de Angola (BNA) for the increase in the qualified shareholding already held by Unitel in BFA and authorization for the capital transactions necessary for the payment to Banco BPI and the transfer to Portugal of the agreed price of Euro 28 million;
- Authorization from the BNA to change the Articles of Association (By-laws) of BFA; and
- Approval of the operation by the General Meeting of Banco BPI.

On 12 December 2016, the Banco Nacional de Angola communicated that it did not object to the practice of the following acts:

i) Partial amendment of BFA's by-laws;
ii) Increase in Unitel's qualified shareholding in BFA's share capital through the acquisition from Banco BPI of 26,111 ordinary shares representative of 2% of share capital;
iii) Indirect acquisition of the qualified shareholding representative of 48.01% of the share capital of BFA, following the settlement of the general and mandatory public tender offer launched by Caixabank for all the shares representative of Banco BPI's share capital.

The BNA established as a condition that the three operations referred to above are indivisible, i.e., 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 entered into in 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of the share capital of BFA was completed.

On 26 November 2018, a share capital increase took place which corresponded to an increase in the shareholding of each shareholder in proportion to their respective shareholdings in the Bank's share capital at that date, with 13 694 439 shares with a nominal value of AOA 1 000 having been issued. Accordingly, as at 31 December 2018, the Bank had a total of 15 000 000 ordinary shares outstanding.

On 30 March 2023, the General Meeting unanimously decided to increase BFA's share capital by incorporating reserves recorded under Other Reserves and Retained Earnings in the amount of AOA 30 000 000 thousand. In this process, the Bank reduced the number of outstanding shares ("reserve stock split") to 9 000 000 shares each with a nominal value of AOA 5 000.

Other reserves and retained earnings

As at 30 June 2023 and 31 December 2022, this caption has the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Other reserves and retained earnings		
Legal reserve	38 224 192	17 155 909
Other reserves	346 792 208	311 678 403
Retained earnings	-	-
	385 016 400	**328 834 312**

By unanimous resolution of the General Meeting held on 30 March 2023, it was decided to distribute dividends to shareholders in the amount of AOA 84 273 132 thousand, corresponding to 60% of the net profit obtained in the previous period (AOA 140 455 220). Of the remaining amount, 15% (equivalent to AOA 21 068 283 thousand) was transferred to the Legal reserve and 25% (equivalent to AOA 56 182 088 thousand) was transferred to Other Reserves.

Under the terms of current legislation, the Bank must set up a legal reserve fund up to the amount of its capital. To this end, a minimum of 10% of the previous period's net profit is transferred to this reserve each period. This reserve can only be used to cover accumulated losses when the other reserves have been exhausted. As a result of the decision on the capital increase, the Bank increased the legal reserve by 15%, as part of the distribution of profits for 2022, by unanimous decision of the General Meeting held on 30 March 2023.

The unanimous resolution of the General Meeting of 16 June 2021 approved the distribution, by way of extraordinary dividends with deferred settlement, of other reserves and retained earnings in the amount of AOA 160 500 000 thousand, payable in three instalments 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 of non-cash assets to owner 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, its fair value was considered to be AOA 160 500 000 thousand. The amounts have now been paid in full.

Earnings and dividend per share

In the period ended 30 June 2023 and 31 December 2022, the basic earnings per share and the dividend attributed, relating to the profit of the previous year, were as follows:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Average number of ordinary shares issued	15 000 000	15 000 000
Net profit/(loss) for the period	83 050 603	140 455 220
Dividends distributed in the period relating to the previous period	84 273 132	78 235 866
Deferred Extraordinary dividends atributed in the period	-	-
Basic earnings per share	5.537	9.36
Diluted earnings per share	5.537	9.36
Dividend per share attributed in the period/in the year	5.618	5.22

In accordance with the provisions of IAS 33 – Earnings per share, the basic earnings per share and the dividend paid during the period should be adjusted retrospectively for all the periods affected, in the event of an increase or decrease in the number of ordinary shares.

20. NET INTEREST INCOME

In the periods ended 30 June 2023 and 2022, this caption has the following breakdown:

Amounts in thousand of Kwanzas

Interest and similar income	30/06/2023	30/06/2022
From short-term investments:		
Term deposits with credit institutions abroad	10 052 101	644 378
Term deposits with credit institutions in the country	3 862 553	71 604
Other	549 845	6 843
Income from reverse purchase agreements	9 207 007	8 694 102
	23 671 506	**9 416 927**
From securities:		
From securities at fair value through profit or loss		
Treasury Bonds	5 084 326	6 257 531
From investments at amortized cost		
Treasury Bills	1 927 924	6 651 417
Treasury Bonds	82 290 839	78 929 213
	89 303 089	**91 838 161**
From loans granted		
Corporate and Government		
Loans	22 871 567	18 252 009
Credit account loan	2 685 314	3 133 969
Other loans	3 080	1 059
Mortgages	180 251	164 314
Consumer credit	5 891 457	4 572 046
Credit for other purposes	1 747 864	1 456 977
Interest overdue	264 176	-
	33 643 709	**27 580 374**
Total interest and similar income	**146 618 304**	**128 835 462**

Amounts in thousand of Kwanzas

Interest and similar income	30/06/2023	30/06/2022
Interest and similar expense		
Demand deposits	278 393	227 915
Term deposits	29 163 377	23 511 975
	29 441 770	**23 739 890**
Funding liquidity:		
From transactions in the Interbank Money Market	361 059	194 528
	361 059	**194 528**
Other interest and similar expense	335 697	389 020
	335 697	**389 020**
Total interest and similar expense	**30 138 526**	**24 323 438**

21. FEES AND COMMISSIONS INCOME/(EXPENSE)

In the periods ended 30 June 2023 and 2022, this caption had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	30/06/2022
Fees and comissions income		
Fees and commissions on ATM and POS	6 211 948	5 543 190
Fees and commissions on securities	1 841 893	2 358 739
Fees and commissions on payment orders issued	1 291 057	948 628
Fees and commissions on cards	725 480	1 059 654
Fees and commissions on currency sales	746 827	801 697
Fees and commissions on services rendered	293 444	719 201
Fees and commissions on open import documentary credits	634 457	426 130
Fees and commissions on guarantees and sureties provided	460 756	470 051
Fees and commissions on restructuring loan operations	305 581	301 054
Fees and commissions on the issuance of checks	348 618	348 330
Fees and commissions on opening credit	363 641	357 657
Fees and commissions on card cancellation/replacement	626 279	97 878
Fees and commissions on interbank services	266 292	256 865
Other fees and commissions	1 058 215	804 260
	15 174 488	**14 493 334**
Fees and commissions expenses		
Fees and commissions on cards	(6 164 581)	(5 099 676)
Fees and commissions on ATM and POS	(495 725)	(474 330)
Other fees and commissions expense	(503 830)	(582 887)
	(7 164 136)	**(6 156 893)**
Total	**8 010 352**	**8 336 441**

The variation in the caption Fees and commissions income – Fees and commissions on ATM and POS and in the caption Fees and commissions expense – Fees and commissions on cards, compared to the same period of the previous year, is due to the increase in EMIS prices and its impact on the corresponding prices.

22. FOREIGN EXCHANGE GAINS/(LOSSES)

In the period ended 30 June 2023 and 2022, this caption had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	30/06/2022
Changes in exchange rates on assets and liabilities denominated in foreign currency	5 374 767	(5 823 625)
Foreign currency purchase and sale transactions	6 007 340	11 958 651
	11 382 107	**6 135 026**

The caption Changes in exchange rates on assets and liabilities denominated in foreign currency refers to the foreign exchange gains/(losses) related to the exchange revaluation of the Bank's assets and liabilities in foreign currency.

23. GAINS/(LOSSES) ON DISPOSAL OF OTHER ASSETS

In the periods ended 30 June 2023 and 2022, this caption had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	30/06/2022
Net gains/(losses) on sale of assets		
Gains on sale of property, plant and equipment	45 918	5 266
Losses on the sale of property, plant and equipment	(176)	(203)
	45 742	**5 063**

24. OTHER OPERATING INCOME /(EXPENSE)

In the periods ended 30 June 2023 and 2022, this caption had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	30/06/2022
Other operating income:		
Recovery of administrative and commercial expenses	3 230 260	2 862 468
Gain on expenses charged	1 785 069	1 140 130
Gains on credit recovery	153 186	190 491
Other	10 158 205	654 960
	15 326 720	**4 848 049**
Other operating expense:		
Taxes and fees not levied on income	(4 488 075)	(4 336 640)
Contribution to Deposit Guarantee Fund	(3 111 840)	(1 074 477)
Penalties applied by regulatory authorities	(42 709)	(323 262)
Other	(25 356)	(60 619)
	(7 667 980)	**(5 794 998)**
	7 658 740	**(946 949)**

In the periods ended 30 June 2023 and 2022, the caption Taxes and fees not levied on income includes a balance for value added tax in the amount of AOA 3 338 028 thousand and AOA 3 884 579 thousand, respectively.

In the periods ended 30 June 2023 and 2022, the caption Other operating income – Recovery of administrative and commercial expenses refers, essentially, to: (i) the reimbursement of communication and shipping expenses originally borne by the Bank, namely in execution of payment order operations and (ii) gains from lease renegotiations.

During the first half of 2023, BFA reviewed its process related to the recognition of structural costs whose positive impact was recognised under Other operating income – Other.

25. STAFF COSTS

In the periods ended 30 June 2023 and 2022, this caption had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	30/06/2022
Members of the Management and Supervisory Bodies		
Monthly remuneration	1 661 198	1 061 362
Additional remuneration	1 547 954	1 599 966
Mandatory social charges	207 635	202 806
	3 416 787	**2 864 134**
Staff		
Monthly remuneration	19 869 249	20 521 725
Additional remuneration	2 975 326	2 727 615
Mandatory social charges	1 757 744	1 262 077
Optional social charges	1 864 705	1 521 434
Other	80 667	78 892
	26 547 691	**26 111 743**
Pension costs		
Supplementary pension plan	1 512 869	1 684 358
	1 512 869	**1 684 358**
	31 477 347	**30 660 235**

In 2013, with reference to the last day of the year, the Bank set up the BFA Pension Fund ("Fundo de Pensões BFA") to cover the liabilities with retirement pensions for old age, disability, and survival that the Bank granted to its Angolan employees registered with the Social Security, having used the provisions previously set up as an initial contribution to the BFA Pension Fund (defined contribution plan). In accordance with the contract for the set-up of the Fund, BFA will contribute annually with 10% of the salary subject to Angolan Social Security charges, applied on fourteen salaries.

