ANNUAL REPORT '22

BCA
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APPROVAL BY THE BOARD OF DIRECTORS


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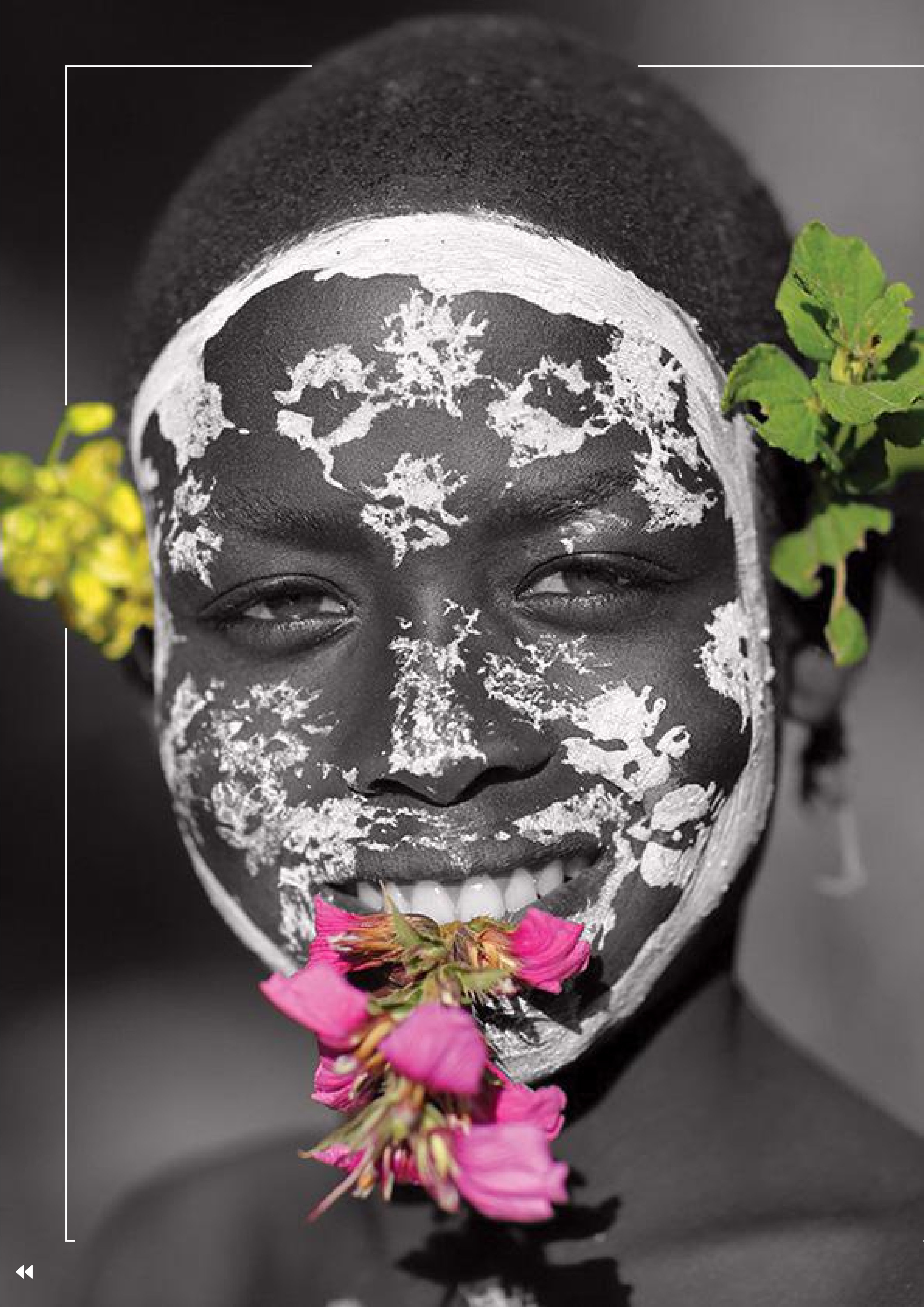


Approval by the Board of Directors

The members of the Board of "Banco Comercial Angolano, S.A." are responsible for the preparation, integrity and objectivity of the financial statements and other information contained in this report.

To satisfy this responsibility the Bank has put in place systems of internal accounting and administrative control, to ensure that its assets are safeguarded and that transactions are executed and recorded in accordance with the rules and procedures adopted.

The audited financial statements for the year ended on the 31st of December 2022, presented herewith were approved by the Board of Directors and are signed on its behalf by:

Francisco da Silva Cristovão
Chairman

Mateus Filipe Martins
Chief Executive Officer

Luanda, 17 April 2023

MANAGEMENT REPORT


Banco Comercial Angolano

Management Report

The financial year of 2022 was shaped by two key drivers that impacted on the economic players' performance globally and particularly in Angola:

1. The end of the constraints imposed on economic activities as well as the limitations on the movement of persons and goods, as preventive measures to counter the spread of the COVID-19 outbreak;
2. The worldwide effects and consequences of the Russia-Ukraine military conflict on the global economy, resulting in higher crude oil and agricultural commodity prices, in particular the price of cereals.

The national economy proved resilient to the impact of rising food prices and beyond, recording for the first time since FY2016 a reversal of the economic downward trend on a 5-year recession period and the beginning of its recovery, with a slight growth in GDP (from 0,8% in FY2021 to 2,9% in FY2022, according to the IMF), an annual inflation decline from 30% in FY2021 to 13% at the end of FY2022 (significantly down from the 18% forecast made by the Government within the 2022 General State Budget).

The FY2022 was also shaped by the Kwanza's strong appreciation against the main foreign currencies used in international financial transactions by the Angolan market - USD and EUR. The national currency appreciated 9% against the US dollar and 15% against the Euro. This sharp appreciation of Angola's domestic currency, associated with the downward trend of the primary financial instruments yields used to acquire sovereign public debt, applied enormous pressure on the Angolan commercial banks financial results in general, and particularly on BCA's financial results, given that a significant share/proportion of the financial institutions total assets, in general, and BCA in particular, are comprised of the country's public debt securities.

The Lending growth to the Real Economy, despite the mandatory legal instruments created by the regulatory body (BNA) remains sluggish or subdued, largely due to the perceived overall high risk associated with lending and/or granting credit to retail customers and/or businesses. On the other hand, the competitive environment existing in the country's banking landscape, associated to customers becoming financially aware, drove up borrowing rates. These factors (reduced return on assets and increased borrowing rates) contributed significantly to the reduction of profitability margins. Accordingly, within this economic scenario, BCA was forced, at the start of the FY2022, to take appropriate measures to accommodate its investment strategy to the current economic environment, which resulted in a positive annual net profit at the end of FY2022.

The FY2022 was also featured by the issuance of BNA's Notice no. 17/2022, which stipulates the minimum share capital of commercial banks at fifteen billion kwanzas (Kz 15 000 000 000). BCA's compliance with this regulatory framework is discussed in note No. 34.

The Bank's primary focus remains on the enhancement of key operational elements and business processes in order to improve its revenue profitability, efficiency gains and business activity growth. A higher degree of attention and effort will be given to BCA's corporate strategic guidelines aimed at boosting the Bank's financial results, reducing costs, diversifying the distribution channels of its financial products and services, with a view to increasing and diversifying its customer base and improving customer satisfaction and loyalty.

Over the last few years, BCA has displayed a Tier 1 Capital and a liquidity position level in accordance with its risk profile. Concurrently, it has also proven to have the capacity to maintain its liquidity position and ensure the sustainability and continuity of its businesses, thus not foreseeing any difficulties in complying with its financial obligations.

In the realm of Human Resources, being a service-providing institution, BCA considers that the key to differentiating its brand lies in the efficiency and qualification of its human capital. Against this backdrop, the Bank has carried out a variety of training courses, among which the following stand out: the training related to the prudential requirements framework (Anti-Money Laundering and Terrorist Financing, as well as Anti-Corruption), the training in the fiscal area, as well as English language training, which are understood as being key working tools/resources within the scope of BCA's relationship and daily interaction with its partners.

Alongside with its human capital training activities, the Bank has refocused its attention and efforts on the development of a customer-centric approach and strategy, with the aim of improving and enhancing the provision of financial services to the general public, transferring powers to the commercial branches and improving customers' perception of the BCA Brand.

In terms of corporate social responsibility, significant attention is being given to solve social problems directly affecting the workers and their families, and the society in general, with emphasis on social, health, and sporting initiatives.

The bank's vision continues to be "A universal bank in Angola focusing mainly on corporate and institutional banking yet maintaining a close eye on the prospects offered by the retail segment".

The bank's mission continues to be to "Create value for our stakeholders by providing world class banking services to our clients through maintaining excellent relationships with all those who contribute to the bank's growth, consolidating the banks image, reputation and prestige and ultimately by increasing our market share".

Financial indicators

Assets

In 2022, the bank registered a slight increase of its assets (2%). Interest-bearing assets increased 1%, (from 72% in 2021 to 73% in 2022). Furthermore, the following situations occurred:

- A reduction of resources in "Balances at other Credit Institutions" (almost 24%), in "Placements with Central Banks and other Credit Institutions" (nearly 26%), and in "Loans and Advances" (26%) which were placed in "Financial assets at fair value through Other Comprehensive Income" (which increased by 19%); and

- "Cash and Balances at Central Banks" increased by 5% while "Other Assets" reduced by almost 41%.

Liabilities

The liabilities weight remained almost unchanged (a slight increase of nearly 1% was observed). But the clients "Term Deposits" increased by 61%, while the remaining captions observed a reduction. The interest-bearing liabilities were 30% of the total of liabilities (2021: 19%).

Equity

Shareholders' Equity grew up by 4%, because of the increase in net income for the year 2022 (4%) and "Other reserves and retained income" (6%). The increase in "Other reserves and retained income" is due to appropriation of 2021 net income, after dividends distribution.

Income statement

Net profit for the year increased by 4% due to the recording of deferred income taxes, in the total amount of Kz 668,72 million. However, profit before tax decreased by almost 44%. This financial result was mainly due to the impact of exchange losses recorded on the revaluations of Treasury Bonds pegged to the US dollar exchange rate, in the amount of Kz 2,55 billion, as a result of the appreciation of Kwanza against the US dollar which, by the end of the FY2022, was 9% (appreciation of 30% until July 2022, when Kz 8,61 billion of these bonds pegged to the USD/Kz exchange rate matured). The increase in net interest income (almost 15%), as a result of the increase in earnings from securities investments, in commissions and fees for the provision of services (16%) and associated with the reduction in overheads costs (6%), were not sufficient to make up for the drop in profit before tax, due to the impact of the losses on the exchange rate revaluations of treasury bonds pegged to the US dollar.

Proposal for the appropriation of the 2022 profits

In accordance with the Angolan financial Institutions laws and BCA statutory rules, we propose that the whole after tax profit be appropriated as follows:

- To be distributed – 1 000 000 thousand of Kwanzas;
- Statutory reserves (10% of net income) – 260 251 thousand of Kwanzas; and
- Free reserves (remaining) – 1 342 258 thousand of Kwanzas.

Francisco da Silva Cristóvão
Chairman

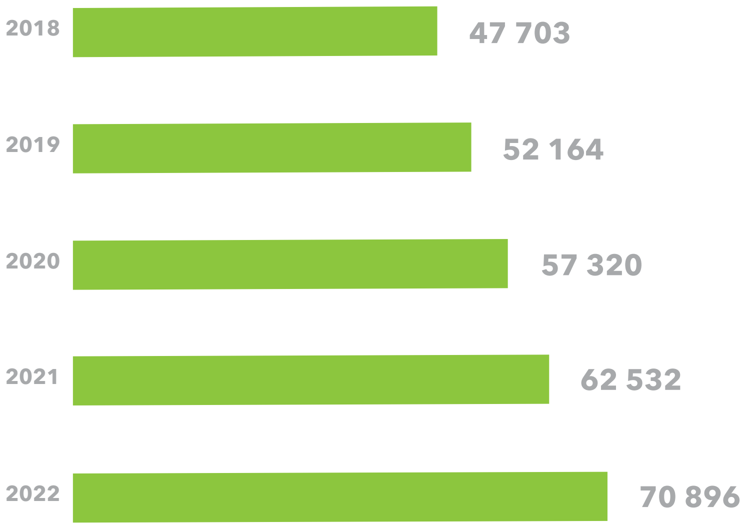
Mateus Filipe Martins
Chief Executive Officer

GROWTH OF BCA

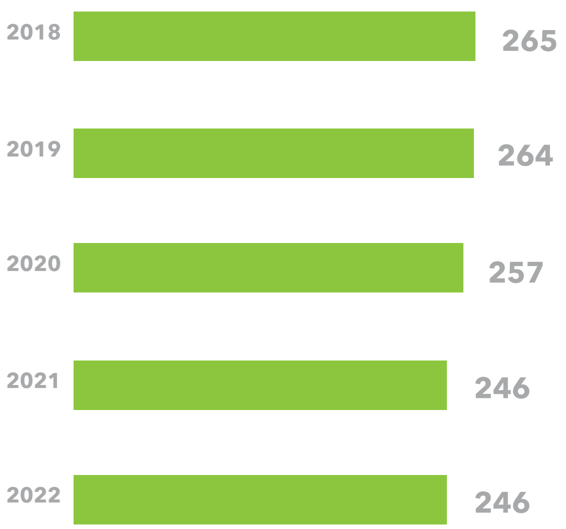
Banco Comercial Angolano

Growth of BCA

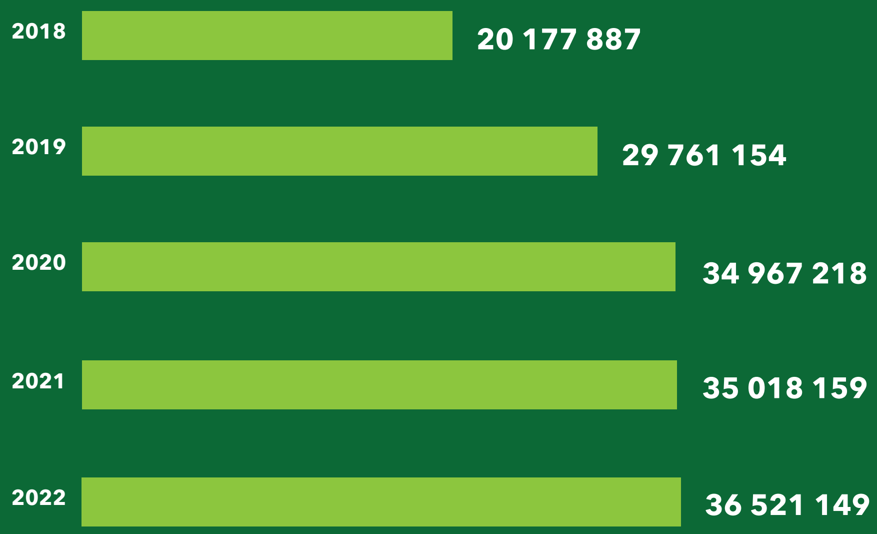
Customers



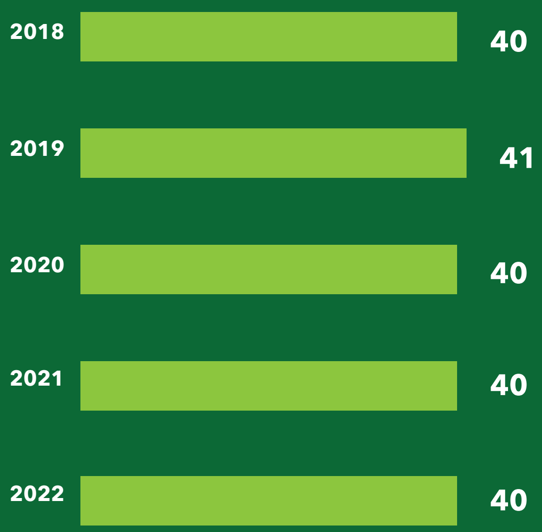
Total Employees



Equity (Kz'000)

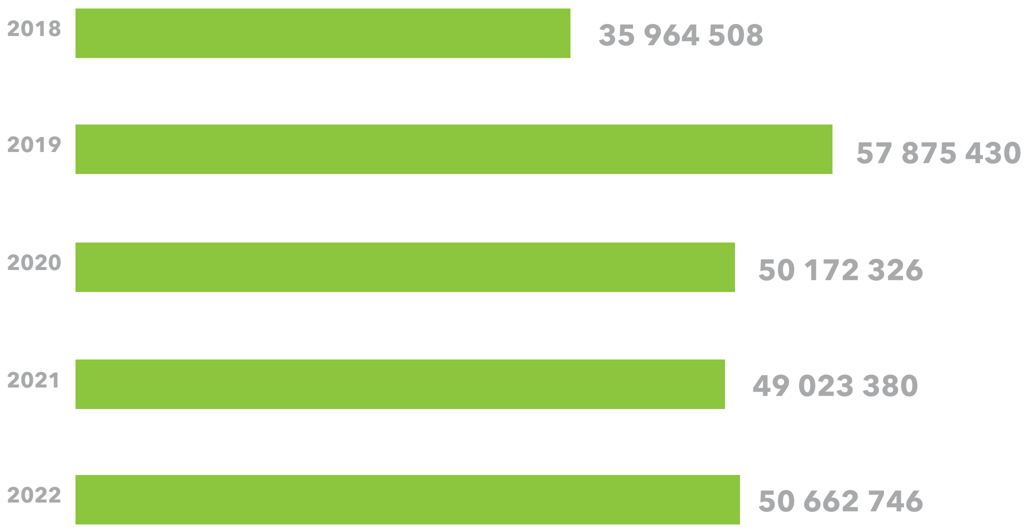


Branches

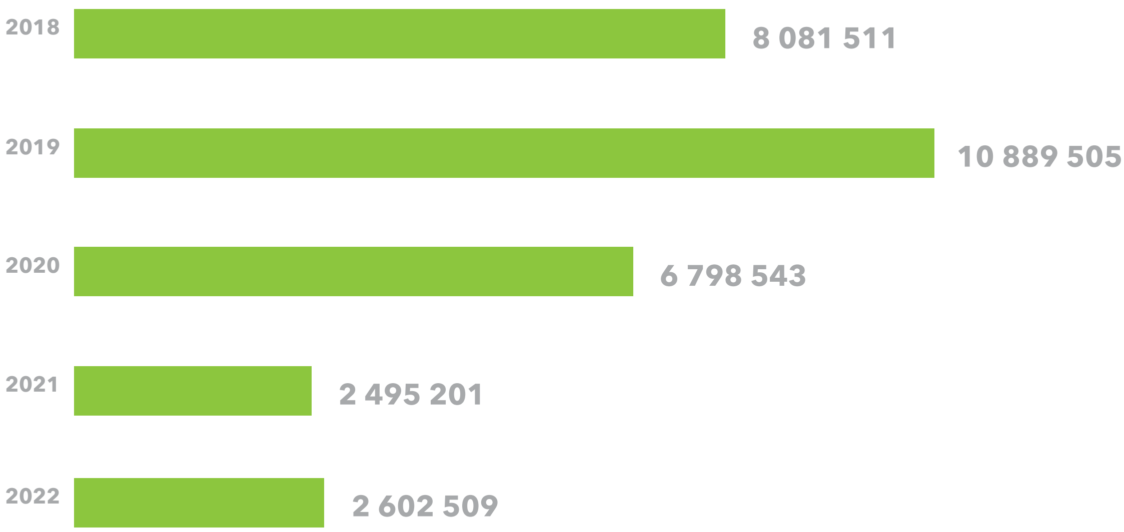


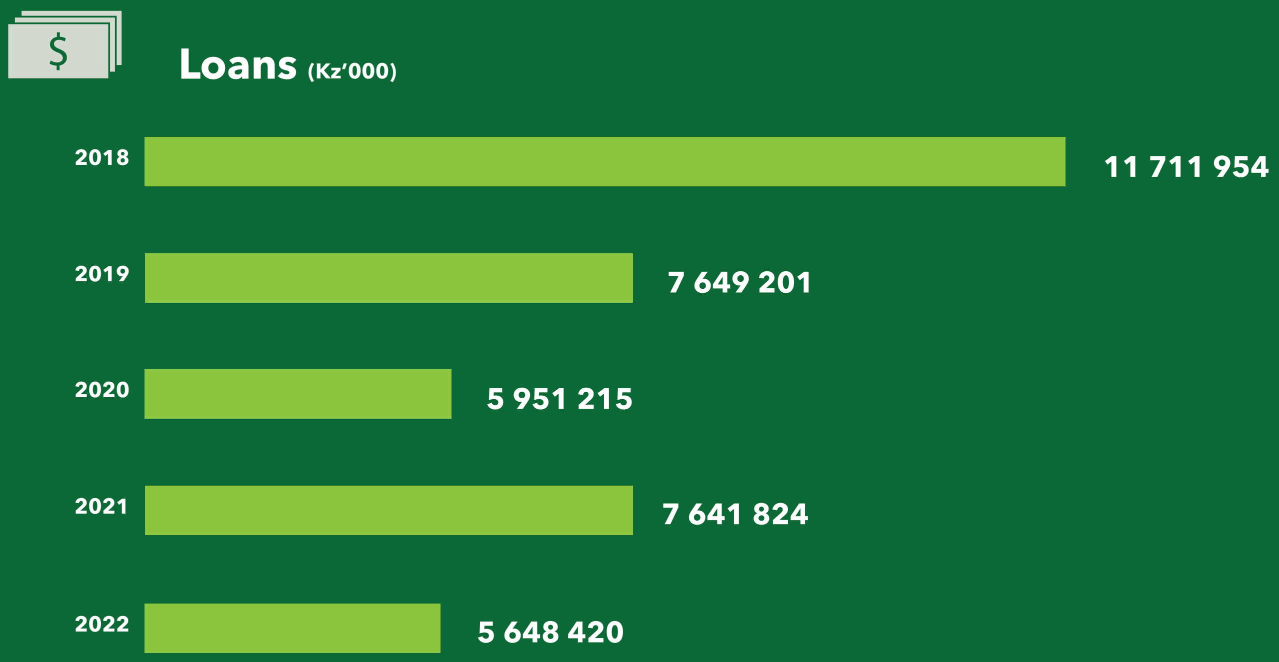
Growth of BCA

Customers Assets (Kz'000)



Net Profit (Kz'000)




Loans (Kz'000)
2018
11 711 954
2019
7 649 201
2020
5 951 215
2021
7 641 824
2022
5 648 420