In November 2022, Order No. 3923/22 (Official Gazette No. 123, Series II) published the Addendum to the BFA Pension Fund and the New Pension Plan. The new Pension Plan defines a mixed contribution system between the Member (BFA) and the Employees and sets the Member's rate at 7.5% of the pensionable salary, also defining a variable employee contribution of between 2.5% and 10% of the pensionable salary.

As at 30 June 2023 and 2022, the Bank's contribution to the BFA Pension Fund amounted to AOA 1 512 869 thousand and AOA 1,684,358 thousand, respectively. As at 30 June 2023, 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.

26. THIRD-PARTY SUPPLIES & SERVICES

In the periods ended 30 June 2023 and 2022, this caption had the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	30/06/2022
Audits, advisory and other specialised technical services	6 152 480	7 421 818
Safety, maintenance and repair	3 365 278	3 267 109
Sundry materials	2 340 861	1 768 930
Advertising and marketing	2 017 391	1 767 021
Transport, travel and accommodation	1 102 774	1 592 159
Communications	1 514 866	1 216 589
Water and energy	153 835	316 783
Insurance	520 724	214 434
Rentals	82 334	158 067
Other external supplies and services	246 231	250 060
	17 496 774	**17 972 970**

27. OFF-BALANCE SHEET DISCLOSURES

These captions have the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Liabilities to third parties:		
Guarantees provided	78 138 214	58 984 788
Commitments to third parties		
- Open documentary credits	39 462 350	17 644 775
Undrawn credit facilities	38 315 030	41 513 020
	155 915 594	**118 142 583**
Liabilities for services rendered:		
Services rendered by the Bank		
- Safekeeping of securities	915 327 340	917 188 788
- Check clearing on foreign banks	217 278	165 751
- Documentary remittances	(94 443 080)	(57 658 695)
	821 101 538	**859 695 844**

As at 30 June 2023 and 31 December 2022, the Bank has set up provisions to cover the credit risk assumed on the granting of guarantees and documentary credits, in the amounts of AOA 658 404 thousand and AOA 661 325 thousand, respectively (Notes 9 and 17).

As at 30 June 2023 and 31 December 2022, the notional amounts of the forwards are recognized under off-balance sheet captions in the amounts of AOA 16 154 557 thousand and AOA 18 658 343 thousand, respectively.

As at 30 June 2023 and 31 December 2022, 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;
- key management personnel of the Bank, considering for this purpose executive and non-executive members of the Board of Directors and companies in which the members of the Board of Directors have control or joint control;
- subsidiaries, joint ventures, or associates of the shareholder holding control over the Bank;
- key personnel of the shareholder with control over the Bank (executive and non-executive members of the Board of Directors);
- entities controlled or jointly controlled by key personnel of the shareholder with control over the Bank; and
- entities controlled or jointly controlled by the close family members of the key personnel of the Shareholders.

In the six-month period ended 30 June 2023 and in the period ended 31 December 2022, the Bank's related parties with which it had balances or transactions are as follows:

BFA shareholders

Banco BPI

Unitel

Members of supervisory or management bodies – UNITEL	Companies in which members of BFA's supervisory or management bodies have significant influence
Aguinaldo Jaime	• MULTINVEST-INVEST. E PARTICIPAÇÕES, Lda. • HOTEL PRAIA MAR, Lda.
Osvaldo António Inácio	
António Miguel Ferreira Geraldes	
Amílcar Frederico Safeca	• NODIBRAND-SISTEMAS, TECNOLOGIA E CONSULTORIA • ANTOSC, S.A. • ANGLOBAL - COMÉRCIO, INDÚSTRIA E SERVIÇOS, S.A.
Eliana Maria Fortes dos Santos	
Arlindo Ngueva Narciso das Chagas Rangel	• TRANSLUX EXPRESS, Lda.
José Manuel Rela dos Santos Bento	

UNITEL investees

- ANGOLA CABLES, S.A.
- UNITEL INTERNATIONAL, B.V.
- HOLDFINANCE

BFA – Members of supervisory or management bodies and Companies where Members have Control

Board of Directors	Companies in which members have control or joint control
Rui Jorge Carneiro Mangueira	
António José Simões Matias	
Divaldo Kienda Feijó Palhares	
Jacinto Manuel Veloso	• BLENDGEST CONSULTING, Lda. • VLS GLOBAL
Luís Roberto Fernandes Gonçalves	
Natacha Sofia da Silva Barradas	
João Fernando Quiúma	• F Q & FILHOS, Lda.
Filomeno da Costa Alegre Alves de Ceita	
Paulo Lelis de Freitas Alves	
Osvaldo Salvador de Lemos Macaia	
Sebastião Machado Francisco Massango	• SEILMA, Lda. • HONGAMBANDU RESTAURAÇÃO E CARTERING
Vera Cristina dos Anjos Tangue Escórcio	
António Manuel Costa Alfaia	

Supervisory Board	Companies in which members have control or joint control
Ari Nelson Correia Brandão	• ADVISORS PRESTAÇÃO DE SERVIÇOS, Lda. • PISON IMOBILIARIA, Lda. • ATELIER DO PEIXE, Lda.
Valdir de Jesus Lima Rodrigues	
João Filipe Melão Dias	

BFA investees
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 Tangue Escórcio*	
Rui Elvídio Gonçalves de Oliveira	• EUROCUANZA, Lda. • SOCONCRETO CONSTRUÇÕES, S.A. • RUCATUR, Lda. • RUCATUR - RUCA'S PLACE
Manuel André	• TALARA COMERCIAL, Lda.
Carla Yessénia de Lousada L. E. de Jesus	• CNST-SERV, Lda.

*Outros membros do Conselho de Administração são Administradores do BFA supra identificados.

Supervisory Board	Companies where members have control or joint control
Henrique Manuel Camões Serra	• C&S - ASSURANCE AND ADVISORY, S.A. • CE-MAGNUS - CONSULTORIA EMPRESARIAL, S.A.
Catarino Eduardo César	
Ana Marisa da Rocha Domingos	

BFA investees
BFA PENSÕES SOCIEDADE GESTORA DE FUNDOS DE PENSÕES, S.A.

Board of Directors	Companies in which members have control or joint control
António José Simões Matias*	
Natacha Sofia da Silva Barradas*	
Paulo Alexandre Caldeira Lages Ferreira	
Neusa Lopes Pilartes da Silva	
Rosário Manuel Alberto Dala	

*Outros membros do Conselho de Administração são Administradores do BFA supra identificados.

Supervisory Board	Companies in which members have control or joint control
Mariana da Conceição Francisco Assis	
Henrique Manuel Camões Serra	
José Miguel da Costa Henriques Sardinha	
Valentim Joaquim Manuel	
Euclides Firmino Capitamolo	

BFA investees

BFA CAPITAL MARKETS, SDVM, S.A.

Board of Directors	Companies in which members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Vera Cristina dos Anjos Tangue Escórcio*	
Deolinda Suzete Bravo da Rosa	
Telmo José Pacavira Dias Van-Dúnem	• TINATEL INVESTMENTS, Lda.
Cláudia Rocha Cordeiro Almada Lourenço	• MUDIA-AGROINDUSTRIA,COM.PREST.DE SER., Lda. • MICLA-ENSINO GERAL TEC.PROFISSIONAL, Lda.

*Outros membros do Conselho de Administração são Administradores do BFA supra identificados.

Supervisory Board	Companies in which members have control or joint control
Mirian Custódio Ferreira	
Catarino Eduardo César	
Mariana Conceição Francisco de Assis	
José Miguel Henriques Sardinha	
Valentim Joaquim Manuel	

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%	• Sonangol E.P.

As at 30 June 2023 and 31 December 2022, the main balances and transactions maintained by the Bank with related entities are as follows:

Amounts in thousand of Kwanzas

	30/06/2023							
	BFA Shareholders							
	BPI	Unitel	Members of the BFA´s Board of Directors	Companies in which the members of the Board of Directors have significant influence	Affliates	BFA - Funds Pensions	Related parties via Unitel	Total
Cash and deposits								
Loans and advances to credit institutions repayable on demand	20 614 796	-	-	-	-	-	-	20 614 796
Short-term investments								
Other loans to credit institutions	300 087 617	-	-	-	-	-	-	300 087 617
Loans granted	**5 145**	**151**	**181 150**	**-**	**557 050**	**-**	**1 630**	**745 127**
Deposits from customers								
Demand deposits	4 193 508	1 977 303	537 193	82 360	557 749	548 143	8 506 487	16 402 743
Term deposits	54 406 377	277 408 368	3 516 043	-	2 499 469	15 664 598	336 470	353 831 325
Other liabilities	-	-	-	-	-	-	-	-
Interest and similar income	**4 164 627**	**124**	**4 708**	**1**	**19 016**	**-**	**38**	**4 188 514**
Interest and similar expense	**-**	**769 516**	**192 117**	**-**	**19 202**	**683 614**	**5 844**	**1 670 292**
Fees and commissions	-	-	-	-	-	-	-	-
Securities used as deposits	**-**	**40 816 981**	**2 699 076**	**-**	**1 983 607**	**11 397 719**	**4 932 378**	**61 829 760**
Participation units	**-**	**4 000 000**	**24 200**	**-**	**122 000**	**-**	**958 500**	**5 104 700**
Documentary credits	**-**	**4 534 007**	**-**	**-**	**-**	**-**	**51 754 697**	**56 288 704**
Bank guarantees	**-**	**22 779 290**	**-**	**-**	**-**	**-**	**-**	**22 779 290**

Amounts in thousand of Kwanzas

	31/12/2022							
	BFA Shareholders							
	BPI	Unitel	Members of the BFA's Board of Directors	Companies in which the members of the Board of Directors have significant influence	Affliates	BFA - Funds Pensions	Related parties via Unitel	Total
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**

The balances relating to the shareholder BPI include the amounts of La Caixa Group, BPI's parent entity.