KEY INDICATORS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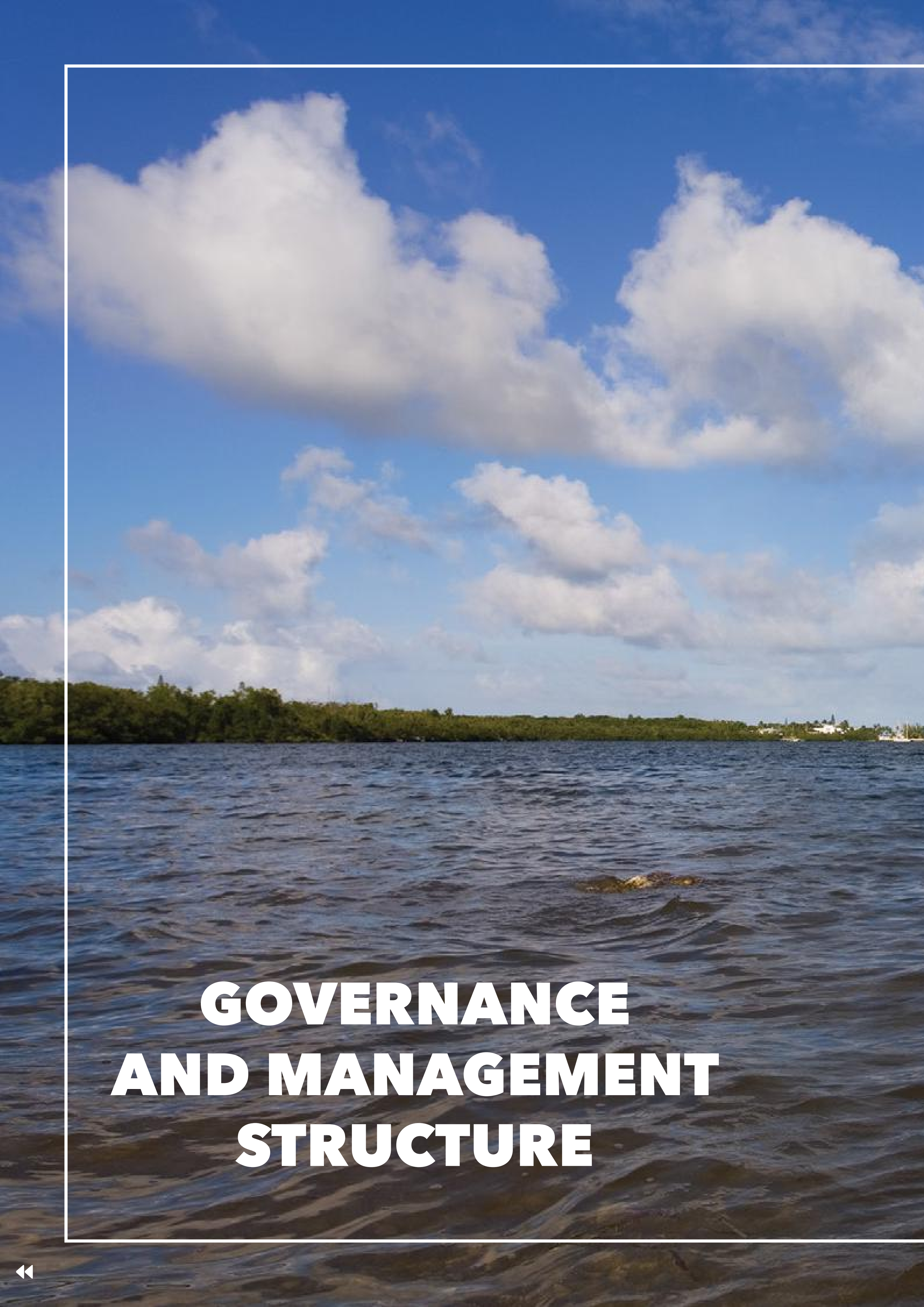
Key Indicators

	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000	2020 Kz'000	2020 USD'000
Balance Sheet						
Total Assets	96 071 159	190 734	94 199 199	169 736	97 120 468	149 507
Loans and Advances	5 648 420	11 214	7 641 824	13 770	5 951 215	9 161
Customers Liabilities	50 662 746	100 583	49 023 380	88 333	50 172 326	77 236
Shareholders´ Equity	36 521 149	72 506	35 018 159	63 101	34 967 218	53 828
Activity						
Net Interest Margin (NIM)	9 223 640	20 049	8 025 068	12 973	5 554 109	9 506
Net Operating Margin (NOM)	10 295 589	22 379	10 100 352	16 328	17 376 918	29 740
Operating Costs (OC)	7 875 562	16 940	8 418 452	13 782	8 662 877	14 701
Operating Profit (OP)	1 933 791	4 473	3 431 360	5 699	7 043 831	12 468
Net Profit (NP)	2 602 509	5 801	2 495 201	4 012	6 798 543	12 090
NIM/NOM	89,6%	89,6%	79,5%	79,5%	32,0%	32,0%
Non Interest Margin/ NIM	12,7%	12,7%	25,9%	25,9%	212,9%	212,9%
Cost-to-Income	76,5%	76,5%	83,3%	83,3%	49,9%	49,9%
Operating Costs/Average Assets	8,2%	8,2%	8,9%	8,9%	8,9%	8,9%
Solidity						
Non-Performing Loans/ Total Loans	6,9%	6,9%	5,7%	5,7%	10,7%	10,7%
Provisions/ Non-Performing Loans	180,4%	180,4%	146,8%	146,8%	126,7%	126,7%
Return On Average Assets (ROAA)	2,7%	2,7%	2,6%	2,6%	7,0%	7,0%
Return On Equity (ROE)	7,3%	7,3%	7,1%	7,1%	21,0%	21,0%
Capital Adequacy Ratio	73,8%	73,8%	73,8%	73,8%	63,0%	63,0%
Other Tangible Assets and Intangible Assets Ratio	20,4%	20,4%	22,6%	22,6%	23,7%	23,7%
Gearing Ratio (Debts/ Equity)	166,9%	169,9%	175,5%	175,5%	182,0%	182,0%
Top 20 Loans/ Equity	8,0%	7,8%	13,5%	13,6%	9,7%	9,7%



GOVERNANCE AND MANAGEMENT STRUCTURE


BCA
Banco Comercial Angolano

Governance and Management Structure

FISCAL COUNCIL*

Chairman
João Paulo Borges de Sousa

Members
Esperança Cahango and António Sebastião

GENERAL ASSEMBLY*

Chairman
Guiomar Dias

Secretary
João Muatonguela

EXTERNAL AUDIT

Deloitte & Touche - Auditores Limitada

BOARD OF DIRECTORS

Chairman (Non Executive)
Francisco da Silva Cristóvão

Independent Director (Non Executive)*

Director
Mateus Filipe Martins

Director
Hernani L. A Cambinda

Director
Tatiana M. P. Muhongo

Director
Helder N. A. Lisboa

Director
Mário T. S. N. Leitão

INTERNAL CONTROL AND AUDIT

Chairman
Independent Director (Non Executive)*

Executive Director
Tatiana Muhongo

Executive Director
Helder Lisboa

Head of Risk Management Department

Head of Internal Audit Department

Compliance Officer

EXCO CONSULTANCY OFFICE

Mathias Nleya and Bo Kronback

EXECUTIVE COMMITTEE

Chief Executive Officer
Mateus Filipe Martins
Tatiana Moreira Paiva Muhongo
Hernani Lúcio André Cambinda
Helder Nacossengue A. Lisboa
Mário Tarana S. N. Leitão

INTERNAL AUDIT OFFICE

Head
Madalena Salvador Matias

DISTRIBUTION OF PORTFOLIOS

Chief Executive Officer Mateus Filipe Martins	Executive Director Hernani Lúcio A. Cambinda	Executive Director Helder N. A. Lisboa	Executive Director Tatiana M. P. Muhongo	Executive Director Mário T.S.N. Leitão
Human Capital	**Corporate Governance Office**	**Accounting**	**Risk Management**	**Retail Banking**
Soque Caricoco (Head)	Fernando Muturi (Head)	Carlos António (Deputy Head)	Madalena Arsénio Saituma (Head)	Hirondina Ferreira (Deputy Head)
Corporate Banking	**Legal and Litigation Office**	**Treasury**	**Compliance Office**	**National Operations**
Cesaltina Pinto (Head)	Elias Chipalavela	Baptista Paulo Fumuassuca (Head)	Simão Barbosa (Deputy Head)	Marisa Ribeiro (Deputy Head)
Infrastructure	**Credit Recovery Department**	**Credit**	**Forex Control and Reconciliations Office**	**Marketing and Social Responsability**
João Ferreira (Deputy Head)	Nzuzi Sampaio Joni (Head)	Evanilda Marimba Mate (Head)	Pedro Cristovão (Deputy Head)	Leonor Cadete (Head of Department)
IT	**Organisation, Policies and Procedures Office**			
Fernando Chimuco (Head)	Jorge Lourenço			
Foreign Operations				
Mauro Lourenço (Deputy Head)				

* In process of registration with the Central Bank (BNA)


BCA
Banco Comercial Angolano

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

The corporate governance comprises the comprehensive set of relationships, policies and processes involving the Bank's shareholders, governing bodies and personnel in connection with supervisory bodies, external auditors and other financial market players, with the aim of achieving strategic objectives, promoting organisational transparency, as well as the control and oversight of the Financial Institution.

BCA's governance model is based on a "one-tier" system comprising a Shareholders' General Meeting, within which were incorporated, in addition to the Board of the General Meeting, a Senior Board and a Remuneration Committee of the Governing Bodies.

The Bank's oversight is carried out by a **Supervisory Board** and by the **External Auditor** certified by the National Bank of Angola.

The BCA's Board of Directors is the statutory body with the broadest company management and governance powers, as provided for in Article 23 of BCA statutory rules. BCA's Board of Directors is comprised of seven members, two of whom are Non-Executive Directors and the remaining five are Executive Directors. The Board of Directors currently includes the following members:

- **Non-Executive Director and Chairman of the Board of Directors:** Francisco da Silva Cristóvão
- **Non-Executive and Independent Director:** (in the process of registration with the Regulatory Authority)(*)
- **Executive Director and Chief Executive Officer (CEO):** Mateus Filipe Martins
- **Executive Director:** Hernani Lúcio André Cambinda
- **Executive Director:** Tatiana Moreira Paiva Muhongo
- **Executive Director:** Mário Leitão
- **Executive Director:** Helder Lisboa

By resolution of the Board of Directors dated May 17th, 2022, considering BCA's organisation's size and features, the Internal Control and Audit Committee (ICAC) was formally established, chaired by the non-executive and independent director (*), which includes the Executive Directors Hélder Lisboa and Tatiana Muhongo, as well as the managers of the Bank's internal control business units/departments.

The Board of Directors has a properly approved Operating Regulation that complies with the provisions of Notice 1/2022 dated January 23rd.

The Internal Control and Audit Committee has likewise been given formal status and approval for its operating regulations.

The Executive Committee of the Board of Directors is comprised of five Executive Directors, one of whom is the Chairman. In accordance with BCA's Articles of Association and in compliance with the Board of Directors' Regulations, the Executive Committee has been assigned the powers of the **financial institution's business and operational activities management**.

The scope of action for the five members of the Executive Committee is laid down in BCA's Articles of Association, and their portfolio assignments, powers, and duties were stipulated in a Board of Directors resolution dated May 17th, 2022:

- **Chief Executive Officer (Chairperson) (Mateus Filipe Martins)**: Human Capital Department; Corporate Banking Department; Infrastructures Department; IT Department and Foreign Operations Department;

- **Executive Director - Hernani Cambinda:** Corporate Governance Office; Legal, Policies and Procedures Office; Credit Recovery Department; Organisation, Policies and Procedures Office

- **Executive Director - Tatiana Muhongo:** Risk Management Department; Compliance Office; Foreign Exchange Control and Reconciliations Office;

- **Executive Director - Helder Lisboa:** Accounting Department; Treasury Department and Credit Department;

- **Executive Director - Mário Leitão:** Retail Banking Department; National Operations Department; Marketing and Social Responsibility Department.

Notwithstanding the portfolio assignment and allocation of powers and duties, the Executive Directors discuss all matters within the Executive Committee (EXCO) during their board meetings. The Executive Committee meets on a monthly basis and whenever convened by its respective Chairperson, to discuss and approve matters relating to the Bank's day-to-day management.

Assuming the corporate role of support, assessment and decision-making governing bodies, the following committees (sub-committees of the Executive Committee) stand out:

- **Credit and Investments Committee:** It comprises all the Executive Committee members together with the General Operations, Risk Management, Legal and Corporate Governance, Retail Banking and Corporate Banking Departments, as well as with the Treasury Department. The Credit and Investments Committee (CIC) assesses, discusses and approves credit processes up to USD 2 000 000 and recommends the submission of the dossiers for approval by the Board of Directors for loan applications over USD 2 000 000. In addition, the CIC also assesses and deliberates on the allocation of the bank's liquidity in markets such as the Interbank Money Market (IMM) and Public Debt Securities Market. The Committee meets whenever there are credit applications for approval and/or the need to decide on investments in the IMM and public debt securities market. The Credit and Investments Committee (CIC) is chaired by the President of the Executive Committee/ Chief Executive Officer (CEO);

- **Assets and Liabilities Management Committee (ALCO):** The Asset and Liability Committee (ALCO) is composed by the Executive Directors and the heads of Accounting, Credit, Market Risk, Corporate Banking, Retail banking and Treasury departments. The ALCO has the responsibility of assessing, recommending, and supporting the bank's operations by adding value to the business through the effective management of liquidity and market risks, determining risk appetite for these classes, managing assets mix and maximising the bank's income. This committee meets ordinarily every month and is chaired by the Executive Director for the financial area;

- **Loans Recovery Committee:** It is comprised of all EXCO members and the Credit, Risk Management, Legal, Retail Banking, Corporate Banking Departments. This Committee assesses, discusses and approves the measures and credit files tiers/stages under recovery process, decision-making on financial restructuring procedures and/or sending to litigation problematic loan dossiers classified as "difficult to recover". This Committee meets as a rule once a month and is chaired by the Chief Executive Officer (CEO);

- **Assistance Committee for the Supporting and Advisory Bodies:** It comprises the Chief Executive Officer (Chairperson), the Executive Director with the financial control function/portfolio, and the Heads of Infrastructure, Retail, Corporate, and Information Technology Departments. This Committee assesses the level and status of operational performance and implementation of the expansion and modernization plan regarding BCA's commercial branches network. At the same time, it provides strategic guidance and monitors the operational performance of the business supporting bodies.

The Bank has an internal organisational chart that has been duly endorsed and approved by the Board of Directors and within the scope of the adoption and implementation of the in-house regulations and corporate good practices in matters of corporate governance and internal control, the following policies, among others, have been approved and implemented:

i. Branches' Procedures Handbook;

ii. Directorates/Offices Procedures Handbooks;

iii. Fixed Assets Policy;

iv. BCA's Trial Balance Control Policy;

v. Supplies and Resources Handbook and Policy;

vi. Employees' Benefits Policy;

vii. Leasing Policy;

viii. Identification, and Management of Conflicts of Interest Policy;

ix. Confidentiality, insider information and conflicts of interest Policy;

x. Anti-bribery and corruption Policy;

xi. Transactions with Related Parties Policy;

xii. Code of Conduct of the Treasury Department;

xiii. Employees' and Governing Bodies' Remuneration Policy;

xiv. Overtime Policy;

xv. Performance Assessment Process Regulation;

xvi. Employees' financial benefits policy;

xvii. Code of Conduct;

xviii. BCA's Disciplinary Procedure Policy;

xix. HIV/AIDS and Other Serious Epidemics Policy;

xx. Reputational Risk Policy;

xxi. Information Disclosure Policy;

xxii. International Sanctions Compliance Policy ("Sanctions Policy") of the Banco Comercial Angolano ("BCA" or the "Bank");

xxiii. Internal Control Policy;

xxiv. Irregularities Reporting Policy (Whistleblowing Channel);

xxv. Risk Management and Outsourcing Policy.

MACROECONOMIC OVERVIEW

BCA
Banco Comercial Angolano

Macroeconomic Overview

GLOBAL ECONOMY

World economic activity was in the midst of the recovery process when events such as Russia's invasion of Ukraine, the rise in energy prices and the resulting inflationary pressures that led to a rise in the cost of living in many regions were added to the ongoing economic impacts and effects caused by the COVID-19 outbreak.

As a result, the global GDP growth rate dropped from 6,6% in 2021 to 3,7% in 2022.

Global GDP real growth (%)

Region	2018	2019	2020	2021	2022*
World	3,6	2,8	-3,0	6,0	3,2
Advanced economies	2,3	1,7	-4,4	5,2	2,4
Euro Area	1,8	1,6	-6,1	5,2	3,1
Emerging markets and developing economies	4,6	3,6	-1,9	6,6	3,7

Source: IMF

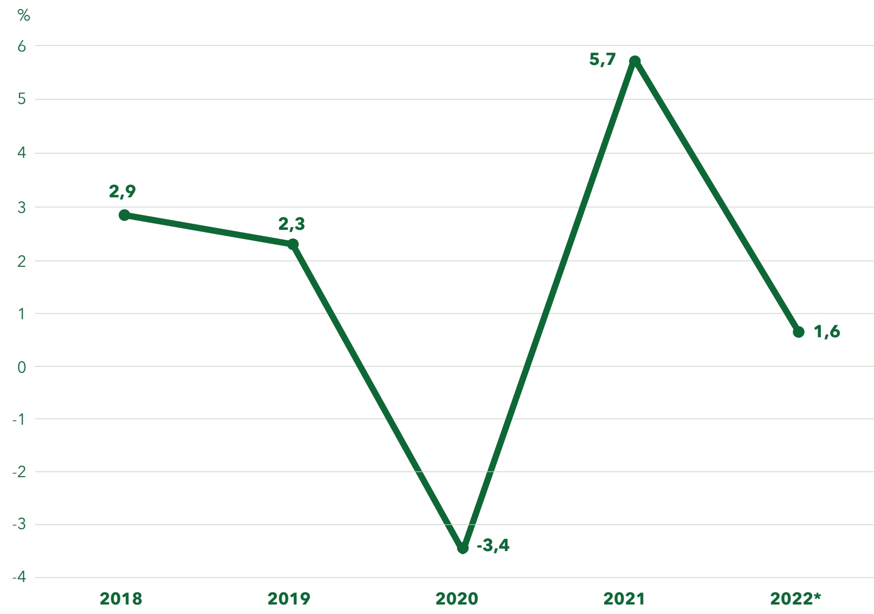
* World Economic Outlook October 2022 growth projections.

The other three economic regions featured in the table alongside experienced declines in their economic growth rates ranging from 2,2% to 2,9% (p.p.). The "Emerging Markets and Developing Economies" group was the most affected recording a decline of 2,9% p.p. in GDP growth rate, followed by the advanced economies that saw their economic growth reduced by 2,8% p.p. The Euro Area saw its economic growth rate decrease by 2,2% p.p.: from a 5,2% growth rate recorded in 2021 to a 3,1% growth rate in 2022. The economic growth decline of approximately 3% p.p. recorded in the emerging markets is largely explained by the decrease of almost 5% p.p. recorded in the Chinese economy, due to the ongoing pressure triggered by the surge of new COVID-19 variants that restricted mobility of populations and goods and by the impacts caused by the slowdown in global demand.

In the advanced economies, the drop in economic growth was 2,8%, largely driven by the slowdown in economic activity due, as already mentioned, to high energy costs and the persistent constraints of the COVID-19 epidemics on tourism and the gaming industry, factors that negatively affected the economic growth of the USA, France, Estonia, Luxembourg and Hong Kong economies, among others, whose GDP growth fell between 4% and 7,2% (p.p.).

United States of America (US)

GDP real growth (%) – US



Source: IMF

* World Economic Outlook October 2022 growth projections.

After surging 5,7% in 2021, the United States economy's growth has seen a significant slowdown to below pre-pandemic levels by recording a mere 1,6% increase YoY.

The measures of a restrictive monetary policy aimed at reducing and controlling inflation, combined with the end of support monetary programmes to mitigate the effects of the pandemic, which have largely affected private consumer spending, explains the economy's growth rate decline from 5,7% in 2021 to 1,6% in 2022.

Unemplyment rate – USA

2018	2019	2020	2021	2022*
3,9	3,7	8,1	5,4	3,7

Source: IMF

* World Economic Outlook October 2022 growth projections.

The perceived contradiction between GDP growth and the unemployment rate clearly portrays the main challenge currently facing the world's largest economy.

Since Q3 and Q4 of 2021, the US labour market has been perceived and depicted as tight or 'hot' due to the increasing negotiating or bargaining power on the side of the workforce. This has been particularly true in the services sector, where workers have become more likely to leave a job and seek a different job position.

Macroeconomic Overview

Inflation – end of period – USA				
2018	2019	2020	2021	2022*
1,9	2,1	1,5	7,4	6,4

Source: IMF

* World Economic Outlook October 2022 growth projections.

The Federal Reserve has to restore price stability, while the increasing bargaining/negotiating power of the workforce puts pressure on wage levels, which increases pressures on the overall price level of goods and commodities.

The US Federal Reserve's monetary policy measures of raising its interest rates are having an effect and as shown in the alongside table, inflation has decreased by 1% (p.p.) YoY.

The monetary authority's intention is to continue to raise interest rates, although at a more moderate pace than last year, aiming for the 2,00% inflation target. As a result of this monetary policy target, unemployment rate will increase in the short term, but it is expected that a Fed Funds rate between approximately 4% - 5% will be sufficient to stabilize employment and balance the economy.

Euro Area

GDP growth (%) – Euro Area					
Country	2018	2019	2020	2021	2022*
Ireland	8,5	5,4	6,2	13,6	9,0
Lithuania	4,0	4,6	-0,1	5,0	1,8
Luxembourg	2,0	3,3	-1,8	6,9	1,6
Finland	1,1	1,2	-2,2	3,0	2,1
Estonia	3,8	3,7	-0,6	8,0	1,0
Latvia	4,0	2,5	-3,8	4,5	2,5
Netherlands	2,4	2,0	-3,9	4,9	4,5
Germany	1,0	1,1	-3,7	2,6	1,5
Cyprus	5,7	5,3	-5,0	5,6	3,5
Slovak Republic	3,8	2,6	-4,4	3,0	1,8
Slovenia	4,5	3,5	-4,3	8,2	5,7
Belgium	1,8	2,1	-5,7	6,2	2,4
Austria	2,5	1,5	-6,7	4,6	4,7
Malta	6,2	5,9	-8,3	10,3	6,2
Portugal	2,8	2,7	-8,4	4,9	6,2
France	1,8	1,9	-7,9	6,8	2,5
Greece	1,7	1,8	-9,0	8,3	5,2
Italy	0,9	0,5	-9,0	6,7	3,2
Spain	2,3	2,1	-10,8	5,1	4,3
Euro Area	**1,8**	**1,6**	**-6,1**	**5,2**	**3,1**

Source: IMF

* World Economic Outlook October 2022 growth projections.