The information presented in respect of the Members of BFA's Corporate Bodies includes the main balances and transactions maintained by the Bank with:

- Members of the BFA's Corporate Bodies; and
- Close family members of the members of the BFA's Corporate Bodies.

The information presented in respect of the Companies in which BFA's Corporate Bodies have a significant influence or control includes the main balances and transactions maintained by the Bank with:

- Companies in which members of BFA's Corporate Bodies have significant influence; and
- Companies in which close members of the members of BFA's Corporate Bodies have 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 in 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
- Unitel investees.

29. BALANCE SHEET BY CURRENCY

As at 30 June 2023 and 31 December 2022, the balance sheets by currency have the following structure:

Amounts in thousand of Kwanzas

	30/06/2023					
	Kwanzas	United States Dollar	Euro	Indexed to the US dollar	Other currencies	Total
Cash and deposits at central banks	141 886 334	250 366 700	181 275 024	-	253 544	573 781 602
Loans and advances to credit institutions	-	23 801 529	25 315 264	-	7 175 150	56 291 943
Other loans and advances to central banks and credit institutions	301 203 931	595 997 986	66 930 023	-	6 278 051	970 409 991
Financial assets at fair value through profit or loss	54 228 564	2 715 720	46 144	-	-	56 990 428
Investments at amortized cost	780 701 116	363 943 037	-	-	-	1 144 644 153
Loans and advances to customers	465 958 665	11 541 959	19 272 432	-	2	496 773 058
Non-current assets held for sale	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	1 117 215	-	-	-	-	1 117 215
Property, plant and equipment	36 883 912	-	-	-	-	36 883 912
Intangible assets	7 970 361	-	-	-	-	7 970 361
Current tax assets	145 408	-	-	-	-	145 408
Other assets	14 587 055	-	1 403 929	-	-	15 990 984
Total Assets	**1 804 682 561**	**1 248 366 931**	**294 242 816**	**-**	**13 706 747**	**3 360 999 055**
Deposits from central banks and other credit institutions	471 732	37 115	402 991	-	5 198	917 036
Deposits from customers and other loans	1 238 512 165	1 210 041 118	273 202 529	-	6 352 562	2 728 108 374
Financial liabilities at fair value through profit or loss	2 754 185	-	-	-	-	2 754 185
Provisions	30 820 744	25 256 473	953 324	-	-	57 030 541
Current tax liabilities	12 668 419	-	-	-	-	12 668 419
Lease liabilities	4 435 318	-	-	-	604 940	5 040 258
Other liabilities	46 955 246	2 668 281	17 106 929	-	4 682 783	71 413 239
Total Liabilities	**1 336 617 809**	**1 238 002 987**	**291 665 773**	**-**	**11 645 483**	**2 877 932 052**
Net Assets/(Liabilities)	**468 064 752**	**10 363 944**	**2 577 043**	**-**	**2 061 264**	**483 067 003**

Amounts in thousand of Kwanzas

	31/12/2022					
	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 amortized 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**

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. Accordingly, 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 the uncertainty of recovery of an investment and its return, due to the debtor's (or guardian, if applicable) inability to fulfill its financial commitments to the Bank, causing a financial loss to the creditor. Credit risk is reflected in debt securities or other receivables.

Market – Market risk reflects the potential loss that can be recorded by a given portfolio as a result of changes in rates (interest and exchange rates) and/or the prices of the different financial instruments that comprise it, considering both the correlations between them and the respective volatilities. Accordingly, Market Risk encompasses interest rate risk, exchange rate and other price risks.

Liquidity – Liquidity risk reflects the inability of the Bank to meet its liabilities associated with financial liabilities on each maturity date without incurring significant losses as a result of a deterioration in the conditions of access to financing (financing risk) and/or sale of its assets for amounts lower than the amounts usually practiced in the market (market liquidity risk).

Real Estate – Real estate risk is the probability of negative impacts on the Bank's income or capital level due to fluctuations in the market price of real estate assets.

Operating – Operating risk is the potential loss resulting from failures or inadequacies in internal processes, information systems, human behavior, or 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's General Credit Regulations, the granting of credit in the Bank is based on the following fundamental principles:

Formulation of proposals

Loan operations, or guarantees, subject to the decision of BFA:
- Are adequately characterized in the Technical Data Sheet, containing all the essential and accessory elements 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 reference those that represent the greatest risk.

Currently, considering the regulations of the 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 comprises 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 grades:

Grade A: Minimum risk
Grade B: Very low risk
Grade C: Low risk
Grade D: Moderate risk
Grade E: High risk
Grade F: Very high risk
Grade G: Maximum risk

The individual classification of the exposure considers the characteristics and risks of the operation and of the borrower, and is initially classified based on the following criteria adopted by the Bank:

Grade 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 the 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 controlling or group relationship with the lending institution and having their head 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 the Banco Nacional de Angola.

Grade B and others: remaining loans.

The classification of exposures is revised whenever there are signs of impairment in late payments.

Within the scope of the regular review of loan operations, including loan operations overdue, BFA reclassifies overdue loan operations into those that are due, based on an analysis of the economic prospects of collectability, namely considering the existence of guarantees, the borrowers' or guarantors' assets and the existence of operations whose risk BFA equates to State risk, or even when the situation of delay results from the Bank's exclusive responsibility due to a one-off failure in its processes.

Association of Guarantees

When granting loans to Retail customers or small companies with a maturity of more than 36 months, in the absence of short-term financial investments, BFA requires, as a rule, the provision of a real guarantee on property.

Loan operations are associated with guarantees considered adequate to the risk of the borrower, 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, with the exception of securitized instruments, which have portfolios of financial instruments as collateral. On the other hand, derivative instruments have associated guarantees.

The Bank's policies on collateral obtained as guarantee have not changed significantly during the reporting year, nor have there been any significant changes in the quality of the collateral held by the Bank since the previous year.

The Bank monitors collateral obtained as security for impaired loans and advances to customers as it becomes more likely that the Bank will take ownership of such collateral to mitigate possible credit losses. Loans to impaired customers (stage 3) and the collaterals obtained as guarantee are detailed as follows:

Amounts in thousand of Kwanzas

	30/06/2023			
	Gross loans	Impairment	Net loans	Value of collateral
Retail				collateral
Credit cards	373 383	322 747	50 636	-
Current accounts	21 478	11 961	9 517	-
Loans	2 989 230	2 022 799	966 431	5 868 307
Leasing	7 966 034	6 168 060	1 797 974	12 308 509
Overdrafts	1 323 383	915 140	408 243	-
	12 673 508	**9 440 707**	**3 232 801**	**18 176 816**
Corporate				
Current accounts	89 739	28 120	61 619	1 254 984
Loans	54 856 148	34 667 573	20 188 575	58 067 565
Leasing	54 611	27 456	27 155	2 570 042
Overdrafts	262 660	133 047	129 613	-
	55 263 158	**34 856 196**	**20 406 962**	**61 892 591**
Total	**67 936 666**	**44 296 903**	**23 639 763**	**80 069 407**

Amounts in thousand of Kwanzas

	31/12/2022			
	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**

Exclusions due to incidents

The Bank does not grant loans and advances to customers who have registered material incidents in the last 24 months known to BFA, nor to other companies that are part of a group with customers in that situation. The following are considered material incidents:

- Delays in making payments of principal or interest owed to any credit institution, social security, AGT, court or State Inspectorate for more than 45 days;
- Irregular use of means of payment for which that person or entity is responsible;
- Pending legal actions against that person or entity that have potential adverse effects on their economic or financial position.

Exceptions to these rules have specific decision rules under the Bank's general credit regulation, which are stricter.

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 above assumptions are met, BFA admits formalizing the formal restructuring of Retail customers' debts, if it is verified that in the last 6 months, deposits were made of a minimum amount equal to the instalment amount foreseen for the restructured operation.

Loan operations restructured due to the customer's financial difficulties are defined in the General Credit Regulations and comply with the regulator's specific regulations in this matter.

Restructuring operations are classified, for the purpose of increasing risk, and periodically monitored as to compliance with the established plan and are only unclassified when certain conditions of regularity in complying with the plan are met.

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 only occurs if there is regular and significant repayment of the operation, payment of interest due and on arrears, or depending on the quality and value of new guarantees presented for the renegotiated operation.

Monitoring of non-performing loans

Non-performing loans are monitored by the commercial teams, as a rule until it is 60 days overdue, with monitoring being done by a specialized team. After 60 days of default, the management of the relationship is transferred to this specialized team, which has the mission of collaborating in loan recovery actions, being able to take over negotiations and restructuring proposals. This team is 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 outcomes 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

As at 30 June 2023 and 31 December 2022, BFA's securities portfolio complies with the principle of the high credit quality of its issuers, consisting mainly of securities issued by the Angolan State and by the Banco Nacional de Angola.

As at 30 June 2023 and 31 December 2022, the maximum exposure to credit risk presents the following detail:

Amounts in thousand of Kwanzas

	30/06/2023			31/12/2022		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
On-balance sheet						
Cash and deposits at central banks	573 781 602	-	573 781 602	426 304 724	-	426 304 724
Loans and advances to credit institutions	56 299 307	(7 364)	56 291 943	24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions	970 830 579	(420 588)	970 409 991	726 368 077	(320 964)	726 047 113
Financial assets at fair value through profit or loss	56 990 428	-	56 990 428	104 831 308	-	104 831 308
Investments at amortized cost	1 156 662 666	(12 018 513)	1 144 644 153	958 579 426	(10 211 818)	948 367 608
Loans and advances to customers	554 113 972	(57 340 914)	496 773 058	471 417 049	(53 991 485)	417 425 564
Other assets	15 990 984		15 990 984	15 739 173		15 739 173
	3 384 669 538	**(69 787 379)**	**3 314 882 159**	**2 727 365 260**	**(64 527 711)**	**2 662 837 549**
Off-balance sheet						
Guarantees provided, open documentary credits and undrawn facilities	155 915 594	(658 404)	155 257 190	118 142 583	(661 325)	117 481 258
Total	**3 540 585 132**	**(70 445 783)**	**3 470 139 349**	**2 845 507 843**	**(65 189 036)**	**2 780 318 807**

For financial assets recognized 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 that the Bank would have to pay should the guarantees be forfeited and of loan and other credit-related commitments of an irrevocable nature is the total amount of commitments entered into.

As at 30 June 2023 and 31 December 2022, the credit quality of financial assets is as follows:

Amounts in thousand of Kwanzas

			30/06/2023		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Cash and deposits at central banks	External rating	B+ to B-	550 896 541		550 896 541
	Unrated	N/ D	22 885 061	-	22 885 061
			573 781 602	-	573 781 602
Loans and advances to credit institutions	External rating	AAA to AA-	4 880 276	-	4 880 276
		A+ to A-	9 586 030	(49)	9 585 981
		BBB+ to BBB-	31 446 087	(1 964)	31 444 123
		BB+ to BB-	6 274 551	(2 510)	6 272 041
		B+ to B-	2 397 748	(2 841)	2 394 907
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	1 714 615	-	1 714 615
			56 299 307	(7 364)	56 291 943
Other loans and advances to central banks and credit institutions	External rating	AAA to AA-	70 358 090	-	70 358 090
		A+ to A-	134 417 786	(30 701)	134 387 085
		BBB+ to BBB-	460 469 865	(305 859)	460 164 006
		BB+ to BB-	8 329 662	(39 982)	8 289 680
		B+ to B-	297 255 176	(44 046)	297 211 130
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			970 830 579	(420 588)	970 409 991
Financial assets at fair value through profit or loss	External rating	B+ to B-	51 252 520	-	51 252 520
	Unrated	N/ D	5 737 908	-	5 737 908
			56 990 428	-	56 990 428

Amounts in thousand of Kwanzas

			30/06/2023		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Investments at amortized cost	External rating	AAA to AA-	8 372 497	(121 145)	8 251 353
		A+ to A-	-	-	-
		BBB+ to BBB-	8 196 387	(116 178)	8 080 209
		BB+ to BB-	-	-	-
		B+ to B-	1 140 093 782	(11 781 190)	1 128 312 592
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			1 156 662 666	(12 018 513)	1 144 644 153
Loans and advance to costumers - On-balance sheet	Internal rating	Grade A	261 439 633	(3 201 048)	258 238 585
		Grade B	254 721 666	(29 072 280)	225 649 386
		Grade C	1 490 777	(307 522)	1 183 255
		Grade D	659 032	(177 702)	481 330
		Grade E	1 727 602	(593 768)	1 133 834
		Grade F	304 350	(109 336)	195 014
		Grade G	33 770 912	(23 879 258)	9 891 654
			554 113 972	(57 340 914)	496 773 058
Loans and advance to costumers - Off-balance sheet	Internal rating	Grade A	7 842 873	(12 084)	7 830 789
		Grade B	147 966 625	(639 033)	147 327 592
		Grade C	34 439	(156)	34 283
		Grade D	11 486	(164)	11 322
		Grade E	11 724	(1 202)	10 522
		Grade F	7 238	(719)	6 519
		Grade G	41 209	(5 046)	36 163
			155 915 594	(658 404)	155 257 190
		Total	**3 524 594 148**	**(70 445 783)**	**3 454 148 365**

Amounts in thousand of Kwanzas

	Source of rating	Rating grade	31/12/2022 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	-	-	-
		CCC to CC-	-	-	-
	Unrated	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	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			726 368 077	(320 964)	726 047 113

Amounts in thousand of Kwanzas

	Source of rating	Rating grade	31/12/2022 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 amortized cost	External rating	B+ to B-	958 579 426	(10 211 818)	948 367 608
		N/ D	-	-	-
			958 579 426	(10 211 818)	948 367 608
Loans and advance to costumers - On-balance sheet	Internal rating	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 advance to costumers - 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**

As at 30 June 2023 and 31 December 2022, interest income and expenses from financial instruments not measured at fair value through profit or loss, net of impairment, are detailed as follows:

Amounts in thousand of Kwanzas

	30/06/2023			31/12/2022		
	Income	Expenses	Net	Income	Expenses	Net
Assets						
Other loans and advances to central bank and credit institutions	23 881 135	(153 387)	23 727 748	29 694 489	(245 495)	29 448 994
Investiments at amortized cost	90 449 717	(1 469 647)	88 980 070	183 006 856	(829 040)	182 177 816
Loans and advance costumers	34 783 208	(953 629)	33 829 579	61 337 318	(4 882 845)	56 454 473
	149 114 060	(2 576 663)	146 537 397	274 038 663	(5 957 380)	268 081 283
Liabilities						
Deposits from customers and other loans	-	(29 441 770)	(29 441 770)	-	(50 167 798)	(50 167 798)
Deposits from central bank and other credit institutions	-	(361 059)	(361 059)	-	(603 132)	(603 132)
	-	(29 802 829)	(29 802 829)	-	(50 770 930)	(50 770 930)
Off-balance sheet						
Guarantees provided, open documentary credits and undrawn facilities	778 397	(256 164)	522 233	2 210 718	(375 390)	1 977 667
	778 397	(256 164)	522 233	2 210 718	(375 390)	1 977 667
	149 892 457	**(32 635 656)**	**117 256 801**	**276 016 330**	**(56 728 310)**	**219 288 020**

As at 30 June 2023 and 31 December 2022, net gains and losses on financial instruments have the following detail:

Amounts in thousand of Kwanzas

	30/06/2023					
	Against profit or loss			Against equity		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	Net gains/ (losses)
Assets						
Financial assets at fair value through profit or loss	5 339 653	(6 274 742)	(935 089)	-	-	-
	5 339 653	(6 274 742)	(935 089)	-	-	-
Assets						
Financial assets at fair value through profit or loss	-	(1 367 791)	(1 367 791)	-	-	-
	-	**(1 367 791)**	**(1 367 791)**	**-**	**-**	**-**

Amounts in thousand of Kwanzas

	31/12/2022					
	Against profit or loss			Against equity		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	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	-	-	-
Assets						
Financial assets at fair value through profit or loss	477 501	-	477 501	-	-	-
	477 501	**-**	**477 501**	**-**	**-**	**-**

As at 30 June 2023 and 31 December 2022, the geographical concentration of credit risk exposure presents the following detail:

Amounts in thousand of Kwanzas

	30/06/2023				
	Angola	Other African countries	Europe	Others	Total
Assets					
Cash and deposits at central banks	573 781 602	-	-	-	573 781 602
Loans and advance to credit institutions	1 714 615	10 818 388	39 487 961	4 270 979	56 291 943
Other loans and advances to central bank and credit institutions	301 203 931	68 604 692	600 601 368	-	970 409 991
Financial assets at fair value through profit or loss	51 512 844	-	-	5 477 584	56 990 428
Investiments at amortized cost	1 128 312 592	-	8 080 209	8 251 352	1 144 644 153
Loans and advance to customers	496 773 058	-	-	-	496 773 058
Total	**2 553 298 642**	**79 423 080**	**648 169 538**	**17 999 915**	**3 298 891 175**

Amounts in thousand of Kwanzas

	31/12/2022				
	Angola	Other African countries	Europe	Others	Total
Assets					
Cash and deposits at central banks	426 304 724	-	-	-	426 304 724
Loans and advance to credit institutions	-	5 023 697	16 775 284	2 323 078	24 122 059
Other loans and advances to central bank and credit institutions	291 565 089	52 258 604	381 215 436	1 007 984	726 047 113
Financial assets at fair value through profit or loss	103 349 557	-	-	1 481 751	104 831 308
Investiments at amortized cost	948 367 608	-	-	-	948 367 608
Loans and advance to customers	417 425 564	-	-	-	417 425 564
Total	**2 187 012 542**	**57 282 301**	**397 990 720**	**4 812 813**	**2 647 098 376**

As at 30 June 2023 and 31 December 2022, the sectoral concentration of loans and advances to customers is as follows:

Amounts in thousand of Kwanzas

	30/06/2023						
	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	224 254	1 634	465 453	691 341	0%	6 236	0%
Other collective, social and personal service activities	2 048 770	85 248	1 313 209	3 447 227	0%	119 983	0%
Central Government	159 444 519	157	-	159 444 676	22%	1 831 393	3%
Agriculture, livestock, game and forestry	66 424 590	688 357	1 274 817	68 387 764	10%	23 170 248	40%
Accommodation and catering	2 837 626	25 486	300 000	3 163 112	0%	65 457	0%
Financial activities	18 053	0	8 965 453	8 983 506	1%	1 349	0%
Wholesale and retail trade	42 663 285	554 605	11 310 730	54 528 620	8%	1 112 846	2%
Construction	46 782 375	676 175	27 635 035	75 093 585	11%	4 911 680	8%
Education	67 566	439 015	7 000	513 581	0%	276 880	0%
Extractive industries	82 867	3 079 607	15 000	3 177 474	0%	3 080 951	5%
Manufacturing industries	17 175 263	191 360	16 423 875	33 790 498	5%	2 974 314	5%
Other service companies	93 984 095	5 355 741	44 657 213	143 997 049	20%	9 016 717	16%
Production and distribution of energy, gas and water	445 384	65 987	10 000	521 371	0%	41 255	0%
Health and social services	171 805	34 507	273 687	479 999	0%	137 728	0%
Transport, storage and communication	529 837	7 013	33 718 886	34 255 736	5%	73 436	0%
	432 900 289	**11 204 892**	**146 370 358**	**590 475 539**		**46 820 473**	
Retail							
Consumer	77 738 659	3 876 495	9 289 546	90 904 700	13%	4 205 134	7%
Mortgages	23 287 104	2 342 379	-	25 629 483	4%	6 004 719	10%
Other purposes	850 570	1 913 584	255 690	3 019 844	0%	968 992	2%
	101 876 333	**8 132 458**	**9 545 236**	**119 554 027**		**11 178 845**	
Total	**534 776 622**	**19 337 350**	**155 915 594**	**710 029 566**		**57 999 318**	