The Euro Area lost 2,2% (p.p.) concerning its economic growth level.

The five largest economies in the Euro Area economic bloc in terms of GDP, Germany, France, Italy, Spain and the Netherlands saw their economic growth rates fall by between 0,3% and 4,2 %. Moreover, countries such as France and Italy experienced the sharpest declines in economic growth, dropping from 6,8% to 2,5% and from 6,7% to 3,2%, respectively.

Portugal and Austria were the notable exceptions to the economic scenarios recorded within the Euro Area. Portugal saw its economy grow stronger in 2022, rising from 4,9% in 2021 to 6,2% in 2022 due to a decrease in the unemployment rate, mainly driven by the recovery of the tourism sector. Another important factor for the Portuguese economy was the improvement in domestic demand that boosted consumption.

Austria managed to add another 100 basis points to the growth of its economy by moving from 4,6% in 2021 to 4,7% in 2022.

On balance, what explains the Euro Area bloc's economy downturn is a combination of factors such as the implementation of a tight monetary policy to curb and control inflation and the detrimental impact of the Russia-Ukraine military conflict on Europe's economic zone, particularly its negative impact on the price of energy and other commodities.

Unemployment rate (%) – Euro Zone countries

Country	2018	2019	2020	2021	2022*
Spain	15,3	14,1	15,5	14,8	12,7
Greece	19,3	17,3	16,4	15,0	12,6
Italy	10,6	9,9	9,3	9,5	8,8
France	9,0	8,4	8,0	7,9	7,5
Latvia	7,4	6,3	8,1	7,6	7,4
Lithuania	6,1	6,3	8,5	7,1	7,3
Finland	7,4	6,7	7,8	7,6	7,0
Cyprus	8,4	7,1	7,6	7,5	6,7
Estonia	5,4	4,4	6,8	6,2	6,6
Slovak Republic	6,5	5,7	6,6	6,8	6,2
Portugal	7,2	6,7	7,1	6,6	6,1
Belgium	6,0	5,5	5,8	6,3	5,4
Luxembourg	5,1	5,4	6,4	5,7	5,0
Ireland	5,8	5,0	5,8	6,3	4,7
Austria	5,2	4,8	5,4	6,2	4,5
Slovenia	5,1	4,4	5,0	4,8	4,3
Netherlands	4,9	4,4	4,9	4,2	3,5
Malta	3,7	3,6	4,4	3,5	3,2
Germany	3,2	3,0	3,6	3,6	2,9
Euro Area	**8,2**	**7,6**	**8,0**	**7,7**	**6,8**

Source: IMF

* World Economic Outlook October 2022 growth projections.

Macroeconomic Overview

The Euro Area unemployment rate dropped from 7,7% in 2021 to 6,8% in 2022.

All the countries within the Euro Area have recorded improvements in their employment rates.

The most obvious explanation is the ongoing upturn in employment levels recorded across Europe, following the COVID-19 outbreak.

The impacts of the energy price shock in creating more job opportunities in the low-carbon industry emerging sub-sector, also called the green economy, should be seen and understood more in terms of a long run time period, particularly taking into account that the energy transition is a long process.

Spain is currently ranked as the Euro Area country with the highest unemployment rate after Greece, which topped the list for many years.

Inflation Euro Zone - End of period %

Country	2018	2019	2020	2021	2022*	Dec 2022 Eurostat#
Estonia	3,3	1,8	-0,9	12,0	21,8	17,5
Latvia	2,5	2,1	-0,5	7,9	18,9	20,7
Lithuania	1,8	2,7	-0,1	10,7	16,5	20,0
Slovak Rep.	1,9	3,1	1,6	5,0	13,5	16,8
Italy	1,2	0,5	-0,3	4,2	8,7	12,3
Netherlands	1,7	2,6	0,8	6,3	12,8	11,0
Slovenia	1,4	1,8	-1,1	4,9	8,8	10,8
Austria	1,7	1,8	1,0	3,8	7,0	10,5
Belgium	2,2	0,9	0,4	6,6	7,9	10,2
Portugal	0,6	0,4	-0,3	0,0	12,5	9,8
Germany	1,7	1,5	-0,7	5,7	10,2	9,6
Finland	1,3	1,1	0,2	3,2	6,6	8,8
Ireland	0,7	1,0	-1,1	5,6	10,0	8,2
Cyprus	1,0	0,6	-0,9	4,7	6,6	7,6
Greece	0,6	1,1	-2,4	4,4	8,2	7,6
Malta	1,2	1,3	0,2	2,6	6,5	7,3
France	1,9	1,6	-0,2	3,3	6,3	6,7
Luxembourg	1,9	1,8	-0,3	5,4	7,5	6,2
Spain	1,2	0,8	-0,5	6,6	7,7	5,5
Euro Area	**1,5**	**1,3**	**-0,3**	**5,0**	**8,8**	**9,2**

Source: IMF

* World Economic Outlook October 2022 growth projections.

Eurostat

The Euro Area is currently struggling to reduce inflation, which in FY2022 reached an all-time high.

The Euro Area's inflation rate rose from 5,00% in 2021 to 8,8% in December 2022, according to the October 2022 World Economic Outlook (WEO) projections.

Eurostat's updated data as of December 2022 actually points out that the financial year of 2022 ended with an annual inflation rate of 9,2%, much higher than the 8,8% forecasted by the WEO in October 2022.

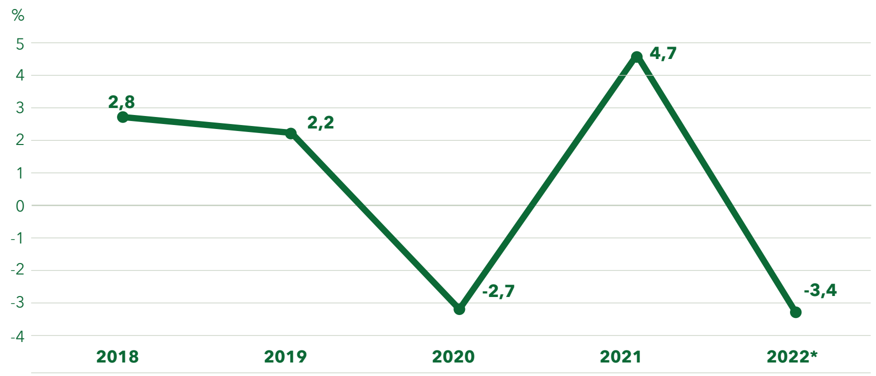
Nearly half of the Euro Area's members ended the year with double-digit inflation.

At the root of these double-digit inflation numbers are the record high energy costs and the economic repercussions for the Euro Area caused by the Russia-Ukraine military conflict.

Russia

The consequences of Russia's initially so-called special military operation in Ukraine, which is now admittedly taking on the shape of a war with no end in sight, are clearly visible on Russia's economy.

GDP real growth (%) – Russia



Source: IMF

* World Economic Outlook October 2022 growth projections.

The Russian economy grew by 4,7% in 2021, but in 2022 contracted by 3,4% mainly due to balance of payments difficulties caused by the military conflict. The IMF estimates a 19,2% contraction in imports and a 15,98% decline in exports due to the international embargoes and sanctions imposed.

Inflation end of period – Russia

2018	2019	2020	2021	2022*
4,3	3,0	4,9	8,4	12,5

Source: IMF

* World Economic Outlook October 2022 growth projections.

Russia's annual inflation rate for 2022 was 12,5%, dropping from a peak of 17,8% in April of the same year. In response, the country raised its interest rates to 20%, gradually lowering them to the current level of 7,5%, resulting in a decrease in inflation rates to their lowest levels.

Macroeconomic Overview

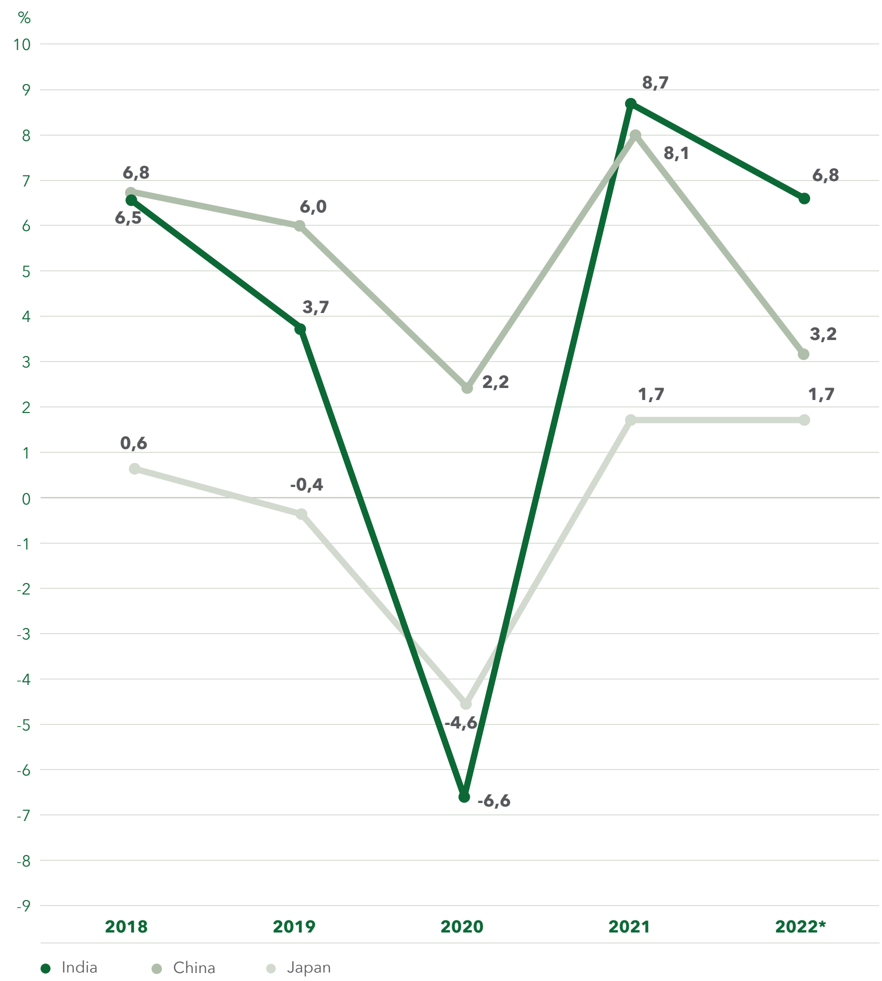
Despite facing international sanctions on energy exports, Russia has benefited from the global rise in energy prices, especially after attracting diplomatic support from OPEC's heavyweight member, Saudi Arabia.

In the WEO report of April 2022, it was forecasted that the war and the sanctions on Russia would result in an 8,5% contraction in the Russian economy, a 24% inflation rate, and an unemployment rate of around 9,3% by the end of 2022. Although there is some doubt about the validity of the current statistical numbers, the values presented in the tables above, also sourced from the IMF, have shown some capability of Russia to mitigate the sanctions' effects, keeping the indicators below half of the April 2022 predictions.

Asia

The Chinese economy's growth rate has declined from 8,1% in 2021 to 3,2% in 2022.

GDP real growth (%) – Asia



Source: IMF

* World Economic Outlook October 2022 growth projections.

The sharp decline in China's economic growth rate is mainly due to factors such as the long-lasting crisis in the real estate sector, the emergence of new COVID-19 variants, the drop in global demand, which explains the reduction of almost 5 percentage points in the growth of the Asian powerhouse.

China's statistics show that over two thirds (2/3) of urban household wealth is linked to the real estate sector and that the real estate industry accounts for one fifth (1/5) of China's GDP. Up to July 2022, the real estate sector had recorded a 29% drop in turnover year-on-year, showing a collapsing sector with a major knock-on impact on the overall economy.

With respect to India, the country's GDP growth rate recorded a downturn of almost 2 percentage points, fundamentally affected by the increase in the cost of energy and by high inflation levels.

As far as Japan is concerned, the country maintained its 2021 economic growth rate of 1,7%.

Latin America and the Caribbean

Nine (9) countries traditionally account for 90% of GDP in Latin America and the Caribbean. Despite the positive growth rates, they all fell short of last year's performance.

Out of these countries, Colombia, the Dominican Republic, Argentina and Guatemala are the economies with the highest GDP growth rates, between 3,4% and 7,6%.

Brazil, which accounts for 33% of the region's GDP, grew by 2,8% compared to 4,6% in 2021, mainly due to the 1,7% contraction suffered by the agricultural and livestock sector.

The second largest economy, Mexico, saw economic growth fall as a direct result of the US economy's poor performance, its main trading partner.

GDP real growth (%) – Latin America

Country	2018	2019	2020	2021	2022*
Colombia	2,6	3,2	-7,0	10,7	7,6
Dominican Republic	7,0	5,1	-6,7	12,3	5,3
Argentina	-2,6	-2,0	-9,9	10,4	4,0
Guatemala	3,4	4,0	-1,8	8,0	3,4
Ecuador	1,3	0,0	-7,8	4,2	2,9
Brazil	1,8	1,2	-3,9	4,6	2,8
Peru	4,0	2,2	-11,0	13,6	2,7
Mexico	2,2	-0,2	-8,1	4,8	2,1
Chile	3,9	0,9	-6,1	11,7	2,0

Source: IMF

* World Economic Outlook October 2022 growth projections.

Macroeconomic Overview

Sub-Saharan Africa

GDP in Billion USD – Sub-Saharan Africa					
Country	**2018**	**2019**	**2020**	**2021**	**2022***
Nigeria	422	448	429	442	504
South Africa	404	388	338	419	411
Angola	101	85	58	75	125
Kenya	92	100	101	111	115
Ethiopia	80	93	97	99	111
Tanzania	57	61	64	70	77
Ghana	67	68	70	79	76
Côte d'Ivoire	58	59	61	70	69
Democratic Rep. of Congo	47	50	49	57	64

Source: IMF

* World Economic Outlook October 2022 growth projections.

The Sub-Saharan region's economy has nine (9) leading economies, whose weight represents 3/4 of the overall GDP. Nigeria continues to lead, followed by South Africa and Angola. After having lost this position to Kenya and Ethiopia in the last three years, Angola is back in third place.

GDP real growth (%) – Sub-Saharan Africa					
Country	**2018**	**2019**	**2020**	**2021**	**2022***
Democratic Rep. of Congo	5,8	4,4	1,7	6,2	6,1
Côte d'Ivoire	6,9	6,2	2,0	7,0	5,5
Kenya	5,7	5,1	-0,3	7,5	5,3
Tanzania	7,0	7,0	4,8	4,9	4,5
Ethiopia	7,7	9,0	6,1	6,3	3,8
Ghana	6,2	6,5	0,5	5,4	3,6
Nigeria	1,9	2,2	-1,8	3,6	3,2
Angola	-1,3	-0,7	-5,8	0,8	2,9
South Africa	1,5	0,3	-6,3	4,9	2,1
Sub-Saharan Africa	**3,3**	**3,2**	**-1,6**	**4,7**	**3,6**

Source: IMF

* World Economic Outlook October 2022 growth projections.

In terms of GDP growth in the sub-Saharan Africa region, there is a clear trend reversal within the top 9 largest economies across the region.

The Democratic Republic of Congo, Ivory Coast and Kenya are the fastest growing economies in the region, although they have slightly slowed down when compared to the GDP growth rates recorded in 2021.

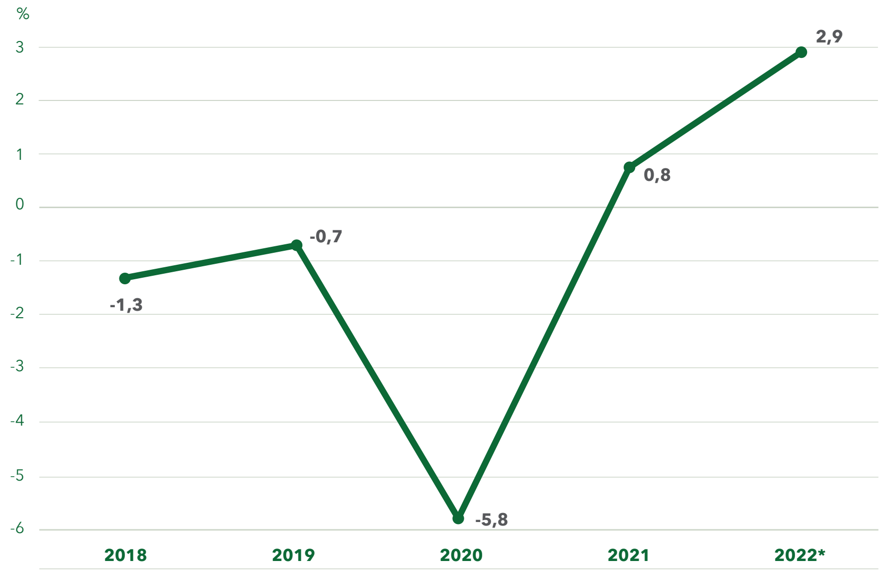
South Africa's economic growth has declined from 4,9% in 2021 to 2,1% in 2022 driven by the construction sector downturn, as a result of the problems imposed by low public security against organised criminal group attacks that threaten development projects and scare away investors, as well as due to the ongoing power outages.

As far as Angola is concerned, the country has largely profited from the rise in oil prices, notwithstanding the investment decrease in the oil and gas industry, where the high price impact has outweighed the effect of the low production output. The Angolan economy moved from a low growth rate of 0,8% in 2021 to 2,9% in 2022, thus consolidating the exit from the five-year (5) recession cycle that has lasted since 2016.

ANGOLAN ECONOMY

The Angolan economy is now consolidating the exit from the five-year recession cycle that lasted from 2016 to 2020.

GDP real groth (%) – Angola



Source: IMF

* World Economic Outlook October 2022 growth projections.

Angola's GDP grew by 2,9% in FY2022 against last year's moderate growth of 0,8%.

The positive economic performance is explained in large part, but not only, by the increase in the price of oil on the international markets and by the economic and fiscal policy measures implemented during the previous five-year period.

Macroeconomic Overview

Oil & Gas Sector

Average price per barrel & oil exports				
Year	Average price per barrel – USD	Variation	Export – million of barrels	Variação
2016	40,43	-22%	632	-2%
2017	52,03	29%	596	-6%
2018	70,34	35%	537	-10%
2019	62,61	-11%	497	-7%
2020	42,60	-32%	472	-5%
2021	66,99	57%	413	-13%
2022	100,55	50%	417	1%

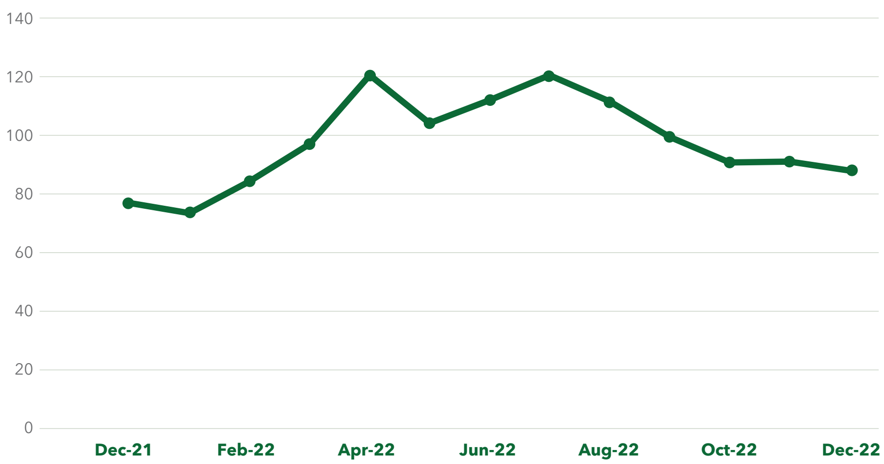
Source: Ministry of Finance

The primary key driver still dominating Angola's Economy is the Oil & Gas Industry - the overall Oil & Gas production and exports and, of course, the crude oil price per barrel.

The Oil & Gas industry accounts for more than 20% of Angola's GDP, more than 50% of the General State Budget revenues and more than 90% of the country's exports.

The annual average of monthly crude oil price per barrel in 2022 was US$100,55, which represents a 50% increase in the annual average price year-on-year.

Average Monthly Price of Crude Oil per Barrel 2022

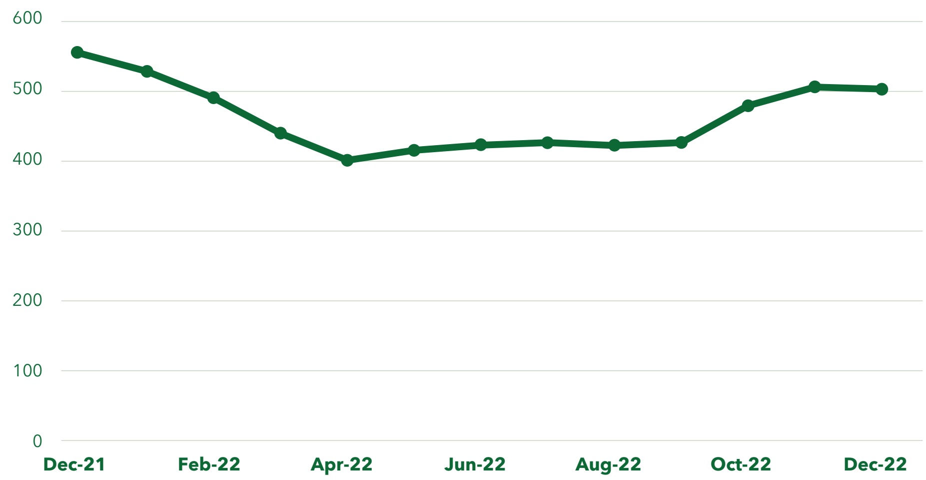


The average monthly price of crude oil per barrel in USD rose by 14%, from USD 78,58 in December 2021 to USD 89,38 in December 2022. In April 2022, the average monthly price of crude oil per barrel for Angolan exports reached USD 119,52, the highest of the year and the highest recorded in over a five-year period.

Underlying the crude oil price increase are the relevant key drivers behind the Russia-Ukraine military conflict.

Foreign exchange rate

Exchange rate USD/AOA 2022



The National Bank of Angola (BNA) maintained the free exchange rate policy, i.e. a fluctuation of the exchange rate subject to market forces.

At the beginning of 2022, the exchange rate of the Kwanza to the US dollar started at a level of 554,981 Kz/USD and ended at a level of 503,691 Kz/USD, a 9% appreciation of the national currency.