Amounts in thousand of Kwanzas

	31/12/2022						
	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**	

The exposure to credit risk by class of financial assets, rating level and stage, as at 30 June 2023 and 31 December 2022, shows the following detail:

Amounts in thousand of Kwanzas

	30/06/2023			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash and deposits at central banks:				
B+ to B-	550 896 541	-	-	550 896 541
N/ D	22 885 061	-	-	22 885 061
	573 781 602	-	-	573 781 602
Loans and advances to credit institutions:				
AAA to AA-	4 880 276	-	-	4 880 276
A+ to A-	9 586 030	-	-	9 586 030
BBB+ to BBB-	31 446 087	-	-	31 446 087
BB+ to BB-	6 274 551	-	-	6 274 551
B+ to B-	2 397 748	-	-	2 397 748
N/ D	1 714 615	-	-	1 714 615
	56 299 307	-	-	56 299 307
Other loans and advances to central banks and credit institutions:				
AAA to AA-	70 358 090	-	-	70 358 090
A+ to A-	134 417 786	-	-	134 417 786
BBB+ to BBB-	460 469 865	-	-	460 469 865
BB+ to BB-	8 329 662	-	-	8 329 662
B+ to B-	297 255 176	-	-	297 255 176
	970 830 579	-	-	970 830 579
Investiments at amortized cost:				
AAA to AA-	8 372 497	-	-	8 372 497
BBB+ to BBB-	8 196 387	-	-	8 196 387
B+ to B-	1 140 093 782	-	-	1 140 093 782
	1 156 662 666	-	-	1 156 662 666

Amounts in thousand of Kwanzas

	30/06/2023			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Loans and advances to customers - On-balance sheet:				
Grade A	248 868 193	12 571 405	35	261 439 633
Grade B	194 918 832	21 972 236	37 830 598	254 721 666
Grade C	755 869	667 712	67 196	1 490 777
Grade D	19 996	554 173	84 863	659 032
Grade E	504	400 600	1 326 498	1 727 602
Grade F	3 734	32 778	267 838	304 350
Grade G	17 074	5 394 200	28 359 638	33 770 912
	444 584 202	41 593 104	67 936 666	554 113 972
Loans and advances to customers - Off-balance sheet:				
Grade A	7 840 573	2 050	250	7 842 873
Grade B	147 030 621	873 673	62 331	147 966 625
Grade C	-	34 135	304	34 439
Grade D	-	10 555	931	11 486
Grade E	-	250	11 474	11 724
Grade F	-	0	7 238	7 238
Grade G	1 272	5 713	34 224	41 209
	154 872 466	926 376	116 752	155 915 594
Total gross book value	**3 357 030 822**	**42 519 480**	**68 053 418**	**3 467 603 720**
Accumulated impairment / Provision	19 362 138	6 773 391	44 310 254	70 445 783
Net book value	**3 376 392 960**	**49 292 871**	**112 363 672**	**3 538 049 503**

Amounts in thousand of Kwanzas

	31/12/2022			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	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
	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
	726 368 077	-	-	726 368 077
Investiments at amortized cost:				
B+ to B-	958 579 426	-	-	958 579 426
N/ D	-	-	-	-
	958 579 426	-	-	958 579 426

Amounts in thousand of Kwanzas

	31/12/2022			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
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**

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 may consist, for example, in the inability to sell a financial instrument quickly for an amount representative of its fair value, because of its large size, in relation to the volume normally traded, or because of some discontinuity in the market.

Within the scope of the Bank's internal policies with respect to exposure to liquidity risk, the respective follow-up and monitoring of the established principles and limits is ensured by the Risk Management Department.

As at 30 June 2023 and 31 December 2022, the total contractual cash flows present the following detail:

Amounts in thousand of Kwanzas

	30/06/2023									
	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	333 151 499	-	-	-	-	240 630 103	-	-	-	573 781 602
Loans and advances to credit institutions	56 291 943	-	-	-	-	-	-	-	-	56 291 943
Other loans and advances to central banks and credit institutions	-	555 417 760	256 195 868	60 156 934	99 060 017	-	-	-	-	970 830 579
Financial assets at fair value through profit or loss	-	15 382	1 472	19 431	19 565 510	15 829 063	13 818 098	1 979 396	5 762 076	56 990 428
Investiments at amortized cost	-	4 942 215	85 799 011	195 639 867	119 717 795	313 487 847	243 032 885	194 043 046		1 156 662 666
Loans and advances to customers	-	25 010 182	4 614 279	20 957 839	58 841 807	76 498 514	130 964 772	217 889 229	19 337 350	554 113 972
Total Assets	**389 443 442**	**585 385 539**	**346 610 630**	**276 774 071**	**297 185 129**	**646 445 527**	**387 815 755**	**413 911 671**	**25 099 426**	**3 368 671 190**
Liabilities										
Deposits from central bank and other credit institutions	917 036									917 036
Deposits from customers and other loans	1 027 973 297	481 366 042	483 338 868	338 210 252	376 465 099	20 754 816	-	-	-	2 728 108 374
Financial liabilities at fair value through profit or loss	-	2 754 185	-	-	-	-	-	-	-	2 754 185
Total Liabilities	**1 028 890 333**	**484 120 227**	**483 338 868**	**338 210 252**	**376 465 099**	**20 754 816**	**-**	**-**	**-**	**2 731 779 595**
Liquidity Gap	**(639 446 891)**	**101 265 312**	**(136 728 238)**	**(61 436 181)**	**(79 279 970)**	**625 690 711**	**387 815 755**	**413 911 671**	**25 099 426**	**636 891 595**
Accumulated Liquidity Gap	**639 446 891)**	**(538 181 579)**	**(674 909 817)**	**(736 345 998)**	**(815 625 968)**	**(189 935 257)**	**197 880 498**	**611 792 169**	**636 891 595**	**1 273 783 191**

Amounts in thousand of Kwanzas

	31/12/2022									
	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	184 473 574	-	-	-	-	241 831 150	-	-	-	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 amortized 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
Total Assets	**208 599 077**	**480 042 715**	**257 388 654**	**185 832 081**	**300 239 703**	**612 055 488**	**288 287 908**	**361 225 390**	**17 955 071**	**2 711 626 087**
Liabilities										
Deposits from central bank 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
Total Liabilities	**895 414 863**	**379 954 458**	**325 774 230**	**234 343 736**	**198 495 488**	**10 544 595**	**-**	**-**	**-**	**2 044 527 370**
Liquidity Gap	**(686 815 786)**	**100 088 257**	**(68 385 576)**	**(48 511 655)**	**101 744 215**	**(601 510 893)**	**288 287 908**	**361 225 390**	**17 955 071**	**667 098 717**
Accumulated Liquidity Gap	**(686 815 786)**	**(586 727 529)**	**(655 113 105)**	**(703 624 760)**	**(601 880 545)**	**(369 652)**	**287 918 256**	**649 143 646**	**667 098 717**	**1 334 197 434**

The contractual cash flows related to capital, as at 30 June 2023 and 31 December 2022, have the following breakdown:

Amounts in thousand of Kwanzas

	30/06/2023									
	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
Assets										
Cash and deposits at central banks	333 151 499	-	-	-	-	240 630 103	-	-	-	573 781 602
Loans and advances to credit institutions	56 291 943	-	-	-	-	-	-	-	-	56 291 943
Other loans and advances to central banks and credit institutions	-	552 062 752	253 405 746	58 654 060	96 358 834	-	-	-	-	960 481 392
Financial assets at fair value through profit or loss	-	14 514	1 403	19 381	18 694 533	15 145 799	12 984 176	1 874 561	5 762 076	54 496 443
Investments at amortized cost		35 413 601	92 981 534	192 213 910	115 365 604	305 387 453	231 666 830	148 033 987	-	1 121 062 919
Loans and advances to customers	-	24 712 522	4 569 155	20 546 935	58 358 090	76 077 724	129 414 635	214 369 957	19 233 164	547 282 182
Total Assets	**389 443 442**	**612 203 389**	**350 957 838**	**271 434 286**	**288 777 061**	**637 241 079**	**374 065 641**	**364 278 505**	**24 995 240**	**3 313 396 481**
Liabilities										
Deposits from central bank and other credit institutions	917 036	-		-	-	-	-	-	-	917 036
Deposits from customers and other loans	1 027 973 297	477 730 019	477 996 656	334 941 748	373 440 435	20 151 487	-	-	-	2 712 233 642
Financial liabilities at fair value through profit or loss	-	2 754 185	-	-	-	-	-	-	-	2 754 185
Total Liabilities	**1 028 890 333**	**480 484 204**	**477 996 656**	**334 941 748**	**373 440 435**	**20 151 487**	**-**	**-**	**-**	**2 715 904 863**
Liquidity Gap	**(639 446 891)**	**131 719 185**	**(127 038 818)**	**(63 507 462)**	**(84 663 374)**	**617 089 592**	**374 065 641**	**364 278 505**	**24 995 240**	**597 491 618**
Accumulated Liquidity Gap	**(639 446 891)**	**(507 722 697)**	**(634 766 524)**	**(698 273 986)**	**(782 937 360)**	**(165 847 768)**	**208 217 873**	**572 496 378**	**597 491 618**	**1 194 983 236**

Amounts in thousand of Kwanzas

	31/12/2022									
	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
Assets										
Cash and deposits at central banks	184 473 574	-	-	-	-	241 831 150	-	-	-	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 amortized 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
Total Assets	**208 599 077**	**477 489 229**	**253 172 482**	**183 612 081**	**293 226 513**	**359 195 502**	**281 189 961**	**349 409 635**	**17 955 071**	**2 665 680 701**
Liabilities										
Deposits from central bank 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
Total Liabilities	**895 414 863**	**375 590 686**	**321 284 774**	**231 068 761**	**196 704 376**	**10 194 319**	**-**	**-**	**-**	**2 030 257 779**
Liquidity Gap	**(686 815 786)**	**101 898 543**	**(68 112 292)**	**(47 456 680)**	**96 522 137**	**590 832 333**	**281 189 961**	**349 409 635**	**17 955 071**	**635 422 922**
Accumulated Liquidity Gap	**(686 815 786)**	**(584 917 243)**	**(653 029 535)**	**(700 486 215)**	**(603 964 078)**	**(13 131 745)**	**268 058 216**	**617 467 851**	**635 422 922**	**1 270 845 844**

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 30 June 2023 and 31 December 2022, financial instruments by exposure to interest rate risk were as follows:

Amounts in thousand of Kwanzas

	30/06/2023				
	Exposure to		Not subject to interest risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**3 094 886 652**	**2 568 637**	**4 525 020**	**1 212 888**	**3 103 193 197**
Cash and deposits at central banks	573 781 602	-	-	-	573 781 602
Loans and advances to credit institutions	56 299 307	-	-	-	56 299 307
Other loans and advances to central banks and credit institutions	960 481 392	-	-	-	960 481 392
Financial assets at fair value through profit or loss	48 758 535	-	4 525 020	1 212 888	54 496 443
Investiments at amortized cost	910 852 271	-	-	-	910 852 271
Loans and advances to customers	544 713 545	2 568 637	-	-	547 282 182
Liabilities	**2 712 204 159**	**-**	**883 099**	**2 754 185**	**2 715 841 443**
Deposits from central bank and other credit institutions	33 937	-	883 099	-	917 036
Deposits from customers and other loans	2 712 170 222	-	-	-	2 712 170 222
Financial liabilities at fair value through profit or loss	-	-		2 754 185	2 754 185
Total	**5 807 090 811**	**2 568 637**	**5 408 119**	**3 967 073**	**5 819 034 640**

Amounts in thousand of Kwanzas

	31/12/2022				
	Exposure to		Not subject to interest 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
Investiments at amortized 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 bank 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**

The details of financial instruments with exposure to interest rate risk according to the maturity or prefixing date , as at 30 June 2023 and 31 December 2022, are as follows:

Amounts in thousand of Kwanzas

	30/06/2023								
	Refixing 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	**996 714 629**	**301 850 663**	**212 375 456**	**272 926 986**	**573 627 491**	**348 113 048**	**372 613 853**	**24 971 072**	**3 103 193 197**
Cash and deposits at central banks	333 151 499				240 630 103				573 781 602
Loans and advances to credit institutions	56 299 307								56 299 307
Other loans and advances to central banks and credit institutions	552 061 178	253 405 746	58 654 060	96 360 409					960 481 392
Financial assets at fair value through profit or loss	18 737	1 888	19 020	18 634 847	15 129 907	12 980 742	1 973 394	5 737 908	54 496 443
Investiments at amortized cost	30 471 386	43 873 874	133 155 441	99 573 640	241 789 757	205 717 671	156 270 502		910 852 271
Loans and advances to customers	24 712 522	4 569 155	20 546 935	58 358 090	76 077 724	129 414 635	214 369 957	19 233 164	547 282 182
Liabilities	**1 506 551 923**	**477 996 656**	**334 941 748**	**373 440 435**	**20 156 496**	**-**	**-**	**-**	**2 713 087 258**
Deposits from central bank and other credit institutions	917 036	-	-	-	-	-	-	-	917 036
Deposits from customers and other loans	1 505 634 887	477 996 656	334 941 748	373 440 435	20 156 496	-	-	-	2 712 170 222

Amounts in thousand of Kwanzas

	31/12/2022								
	Refixing 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	**684 935 776**	**248 967 834**	**148 079 357**	**219 755 391**	**594 880 336**	**287 774 062**	**336 683 135**	**24 971 072**	**2 539 030 962**
Cash and deposits at central banks	184 473 574								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
Investiments at amortized cost	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 bank 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

As at 30 June 2023 and 31 December 2022, the average interest rates for the main financial assets and liabilities are as follows:

Amounts in thousand of Kwanzas

	30/06/2023			31/12/2022		
	Average balance of the period	Interest for the period	Average interest rate	Average balance of the period	Interest for the period	Average interest rate
Investments						
Financial assets at fair value through profit or loss	76 332 682	5 084 326	14%	95 842 385	13 057 126	14%
Loans and advances to customers	512 765 510	33 643 708	14%	438 874 075	58 561 816	13%
Investiments at amortized cost	1 057 621 046	84 218 762	17%	1 049 919 111	166 588 724	16%
Other loans and advances to central banks and credit institutions	848 599 328	23 671 508	6%	641 523 812	29 468 412	5%
	2 495 318 566	**146 618 304**	**12%**	**2 226 159 383**	**267 676 078**	**12%**
Deposits						
Deposits from customers	2 384 196 789	29 441 770	2%	2 022 802 350	50 167 798	2%
Interbank deposits	2 009 119	361 059	39%	1 564 741	603 132	39%
Other deposits	4 831 434	335 697	14%	5 404 236	729 019	13%
	2 391 037 342	**30 138 526**	**3%**	**2 029 771 327**	**51 499 949**	**3%**
Net interest income		**116 479 778**			**216 176 129**	

As at 30 June 2023 and 31 December 2022, the sensitivity analysis of the results generated by financial instruments to changes in interest rates presents the following detail:

Amounts in thousand of Kwanzas

	30/06/2023					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(31 637 805)	(26 351 708)	(21 077 493)	21 077 493	26 351 708	31 637 805
Interest and similar expense	(17 774 801)	(11 835 297)	(5 910 399)	5 910 399	11 835 297	17 774 801
Total	**(49 412 606)**	**(38 187 005)**	**(26 987 892)**	**26 987 892**	**38 187 005**	**49 412 606**

Amounts in thousand of Kwanzas

	31/12/2022					
	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**

Currency risk

Currency risk is 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, currency risk.

As at 30 June 2023 and 31 December 2022, the detail of financial instruments by currency is as follows:

Amounts in thousand of Kwanzas

	30/06/2023					
	AOA	Indexed to the US dollar	United States dollar	Euro	Other currencies	Total
Assets						
Cash and deposits at central banks	141 886 334	-	250 366 700	181 275 024	253 544	573 781 602
Loans and advances to credit institutions	-	-	23 801 529	25 315 264	7 175 150	56 291 943
Other loans and advances to central banks and credit institutions	301 203 931	-	595 997 986	66 930 023	6 278 051	970 409 991
Financial assets at fair value through profit or loss	54 228 564	-	2 715 720	46 144	-	56 990 428
Investments at amortized cost	780 701 116	-	363 943 037	-	-	1 144 644 153
Loans and advances to customers	465 958 665	-	11 541 959	19 272 432	2	496 773 058
	1 743 978 610	-	**1 248 366 931**	**292 838 887**	**13 706 747**	**3 298 891 175**
Liabilities						
Deposits from central bank and other credit institutions	471 732	-	37 115	402 991	5 198	917 036
Deposits from customers and other loans	1 238 512 165	-	1 210 041 118	273 202 529	6 352 562	2 728 108 374
Financial liabilities at fair value through profit or loss	2 754 185	-	-	-	-	2 754 185
	1 241 738 082	-	**1 210 078 233**	**273 605 520**	**6 357 760**	**2 731 779 595**
	502 240 528	-	**38 288 698**	**19 233 367**	**7 348 987**	**567 111 580**

Amounts in thousand of Kwanzas

	31/12/2022					
	AOA	Indexed to the US dollar	United States dollar	Euro	Other currencies	Total
Assets						
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
Investiments at amortized 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**
Liabilities						
Deposits from central bank 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**

As at 30 June 2023 and 31 December 2022, the sensitivity analysis (considering Treasury Bonds indexed to the US dollar and currency forwards) of the asset value of financial instruments to changes in exchange rates, has the following detail:

Amounts in thousand of Kwanzas

	30/06/2023					
	-20%	-10%	-5%	5%	10%	20%
United States dollar	(7 657 740)	(3 828 870)	(1 914 435)	1 914 435	3 828 870	7 657 740
Euros	(3 846 673)	(1 923 337)	(961 668)	961 668	1 923 337	3 846 673
Other currencies	(1 469 797)	(734 899)	(367 449)	367 449	734 899	1 469 797
Total	**(12 974 210)**	**(6 487 106)**	**(3 243 553)**	**3 243 553**	**6 487 106**	**12 974 210**

Amounts in thousand of Kwanzas

	31/12/2022					
	-20%	-10%	-5%	5%	10%	20%
United States dollar	(1 109 570)	(554 785)	(277 392)	277 392	554 785	1 109 570
Euros	(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**

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 listed in active markets (level 1)

This category includes financial instruments with available quoted prices in official markets and those in which there are entities that usually disclose prices of transactions for these instruments traded in 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)

This category includes financial instruments valued through internal models, namely discounted cash flow models, which require judgments that vary according to the complexity of the products being valued and use assumptions similar to 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 provided 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 the lowest liquidity.

This category includes, among others, the following financial instruments: (i) unlisted bonds; and (ii) over the counter (OTC) derivatives.

Valuation methods with non-observable parameters in the market (level 3)

This level includes the valuations determined by the use of internal valuation models or quotations provided by third parties but where the parameters used are not observable in the market. The bases and assumptions used in the calculation of the 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 inputs that are not observable in the market; (ii) unquoted shares; (iii) over the counter (OTC) market derivatives with quotes provided by third parties.