The considerable large cushion between the price of oil included in the 2022 General State Budget forecasts and the Angolan crude oil exports average price enabled a sufficient supply of foreign currency, which in turn helped to strengthen the Angolan national currency.

The table below shows a trend for the exchange rate to return to the level of the pre-pandemic period, despite the fact that the supervisory authority (BNA) has given some indications of a certain stability of the national currency in 2023.

Exchange rate USD/AOA Primary Market – end of year

	2018	2019	2020	2021	2022
Exchange rate USD/AOA	310,158	487,098	649,604	554,981	503,691
Annual variation	86%	57%	33%	-15%	-9%

Source: BNA

Macroeconomic Overview

International Reserves

International Reserves (million USD)					
	2018	2019	2020	2021	2022
Net Int. Reserves	16 170	17 211	14 879	15 508	14 477
Annual Variation	-11%	6%	-14%	4%	-7%

Source: BNA (*) prelimanary data

Starting in FY2022, Angola's Central Bank discontinued the publication of Net International Reserves, as they were previously called, which referred to gross international reserves minus related liabilities (mainly short-term liabilities, in general terms). Currently, the BNA only publishes International Reserves (understood to be gross), comprising the Central Bank's foreign assets and foreign currency deposits of commercial banks held at the BNA, excluding the National Treasury's assets."

Hence, the latest economic data from the National Bank of Angola (BNA) indicates a 7% decline in international reserves year-over-year. When analysed in relation to the annual volume of imports mentioned in the table displayed in page 56 (Balance of Payments) within the imports statement/table, which also includes services, the total amount of USD 14,5 billion in International Reserves covers over six months' worth of imports.

Inflation

Annual inflation in % – end of period					
Type of inflation	2018	2019	2020	2021	2022
Consumer prices	18,21	17,06	25,19	30,43	13,14%

Source: INE

In accordance with the statistical data disclosed by the Luanda Consumer Price Index (CPI), annual inflation dropped from 30,43% to 13,14% year-over-year. The impacts of a tight monetary policy, a much stronger domestic currency as a result of its sharp appreciation against the US dollar/Euro currencies for most of the FY2022, as well as the decline in food prices due to the effects of the so-called "strategic food reserve", are the main reasons behind the drop in the annual inflation rate.

Interest rates

T-Bills – yields					
Maturity	2018	2019	2020	2021	2022
TB 3 M	13,60%	n/a	19,35%	n/a	7,30%
TB 6 M	17,06%	12,00%	20,50%	13,98%	9,20%
TB 12 M	19,05%	14,68%	21,00%	16,99%	11,00%

Source: BNA

Treasury bill yields have decreased significantly during the year.

The Treasury Bill auctions did not take place on a regular basis during the year due to a decrease in government borrowing needs as a result of the crude oil price hike throughout the year.

As for the last auction of 2021 with a 3-month maturity held in March that yielded 19,38%, it ended the FY2022 with a yield of 7,30%.

The 6-month Treasury Bills, which paid nearly 14,00% at the end of 2021, fell to 9,20% at the end of 2022, a drop of almost 5 percentage points.

The 12-month T-Bills yield has decreased by nearly 6 percentage points from approximately 17,00% to 11,00% YoY.

The Central Bank's benchmark interest rates followed, albeit somewhat hesitantly, the same downward trend as inflation and market rates.

The BNA's benchmark interest rate, which signals the country's monetary policy stance, was reduced by just 0,5 percentage points.

The Central Bank's (BNA) marginal lending facility rate decreased from 25,00% to 21,00%.

The mandatory reserves requirement ratio in national currency has decreased from 22,00% to 17,00% year-on-year.

BNA Benchmark Interest Rate

	2018	2019	2020	2021	2022
BNA Benchmark Interest Rate	16,50%	15,50%	15,50%	20,00%	19,50%
Marginal Lending Facility Rate	16,50%	15,50%	15,50%	25,00%	21,00%
Overnight deposit facility	0,00%	0,00%	0,00%	0,00%	0,00%
Deposit facility 7 days	0,00%	10,00%	7,00%	15,00%	15,00%
Rediscount rate	20,00%	20,00%	20,00%	20,00%	21,00%
Coefficient of Minimum Statutory Reserves in local currency	17,00%	22,00%	22,00%	22,00%	17,00%
Coefficient of Minimum Statutory Reserves in foreign currency	15,00%	15,00%	17,00%	22,00%	22,00%

Source: BNA

Monetary Aggregates

In broad terms, M1 remained stable, having increased by only 1,00% YoY when compared to the 2021 figures.

A change in the M1 monetary aggregates composition has taken place, with economic market players decreasing their foreign currency deposits due to the appreciation of the local currency.

Demand deposits in foreign currency fell by 15,00%, while demand deposits in local currency and currency in circulation increased by 9,00% and 27,00%, respectively.

No changes were observed in the M2 monetary aggregates, and the "quasi-money " element had the same performance level. Term deposits in foreign currency fell by 27,00%, with these amounts moving to term deposits in local currency that grew by 32,00%.

Monetary Aggregates in million Kz						
	2018	2019	2020	2021	2022*	Δ % 21/22
Currency outside depository corporations	373 035	418 993	404 595	401 789	494 514	23%
Demand deposits in local currency	2 408 565	2 773 605	3 269 836	3 229 953	3 514 491	9%
Demand deposits in foreign currency	1 305 246	1 732 977	2 669 431	2 088 673	1 767 393	-15%
M1	4 086 845	4 925 575	6 343 861	5 720 415	5 776 398	1%
Term deposits in local currency	1 458 826	1 646 926	2 166 097	2 269 597	2 990 744	32%
Term deposits in foreign currency	2 298 936	3 627 906	4 187 778	3 523 235	2 588 121	-27%
M2 (M1 + Quasi-Money)	7 844 607	10 200 407	12 697 737	11 513 247	11 355 262	-1%
Other deposit like instruments	9 384	4 746	4 746	5 066	-	-100%
M3 (M2 + Other deposit like instruments)	7 853 991	10 205 153	12 702 483	11 518 313	11 355 262	-1%
Demand and term deposits in foreign currency	3 608 818	5 360 883	6 857 208	5 611 908	4 355 513	-22%
Degree of dollarization in the economy (3)	48%	55%	56%	51%	40%	

Source: BNA

The dollarization of the economy, which measures the weight of foreign currency deposits over total deposits, fell from 51,00% to 40,00%, indicating the preference of economic market players to keep their deposit accounts in local currency due to the sharp appreciation of the Kwanza.

Lending to the Real Economy

According to data disclosed by BNA, lending to the real economy decreased by 3,00% YoY.

Lending to the economy in billion Kz - balance end of period					
	2018	2019	2020	2021	2022
Loans granted	4 159	4 930	4 602	4 797	4 630
Variation	15%	19%	-7%	4%	-3%

Source: BNA

Lending by sectors - Econ. sectors with the sharpest drops - amounts in billion Kz					
Sectors of the Economy	**2020**	**2021**	**2022**	**Var. val**	**Var. %**
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1 025	1 222	1 018	-204	-17%
Agriculture, Livestock, Hunting, Forestry and Fishing	543	598	385	-213	-36%
Public Service and National Defence; Compulsory Social Security	415	319	225	-94	-29%

Source: BNA

The BNA data reveals that the three (3) economic sectors in the table above are the ones that have recorded the sharpest decline.

The explanation for understanding the 36,00% downturn in the agriculture, livestock production, hunting, forestry and fishing sectors is that the lending/loan facilities granted to the real economy are being amortised/paid off and in the absence of new operations of this type, the overall balance naturally goes down and decreases.

General State Budget

The 2022 General State Budget included revenues valued at Kz 11 367 billion and expenditure of approximately the same amount, with an overall surplus balance from a commitment perspective of Kz 2 billion.

The forecasts were made based on a daily crude oil output of approximately 1 148 000 barrels per day at an average price of $59,00 per barrel.

The table below clearly reveals and portrays a general state budget still heavily dependent on the crude oil output and exports, which accounted for 53% of the General State Budget's revenues.

General State Budget (billion Kz)										
	2018*		**2019**		**2020**		**2021**		**2022***	
Income oil sector	3 715	63%	3 953	60%	2 952	48%	4 059	50%	6 118	53%
Income other sectors	1 693	29%	2 122	32%	2 329	38%	3 428	42%	4 612	40%
Other income	452	8%	473	7%	845	14%	617	8%	908	8%
Total income	5 860		6 547		6 125		8 105		11 637	
Total expenses	5 319		6 336		7 393		9 087		11 636	
Surplus/Deficit	541		211		- 1 268		- 982		2	

Source: Ministry of Finance

Public Debt

Direct Government Debt in billion Kz				
	2020	2021	2022*	Var %
Direct Government Debt	41 278	36 758	29 444	-20%
Domestic Debt	11 612	10 786	9 392	-13%
External Debt	29 666	25 972	20 052	-23%

Source: Ministry of Finance / Debt Management Unit (DMU)

*Average Debt Amount in Q1, Q2 and Q3.

GDP	33 611	47 471	56 027	18%
Debt/GDP	123%	77%	53%	

GDP Source: IMF

According to data from the Public Debt Management Unit (UGD), a government body under the aegis of the Ministry of Finance, direct public debt totalled Kz 29 444 billion in the 3Q2022, with foreign debt representing the vast majority (Kz 20 052 billion).

The total amount of direct debt decreased by 20%, with the external debt category recording the sharpest decline by approximately 23%.

External debt repayment - amounts in billion Kz					
Year	Q I	Q II	Q III	Q IV	Total
2021	313	655	208	670	1 864
2022	434	626	710	590	2 360
Var. (%) rep. 2021/2022	39%	-4%	241%	-12%	28%

Underlying the downturn are relevant drivers such as higher foreign debt repayments made during 2022 and the sharp appreciation of the local currency (kwanza) against both the US dollar and the Euro.

Analysing the average of the repayments made during the first three quarters of the year, together with the repayment made in Q4 (Q4 report data is not yet available), it reveals that the repayments of external debt have increased by 28% from 2021 to 2022. The Debt-to-GDP ratio fell from 77% in 2021 to 53% in 2022.

According to the 3rd Quarter Debt Report, with respect to the internal debt composition, more than 77% of the internal debt is made up of Treasury Bonds in local currency and more than 65% is subscribed by five national banks.

External Public Debt - Q III 2022	
	In billion Kz
Total direct external debt	**20 053**
Commercial Banks & International Institutions	8 732
Securities	3 889
Multilateral debt	3 517
Bilateral debt	2 212
Sourcing companies	1 703

Source: Debt Management Unit (DMU)

The external debt is mostly owed to Commercial Banks and other credit institutions, including two Chinese Banks (China Development Bank and the Industrial and Commercial Bank of China), Deutsche Bank, Goldman Sachs International and the International Monetary Fund (IMF).

Sovereign Angola's Rating - Long Term						
Rating Firm	2020		2021		2022	
	Rating	Month	Rating	Month	Rating	Month
S & P	CCC+	mar-2020	CCC+	sep-2021	B-	feb-2022
Fitch	CCC	sep-2020	CCC	sep-2021	B-	jul-2022
Moody´s	Caa1	sep-2020	B3	sep-2021	B3	oct-2022

Source: S&P, Fitch e Moody's

Following a credit quality downgrade in 2020, due to the economic conditions caused mainly by the fall in oil prices and the vulnerability of the public debt, Angola saw its credit rating improve in 2022 with a return to a B rating, the same rating as before the Covid-19 outbreak.

Macroeconomic Overview

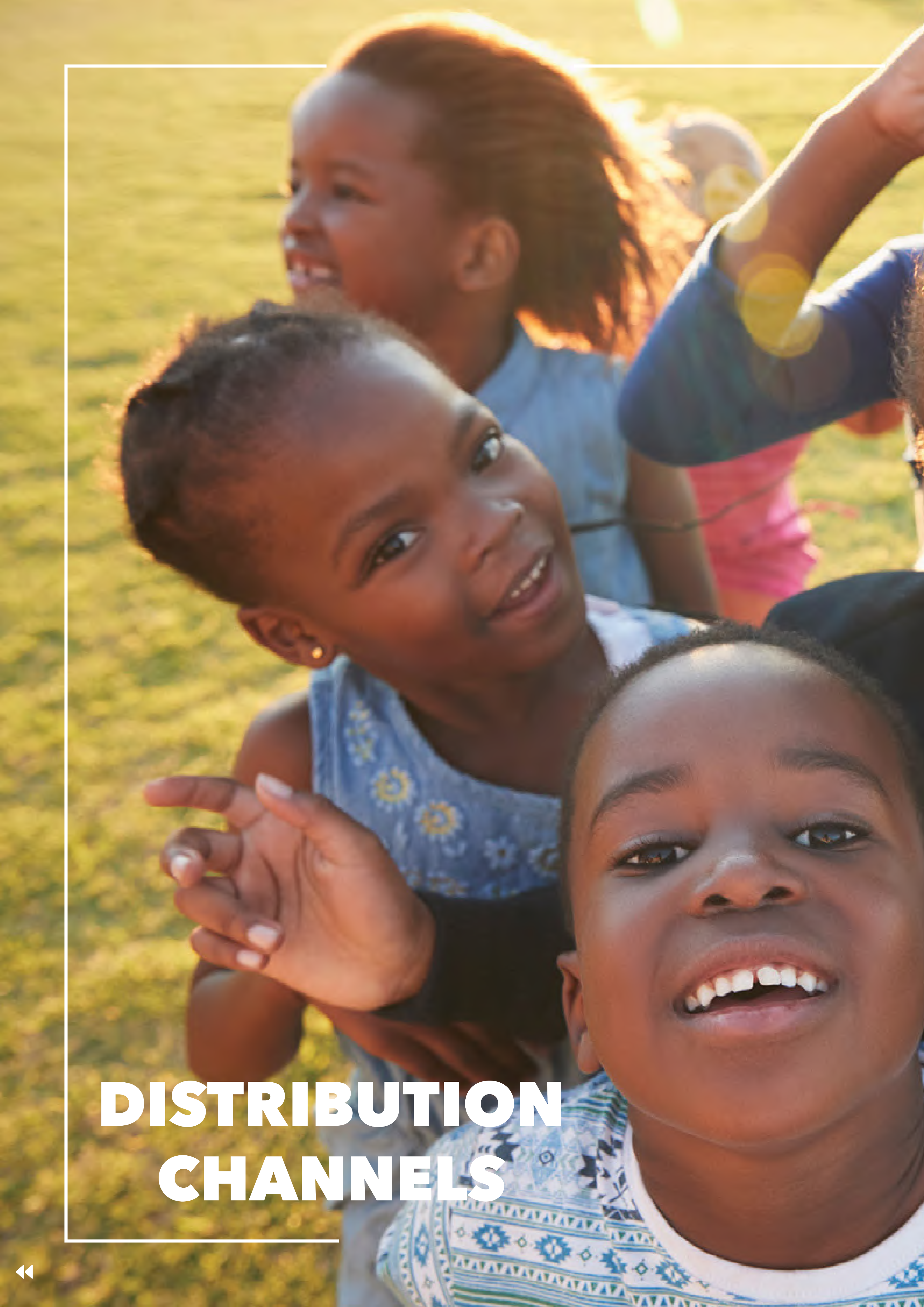
Balance of Payments (B.o.P.)

Balance of payments in million USD						
	2018	2019	2020	2021	2022*	Var%
Goods	24 960	20 599	11 394	21 787	34 756	60%
Exports f.o.b	**40 758**	**34 726**	**20 937**	**33 581**	**51 727**	**54%**
Oil and Oil Derivatives	39 409	33 365	19 584	31 838	49 476	55%
Diamond sector	1 152	1 215	1 070	1 550	1 993	29%
Other sectors	197	146	283	194	258	33%
Imports	**15 798**	**14 127**	**9 543**	**11 795**	**16 971**	**44%**
Goods	10 926	9 639	7 160	8 866	13 416	51%
Capital goods	4 872	4 488	2 383	2 929	3 555	21%
Services	-9 458	-7 718	-5 536	-6 958	-10 292	48%
Credit	**631**	**455**	**67**	**86**	**80**	**-7%**
Debt	**10 090**	**8 172**	**5 603**	**7 044**	**10 372**	**47%**
Primary income	-7 830	-7 516	-4 924	-5 784	-8 727	51%
Secondary income	-269	-227	-63	-646	-1 139	76%
Current account	7 403	5 137	872	8 398	14 598	74%

Source: BNA

Looking at Angola's balance of payments, at first glance the effect of the crude oil price hike and the economic policy measures implemented during FY2022 is quite visible. Angola's crude oil exports increased by 55%, diamonds industry exports rose by 29%, and the agricultural and other sectors grew by 33%.

The overall imports also went up, especially regarding foodstuff imports. During this period, Angola held elections in August 2022 and the authorities imported a lot of foodstuffs for the so-called Strategic Food Reserve in order to influence the price of the basic food basket. Only the services that the country provides for non-residents have dropped by approximately 7%. The balance of payments current account recorded a positive balance of USD 14,6 billion (+74% YoY).



DISTRIBUTION CHANNELS


BCA
Banco Comercial Angolano

Distribution Channels

1 - Direct:
Branches (40)

LUANDA

Head Office and Corporate Center of Edifício Kilamba
Avenida 4 de Fevereiro,
Edifício Kilamba, R/C
Tel: (+244) 222 641 386
E-mail: bca@bca.co.ao

Valódia
Av. Comandante Valódia, 83-A
Tel: (+244) 222 448 842/48/49
Fax: (+244) 222 449 516

Ngola Kiluanji
Rua Ngola Kiluanji, 183
São Paulo - Luanda
Tel: (+244) 222 384 508/40
Fax: (+244) 222 384 570

Rainha Ginga
Rua Rainha Ginga, 8 - B
Coqueiros - Luanda
Tel: (+244) 222 334 160/3289/3678
Fax: (+244) 222 330 189

Morro Bento
Rua Pedro Castro Van-Dúnem
Estrada Nacional - Talatona
Bairro Morro Bento

Torres da Imporáfrica
Rua Kwame N'Krumah,
Edifício Torres Imporafrica, R/C
Bairro Maculusso
Tel/Fax: (+244) 222 208 222/01

Aeroporto Internacional 4 de Fevereiro
Área das Chegadas Internacionais
Bairro do Cassenda
Tel: (+244) 222 204 200/02

Porto de Luanda
Guiché Único das Alfândegas
Rua Padre José Maria Antunes
Tel: (+244) 222 206 000

Missão
Rua da Missão, 42
Tel: (+244) 222 641 313

ENDE Sambizanga
Comuna de Ngola Kiluanji
Avenida Ngola Kiluanji

Colégio Pitruca
Município de Belas
Urbanização Nova Vida
Tel: (+244) 222 641 329

Hipermercado Jumbo
Município da Maianga
Avenida Deolinda Rodrigues
Tel: (+244) 222 641 359

ENDE Viana
Município de Viana
Rua 11 de Fevereiro
Centro de Distribuição ENDE E.P.

Patriota
Município de Talatona
Comuna do Benfica
Bairro Honga
Rua Direita do Patriota

ENDE Patriota
Município de Talatona
Comuna do Benfica
Bairro Urbanização
"Lar do Patriota"
Rua Direita do Patriota

Rocha Pinto
Município da Maianga
Avenida 21 de Janeiro

ENDE Kilamba
Município de Kilamba
Comuna Centralidade de Kilamba
Bairro Nzinga Mbandi - Quarteirão L
Rua Amílcar Cabral, Loja 196 B R/C;
Prédio 15

CABINDA

ENDE Cabinda
Bairro da Resistência
Avenida Salazar
(Comando da Régia)

Porto de Cabinda
Rua do Comércio
Empresa Portuária de Cabinda
Tel: (+244) 222 641 364

BENGUELA

Benguela
Rua Comandante Kassanje, 1
Tel:(+244) 272 23704/42/43/44/71
Fax: (+244) 272 236 640

Lobito
Av. 25 de Abril, Bairro 28
Edifício da ENE
Tel: (+244) 272 226 606/7/8/9/10
Fax: (+244) 272 611

Porto do Lobito
Avenida da Independência

Catumbela
Rua Bernardino Correia RC
Junto ao Centro de Distribuição
da ENDE E.P.

Baía Farta
Rua Comandante Jika 2009 RC
Junto ao Centro de Distribuição
da ENDE E.P.

CUNENE

Ondjiva
Município de Ondjiva
Comuna de Bangula
Rua Comandante Cowboy

Santa Clara
Rua Principal de Santa Clara
Próximo da Alfândega Santa Clara
Tel: (+244) 222 641 361

HUAMBO

Huambo
Comuna Sede do Huambo
Av. da Independência
Tel: (+244) 222 641 353

ENDE Huambo
Comuna Sede do Huambo
Cidade Baixa
Av. Norton de Matos, 24

ENDE São João
Comuna Comandante Vilinga
Junto à Loja da ENDE E.P.

ENDE Caála
Município da Caála
Comuna Sede
Avenida Norton de Matos
Área Operacional do Centro
de Distribuição da Caala

UÍGE

Comércio Uíge
Convergência da Rua do Comércio,
23-A com a Rua da Ambuila, 20

ENDE Uíge
Rua Comandante Bula
Edifício Rimada
Centro de Distribuição ENDE E.P.
Uíge
Tel: (+244) 222 641 335

MALANGE

Malange
Rua António Dienes
Hotel Gigante
Tel:(+244) 222 641 331

HUILA

ENDE Lubango
Rua 11 de Novembro
Centro de Distribuição ENDE E.P.
Huíla
Tel: (+244) 927 561 111

CUANZA NORTE

ENDE Dondo
Comuna do Dondo
Bairro dos Cahoios, Zona 4
Próximo à Loja de Atendimento
ENDE E.P. Dondo

ENDE Cambambe
Bairro da SONEF/Cambambe, Zona 9
Centro Recreativo (Club) Vila do
"Aproveitamento hidroeléctrico de
Cambambe"

CUANZA SUL

Sumbe
Rua do Cabouqueiro, Nº 16, Zona 3
R/C do Edifício da Direcção da ENDE
E.P.

Porto Amboim
Rua de Moçambique, Nº 1120
Edifício dos serviços da ENDE E.P.

BENGO

Caxito
Centro de Distribuição ENDE Caxito

ZAIRE

Soyo
Bairro 1º de Maio
Avenida 28 de Maio

2 - Indirect:
Limited Service Branches
ATM Machines (79)

POS (1 050)

FINANCIAL STATEMENTS

Banco Comercial Angolano

Financial Statements

Balance Sheet as at 31 December 2022 and 2021	Notes	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Assets					
Cash and Balances at Central Banks	3	15 182 295	30 142	14 507 059	26 140
Balances at Other Credit Institutions	4	1 536 209	3 050	2 013 541	3 628
Placements with C. Banks and Other Credit Institutions	5	12 230 547	24 282	16 440 558	29 624
Financial Assets at FV through OCI	6	52 118 952	103 474	43 929 522	79 155
Loans and Advances	7	5 648 420	11 214	7 641 824	13 770
Other Tangible Assets	8	6 903 540	13 706	7 111 922	12 815
Intangible Assets	8	602 373	1 196	831 702	1 499
Current Taxes Receivable	9	110 514	219	-	-
Deferred Taxes Receivable	10	714 795	1 419	-	-
Other Assets	11	1 023 514	2 032	1 723 071	3 105
Total Assets		**96 071 159**	**190 734**	**94 199 199**	**169 736**
Liabilities					
Deposits from Other Credit Institutions	12	315 316	626	325 877	587
Deposits from Clients					
a) Demand	13	31 665 678	62 867	34 186 054	61 599
b) Term	13	17 787 670	35 315	11 021 613	19 859
Provisions	14	101 630	202	131 774	237
Income Taxes	15	-	-	571 544	1 030
Deferred Taxes Payable	16	-	-	158 369	285
Other Liabilities	17	9 679 716	19 218	12 785 809	23 038
Total Liabilities		**59 550 010**	**118 228**	**59 181 040**	**106 635**
Equity					
Capital					
- Capital	18	7 500 000	48 071	7 500 000	48 071
Revaluation Reserves	18.1	(93 884)	(186)	5 636	10
Other Reserves and Retained Income	18.1	26 512 524	52 636	25 017 322	45 078
Foreign Currency Translation Reserve	18.1	-	(33 816)	-	(34 070)
Retained Income for the year	18.1	2 602 509	5 801	2 495 201	4 012
Total Equity		**36 521 149**	**72 506**	**35 018 159**	**63 101**
Total Liabilities and Equity		**96 071 159**	**190 734**	**94 199 199**	**169 736**
OFF BALANCE SHEET ITEMS					
Guarantees Issued	31	165 000	328	342 933	618
Letters of Credit	31	1 293 134	2 567	2 761 031	4 975
Undrawn Commitments	31	350 965	697	5 204 114	9 377
Guarantees Received	31	(24 604 940)	(48 849)	(33 003 907)	(59 469)
Custodial Assets	31	(17 208 557)	(34 165)	(20 888 893)	(37 639)

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

Income Statement
for the year ended 31 December 2022 and 2021

	Notes	2022 Kz'000	2022 USD'000	2022 Kz'000	2022 USD'000
Interest and other similar Income	21	10 465 630	22 749	8 597 314	13 898
Interest and other similar Expenses	22	(1 241 990)	(2 700)	(572 246)	(925)
Net Interest Margin		**9 223 640**	**20 049**	**8 025 068**	**12 973**
Fee and Commission Income	23	3 190 494	6 935	2 746 655	4 440
Fee and Commission Expenses	24	(595 272)	(1 294)	(454 287)	(734)
Results of Financial Operations	25	(649 455)	(1 412)	254 608	412
Gains and Losses on Disposal of Repossessed Properties	26	(8 911)	(19)	-	-
Other Operating Expenses	27	(864 907)	(1 880)	(471 692)	(763)
		1 071 949	**2 330**	**2 075 284**	**3 355**
Operating Margin		**10 295 589**	**22 379**	**10 100 352**	**16 328**
Salaries and other Payroll Expenses	28	(3 904 619)	(8 487)	(3 789 018)	(6 125)
Third parties supplies	29	(3 021 988)	(6 569)	(3 691 962)	(5 968)
Depreciation and Amortisation	8	(948 955)	(1 884)	(937 472)	(1 689)
Net Provisions	14	(119 785)	(238)	(57 010)	(103)
Impairment Losses on Loans[1]	7/14	(108 446)	(215)	(28 356)	(51)
Impairment Losses on FATOCI[2]	6	(280 950)	(558)	1 840 765	3 317
Impairment Losses on Other Fin. Assets[3]	5	3 125	6	(4 092)	(7)
Impairment Losses on Other Assets[4]	11	19 820	39	(1 847)	(3)
		(8 361 798)	**(17 906)**	**(6 668 992)**	**(10 629)**
Income before Taxes		**1 933 791**	**4 473**	**3 431 360**	**5 699**
Income Taxes					
- Current	14	-	-	(571 544)	(1 030)
- Deferred	10/16	668 718	1 328	(364 615)	(657)
Net Income for the year		**2 602 509**	**5 801**	**2 495 201**	**4 012**
Earnings per share (Kz'000)	30				
- Basic		0,14		0,13	
- Diluted		0,14		0,13	

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

[1] Impairment losses on loans and advances for clients, net of reversals and recoveries;
[2] Impairment losses on financial assets through other comprehensive income, net of reversals and recoveries – securities;
[3] Impairment losses on other financial assets, net of reversals and recoveries;
[4] Impairment losses on other assets, net of reversals and recoveries.

Financial Statements

Statement of Comprehensive Income for the year ended 31 December 2022 and 2021	Notes	2022 Kz'000	2022 USD'000	2022 Kz'000	2022 USD'000
Net Profit		2 602 509	5 801	2 495 201	4 012
Other Comprehensive Income					
Items that may be reclassified to Income Statement					
Change in the fair value of Financial Assets through other Comprehensive Income	6	(585 338)	(1 162)	(212 675)	(383)
Tax Effect		204 868	407	74 436	134
Transfer to Income of Impairment recognised in the year ended	6	280 950	558	(1 840 765)	(3 317)
Expenses not included in the Income Statement	18.1	(99 520)	(197)	(1 979 004)	(3 566)
Comprehensive Income for the Year		2 502 989	5 604	516.197	446

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

Statement of Changes in Shareholders' Equity for the year ended 31 December 2022 and 2021

Kz'000	Share Capital	Fair Value Adjustment Reserves	Statutory Reserves	Free Reserves	Retained Income	Profit for the Year	Total of Equity
Balance at 31-12-2020	**7 500 000**	**1 984 640**	**3 179 588**	**15 504 447**	**-**	**6 798 543**	**34 967 218**
Appropriation of 2020 Retained Income	-	-	679 855	6 118 688	(465 256)	(6 798 543)	(465 256)
Fair Value Adjustments	-	(138 239)	-	-	-	-	(138 239)
Impairment Losses on Fin. Assets through OCI	-	(1 840 765)	-	-	-	-	(1 840 765)
Profit for the year 2021	-	-	-	-	-	2 495 201	2 495 201
Balance at 31-12-2021	**7 500 000**	**5 636**	**3 859 443**	**21 623 135**	**(465 256)**	**2 495 201**	**35 018 159**
Appropriation of 2021 Retained Income	-	-	249 520	780 426	465 256	(1 495 201)	1
2021 Dividends	-	-	-	-	-	(1 000 000)	(1 000 000)
Fair Value Adjustments	-	(380 470)	-	-	-	-	(380 470)
Impairment Losses on Fin. Assets through OCI	-	280 950	-	-	-	-	280 950
Profit for the year 2022	-	-	-	-	-	2 602 509	2 602 509
Balance at 31-12-2022	**7 500 000**	**(93 884)**	**4 108 963**	**22 403 561**	**-**	**2 602 509**	**36 521 149**

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

Statement of Cash Flows for the year ended 31 December 2022 and 2021	Notes	2022 Kz'000	2021 Kz'000
Profit before Tax		1 933 791	3 431 360
Add:			
Depreciations	8	948 955	937 472
Provision for potential responsibilities	5/11/14	96 840	65 949
Impairment Losses on Fin. Assets (excluding Loans)	6	280 950	(1 840 765)
Impairment Losses on Loans	7	108 446	28 356
Less:			
Dividends paid	18.1	(1 000 000)	-
Tax paid	17	(2 090 670)	(2 749 931)
Cash Flows from Operating Activities		**278 312**	**(127 559)**
Increase (decrease) in Loans and Advances	7	1 879 068	(1 576 428)
Increase (decrease) in other Assets	11	628 034	(337 180)
Decrease (Increase) in Deposits from other Banks	12	(10 561)	38 127
Decrease in other Liabilities	17	(1 626 976)	(7 731 605)
		1 147 877	**(9 734 645)**
Investing Activities			
Purchase of Tangible and Intangible Assets	8	(566 598)	(927 400)
Purchase of Trading and Investment Securities	6	(8 842 191)	2 453 491
Placements with Central Banks and other Banks	5	4 212 048	(1 244 005)
		(5 196 741)	**282 086**
Financing Activities			
Demand Deposits	13	(2 520 376)	7 681 471
Term Deposits	13	6 766 057	(1 439 611)
		4 245 681	**6 241 860**
Increase (decrease) in Cash and Cash Equivalents		196 817	(3 210 699)
Opening Balance of Cash and Cash Equivalents		16 521 697	19 732 396
Closing Balance of Cash and Cash Equivalents		**16 718 514**	**16 521 697**
Cash and Equivalents comprises:			
Cash and Balances at Central Banks	3	15 182 295	14 507 059
Balances at other Credit Institutions	4	1 536 219	2 014 638
Closing Balance of Cash and Cash Equivalents		**16 718 514**	**16 521 697**

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

NOTES TO THE FINANCIAL STATEMENTS

1. CONSTITUTION AND ACTIVITY

Banco Comercial Angolano, S.A. ("BCA" or "the Bank"), with its head office in Luanda, is a 100% Angolan owned private company.

The Bank was formed on the 17 March 1997 and started its business activity on the 23 March 1999. BCA's business goal is to operate as a bank and to provide loans, using any financial operations as appropriate and investing in bonds or other financial instruments, such as Money transfer, Insurance sales.

At the end of 2022, the Bank operated 40 branches throughout the country.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

The BCA financial statements disclosed herewith, are related to the year ended 31 December 2022 and 2021.

The financial statements were prepared from the accounting records of BCA in conformity with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), as issued by the International Financial Reporting Standards Board (IASB) and interpreted by Internacional Financial Reporting Interpretation Committee (IFRIC), incorporated into the Angolan legislation through the Central Bank (Banco Nacional de Angola – BNA) Notice 5/2019 of 23 August. BCA adopted IFRS and mandatory interpretations for the years started on 01 January 2022 and 2021. Accounting policies were applied consistently as the year before.

Regarding the financial years of 2017 and 2018, the Central Bank of Angola issued an opinion to the extent that, not all the criteria required to classify an economy as hyperinflationary had been met and, therefore, conducted there was no need for "IAS 29 – Financial Reporting in Hyperinflationary Economies" to be applied by Angolan Banks. The Board of Directors decided to not apply any of IAS 29 dispositions in the referred years. Hence, the effects of applying this Accounting standard are not displayed in the financial statement for the year ended 31 December 2022.

The financial statements were prepared on the basis of continuity of operations, as by the books kept by the Bank, and on the historic cost basis, except for assets and liabilities recorded at fair value, such as the derivative financial instruments, financial assets and liabilities at fair value through profit and loss, financial assets through other comprehensive income.

The financial statement for the year ended 31 December 2022 were approved by the Board of Directors at 17 April 2023 and will be submitted to the Shareholders´ General Assembly, the body with a final power either to approve or not to approve them. However, the Board of Directors expects the General Assembly will approve them.

The preparation of the financial statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or for which assumptions and estimates are considered to be significant are presented in note 2.3.16.

Currency of presentation

The financial statements for the years ended 31 December 2022 and 2021, are prepared in thousand of Kwanza (Kz'000), as per Notice 05/2019, article 9° of BNA. The functional currency of the Bank is Kwanza (Kz). However, the Board has decided that the US Dollar (USD) is the Bank's reference currency as it is the currency most representative of the Bank's international operations. As a result, financial information is disclosed in both currencies in the most relevant notes, as per the Board of Directors' consideration. The Kz/USD exchange rates used in the preparation of this financial statement were as follows:

Year ended on	Average Rate	Closing Rate
31-12-2021	618,590	554,981
31-12-2022	460,058	503,691

The financial statements in Kz were converted to USD using the following rates:

- Historical – Shareholders' equity;
- Closing – All other assets and liabilities;
- Average – Income statement.

The financial information in the financial statements and the attached Appendix presented in United States dollars is submitted for reading purposes only. Consequently, it was converted based on the criteria described above, and should not be interpreted as representing that the amounts in kwanzas have been, could have been or may come to be converted into United States dollars. Additionally, these amounts are unaudited.

2.2. TRANSACTIONS IN FOREIGN CURRENCY

The transactions in foreign currency are converted to the functional currency (Kwanza) applying the exchange rate in use at the date of transaction. The monetary assets and liabilities expressed in foreign currency, are converted to the functional currency applying the exchange rate in use at the date of balance sheet.

The closing rates of the main foreign currencies used in the Bank dealings are:

Currencies	31-12-2022	31-12-2021
Dollars (USD)	503,691	554,981
European Union Currency (EUR)	537,438	629,015

The foreign exchanges differences issued from this conversion are recognized in income statement. The monetary assets and liabilities expressed in foreign currency, recognized at their historic cost, are converted to functional currency at the exchange rate on the date of transaction. The non-monetary assets and liabilities recorded at fair value, are converted to the functional currency at the exchange rate in use on the date in which the fair value is estimated, and recognized in income statement, except for the financial assets at fair value through other comprehensive income, whose exchange rate differences are recognized in the revaluation reserves of equity.

2.3. ACCOUNTING POLICIES

The following accounting policies are applicable to the financial statements of BCA:

2.3.1. Financial Instruments

Business model

Nature of operations and main activities

BCA carries out a number of activities and banking services in Angola, offering a huge range of financial products and services: demand deposit accounts, low-cost accounts, means of payment, saving and investment products, private banking, asset management, investment banking, housing loans, consumer credit, commercial banking etc.

Distinctive features of the business model

a) Service quality

BCA as a brand stands for customer service, with excellent quality, efficiency and speed as the key factors in its response to client needs and in the execution of their transactions.

b) Market pioneer in compliance

BCA leads the market in building into its procedures all the processes needed to ensure full compliance with regulations and with the fight against money laundering and the financing of terrorism and has invested heavily in technological and human resources to achieve this aim.

c) Sustainability of business model

The robustness of BCA's business model has its main foundation on naturally more stable and less volatile corporate and retail banking. BCA has successfully introduced operational recovery into its core market, reinforcing its financial and equity position despite the challenging banking environment in Angola.

Recovery depends on three separate factors: a client-focused relationship model; market leadership in terms of efficiency; and sustainability. The Bank's efficiency ratios are above the market average and it has sufficient solvency to be able to withstand any negative shocks the market may produce.

BCA business model

The business model within which the Bank holds its financial instruments is reassessed each year at the reporting date. Portfolio objectives are always built into the business model, translating into a management strategy that focuses on how contractual cash flows are originated and received.

BCA's financial instruments are currently held within a held to collect business model.

2.3.1.1. Financial assets

2.3.1.1.1. Classification, initial recognition, and subsequent measurement

At initial recognition, financial assets are classified as:

i) Financial assets at amortised cost;

ii) Financial assets at fair value through other comprehensive income; or

iii) Financial assets at fair value through profit or loss.

Classification takes account of:

- the business model used by the Bank to manage the financial asset; and
- the features of the contractual cash flows on the asset.

Assessment of the business model

At 1 January 2018 BCA undertook a portfolio-level assessment of the business model under which the financial instrument is held since this is the best reflection of how assets are managed and how information is provided to management bodies. The information considered was:

- portfolio policies and objectives and how policies are implemented in practice, including how management strategy covers the receipt of contractual interest, maintaining a set interest rate profile, matching the duration of the financial assets to that of the financial liabilities funding the assets, or realising cash flow through the sale of assets;
- how portfolio performance is assessed and reported to the Bank's management bodies;
- assessment of the risks affecting the performance of the business model (and of the financial assets held within it) and how they are managed;
- the remuneration of business managers, e.g. the extent to which remuneration depends on the fair value of the assets under management or on contractual cash flows received; and

- the frequency, volume and timing of sales in previous periods, the reasons for those sales and expected future sales. Information on sales must not however be considered in isolation but as part of a general assessment of how the Bank sets management targets for financial assets and of how cash flows are obtained.

Financial assets held for trading and financial assets that by option are managed and assessed at fair value are measured at fair value through profit or loss on an SPPI (solely payments of principal and interest) basis.

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

When assessing the financial instruments to which contractual SPPI cash flows refer, the Bank takes account of the terms of the underlying original contracts for the investment concerned. The assessment includes analysis of any situations in which contract terms could alter the timing and amounts of cash flows to prevent them meeting SPPI requirements. During assessment BCA will look at:

i. contingencies that could alter cash flow timings and/or amounts;
ii. features resulting in leverage;
iii. clauses allowing early repayment or extended maturity;
iv. clauses that might restrict BCA's ability to claim cash flows on particular assets (e.g. non-recourse assets); and
v. features that can alter remuneration of the time value of money.

Early repayment is consistent with SPPI so long as:

i. the financial asset was acquired or originated at a premium or discount on the nominal value of the contract;
ii. early repayment is essentially the nominal value of the contract plus accrued contractual interest plus unpaid items (may include reasonable compensation for early repayment); and
iii. the fair value of the early repayment is not material at initial recognition.

2.3.1.1.1.1. Financial assets at amortised cost

Classification

Financial assets are classified as financial assets at amortised cost if they meet all the following conditions:

I. the financial asset is held within a business model whose principal objective is to hold the asset to collect the contractual cash flows; and
II. its contractual cash flows occur on specified dates and are solely payments of principal and interest on amounts outstanding (SPPI).

Financial assets at amortised cost include investments with lending institutions, loans and advances to clients and debt securities held within a business model whose objective is to collect the contractual cash flows (government bonds, corporate bonds and commercial paper).

Initial recognition and subsequent measurement

Investments with lending institutions and loans and advances to clients are recognised at the date the funds become available to the counterparty (settlement date). Debt securities are recognised at the trading date, i.e. the date on which the Bank undertakes to acquire them.

Financial assets at amortised cost are initially recognised at fair value plus transaction charges, and thereafter are measured at amortised cost. As of initial recognition they are also impaired for expected credit loss (note 2.3.1.1.4.1.1.).

Interest on financial assets at amortised cost is recognised in interest and similar income using the effective interest method and the criteria set out in Note 2.3.11.

Derecognition gains/losses are posted to gain/(loss) at derecognition of financial assets and liabilities at amortised cost.

2.3.1.1.1.2. Financial assets at fair value through other comprehensive income

Classification

Financial assets are classified at fair value through other comprehensive income if they meet all the following conditions:

I. they are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and
II. contractual cash flows occur on specified dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, at initial recognition of an equity instrument that is not held for trading and for which no contingent consideration is recognised by a purchaser in a concentration of business interests to which IFRS 3 applies, the Bank can make an irrevocable election to measure it at fair value through other comprehensive income (FVOCI). The option is exercised on a case-by-case and investment-by-investment basis and is available only for financial instruments that meet the IAS 32 definition of an equity instrument, which cannot apply to financial instruments that the issuer has classified as equity instruments under the exemptions allowed at 16A and 16D of IAS 32.

Initial recognition and subsequent measurement

Changes in the fair value of these financial assets are recognised in the revaluation reserves, while disposal gains/losses accumulated in other comprehensive income are reclassified as a separate item in profit or loss as a gain/loss on the derecognition of financial assets at fair value through other comprehensive income.

As of initial recognition, debt instruments at fair value through other comprehensive income are impaired for expected credit loss (ECL) (Note 2.3.1.1.4). ECL is carried to loss under impairment of financial assets at fair value through other comprehensive income in the revaluation reserves and does not reduce the recorded value of the financial asset on the balance sheet.

All interest, premiums and discounts on financial assets at fair value through other comprehensive income are recognised under interest and similar income under the effective interest method and the criteria described in Note 2.3.11.

Equity instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction charges and thereafter are measured at fair value. Changes in the fair value of these financial assets are posted to the revaluation reserves. The dividends are carried to income when attributed and so long as they clearly do not represent recovery of part of the investment cost. Dividends that do represent recovery of part of the investment cost are recognised in other comprehensive income.

Equity instruments at fair value through other comprehensive income are not impaired since at derecognition the accumulated gain/loss recorded in changes in fair value is carried to profit/loss brought forward.

2.3.1.1.1.3. Financial assets at fair value through profit or loss

Classification

Financial assets are classified at fair value through profit or loss (FVPL) if the business model within which the Bank holds them, or their cash flows do not meet the above conditions for measurement at either amortised cost or fair value through other comprehensive income (FVOCI).

Even where a financial asset meets the requirements for measurement at amortised cost or FVOCI, at initial recognition the Bank can still make an irrevocable decision to designate it as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition mismatch (accounting mismatch) that would otherwise arise from measuring assets or liabilities or from recognising the gains and losses on them on different bases.

The Bank classifies financial assets at fair value through profit or loss as follows:

a) Financial assets held for trading

These financial assets have been acquired for sale in the short term. At initial recognition they form part of a portfolio of identified financial instruments that either present evidence of a pattern of recent short-term profit-taking or fall within the definition of a derivative (unless the derivative is used as a hedge).

b) Financial assets not held for trading necessarily at fair value through profit or loss

These are debt instruments on which the contractual cash flows are not only SPPI.

c) Financial assets designated at fair value through profit or loss (fair value option)

This item includes the financial assets that the Bank has opted to designate at fair value through profit or loss to eliminate an accounting mismatch.

Initial recognition and subsequent measurement

Since the transactions undertaken by the Bank during the normal course of business are at arm's length, financial assets at fair value through profit or loss are initially recognised at fair value while the costs and income associated with the transactions are carried to profit or loss at initial recognition. Subsequent changes in the fair value of these financial assets are carried to profit or loss.

Accrued interest and premiums/discounts (where applicable) are posted to interest and similar income at the effective interest rate for each transaction, along with accrued interest on the derivatives associated with the financial instruments under this heading. Dividends are recognised in profit or loss when attributed.

2.3.1.1.2. Reclassification of financial assets

Financial assets are not reclassified unless the business model within which they are held is changed, in which case all affected financial assets will be reclassified.

Reclassification is prospective from the reclassification date but gain, loss (including impairment) and previously recognised interest are not restated.

Investments in equity instruments measured at fair value through other comprehensive income and financial instruments designated at fair value through profit or loss cannot be reclassified.