As at 30 June 2023 and 31 December 2022, the book value of financial instruments is detailed as follows:

Amounts in thousand of Kwanzas

	30/06/2023			
	Measured at fair value	Measured at amortized cost	Impairment	Net value
Assets				
Cash and deposits at central banks	-	573 781 602	-	573 781 602
Loans and advances to credit institutions	-	56 299 307	(7 364)	56 291 943
Other loans and advances to central banks and credit institutions	-	970 830 579	(420 588)	970 409 991
Financial assets at fair value through profit or loss	56 990 428		-	56 990 428
Investiments at amortized cost	-	1 156 662 666	(12 018 513)	1 144 644 153
Loans and advances to customers	-	554 113 972	(57 340 914)	496 773 058
	56 990 428	**3 311 688 126**	**(69 787 379)**	**3 298 891 175**
Liabilities				
Deposits from central bank and other credit institutions	-	917 036	-	917 036
Deposits from customers and other loans	-	2 728 108 374	-	2 728 108 374
Financial liabilities at fair value through profit or loss	2 754 185	-	-	2 754 185
	2 754 185	**2 729 025 410**	**-**	**2 731 779 595**

Amounts in thousand of Kwanzas

	31/12/2022			
	Measured at fair value	Measured at amortized cost	Impairment	Net value
Assets				
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
Investiments at amortized cost	-	958 579 426	(10 211 818)	948 367 608
Loans and advances to customers	-	471 417 049	(53 991 485)	417 425 564
	104 831 308	**2 606 794 779**	**(64 527 711)**	**2 647 098 376**
Liabilities				
Deposits from central bank and other credit 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
	545 524	**2 043 981 846**	**-**	**2 044 527 370**

As at 30 June 2023 and 31 December 2022, the fair value of the Bank's financial instruments is presented as follows:

Amounts in thousand of Kwanzas

	30/06/2023				
	Book Value (Net)	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost		
Assets					
Cash and deposits at central banks	573 781 602	-	573 781 602	573 781 602	-
Loans and advances to credit institutions	56 291 943	-	56 291 943	56 291 943	-
Other loans and advances to central banks and credit institutions	970 409 991	-	970 409 991	970 409 991	-
Financial assets at fair value through profit or loss	56 990 428	56 990 428	-	56 990 428	-
Investiments at amortized cost	1 144 644 153	-	1 196 280 110	1 196 280 110	51 635 957
Loans and advances to customers	496 773 058	-	500 258 481	500 258 481	3 485 423
	3 298 891 175	**56 990 428**	**3 297 022 127**	**3 354 012 555**	**55 121 380**
Liabilities					
Deposits from central bank and other credit institutions	917 036	-	917 036	917 036	-
Deposits from customers and other loans	2 728 108 374	-	2 728 108 374	2 728 108 374	-
Financial liabilities at fair value through profit or loss	2 754 185	2 754 185	-	2 754 185	-
	2 731 779 595	**2 754 185**	**2 729 025 410**	**2 731 779 595**	**-**

Amounts in thousand of Kwanzas

	31/12/2022				
	Book Value (Net)	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized 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	-
Investiments at amortized 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 bank and other credit 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**	**-**

The fair value of financial instruments should be estimated, whenever possible, using quotations on 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 carried out in the following terms:

a) Financial instruments recorded in the balance sheet at fair value:

Treasury Bonds in Angolan currency that are non-readjustable and Treasury Bonds in Angolan 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 observed directly on BODIVA's daily report, which the Bank considers to be an active market.

Currency forwards are revalued using a discounted cash-flows model. The amounts in foreign currency are updated with an interest rate curve directly observed from Bloomberg and the amounts in national currency are updated with a curve built with interbank money market yields and reference rates (Luibor) observed on the BNA website.

Since they are not listed on a stock exchange and provided that there is observable market data, the equity instruments, with the exception of Visa Incl, are valued by the equity method and the Participation Units by the quotation made available by the fund management company.

b) Financial instruments recorded in the balance sheet at amortized cost:

For financial instruments recorded in the balance sheet at amortized cost, the Bank calculates their fair value using valuation techniques based on the conditions applicable to similar transactions 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 national currency issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model.

- Treasury Bonds in dollars 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 built based on the yields of the last issues of these bonds.

- For loans and advances to customers, the average interest rates charged by the Bank in the period ended 30 June 2023 and 31 December 2022, respectively, were used for operations with similar characteristics and net of accumulated impairment losses; and

- Regarding Cash and deposits at central banks, Loans and advances to other credit institutions, Other loans and advances to central banks and credit institutions, Deposits from central banks and Deposits from other credit institutions and Deposits from customers and other loans, as they are essentially short-term investments, the balance sheet value was considered a reasonable approximation of 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 30 June 2023 and 31 December 2022, the fair value of financial instruments recorded in the balance sheet at fair value presents the following detail by valuation methodology:

Amounts in thousand of Kwanzas

	30/06/2023			
	Level 1 Prices on active markets	Level 2 Observable market inputs	Level 3 Other valuations techniques	Total
Assets				
Financial assets at fair value through profit or loss	2 715 720	1 212 888	53 061 820	56 990 428
Debt securities issued by the State				
Non-adjustable Treasury Bonds in national currency	-	-	51 252 520	51 252 520
Treasury Bonds in national currency indexed to the US dollar exchange rate	-	-		-
Equity instruments				
VISA	2 715 720	-	-	2 715 720
Other equity instruments	-	-	1 417 153	1 417 153
Participation units	-	-	392 147	392 147
Derivatives	-	1 212 888	-	1 212 888
Liabilities				
Financial liabilities at fair value through profit or loss	-	2 754 185	-	2 754 185
Derivatives	-	2 754 185	-	2 754 185

Amounts in thousand of Kwanzas

	31/12/2022			
	Level 1 Prices on active markets	Level 2 Observable market inputs	Level 3 Other valuations techniques	Total
Assets				
Financial assets at fair value through profit or loss	1 454 172	101 784 861	1 592 275	104 831 308
Debt securities issued by the State				
Non-adjustable Treasury Bonds in national currency	-	101 412 843	-	101 412 843
Treasury Bonds in national currency indexed to the US dollar exchange rate	-	-		-
Equity instruments				
VISA	1 454 172	-	-	1 454 172
Other equity instruments	-	-	1 398 588	1 398 588
Participation units	-	-	193 687	193 687
Derivatives	-	372 018	-	372 018
Liabilities				
Financial liabilities at fair value through profit or loss	-	545 524	-	545 524
Derivatives	-	545 524	-	545 524

During the first half of 2023, the Bank began to apply the rates applied to its own transactions, considering that these rates reflect BFA's condition and ability to carry out the operations. Given its historical experience, as described above, the Bank is regularly monitoring the rates published by BODIVA.

Accordingly, the Bank now classifies this methodology as level 3, in accordance with the definition of IFRS 13.

30.5 Capital management

As at 30 June 2023 and 31 December 2022, the Bank's capital and solvency ratio are determined in accordance with the applicable regulatory standards, namely with Notice No. 8/2021. 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 credit institutions should hold a level of capital compatible with the nature and scale of operations, duly weighted by the risks inherent to the operations, with a minimum regulatory capital ratio of 8%, a minimum Tier 1 (T1) capital ratio of 6% and a minimum Common Equity Tier 1 (CET1) capital ratio of 4.5%.

Regulatory capital ratio comprise:

1. Tier 1 capital – comprises: i) Paid-up share capital; ii) Positive retained earnings of previous periods; iii) Legal, statutory, and other reserves arising from non-distributed profits, or set up to increase capital; iv) Net profit of the previous period; v) Provisional net profit of the current period; vi) Equity instruments; and vii) Share premium.
2. The negative elements of Tier 1 capital – comprise: i) Own shares in the portfolio, at book value in the balance sheet; ii) Losses carried forward of previous periods; iii) Net loss of the previous period; iv) Provisional net loss of 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 impairment losses on financial instruments in relation to that determined by the Banco Nacional de Angola in the prudential supervision; ix) Positive revaluation differences arising from the application of the equity method; x) Actuarial losses not recognized in profit and loss; xi) The amount of the items that need to be deducted from additional Tier 1 capital items that exceed the Institution's additional Tier 1 capital items; xii) The exposure value of incomplete transactions; xiii) The applicable amount of Common Equity Tier 1 instruments of credit institutions held directly, indirectly and synthetically with which the Institution has cross-holdings that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; xiv) The applicable amount of Common Equity Tier 1 instruments of credit institutions held by the Institution directly, indirectly and synthetically where the Institution does not have a significant investment in such entities; xv) The applicable amount of Common Equity Tier 1 instruments of credit institutions held by the Institution directly, indirectly and synthetically where 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 Common Equity Tier 1 items that is foreseeable at the time it is calculated, except where the Institution appropriately adjusts the amount of Common Equity Tier 1 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) Preference shares; ii) Hybrid and/or convertible instruments; iii) Other instruments whose issue conditions have been previously approved by the Banco Nacional de Angola; and iv) Share premium relating to the items included in the previous sub-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) Additional Tier 1 instruments of credit institutions held directly, indirectly and synthetically, with which the Institution has cross-holdings

that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; iii) The applicable amount of additional Tier 1 instruments of credit institutions held directly, indirectly and synthetically, where the Institution does not have a significant investment in such credit institutions; iv) The applicable amount of additional Tier 1 capital instruments of credit institutions held directly, indirectly and synthetically by the Institution, where the institution has a significant investment in such credit institutions, excluding underwriting positions held for a period of five business days or less; v) The amount of items required to be deducted from Tier 2 capital items in excess of the Institution's Tier 2 capital items; and, vi) Any tax on additional Tier 1 capital items that is foreseeable at the time it is calculated, except where the Institution appropriately adjusts the amount of additional Tier 1 capital items to the extent that such tax reduces the amount by which those items may be used to hedge risks or losses.

5. Tier 2 capital – comprises: i) Redeemable preference 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 the Banco Nacional de Angola; iv) Other instruments whose issue conditions were previously approved by the Banco Nacional de Angola; and v) Share premium 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 directly, indirectly and synthetically held credit institutions with which the Institution has cross-holdings that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; iii) The applicable amount of Tier 2 instruments of credit institutions held directly, indirectly and synthetically, where the Institution does not have a significant investment in such credit institutions; and, (iv) Tier 2 instruments of credit institutions held directly, indirectly and synthetically by the Institution, where the Institution has a significant investment in such entities, excluding underwriting positions held for a period of five business days or less.

Net profits for the previous and current periods referred to in the previous points may only be considered when certified by the chartered accountant, member of the supervisory board or statutory auditor and by the external auditor.