2.3.1.1.3. Modification and derecognition of financial assets

General principles

i. The Bank does not derecognise financial assets unless:
   - the contractual rights to the cash flows from the financial asset have expired; or
   - the financial asset is transferred as described at ii) and iii) below, and the transfer meets the conditions for derecognition set out at iv).

ii. The Bank will not transfer a financial asset unless:
   - the contractual rights to receive the cash flows on the financial asset are transferred; or
   - it retains the contractual rights to receive the cash flows on the financial asset but accepts a contractual obligation to pay the cash flows to one or more recipients under an agreement that meets the conditions set out at iii) below.

iii. If the Bank retains the right to receive the cash flows on a financial asset (original asset) but accepts a contractual obligation to pay the cash flows on the financial asset, and accepts a contractual obligation to pay the cash flows to one or more entities (original recipients) the Bank will treat the transaction as a transfer of the financial asset so long as the following three conditions are met:
   - the Bank has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts on the original asset. Short-term advances by the entity that include the right to full recovery of the amount advanced plus interest at market rates will not prevent this condition being met;

- the Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset (other than as security to the eventual recipients for its obligation to pay the cash flows to them); and
- the Bank has an obligation to remit all cash flows it collects in the name of the eventual recipients without material delay. In addition, it is not entitled to reinvest the cash flows except in cash or cash equivalent (as defined in IAS 7 – Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients and any interest on such investments being passed to the eventual recipients.

iv. If the Bank transfers a financial asset (see ii above), it must assess the degree to which it retains the risks and rewards of the asset:
   - If the Bank has transferred substantially all the risks and rewards on the financial asset, it will derecognise the financial asset and separately recognise as assets or liabilities any rights and obligations created or retained at transfer;
   - If the Bank has retained substantially all the risks and rewards on the financial asset, it will continue to recognise the financial asset;
   - If the Bank has neither retained nor transferred substantially all the risks and rewards on the financial asset, it must assess whether it has relinquished control of the financial asset:
     a) If the Bank has relinquished control, it must derecognise the financial asset and separately recognise as assets or liabilities any rights and obligations created or retained at transfer;
     b) If the Bank has retained control, it must continue to recognise the financial asset to the extent to which it has a continuing involvement in the financial asset.

v. Transfer of the risks and rewards referred to above is assessed by comparing the Bank's exposure before and after transfer to variation in the amounts and timings of the net cash flows on the transferred asset.

vi. The question of whether the Bank has retained control (see IV above) of the transferred asset depends on the ability of the recipient of the transfer to sell the asset in its entirety to an unrelated third party and its ability to do so unilaterally and without the need to impose additional restrictions at transfer. If it can do so, the entity has relinquished control. In all other cases, the entity has retained control.

Derecognition criteria

Based on the general principles described in the previous section and since contract changes can in some cases lead to the derecognition of the original financial assets that the recognition of new assets, this section sets out the criteria and circumstances under which a financial asset will be derecognised.

The Bank considers that amendment of the terms and conditions of a credit exposure will lead to derecognition of the transaction and recognition of a new transaction so long as the amendment meets at least one of the following conditions:

- A new exposure is created through a consolidation of debt, but none of the derecognised instruments has a nominal value that is more than 90% of the nominal value of the new instrument;

- Double extension of the residual term so long as the extension is not over 3 years less than the residual term at the time of the change;
- More than 10% increase in the exposure vs nominal value (using the last approved value in the operation subject to change);
- Change in quality characteristics:

a) Change of currency, unless the old and new currency exchange rate is fixed or managed within a restricted band by law or by the relevant monetary authorities;

b) Exclusion or addition of a material characteristic for the conversion of principal into a debt instrument, unless this could not reasonably be exercised during its term;

c) Transfer of the credit risk on the instrument to another debtor, or material change in debtor structure within the instrument.

Write-offs/write-downs

The Bank writes loans and advances off/down if it has no reasonable expectation of making full or partial recovery of an asset. Write-off/down occurs after all actions taken by the Bank to recover the assets concerned have failed. Written off/down loans is recognised in the off-balance sheet.

2.3.1.1.4. Impairment Losses

2.3.1.1.4.1. Impaired financial instruments

The Bank recognises impairment losses for expected loans and advances losses on financial instruments as follows:

2.3.1.1.4.1.1. Financial assets at amortised cost

The impairment losses on financial assets at amortised cost reduce the carrying value of these financial assets under impaired financial assets at amortised cost (in profit or loss).

2.3.1.1.4.1.2. Debt instruments at fair value through other comprehensive income

The impairment losses on debt instruments at fair value through other comprehensive income are recognised in profit or loss under impaired financial assets at fair value through other comprehensive income (reducing the carrying value of these financial assets).

2.3.1.1.4.1.3. Loan commitments, letters of credit and financial guarantees

The impairment losses on loan commitments, letters of credit and financial guarantees are carried to loss under provisions for guarantees and other commitments within other provisions (in profit and loss).

2.3.1.1.5. Impairment losses on loans and advances portfolio

In March 2017 during full IAS/IFRS adoption, BNA informed financial institutions of the need to prepare for the challenges involved in replacing IAS 39 *Financial Instruments - Recognition and Measurement with IFRS 9 Financial Instruments*.

IFRS 9, which was issued in July 2014 by the International Accounting Standards Board (IASB), replaced IAS 39 and set new rules for the classification and measurement of financial assets and liabilities. The final version of IFRS 9 was issued in 2014 and its application became compulsory in all financial years commencing on or after 1 January 2018.

IFRS 9 aims to improve financial information about financial instruments and to deal with the concerns that arose in this area during the financial crisis. In particular, IFRS 9 looks to respond to the G20 call for a more forward-looking model for recognising expected credit loss (ECL) on financial assets.

According to IFRS 9, ECL introduces a material change to IAS 39 impairment requirements with new rules on the recognition of impairment, under which impairment must be recognised as expected loss in the 12 months following the initial recognition of financial assets that at initial recognition are not impaired and present no material increase in credit risk.

IFRS 9 introduces a 3-stage approach based on change in the credit quality of financial assets after initial recognition. The assets pass through 3 stages as their credit quality changes, the stages dictating how the entity must measure the impairment. If there is a material change in credit risk since origination, impairment is measured as ECL over the lifetime of the asset, i.e., over the residual maturity of the financial asset, rather than ECL over 12 months (or less if the residual maturity of the transactions is under 12 months).

To summarise, IFRS 9 establishes an expected loss model that is based on early recognition of loss arising from credit risk and is founded on the concept of material increase in credit risk from the time of initial recognition (i.e., before objective evidence of impairment appears, credit risk rises materially but is not reflected in the pricing of the financial asset).

Restrictions on application of the standard

- In 2016 the Bank introduced an information form into its system in order to create a client loan book with the information required to analyse credit risk. It therefore does not have enough historic information to estimate the robust and statistically significant factors needed to assess collective impairment, particularly LGD. Historic analysis of the portfolio also revealed that the Bank has a small number of defaults, mainly regarding enterprise exposures. In the case of individual clients, although with a higher number of defaults events, the exposures concerned are not materially relevant (a material exposure is defined as being over Kz 20 000) in terms of significant probability of default for the portfolio.

- The Bank does not have sophisticated models that would allow it to monitor transaction credit risk from origination using statistical models. The Bank also does not have a central database of relevant and reliable data that would allow it to look at particular quantitative and qualitative factors when determining whether there has been a significant increase in credit risk across the entire client loan book.

Stage allocation criteria

BCA organises loans to clients into stages 1, 2 or 3, depending on delinquency at each reporting date.

Stage change is based on individual analysis of the loan in the portfolio and on the number of days' default. The definition of 'default' was developed by considering the Bank's own risk management process and best market practice.

Under IFRS 9 B.5.37, *"When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate."* The 90 days past due criterion was used to identify a client in default. Nevertheless, based on its individual credit analysis the Bank may still manually identify a loan as being in default if it gives signs of impairment (e.g., multiple restructurings).

To ensure the stability of the stage model and consequently quantification of ECL in the loan book, minimum periods were set for holding clients at stages 2 or 3 (quarantine) when the criteria for moving them to stage 2 or 3 are met.

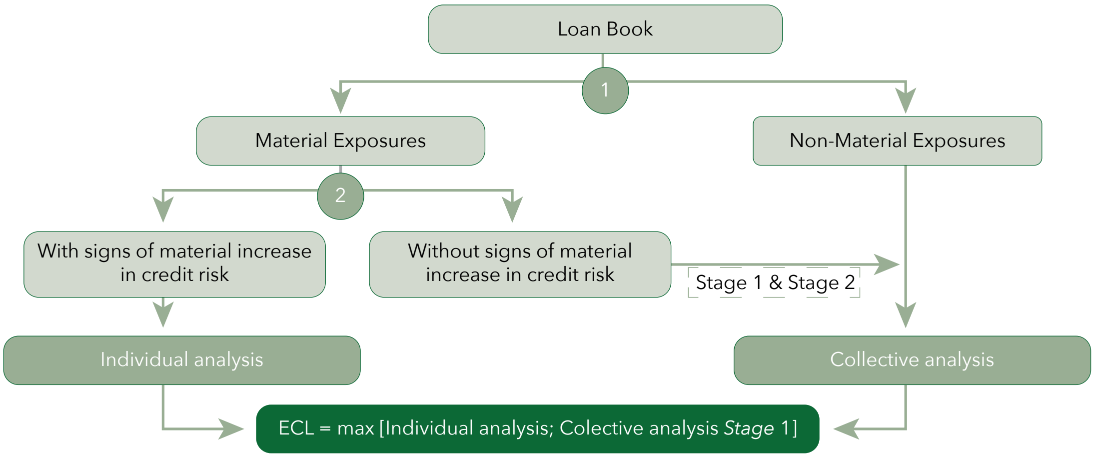
Impairment calculation methodology

Under the new system, entities must recognise expected credit loss (ECL) before the loss event occurs. Forward-looking information must also be considered when estimating ECL, along with future (macro-economic) trends and scenarios.

Under the ECL approach, assets subject to impairment must be classified into one of the following categories (stages), depending on changes in credit risk since initial recognition of the asset, and no longer on its credit risk at the reporting date:

- Stage 1 – As of initial recognition and unless credit risk has materially degraded since then, assets are held at stage 1. They are impaired for ECL over 1 year from the reporting date;
- Stage 2 – If there has been material degradation in credit risk since initial recognition, assets will be held at stage 2 and will be impaired for ECL over their lifetimes. By introducing the concept of material degradation in credit risk, IFRS 9 makes the calculation of impairment more subjective and requires a closer link with the entity's credit risk management policies. The lifetime and forward-looking approaches present financial institutions with challenges when modelling credit risk parameters.
- Stage 3 – Impaired assets must be held at stage 3 and be impaired for lifetime ECL. Unlike at stage 2, the effective interest rate recognised is based on net carrying value (gross value at stage 2).

The impairment model developed by the Bank is briefly described in the diagram below, which shows the method for calculating monthly impairment:



Individual credit analysis is applied to all debtors presenting a balance-sheet credit exposure that is over 0,1% of capital adequacy requirements.

Individual credit analysis

The individual credit analysis of individually material exposures aims to:

i. examine staging in order to review the classification of each exposure using the impairment model;
ii. estimate credit impairment for stage 2 debtors (clients that present indications of, or have seen a material increase in, credit risk) and stage 3 debtors (clients in default).

The Bank performs individual credit analysis every six months (in May and November each year), using a dedicated template to standardise analysis and ensure compliance with its analysis methodology.

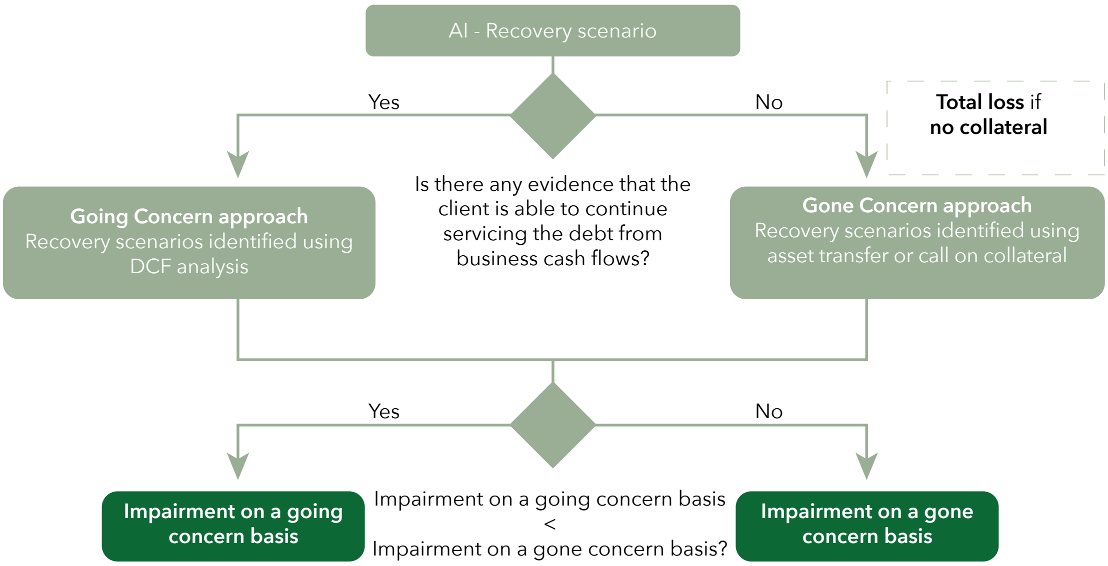
Staging analysis involves reviewing the stage to which each debtor is automatically allocated by the Bank's impairment model, based on the client's characteristics and the credit relationship with him and on the financial information available and the information provided by CIRC.

The Bank has produced a staging questionnaire that contains a set of criteria/triggers used to identify:

i. indications of/material increase in, credit risk after initial recognition;
ii. impaired clients.

Based on the client's financial information and the current stage in negotiations with him, the Bank will determine the best recovery strategy to apply. The Bank's main preference will be to use the debtor's ability to continue servicing the debt from his business flows (where necessary with restructuring of the loan).

The following diagram briefly shows how the recovery scenario is selected, based on estimated impairment:



Based on the above diagram, if updated financial information is available and if the client proves to be able to service his debt through his business cash flows, the Bank will tend to opt for the cheaper going concern, rather than the more expensive gone concern (recovery through collateral), approach. However, if the exposure carries sufficient collateral and impairment after recovery through collateral would be less than through business cash flows, the Bank will recognise the impairment using the gone concern approach.

Collective credit analysis

Using the historic data in the historic loan books, the following drivers were used to organise the loan book into consistent risk classes by: (i) type of client, (ii) type of product, (iii) volume and materiality of operations. However, given the limited historic information available and data quality, as mentioned above, the risk factors applied to the loan book were based on analysis of the market benchmark. Portfolio segmentation has therefore been adjusted for benchmark risk factors.

Operations/clients are classified into segments as follows:

Type of Client	Segment	BCA Portfolio	Type of Product
Company	Company	Secured Current Accounts	CC
		Overdrafts	DO, CARC
		Income	CRR, CRF
		Off-balance Sheet	CRDI, GARP
Individual	Overdrafts	Overdrafts	DO, CARC
	Housing & Consumption	Employee Loans	Employee Loans
		Credit Protocols	Protocols
		Income	CRR, CRF
State	State	State	-

The benchmark is assessed with the information displayed on the last financial statements of Angolan banks, considering the reference date of calculation.

Risk factors

Probability of default (PD) is the probability of default on an operation (or by a client) within a specific period of time and a specific time horizon, based on the status of the operation /client at the start of the observation period.

However, in the event of default, banks will also calculate their risk of loss on such clients by estimating loss-given default (LGD).

Given the small number of operations in the loan book and the lack of any historic database of operations in the Bank's loan book (see Restrictions on application of the standard, above) it has not been possible to estimate risk factors (PDs and LGDs) specific to the Bank. The Bank therefore uses market benchmark analysis to understand Angolan financial sector, at the same time adjusting the characteristics of its own loan book.

Market benchmark analysis, as used to calculate the ECL on the Bank's loan book, takes account of the following in connection with the application of risk factors:

- Probability of default: PD segments risk by: (i) portfolio segment (see Collective analysis, above); and (ii) the number of days in default.

Each combination of risk segment with days in default produces a separate lifetime PD curve and shows the PD time structure, reflecting expected change in default risk over the lifetime of the loan.

- Loss-given default: LGD gives a breakdown by risk segment in the collective model.

LGD curves ignore collateral-based recovery. This is consistent with the use of net EAD to calculate ECL.

Each year the Bank reviews loan book risk parameters to check the reasonability of the market benchmark applied to it and/or to check whether internal risk should be taken into account when calculating ECL.

When calculating impairment for off-balance sheet exposures, the Bank uses a credit conversion factor (CCF) to determine the probability of a given off-balance sheet operation being converted into a loan.

Based on a BNA Instruction, the Bank determines the CCF on the basis of the level of risk on the off-balance sheet item, as follows:

Risk	CCF
High	100%
Average	50%
Average/low	20%
Low	0%

The exposure to risk is the sum of balance-sheet exposure plus off-balance sheet exposure, converted using the CCF at the reference date for the ECL calculation, net of financial guarantees given as collateral. Eligible financial guarantees are blocked term deposits and treasury bonds denominated in Kz that are held in custody by the Bank.

ECL calculation

The following table shows how ECL is calculated for each stage:

<table>
<tr><th>Stage</th><th>ECL calculation</th><th>Inputs | risk factors</th></tr>
<tr><td>Stage 1
No indication of significant increase in credit risk</td><td>ECL12m = EAD x PD12m x LGD</td><td rowspan="3">• EAD = Exposure at default at the reporting date
• LGD = Estimated loss if the segment defaults
• PD12m = Probability of default on the loan in the next 12 months
• PD lifetime = Probability of default on the loan up to maturity</td></tr>
<tr><td>Stage 2
Credit risk has significantly increased but is not impaired</td><td>ECL lifetime = EAD x PD lifetime x LGD</td></tr>
<tr><td>Stage 3
Impaired</td><td>ECL lifetime = EAD x LGD</td></tr>
</table>

Following individual staging analysis of stage 1 clients, ECL is automatically included in the collective calculation, i.e., the ECL rate obtained using the collective model is applied.

For all other clients individually analysed for staging purposes, impairment floors are applied to clients presenting indications or evidence of impairment (i.e., stage 2 or 3 clients) and are used to calculate their ECL.

To summarise, the consolidated/final impairment attributed for staging purposes is:

Stages	Final ECL
Stage 1	ECL resulting from collective stage 1 assessment.
Stage 2 Stage 3	ECL is the greater of: (i) Individually calculated impairment; or (ii) ECL resulting from collective stage 1 assessment.

The floor of the model taken into account is the ECL resulted from stage 1 of collective assessment.

2.3.1.1.6. Calculation of impairment losses on trading and investment securities portfolio

2.3.1.1.6.1. Significant increase in credit risk

The criterion for measuring the significant increase in credit risk for financial assets other than credit is always based on reasonable and sustainable qualitative and quantitative information available to the Bank. All reasonable and reliable information on macroeconomic and macro-fiscal indicators, as well as the evolution of the sovereign or issuer's rating, for example, are used to assess the existence or not of a significant increase in credit risk. The impairment losses correspond to the expected losses in case of default in a 12-month period, for stage 1 assets, and to the expected losses considering the probability of occurrence of a default event at any moment during the life of the financial instrument (until its maturity), for stage 2 and 3 assets. An asset is classified in stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition.

2.3.1.1.6.2. Assumptions for the calculation of impairments

2.3.1.1.6.2.1. Government bonds

For the calculation of impairment losses on government bonds in foreign currency, the ECL (Expected Credit Losses) is obtained as the sum of the product of PD's (Probability of Default), LGD's (Losses Given Default) and EAD (Exposure At Default).

For computing purposes, the Bank applies the National Bank of Angola's Directive no. 13/DSB/DRO/2019 guidelines, dated 27th December, which concerns the assessment and verification process of the issuing country's rating. The Moody's study "Sovereign default and recovery rates, 1983-2021" was used to obtain the risk factors to be considered, analysed and applied.

Both the Probability of Default (PDs) and the Loss Given Default (LGDs) are sourced from the monthly reports of rating agencies such as Moody's, Fitch and S&P Global Ratings. In these sources, LGD's are not expressed in a clear manner, and are therefore obtained as the opposite of the recovery rate (1-Weighted Recovery Rates=LGD). The PD used for public debt instruments in foreign currency is the Issuer-Weighted Cumulative Default Rate for States with rating B, for foreign currency securities, and rating Ba, for domestic currency securities obtained from the Moody's Report.

2.3.1.1.6.2.2. Corporate Debt Securities

Historical data of instruments admitted to trading on BODIVA will be used to estimate PDs and LGDs for the corporate debt. While this information is not available, the best result obtained among the following options will be used: the risk premium between treasury bills and the corporate credit rate and the market benchmark.

2.3.1.1.6.2.3. Liquid Assets and Placements

a) Foreign currency

For liquid assets and investments in foreign currency, the PD calculation basis will be the financial institution rating where the amounts are deposited or invested. In the absence of a rating, the market benchmark used by institutions within the financial sector is applied.

b) Local currency

For investments in local currency and for those institutions with ratings, the 12-month PD is applied in duodecimal form and weighted with the EAD, followed by the corresponding assessment of its material relevance. For institutions without ratings, PDs result from the application of a risk premium to sovereign debt PDs.

2.3.1.1.6.3. Methodology for impairment losses calculation

2.3.1.1.6.3.1. Government bonds

The EAD is calculated instrument by instrument, based on the financial statements. On the information exposed is applied the relevant percentage of the product curve of PD and LGD at the corresponding maturity. The sum of these weightings represents the impairment for the instrument in the calculation period.

2.3.1.1.6.3.2. Liquid Assets and Placements

a) Foreign currency

The ratings of the institutions where the liquid assets in foreign currency are deposited and/or applied are matched with the respective PDs (in duodecimal form) and these are reflected on the EADs, resulting in the impairment of these assets.

b) Local currency

The PDs corresponding to the ratings are multiplied by the LGDs and reflected on the EADs. The sum of the products of these represents the impairment in these instruments.

2.3.1.2. Financial liabilities

2.3.1.2.1. Classification, initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified as:

- Financial liabilities at amortised cost;
- Financial liabilities at fair value through profit or loss.

2.3.1.2.1.1. Financial liabilities at fair value through profit or loss

Classification

Financial liabilities at fair value through profit or loss include:

a) Financial liabilities held for trading

These are liabilities issued for repurchase in the short term, that are held in a portfolio of identified financial instruments for which there is evidence of a pattern of recent short-term profit taking or that fall within the definition of a derivative (unless the derivative is used as a hedge).

b) Financial liabilities designated at fair value through profit or loss (fair value option)

The Bank can at initial recognition irrevocably designate a financial liability as being measured at fair value through profit or loss if it meets at least one of the following conditions:

- it is managed, assessed, and reported internally at fair value; or
- the designation eliminates or significantly reduces an accounting mismatch on the transactions.

Initial recognition and subsequent measurement

Since the transactions undertaken by the Bank during the normal course of business are at arm's length, financial liabilities at fair value through profit or loss are initially recognised at fair value, while the costs and income associated with the transactions are carried to profit or loss at initial recognition.

Subsequent changes in the fair value of these financial liabilities are recognised as follows:

- changes in fair value that are attributable to the credit risk on the liability are carried to other comprehensive income;
- the remainder of the variation in fair value is carried to profit or loss.

Accrued interest and premiums/discounts (where applicable) are posted to interest and equivalent costs at the effective interest rate for each transaction.

- At 31 December 2022 and 2021 the Bank had no operations classified in this way.

2.3.1.2.2. Financial guarantees

Unless designated at fair value through profit or loss at initial recognition, financial guarantee contracts are subsequently measured at the higher of:

- the loss provision determined as per Note 2.3.1.1.4;
- the initially recognised amount minus (where relevant) cumulative revenue recognised as per IFRS 15 - Revenue from Contracts with Customers.

Financial guarantee contracts that are not designated at fair value through profit or loss are posted to Provisions where applicable.

2.3.1.2.3. Financial liabilities at amortised cost

Classification

Financial liabilities not classified at fair value through profit or loss and that are not financial guarantee contracts are measured at amortised cost.

Financial liabilities at amortised cost include "Deposits from other Credit Institutions", "Deposits from Clients" and subordinated and other debt securities.

Initial recognition and subsequent measurement

Financial liabilities at amortised cost are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost. Interest on financial liabilities at amortised cost is posted to interest and similar costs using the effective interest method.

2.3.1.2.4. Reclassification of financial liabilities

Financial liabilities cannot be reclassified.

2.3.1.2.5. Derecognition of financial liabilities

The Bank derecognises financial liabilities when they are cancelled or extinguished.

2.3.1.3. Recognition of interest

Interest income and expense on financial instruments measured at amortised cost are carried to interest and similar income or interest and similar expense (Net Interest Margin) using the effective interest method. Interest at the effective rate on financial assets at fair value through other comprehensive income is also recognised in the Net Interest Margin.

The effective interest rate (EIR) is the rate applied to discount estimated future payments and receipts over the expected lifetime of the financial instrument (or a shorter period if appropriate) to the current net carrying value of the financial asset or liability.

When determining EIR, the Bank estimates future cash flows on the basis of all the terms in the contract for the financial instrument (e.g., early repayment options) but does not consider impairment. The calculation includes commission paid/received, which is treated as an integral part of the EIR, transaction costs and all premiums and discounts directly connected with the transaction, except in the case of financial assets and liabilities at fair value through profit or loss.

Interest income recognised in profit or loss on stage 1 or 2 contracts is calculated by applying the EIR for each contract to its gross carrying value. The gross carrying value of a contract is its amortised cost before impairment. In the case of stage 3 financial assets, interest is recognised in profit or loss at net carrying value (minus impairment). Interest is always recognised on a forward-looking basis, i.e., in the case of stage 3 financial assets, on amortised cost (net of impairment) for subsequent periods.

In the case of financial assets originated or acquired with credit impairment, EIR will reflect the expected credit loss when the future cash flows expected from them are determined.

2.3.2. Guarantees given and irrevocable commitments

Financial guarantees are contracts that bind the Bank to execute payments in order to reimburse the holder of a loss incurred, as result of a debtor lacking the payment of an instalment.

Liabilities issued from financial guarantees or commitments given to grant a loan at an interest rate below the market value are initially recognised at a fair value. The initial fair value is amortised during the lifetime of the guarantee or commitment. Subsequently, the liability is recorded at the higher value between the amortised value and present value of any expected outstanding payment.

Guarantees given and irrevocable commitments are recorded in off-balance sheet accounts by the amount at risk, while interest, commission, fees, and other income are recorded in income statement over the period of the operations.

These operations are subject to impairment tests.

2.3.3. Securities repurchase agreement transactions

Securities sold with repurchase agreement (repos), at a fixed price, or for a price which is the same as the sale price plus interest inherent to the period of the operation, are recognised in the balance sheet being classified as assets given as guarantee. The corresponding liability is accounted for as deposits from other credit institutions or deposits from clients, as appropriate. The difference between the acquisition and reselling values is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

Securities bought with resale agreement (reverse repos), at a fixed price or for a price that is equal to the purchase price plus the interest that is inherent in the operating period are not recognised in the balance sheet, with the purchase value being recorded as loans and advances to other credit institutions or clients, as appropriate. The difference between the purchase value and the resale value is treated as interest and is deferred during the validity period of the agreement, using the effective rate method. The difference between the sale and repurchase values is recognized on an accrual basis over the period of the transaction and is included in interest income or expenses.

Securities transferred through loan agreements are not derecognized in the balance sheet but are classified and accounted for in accordance with the accounting policy outlined in note 2.3.1.1. Securities received through loan agreements are not recognized in the balance sheet.

2.3.4. Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation to be liquidated delivering either money or financial assets to third parties, regardless of its legal form, highlighting a residual interest in entity's assets net of all its liabilities.

The cost of transaction for issuing equity instruments are recorded against the equity as a deduction from issue amount. The values paid and received for the equity instruments purchase or sale, are recognized in the equity, net of costs of transaction.

The gains from the equity instruments (dividends) are recognized when the right to receive payment is established.

2.3.5 Leases

The Bank applied IFRS 16 on the contracts celebrated or modified on or after the 1 of Jaunary 2019.

At the inception of a contract, the Bank assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an asset (the underlying asset) for a specified period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract concerns the use of an identified asset – the asset could be specified in an explicit or implicit way and might be physically distinct or might represents materially the capacity of an asset physically distinct. Even if an asset is specified, the Bank has no right to use the identified asset, if the supplier has the substantive right to replace this asset during the period of use;
- the Bank has the right to obtain substantially all economic benefits by the use of the identified asset, during the period of use; and
- The Bank has the right to direct the use of an identified asset. The Bank has this right, when it can take the most important decisions to modify the way and the aim for which the asset is used, during the period of use. If the decision regarding the method of use, and the aim for which the asset is used is predefined, the Bank has the right to direct the use of the asset when:
  - The Bank has the right to use the asset (or to delegate other entities to exploit the asset in accordance with the way established by the Bank) during the period of use, and the supplier has no right to modify those instructions of exploitation; or
  - The Bank designed the asset (or specific aspects of the asset) in such a manner that establishes previously the method of use and the aim for which the asset must be used, during the period of use.

In the beginning or when revaluating, a contract which comprises a lease component, the Bank allocates the retribution of each component based on each individual price. However, for those lease contracts in which the Bank is the lessee, it decided to not set apart the “no-leasing” components, and to recognize both “no-leasing” components and leasing components, as a unique component.

2.3.5.1. As lessee

The Bank recognises a right-to-use asset or a lease liability at the lease opening date. The right-to-use asset is initially accounted for at cost, which comprises the initial value of lease liability, adjusted with all advance lease payments at or before the initial date (deducting the incentives for leases received), added any initial direct cost incurred, and estimation of dismantling cost and removal of the underlying asset, or to restore the underlying asset, or the premises in which it is located.

Subsequently, the right-to-use asset is depreciated on a straight-line basis, from the initial date to the end of its useful life, or the lease expiry, depending on which of the two expires the first. The estimated useful life of assets under the right of use is established following the same principles of tangible assets. Moreover, the right-to-use asset is periodically deducted from impairment losses, if required, and adjusted according to particular lease liabilities remeasurements.

The lease liability is initially measured by the current value of lease payments not liquidated, discounted at an implicit interest rate, if the concerned interest rate is easily calculated. If the interest rate is not easily calculated, an incremental interest rate of the Bank funding must be used. A funding incremental interest rate is a discounted rate the Bank would obtain, to get at the same maturity and with the similar collaterals, the required funds to acquire the underlying asset. Usually, the Bank considers as discount rate its funding incremental rate.

The lease payments included in the lease liabilities comprise the following payments, for the right to use the underlying assets, over the lease term, which have not been settled at the concerned date:

- fixed payments (including fixed payments in substance), minus lease incentives;
- variable payments which depend on an index or rate, initially measured by using an index or rate at initial date;
- amounts expected to be paid as collaterals for the residual value;
- the price for the year of a call option, if the Bank is reasonably sure to exercise such a call option; and
- penalties payments for the lease termination, if the lease term reflects the exercise of an option of lease termination by the Bank.

The lease liability is measured at amortized cost through the effective interest rate method. It is remeasured if a change in leasing future payment occurs, arising from a change in an index or a rate, as a result of a change in the Bank estimation of the amount expected to be paid, under a collateral of a residual value, or whenever the Bank changes its estimation of the expectation to either or not exercise a call option, an extension or a termination.

Whenever the lease liability is remeasured, the Bank recognises the amount of remeasurement of lease liability as an adjustment to the right-to-use asset. However, if the carrying amount of the right-to-use asset is reduced to zero, and if, simultaneously, there is a reduction to the lease liability measurement as well, the Bank recognises such a reduction in the profit and loss accounts.

The Bank displays the right-to-use assets which do not match to the definition of investment properties in "Other tangible Assets" and lease liabilities in "Other Liabilities" in the financial position statement.

i. Short term leases and leases of assets of low value

The standard allows the lessee to not recognize the right-to-use assets and lease liabilities with a 12 months term or less, and leases of a low value. The payments related to such leases are recognized as expenditures on a straight-line basis over the term of the contract.

The Bank chose not to apply the exemption established in IFRS 16, to recognize the right-to-use assets and lease liabilities with a 12 months term or less than 12 months, and leases of assets of low value. Therefore, the Bank recognises the expenditures related to such contracts in "Third Parties Supplies" in the income statement.

2.3.5.2. As lessor

When the Bank acts as lessor, It settles at the beginning of the lease, whether to classify the lease as operating lease or finance lease.

The Bank assesses at the beginning of each lease if it transfers substantially all risks and rewards of ownership of the underlying asset. If it transfers substantially all risks and rewards of the ownership of the underlying asset, it is classified as finance lease, otherwise it is classified as operating lease. In this assessment, the Bank takes into account some indicators, such as, if the lease covers most of the economic lifetime of the asset.

If the Bank is an intermediary lessor, it recognises its interests in the main lease and in the sublease separately. The classification of the sublease is realised according to the right-to-use asset of the original lease, and not according to the underlying asset. If the original lease is a short-term lease contract, the Bank classifies the sublease as operating lease.

If a contract has leasing and no leasing components, the Bank will apply IFRS 15 standard, to allocate the retribution established in the contract.

The Bank recognises the payments received of lease under operating leases as profits on a straight-line basis during the lease term, as part of "Third Parties Supplies".

2.3.6. Other tangible Assets

Tangible assets are stated at acquisition cost, less accumulated depreciation, and impairment losses. At the transition date to IFRS/IAS, the Bank elected to consider as cost, the value of acquisition of its tangible assets, as per the previous accounting policies, which is broadly similar to depreciated cost measured under IFRS. The cost includes expenses directly attributable to the acquisition of goods. There are ancillary costs included as well, which are incurred when tangible assets are acquired, such as, notary fees, brokerages, taxes paid.

Subsequent costs are recorded only if it is probable that future economic benefits for the Bank will stem from them. All maintenance and repair expenses are recorded in the costs, in accordance with the accrual principle.

Lands are not amortized. Depreciation of tangible assets is recorded on a straight-line basis over their estimated useful lives, which corresponds to the period the assets are expected to be available for use:

	Useful life (Years)
Premises owned	50
Improvements to leasehold premises	3-25
Computer Equipment	3
Vehicles	3
Other Tangible Fixed Assets	2-10

Non-recoverable expenditure on Improvements to leasehold premises are depreciated in accordance with its estimated useful life or the remaining period of the lease contract.

When there is an evidence of impairment loss in a tangible asset, IAS 36 prescribes that the recoverable amount might be assessed, and an impairment loss might be recorded whenever the net value of the asset is greater than its recoverable amount. The impairment loss is recognized in income statement. The recoverable amount is determined as the highest between the fair value of an asset, net of sale costs and its value in use, which is calculated taking into account the present value of estimated future cash flows expected to be derived from the continuous use of the asset, and its disposal at the end of its useful life.

2.3.7. Intangible assets

The Bank recognizes, in this caption, expenses relating to the development stage of projects implemented and to be implemented, as well as the cost of acquiring software, in both cases where the impact extends beyond the financial year in which the cost is incurred.

Intangible assets are amortized on a straight-line monthly basis over the estimated period of useful life of the assets which, in general, corresponds to a period of three years.

To date the Bank has not recognized any intangible assets generated internally.

2.3.8. Employee benefits

Employee benefits are accounted for as established in IAS 19, and can be classified as:

2.3.8.1. Short-term employee benefits

Employee benefits are essentially comprised by wages, salaries, and social security contributions, paid annual leave and paid sick leave, non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees.

Actually, the Bank has at its disposal short-term employee benefits only. Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services.

2.3.8.2. Post-employment benefits

Post-employment benefits can be: retirement pension and other retirement benefits, post-employment life insurance, and post-employment health care.

Actually, the Bank does not provide any specific post-employment plan for its employees. All employees are subject to the legally set retirement plan, through the State Social Security Institute (INSS).

2.3.8.3. Termination benefits

Termination benefits are the benefits provided by BCA, for employees' retirement before legal retirement.

2.3.9. Provisions and Contingent Liabilities

Provisions are recognized when: (i) the Bank has a present legal or constructive obligation (whether it is legal, or arising from past practice, politics implying the recognition of certain responsibilities); (ii) it is probable that an outflow of economic benefits will be required to settle present legal or constructive obligation, as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into account the standards defined in IAS 37, regarding the best estimate of expected cost, the most probable results of actions in progress, with consideration of risks, uncertainty inherent to the process. If the effect of discounting is material, provisions corresponding to present value of expected future payments, are discounted at a rate that considers the risk associated with the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through income statement in the proportion of the payments that are probable.

Provisions are derecognized through their use for the obligations for which they were initially accounted for, or for the cases that the situations were not already observed.

2.3.10. Fees and commissions income

Fees and commissions are recognized as follows:

- Fees and commissions that are earned on the execution of a significant act, such as loan syndication fees, are recognized as income during lifetime of such a significant act;
- Fees and commissions earned over the period in which the services are provided are recognized as income in the period the service is rendered;
- Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recorded in income statement by the effective interest rate method.

2.3.11. Corporate Income Tax

BCA is subject to the tax regime set out in the Income Tax Code currently in force in Angola.

From 2020, under Law 26/20 of 20 July (amending the Income Tax Code enacted by Law 19/14 of 22 October), the Bank's income for the year is taxed at the rate of 35% (income tax rate for banks, previously 30%). Income tax is levied on the total amount of earnings before tax, adjusted for any additions or deductions applicable under current tax legislation. For tax purposes, the Bank is a General Regime taxpayer (formerly Group A taxpayer).

Moreover, Income Tax is paid on a provisional basis in August, in a single payment calculated as 2% of the income from banking activity for the first six months of the previous period, excluding income subject to Capital Gains Tax (IAC), regardless of whether there is any taxable income in the period or even whether there was a tax loss in the previous period. In addition, Law 26/20 of 20 July enshrined, among other amendments, the eligibility of realised foreign exchange gains and losses as income and expenses for tax purposes. Similarly, loan loss provisions and impairment allowances are eligible as expenses only for the unsecured portion of secured loans.

Income from Treasury bonds and Treasury bills issued by the Angolan State under the Framework Law on Direct Public Debt (Law 16/02 of 5 December) and Regulatory Decrees 51/03 and 52/03 of 8 July, as well as other income obtained by the Bank that is subject to Investment Income Tax (IAC), is exempt from Income Tax under Article 47(1)(b) of the Income Tax Code, which expressly states that, in determining taxable income, any income or gains subject to IAC are to be deducted from the net income calculated in accordance with the preceding articles.

Tax returns are subject to review and correction by the tax authorities for a period of five years, which may give rise to corrections to taxable income for the years 2018 to 2022.

Property Tax

In compliance with Law 20/20 of 9 July, which introduced the new Property Tax (IP) Code and repealed the previous law, the Bank withholds at source the IP payable at the rate of 15% on income from rented properties, except for land for construction, where IP is payable at the rate of 0,6% on the land value.

IP will be payable on properties that are not being rented as follows:

- At the rate of 0,1% of the property value for properties valued at less than Kz 5 000 000;
- At a fixed amount of Kz 5 000 for properties with a value of between Kz 5 000 000 and Kz 6 000 000;
- At the rate of 0,5% of the property value in excess of Kz 5 000 000 for properties valued at more than Kz 6 000 000.

When a property is transferred with or without consideration, the taxable amount is the greater of the registered value (or the appraised value in the case of an unregistered property) and the declared value. Transfers of immovable property are subject to Property Tax at the rate of 2%, which must be charged and settled by the Bank when the Bank acts as acquirer.

The Bank is also subject to indirect taxes, namely, customs duties, stamp duty, value added tax (VAT) and other taxes.

Value Added Tax (VAT)

The VAT Code was enacted by Law 7/19 of 24 April (VAT Act), subsequently amended by Law 17/19 of 12 August, and VAT came into effect on 1 October 2019. Further changes to the VAT system, not directly reflected in the VAT Code, were made through the Law on the General State Budget for 2022 (Law 32/21 of 31 December).

Under Article 4(1)(a) of the VAT Act, the Bank, as a taxable person registered with the Large Taxpayers Office, is subject to the general VAT regime enshrined in the VAT Code.

VAT is levied on (i) supplies of goods and services for consideration within Angolan territory by a taxable person acting as such, and (ii) imports of goods.

In addition, where services are provided by a non-resident supplier, the purchaser, who is liable to VAT in Angola, must self-assess Angolan VAT when the supply is located, for VAT purposes, in Angolan territory.

Under the general VAT regime, taxable persons may, as a general rule, deduct VAT incurred on purchases of goods and services from VAT due by them, except where the right of deduction is wholly or partly limited under the VAT Code.

Some transactions confer the right to deduct (e.g. taxable supplies), whereas others do not confer that right (e.g. supplies exempt from VAT under Article 12).

As a rule, the VAT rate is 14%, which in supplies of goods and services is applied, as a general rule, to the amount of the consideration (i.e. price, fee) obtained or to be obtained by the supplier from the purchaser or a third party.

The VAT Code provides for an exemption that applies to the financial intermediation transactions listed in Annex III to the Code, with the exception of transactions that give rise to the payment of a specific, predetermined transaction fee or consideration. This exemption does not confer the right to deduct VAT incurred by the taxable person in the acquisition of goods and services through exempt transactions.

It should be noted in this context, however, that the AGT (Angolan Tax Authorities Department) has informally adopted a fairly restrictive interpretation of this exemption (in lending transactions, for example, only the loan itself is considered exempt from VAT, whereas any fees or commissions charged on the loan are subject to VAT). Given that the Bank carries out transactions that confer the right to deduct (i.e. transactions subject to VAT) and transactions that do not confer that right (i.e. financial transactions that benefit from the abovementioned exemption), the VAT incurred on purchases of goods and services is therefore only partially deductible, using the pro rata method provided for in Article 27(1) of the VAT Code.

The VAT Code designates a set of entities (including commercial banks) that are subject to the VAT withholding regime. These designated entities are required to withhold and remit to the State the VAT on invoices issued by suppliers resident in Angola. The percentage of VAT payable to be withheld is 100% in the case of oil investor companies and the State, excluding state-owned enterprises, and 50% in the case of commercial banks, Banco Nacional de Angola, insurers and reinsurers, and telecommunications operators. However, services provided by commercial banks to customers are excluded from this regime.

In addition, Instruction No. 000003/DNP/DSIVA/AGT/2020, issued by the Angolan tax authorities, clarifies that transfers of goods to captive entities for which payment is made by debit to an account, with the exception of the State, also benefit from the exemption. Examples of such situations include transfers of assets in connection with banking and financial transactions where banks debit the customer’s account, namely: (i) transfers of goods under finance leases to the lessee on exercise of the agreed purchase option; and (ii) sales of point-of-sale (POS) terminals where banks provide card acceptance services to their customers.

In this context, given that the Bank carries out transactions that confer the right to deduct (i.e. transactions subject to VAT) and transactions that do not confer that right (i.e. transactions that are exempt from VAT as set out above), the VAT incurred on purchases of goods and services is only partially deductible, using the *pro rata* method.

Nevertheless, under Article 27(2) of the VAT Code, the Bank, as a general regime taxpayer, may adopt the actual use method for VAT incurred on goods intended for sale. This method of deduction allows the taxpayer to deduct the full amount of input tax paid on supplies of goods in transactions that confer the right to deduct but excludes the possibility of deducting input tax paid in transactions that do not confer that right, in accordance with Articles 22 and 24 of the VAT Code.

Goods whose tax may be deducted under the actual use method are subject to prior authorization by the AGT. Additionally, the abovementioned Instruction 000003/DNP/DSIVA/AGT/2020 stipulates that financial institutions may adopt the actual use method for deducting VAT on supplies of goods and services "*used exclusively*" for:

i. Finance lease transactions;
ii. Financial transactions carried out by entities with no headquarters or permanent establishment in Angola ("correspondent banks") for Angolan banks;
iii. Transactions covered by Article 6(3) of the VAT Code, namely, recharges of goods or services purchased by banks on behalf of third parties, who are billed for the goods or services in question with a view to obtaining reimbursement.

For the purposes of deducting VAT under the abovementioned method, financial institutions must send an official notice to the VAT Services Department requesting a change to the declaration of commencement of business and must meet the requirements set out in the VAT Code as regards the keeping of accounting records of transactions, so that checks can be carried out on the transactions for which input tax has been deducted in accordance with the actual use method.

Capital Gains Tax (IAC)

Presidential Legislative Decree 2/14 of 20 October introduced various amendments to the IAC Code, in line with the tax reform.

IAC is payable, in general, on income from the Bank's financial investments, namely gains from investments, liquidity-providing operations and interest on Central Bank securities.

The general rate is 10%, but a reduced rate of 5% (on returns from public debt securities with a maturity of three years or more) or a rate of 15% may be applied. Under Article 47(b) of the IAC Code, income subject to IAC is to be deducted from taxable income for Income Tax purposes.

However, as regards income from public debt securities, according to the latest opinion issued to ABANC by the AGT (letter with reference 196/DGC/AGT/2016, dated 17 May 2016), only income from public debt securities issued on or after 1 January 2012 is subject to IAC.

It should also be noted that, according to the tax authorities, income from foreign exchange gains on local currency public debt securities linked to foreign currency issued since 1 January 2012 is subject to Income Tax.