The table below shows the capital and the solvency ratio of the entity as at 30 June 2023 and 31 December 2022:

Amounts in thousand of Kwanzas

	30/06/2023	31/12/2022
Regulatory Capital		
Tier I capital	432 454 500	404 825 397
Tier II capital	-	-
Total	**432 454 500**	**404 825 397**
Regulatory Capital Requirements		
Credit Risk Requirements	50 604 266	33 017 817
Market Risk Requirement	2 671 942	2 357 101
Operational Risk Requirements	39 124 468	39 124 468
Excesses of Prudential Limits for Large Exposures	188	188
Total	92 400 864	74 499 574
Regulatory Solvency Ratio	**37.44%**	**43.47%**

31. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

Following feedback on the need for more guidance to help companies decide what information to disclose on accounting policies, on 12 February 2021, the IASB issued amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Making Materiality Judgments.

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.

IASB 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 revised 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 for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Bank has no impacts resulting from the adoption of this standard.

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 has no impacts resulting from the adoption of this standard.

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 recognize 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 recognizing deferred tax when they recognize 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, i.e., transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize 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 amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier adoption is permitted.

The Bank has no impacts resulting from the adoption of this standard.

Lease liability in a sale and leaseback transaction (amendments to IFRS 16 – Leases)

In September 2022, the IASB issued amendments to IFRS 16 – Leases which introduce a new accounting model for variable payments in a sale and leaseback transaction.

The amendments confirm that:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting 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 amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Bank is assessing the impacts this standard will have on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Financing Agreements

On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments Disclosures.

The amendments relate to disclosure requirements in connection with supplier financing arrangements - also known as supply chain financing, financing of trade payables or reverse factoring arrangements.

The new requirements supplement those already included in IFRS standards and include disclosures about:

- Terms and conditions of supplier financing arrangements;
- The amounts of the liabilities that are the subject of such agreements, for which part of them the suppliers have already received payments from the financiers, and under which item these liabilities are shown in the balance sheet;
- The ranges of due dates; and
- Information on liquidity risk.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The Bank is assessing the impacts this standard will have on its financial statements.

32. SUBSEQUENT EVENTS

Increase in Capital Stock

On March 30, 2023, the General Meeting of shareholders decided on an increase in share capital by incorporation of Free Reserves in the amount of 30,000,000 thousand kwanzas, having obtained the necessary authorization from the BNA for this purpose.

Following this resolution, Banco de Fomento Angola, S.A. in accordance with the Angolan Commercial Companies Law, proceeded to the commercial registration of the change of capital, having been registered after public deed of August 22, 2023 and registered in the Commercial Registry on August 28, 2023. In addition, it was decided at the General Meeting and registered after public deed of August 22, 2023 and registered in the Commercial Registry on August 28, 2023 the grouping of its shares representing its share capital by applying a grouping quotient of 1:5, corresponding to every 5 shares prior to the grouping of 1 share after the same, the regrouping being applicable to all actions in the same proportion.

Thus, the share capital of BFA at the date of issuance of the interim condensed Financial Statements amounts to 45 000 000 thousand kwanzas and is represented by 9 000 000 shares.

Appointment of the Governing Bodies for the term 2023-2025

General Assembly

Coutinho Nobre Miguel - Chairman of the Board of the General Assembly.

Board of Directors

Maria do Carmo Basto Corte Real Bernardo - Chairman of the Board of Directors;
Osvaldo Salvador de Lemos Macaia - Vice President;
Filomeno da Costa Alegre Ceitas - Non-Executive Director;
Divaldo Kienda Feijó Palhares - Non-Executive Director;
Jacinto Manuel Veloso - Non-Executive Director;
Armando Manuel - Independent Director;
Laura Maria Alcântara Monteiro - Independent Executive;
Maria Amélia da Conceição Freitas Montenegro Duarte - Independent Executive;
Luís Roberto Fernandes Gonçalves - President of the Executive Committee;
Sebastião Machado Francisco Massango - Executive Administrator;
Francisca Ferrão Costa - Executive Administrator;
José Alves do Nascimento - Executive Administrator;
Paulo Valódia de Carvalho Moreira da Silva - Executive Administrator;
Natacha Sofia da Silva Barradas - Executive Administrator;
Paulo Lélis de Freitas Alves - Executive Administrator;

Conselho Fiscal

Alcides Horácio Frederico Safeca - Chairman of the Fiscal Council;
Adilson de Jesus Manuel Sequeira - Vowel;
Valdir de Jesus Lima Rodrigues - Vowel;
Henda Nzinga Câmara Pires Teixeira - Alternate Vowel;
Luzia Rodrigues de Castro Peres do Amaral - Alternate Vowel.

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INDEPENDENT AUDITOR'S REPORT

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LIMITED REVIEW REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Board of Directors of
Banco de Fomento Angola, S.A.

Introduction

1. We have performed a limited review audit on the accompanying interim condensed financial statements of **Banco de Fomento Angola, S.A.** ("Bank"), which comprise the interim condensed balance sheet as of 30 June 2023 which shows total assets of AOA 3,360,999,055 thousand and a total equity of AOA 483,067,003 thousand, including a net profit of AOA 83,050,603 thousand, the interim condensed income statement and the interim condensed statement of other comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the six-month period ended on that date and the notes to the financial statements.

Responsibilities of the Board of Directors for the Financial Statements

2. The Board of Directors is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 – Interim Financial Reporting and for such internal control as the Board deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an independent opinion on these interim condensed financial statements. We conducted our limited review audit in accordance with the Technical Standards of the Angolan Institute of Accountants and Chartered Accountants on Simplified Reviews – Reviewing Historical Financial Statements ("*Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola sobre Trabalhos de Exame Simplificado - Trabalhos Para Rever Demonstrações Financeiras Históricas*"). That standard requires us to conclude on whether anything has come to our attention that leads us to believe that the interim condensed financial statements, as a whole, are not prepared, in all materially relevant aspects, in accordance with IAS 34 – Interim Financial Reporting. This standard also requires that we comply with all relevant ethical requirements.

4. A limited review, in accordance with the Technical Standards, is work designed to provide reasonable assurance. The auditor performs procedures that consist primarily of making inquiries of the Board of Directors and others within the Bank, as appropriate, applying analytical procedures and evaluating the evidence obtained.

5. The procedures performed on a limited review are substantially reduced than the procedures performed in an audit conducted in accordance with the International Standards on Auditing. Consequently, we do not express an audit opinion on those financial statements.

Conclusion

6. Based on our limited review, nothing has come to our knowledge that leads us to believe that the interim condensed financial statements referred to in paragraph 1 above do not fairly present, in all materially relevant aspects, the financial position of **Banco de Fomento Angola, S.A.** as of 30 June 2023 and its financial performance and cash flows for the six-month period ended on that date, in accordance with IAS 34 – Interim Financial Reporting.

Luanda, 20 September 2023

KPMG Angola – Audit, Tax, Advisory, S.A.
Represented by
Maria Inês Rebelo Filipe
(Chartered Accountant Member no. 20140081)

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SUPERVISORY BOARD'S OPINION

BFA

SUPERVISORY BOARD OPINION

SUPERVISORY BOARD OPINION ON THE INTERIM FINANCIAL REPORT FOR H1 2023

In compliance with the applicable legal and regulatory provisions, namely pursuant to article 441(g) of the Angolan Companies Act (Law no. 1/04 dated 13th February), as well as pursuant to article 71(2) of the Financial Institutions Legal Framework (Law no. 14/21 dated 19th May), in conjunction with article 15(1)(d) of Notice no. 1/22 dated 28th January (the Financial Institutions Corporate Governance Code) and article 6(5) of Notice no. 5/19 dated 30th August (the Accounting Standardisation and Harmonisation Process for the Angolan Banking Sector) and with article 8(1) of BFA's Supervisory Board Regulations approved on the 19th of July 2022, it is incumbent upon the Supervisory Board to issue an opinion on BFA's Interim Condensed Financial Statements as of 30th June 2023, as approved by the Board of Directors.

It is incumbent upon BFA's Board of Directors the duty of drafting and submitting the Interim Condensed Financial Statements as of 30th June 2023.

It is incumbent upon BFA's Supervisory Board the duty of reviewing, analysing and assessing the information contained within the interim condensed financial statements in order to issue a professional and impartial opinion based on its supervisory function.

The Supervisory Board reviewed and analysed the Interim Condensed Financial Statements, which comprise the Interim Condensed Balance Sheet, the Interim Condensed Income Statement and Other Comprehensive Income Statement, the Interim Condensed Cash Flow Statement and the Interim Condensed Statement of Changes in Equity as of 30th June 2023, which highlight for accounting purposes that the Interim Condensed Balance Sheet recorded, as follows: Total Assets of AOA 3,360,999,055 thousand, Equity of AOA 483,067,003 thousand, which comprises a Net Profit of AOA 83,050,603 thousand and Total Liabilities of

BFA

SUPERVISORY BOARD OPINION

AOA 2,877,932,052 thousand. On the other hand, the Interim Condensed Income Statement and Other Comprehensive Income Statement recorded for accounting purposes a Net Financial Income of AOA 116,479,778 thousand, an Operating Income of AOA 142,641,631 thousand, a Profit Before Tax from Ongoing Operations of AOA 89,872,292 thousand and a Net Profit of AOA 83,050,603 thousand, all of which recorded for the six-month financial period under review that ended on the 30th of June 2023, in accordance with the Financial Statements approved by the Board of Directors.

The Supervisory Board did not identify any situation that was not in accordance with legal regulations, International Financial Reporting Standards (IFRS) and applicable accounting practices. Moreover, the Supervisory Board considers that the financial statements accurately and appropriately represent the Bank's financial position and the financial results of its business and operational activities in all materially relevant particulars.

The Supervisory Board took note of the External Auditors' Limited Review Report on the Interim Condensed Financial Statements as of 30th June 2023, which was issued without any reservations, with the auditor stating that "nothing has come to our attention that leads us to believe that the interim condensed financial statements do not accurately and appropriately represent, in all materially relevant particulars, the financial position of Banco de Fomento Angola, S. A. as of 30th June 2023, as well as its financial performance and cash flows for the six-month period under review ending on that date, in accordance with IAS 34 - Interim Financial Reporting".

Accordingly, the Supervisory Board opinion is positive towards the approval of BFA's Interim Condensed Financial Statements as of 30th June 2023.

BFA's Supervisory Board,
Luanda, 19th September 2023