Deferred Tax

Deferred taxes are calculated in accordance with the liabilities method on the basis of the balance sheet, in respect of temporary differences between the accounting values of assets and liabilities and their fiscal basis, using the rates of tax approved or substantially approved at the balance sheet date in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

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

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

Stamp Duty

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

According to the Stamp Duty Code, approved by Presidential Legislative Decree no. 3/14, of 21 October, the Bank is responsible for the payment of Stamp Duty due by its clients in most banking operations, such as financing and collection of interest on financing, and the Bank shall proceed to pay the tax, in accordance with the rates set out in the Stamp Duty Table.

Corporate Tax

In accordance with the provisions of Article 67 of Law 19/14 of 22 October, amended by Law 26/20 of 20 July, the provision of services of any nature provided by taxpayers with effective location or permanent commercial office in Angola are subject to taxation by tax withholding at a rate of 6,5%.

On the other hand, in accordance with the provisions of articles 71 and following articles of Law no. 19/14, of 22 October, amended by Law no. 26/20, of 20 July, the provision of services of any nature provided by taxpayers without head office, effective location or permanent commercial office in Angola, which carry out service provision activities of any nature without effective location or permanent commercial office in Angola, are subject to the payment of Corporate Tax and the imposition of a withholding tax rate of 15%.

In the case of payments for services made to institutions with offices in Portugal and in the United Arab Emirates, there is the possibility of applying Double Taxation Agreements ("DTA") and, as such, it may be possible to apply a lower withholding tax rate (5%), provided the necessary formalities are fulfilled.

2.3.12. Cash and cash equivalent

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than ninety days' maturity from the balance sheet date, including balances at other credit institutions.

2.3.13. Dividends received

The dividends (income from equity instruments) are recognized when the right to receive such payment is established. Dividends are recorded in results of financial operations, net profits of other financial instruments at fair value through profit or loss, or in other income, depending on the classification of the instrument underlying them.

2.3.14. Results of financial operations

Results in financial operations includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, of the trading portfolio.

This caption also includes the gains and losses arising from the sale of financial assets at fair value through other comprehensive income and financial assets held to maturity. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognized in this caption.

2.3.15. Earnings per share

Basic earnings per share (note 30) are calculated by dividing net profit attributable to shareholders of the Bank, by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury stock. Actually, the Bank has no purchased shares held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

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

2.3.16. Main estimates and uncertainties associated with the application of accounting policies

IFRS set forth a range of accounting treatments that require the Board of Directors and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Bank's reported results and related disclosure.

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

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

2.3.16.1. Impairment losses on loan portfolio

The Bank reviews its loan portfolios to assess impairment losses on a regular basis, as described in note 2.3.1.1.4.

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals recovery rates and the estimation of both the amount and timing of future cash flows, among other things, are considered in making this evaluation.

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

2.3.16.2. Fair value of financial instruments

Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (either for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors in conformity with IFRS 13 – Fair Value. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results for a particular period.

3. CASH AND BALANCES AT CENTRAL BANKS

This item, at 31 December 2022 and 2021, had the following composition:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Cash				
- Local Currency	3 781 624	7 508	3 156 548	5 688
- Foreign Currency	1 476 525	2 931	1 852 430	3 338
	5 258 149	**10 439**	**5 008 978**	**9 026**
Balances at the Central Bank of Angola (BNA)				
- Local Currency	7 762 246	15 411	8 209 779	14 793
- Foreign Currency	2 161 900	4 292	1 288 302	2 321
	9 924 146	**19 703**	**9 498 081**	**17 114**
	15 182 295	**30 142**	**14 507 059**	**26 140**

The heading deposits at the BNA [Cash and Balances at Central Banks and Other Credit Institutions] is made up of deposits (in local and foreign currencies) intended to assure compliance with the minimum statutory reserves requirements and free reserves.

The Directive 11/DME/2022, dated 12th December, which complements Instruction No. 02/2021, dated 10th February, sets at 17% the coefficient of statutory reserves in local currency (FY2021: Directive 05/DMA/2021, dated 5th May – minimum statutory reserves coefficient for local currency at 22%), fully complied with through the balances of the deposits in local currency held with the Central Bank of Angola (BNA). The coefficient for compliance with the minimum statutory reserves in foreign currency, similarly to Directive 07/DMA/2021 dated 6th of July (repealed by Directive 11/DME/2022) was maintained at 22%. However, the minimum statutory reserves in foreign currency, which could be fulfilled up to 50% with securities pertaining to BCA's own securities portfolio in 2021, and the remainder with balances of deposits in foreign currency made with the Central Bank (BNA), with the new Directive (11/DME/2022), began to be fulfilled in full with the balances of deposits in foreign currency made with the Central Bank (BNA). On the other hand, Instruction No. 02/2021 offers the possibility of deducting from the statutory reserves due in local currency, the entire updated balance of the outstanding amount of loans granted to the real economy, as laid down in Notice No. 10/2020.

The balance of Deposits at the Central Bank on 31 December 2022, both in local and foreign currencies, are aimed at meeting the requirements of mandatory reserves, and are also usable for the weekly purchases of foreign currency and are not remunerated.

On 31st December 2022 and 2021, the requirement to maintain minimum statutory reserves in demand deposits with the BNA, calculated by applying the above-mentioned coefficients, is summarized as follows:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Statutory Reserves				
- Local Currency	5 919 800	11 753	6 712 330	12 095
- Foreign Currency	2 161 900	4 292	1 288 302	2 321
	8 081 700	**16 045**	**8 000 632**	**14 416**

The periodicity of computation and validity of the aforementioned Mandatory Capital Reserves calculated on deposits from other sectors is made on a weekly basis. The Bank does not hold deposits from central, local and municipal governments.

The foreign currency mandatory capital reserves concerning FY2021, account for 50% of the total capital reserves which was drawn down/fulfilled in US dollars. The remaining 50% was drawn down/ fulfilled in treasury bonds, as shown in note 6.

4. BALANCES AT OTHER CREDIT INSTITUTIONS

This item, at 31 December 2022 and 2021, had the following composition:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
NOSTRO Accounts	1 533 419	3 045	2 004 738	3 612
Pending Operations	2 800	5	9 900	18
	1 536 219	**3 050**	**2 014 638**	**3 630**
Impairment	(10)	-	(1 097)	(2)
	1 536 209	**3 050**	**2 013 541**	**3 628**

The amount of 2 800 thousand of Kwanzas recorded in Pending Operations in 2022 refers to the clearing system managed by EMIS.

NOSTRO accounts had the following breakdown:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
First Rand Bank	445 719	885	891 907	1 607
Natixis Banques Populaires	329 317	654	70 247	127
BYBLOS Bank	2 853	6	3 321	6
BPI - Portugal	545 602	1 084	645 169	1 162
Atlântico Europa - Portugal	132 168	262	45 913	83
BCP - Portugal	7 582	15	43 672	78
AKTIF Bank – Turkey	42 759	85	38 217	69
ACCESS Bank UK Limited	27 419	54	266 292	480
	1 533 419	3 045	2 004 738	3 612

The movement of impairment losses on Balances at Other Credit Institutions during 2022, was:

Captions	2022 Kz'000	2021 Kz'000
Opening Balance	1 097	1 097
Reinforcements	-	-
Deductions	(1 087)	-
Impairment Losses for the year	-	-
Closing Balance	10	1 097

The calculation of Impairment losses method is described in note 2.3.1.1.6.2.3.

5. PLACEMENTS WITH CENTRAL BANK AND OTHER CREDIT INSTITUTIONS

This item, at 31 December 2022 and 2021, had the following composition:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Placements with Local Banks				
- Capital	5 821 796	11 559	11 802 574	21 267
- Accrued Interests	223 356	443	197 204	355
	6 045 152	12 002	11 999 778	21 622
Placements with Foreign Banks				
- Capital	6 155 104	12 220	4 439 848	8 000
- Accrued Interests	35 316	70	7 994	14
	6 190 420	12 290	4 447 842	8 014
(-) Accumulated Impairment Losses	(5 025)	(10)	(7 062)	(12)
	12 230 547	24 282	16 440 558	29 624

The residual maturities profile, at 31 December 2022 and 2021, was as follows:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Up to 3 days	1 200 658	2 384	1 059 079	1 908
4 to 15 days	2 219 983	4 407	800 689	1 443
16 to 30 days	2 721 020	5 403	773 467	1 394
31 to 45 days	2 661 207	5 283	6 398 181	11 529
More than 45 days	3 427 679	6 805	7 409 142	13 350
	12 230 547	**24 282**	**16 440 558**	**29 624**

The interest rate of placements at 31 December 2022 was as follows:

- Kz – 13,37% (2021: 16,28%);
- USD – 4,13% (2021: 0,78%).

All exposure of placements with foreign banks that fall under this heading are in stage 1.

The movement of impairment losses on placements with other credit institutions during the year 2022 is shown below:

Captions	2022 Kz'000	2021 Kz'000
Opening Balance for the current year	**7 062**	**2 970**
Reinforcements	11 063	22 807
Deductions	(13 100)	(18 715)
Impairment Losses for the year	(2 037)	4 092
Closing Balance	**5 025**	**7 062**

The calculation of Impairment losses method is described in note 2.3.1.1.6.2.3.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On the 31 December 2022 and 2021, the trading and investment securities were classified as "Financial assets at fair value through other comprehensive income", in accordance with the accounting policy described in note 2.3.1.1.1.2. They were as displayed below:

2022						
Kz'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury Bills – LCY	6 200 000	-	(311 026)	34 347	-	5 923 321
Treasury Bonds – LCY:						
- Indexed to USD	39 468	86 217	-	(2 066)	2 066	125 685
- Non adjustable	44 066 000	-	(208 326)	(1 257 463)	2 241 270	44 841 481
Treasury Bonds – FCY:						
- EUROBONDs	1 249 958	(242 576)	32 780	(16 854)	13 026	1 036 334
Shares at EMIS (Kz)[5]	192 131	-	-	-	-	192 131
	51 747 557	**(156 359)**	**(486 572)**	**(1 242 036)**	**2 256 362**	**52 118 952**

[5]For the valuation of BCA's shareholding in EMIS, the Bank considers the equity method to be the best approach to fair value.

2022						
USD'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury Bills – LCY	12 309	-	(617)	68	-	11 760
Treasury Bonds – LCY:						
- Indexed to USD	79	171	-	(4)	4	250
- Non adjustable	87 486	-	(414)	(2 497)	4 450	89 025
Treasury Bonds – FCY:						
- EUROBONDs	2 000	-	65	(33)	26	2 058
Shares at EMIS (Kz)	381	-	-	-	-	381
	102 255	**171**	**(966)**	**(2 466)**	**4 480**	**103 474**

During the FY2022, BCA was subject to a tax audit/inspection focused on the total amount of the 2017 Tax Year. As a result of this tax audit/tax inspection, the Tax Authority (AGT) fined the Bank and, in accordance with Article No. 66 of the General Tax Code, in conjunction with Article No. 43 of the Tax Enforcement Code, BCA established appropriate collateral/guarantees with regard to a portion of its non-adjustable liabilities in the total amount of 990 934 thousand kwanzas, with special emphasis on the reality of the customers' CEOCIC. The aforementioned collateral/guarantees were issued in order to offset any suspensory effects arising from the administrative complaints sent by BCA to the Tax Authority (AGT).

With regard to the aforementioned tax audit/inspection, BCA's Board of Directors decided that a provision for contingencies should not be made taking into consideration that in 1Q 2023, the customers had handed over to the Bank the amounts corresponding to the fine to which the Financial Institution was liable, in the total amount of approximately 588 087 thousand kwanzas.

2021						
Kz'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury Bills – LCY	9 977 610	-	(607 617)	92 076	-	9 462 069
Treasury Bonds – LCY:						
- Indexed to USD	4 844 058	6 439 301	(202 192)	(169 055)	258 775	11 170 887
- Non adjustable	19 120 700	-	(1 015 682)	(519 218)	1 118 676	18 704 476
- MINFIN[6]	183 500	-	(1 025)	(3 624)	666	179 517
Treasury Bonds – FCY:						
- RR[7]	763 165	2 366 928	-	7 677	9 004	3 146 774
- EUROBONDS	1 249 958	(139 996)	48 710	2 869	14 352	1 175 893
Shares at EMIS (Kz)	89 906	-	-	-	-	89 906
	36 228 897	**8 666 233**	**(1 777 806)**	**(589 275)**	**1 401 473**	**43 929 522**

[6]MINFIN are bonds issued specifically by the Ministry of Finance for debt settlement (overdue);
[7]USD Treasury Bonds are used for compliance with the weekly statutory reserves at BNA.

During the year of 2021, the Bank sold to the market through BODIVA USD indexed treasury bonds in the amount of Kz 4,58 billion (corresponding to 6 283 units).

2021						
USD'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury Bills – LCY	17 979	-	(1 095)	166	-	17 050
Treasury Bonds – LCY:						
- Indexed to USD	8 728	11 603	(364)	(304)	466	20 129
- Non adjustable	34 453	-	(1 830)	(936)	2 016	33 703
- MINFIN	331	-	(2)	(7)	1	323
Treasury Bonds – FCY:						
- RR	5 640	-	-	14	16	5 670
- EUROBONDS	2 000	-	88	5	26	2 119
Shares at EMIS (Kz)	161	-	-	-	-	161
	69 292	**11 603**	**(3 203)**	**(1 062)**	**2 525**	**79 155**

The Bank uses Level 1, Level 2, and Level 3 data in assessing the fair value of the investment securities portfolio at each measurement date.

Level 1 data – for investment securities in local currency and quoted on BODIVA, unadjusted BODIVA prices are used. For EUROBONDs, unadjusted prices taken directly from Reuters are used;

Level 2 data – for investment securities either in local currency or in foreign currency, without the last available price on BODIVA or whose last available price on this market is from a distant time from the measurement date, the Bank uses a yield curve that considers only yields observable at or close to the measurement date.

Level 3 data – fair value is based on inputs that are unobservable in active markets, using techniques and assumptions that market players would use to value the same instruments, including assumptions about inherent risks, the valuation technique used and the inputs used. In the specific case of EMIS, the bank considers the equity method to be the best approach to the fair value of the asset in question.

In addition, BCA's supplementary contributions to EMIS were updated at the USD/Kz exchange rate and incorporated in BCA's share capital.

The whole portfolio of financial assets at fair value through other comprehensive income by stage, both in 2021 and 2022 was classified at stage 1.

Losses and gains associated with changes in the fair value of financial assets at fair value through other comprehensive income, not recognized in the income statement, were as follows:

2022 Losses/(Gains) associated with the fair value, recognised in the Revaluation Reserves			
Kz'000	Fair value reserve	Deferred tax (35%)	Net Loss/gains recorded in other comprehensive income
Treasury Bills	34 347	(12 021)	22 326
Treasury Bonds in Kz:			
- Indexed to USD	(2 066)	723	(1 343)
- Non adjustable	(1 257 463)	440 112	(817 351)
Treasury Bonds in USD:			
- EUROBONDS	(16 854)	5 899	(10 955)
	(1 242 036)	**434 713**	**(807 323)**

2021 Losses/(Gains) associated with the fair value, recognised in the Revaluation Reserves			
Kz'000	Fair value reserve	Deferred tax (35%)	Net Loss/gains recorded in other comprehensive income
Treasury Bills	92 076	(32 226)	59 850
Treasury Bonds in Kz:			
- Indexed to USD	(169 055)	59 169	(109 886)
- Non adjustable	(519 218)	181 726	(337 492)
- MINFIN	(3 624)	1 268	(2 356)
Treasury Bonds in USD:			
- RR	7 677	(2 687)	4 990
- EUROBONDS	2 869	(1 004)	1 865
	(589 275)	**206 246**	**(383 029)**

The maturity profile of the above-mentioned trading and investment securities is as follows:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Treasury Bills				
Up to 6 months	3 607 213	7 162	7 898 622	14 233
From 6 months to 1 year	2 316 108	4 598	1 563 447	2 817
	5 923 321	**11 760**	**9 462 069**	**17 050**
Treasury Bonds:				
Up to 6 months	4 605 667	9 144	4 648 195	8 375
From 6 months to 1 year	1 891 517	3 755	24 390 182	43 948
From 1 year to 3 years	25 935 395	51 491	4 163 277	7 502
More than 3 years	13 570 921	26 943	1 175 893	2 119
	46 003 500	**91 333**	**34 377 547**	**61 944**
Shares at EMIS:				
Unlimited Term	192 131	381	89 906	161
	192 131	**381**	**89 906**	**161**
	52 118 952	**103 474**	**43 929 522**	**79 155**

The average interest rates are displayed below:

Captions	2022	2021
	%	%
Treasury Bills	12,19	18,33
Treasury Bonds Indexed to USD	5,00	5,00
Treasury Bonds – Non Adjustable	16,75	15,67
Treasury Bonds – MINFIN	-	8,25
Treasury Bonds in USD – RR	-	5,00
Treasury Bonds in USD – EUROBONDs	9,50	9,50

As for the geographic concentration, the BCA financial assets were all issued by resident entities.

The movement of impairment losses on Financial Assets through Other Comprehensive Income during the year 2022 is shown below:

Captions	2022 Kz'000	2021 Kz'000
Opening Balance for the current year	**388 665**	**2 229 429**
Reinforcements	384 519	584 559
Deductions	(103 569)	(2 425 324)
Impairment Losses for the year	280 950	(1 840 765)
Exchange Rate changes and others	-	1
Closing balance	**669 615**	**388 665**

The deductions of impairments in 2021, arise from the improvement on the country's credit risk which, according to Moody's (risk rating agency), moved from level Caa-1 in 2020 to level B3 in 2021. As a result, the estimated probability of default for the one-year period was reduced from 11,325% to 2,473%, which led the Bank to write-off Kz 2 425 324 thousand of impairments.

7. LOANS AND ADVANCES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Internal Loans				
- Loans	5 640 538	11 198	4 832 628	8 708
- Overdrafts	164 993	328	419 212	755
- Credit Cards	64 942	129	66 965	121
- Other Loans	-	-	2 500 305	4 505
Non-performing Loans and Interest	448 821	891	473 743	854
Accrued Interest				
- Overdrafts	-	-	2 274	4
- Loans and other Loans	138 757	275	41 992	76
	6 458 051	12 821	8 337 119	15 023
Impairment Losses on Loans	(809 631)	(1 607)	(695 295)	(1 253)
	5 648 420	**11 214**	**7 641 824**	**13 770**

The impairment losses on loans are calculated in accordance with the accounting policies No. 2.3.1.1.4.

The basic principles that BCA is using in granting loans and advances are as follow:

- Granting of loans is subject to a rigorous process which ensures the accomplishment of the defined strategy and the regulatory laws issued by the central bank;
- In the credit risk assessment and evaluation process the bank takes into consideration the marginal effect of each loan on the whole loans and advances portfolio, the industry/sector limits, and the financial stability of the customer;
- In order to mitigate the credit risk, especially in ensuring the reduction of losses resulting from the loan granting process, the board of directors has emphasised the need for continuous improvement of the internal control environment and credit risk governance and hence approved the constitution of a Loan Recovery Committee in this regard.

Loans and advances are subject of a greater supervisory approach. Their size and typology the opportunity of significant concentration levels, requiring a particular consideration at risk management level, in a transversal way.

At 31 December 2022 and 2021 the bank major customer represented 11,78% and 30,09% of the loan portfolio, respectively. The total of the top twenty customers represented in those dates 45,43% and 56,86% of the loan portfolio, respectively.

At 31 December 2022 and 2021 the loans granted to the bank shareholders or to companies managed by them was 661 170 thousand Kwanzas and 126 733 thousand Kwanzas, respectively. The note 32 analyses in detail the transactions with related parties.

At 31 December 2022, the annual average loans interest rate (excluding the advances) was 22,65%, (2021: 22,57%) for loans conceded in local currency – 10,25% (2021: 12,42%) for loans granted in foreign currency.

Loans granted in foreign currency were disbursed in previous years. There are no new loans granted in foreign currency, since the entry into force of the Notice 3/2012, which partially banned the granting of loans in foreign currency, and at a later date, the Notice 11/2014, which banned totally the granting of loans in foreign currency, with the exception of the Angolan State and the exporters (Art°8, n°2 and n°3).

At 31 December 2022 and 2021, the maturity profile of loans and advances was:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Loans and Advances in Foreign Currency:				
Up to 1 year	58 555	116	67 105	121
More than 5 years	67 447	134	74 315	134
	126 002	**250**	**141 420**	**255**
In Local Currency:				
Up to 1 year	1 739 024	3 452	3 881 011	6 994
1 year to 5 years	3 978 495	7 899	3 378 065	6 087
More than 5 years	449 537	892	515 137	928
Advances	164 993	328	421 486	759
	6 332 049	12 571	8 195 699	14 768
	6 458 051	**12 821**	**8 337 119**	**15 023**

The loans and advances of more than 5 years, in foreign currency are essentially mortgage loans granted to some staff members.

For the financial years of 2022 and 2021, bad debts have been deducted from the assets by use of Impairment losses on loans, which were rated at stage 3, amounting to 3 143 thousand of Kwanzas and 190 712 thousand of Kwanzas, respectively.

The composition of loans and advances to clients at 31 December 2022 and 31 December 2021 was as follows:

2022
Loans and Advances to Clients

			Non-performing Loans and Advances				
Kz'000	Performing off-balance	Performing in-balance	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Total
Without Impairment	-	-	-	-	-	-	-
With Impairment analysed on individual basis	-	-	6 545	-	-	-	6 545
- Loans and Interests	-	-	38 244	41 256	-	92 448	171 948
- Impairment	-	-	(31 699)	(41 256)	-	(92 448)	(165 403)
With Impairment analysed on collective basis	**1 796 657**	**5 620 915**	**14 324**	**765**	**3 268**	**2 603**	**7 438 532**
- Loans and Interests	1 809 099	6 009 230	33 130	2 801	37 179	203 763	8 095 202
- Impairment	(12 442)	(388 315)	(18 806)	(2 036)	(33 911)	(201 160)	(656 670)
	1 796 657	**5 620 915**	**20 869**	**765**	**3 268**	**2 603**	**7 445 077**

2021 Loans and Advances to Clients							
			Non-performing Loans and Advances				
Kz'000	Performing off-balance	Performing in-balance	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Total
Without Impairment	-	2 532 030	-	-	-	-	2 532 030
With Impairment analysed on individual basis	-	-	-	-	-	-	-
- Loans and Interests	-	-	-	-	-	193 321	193 321
- Impairment	-	-	-	-	-	(193 321)	(193 321)
With Impairment analysed on collective basis	8 274 049	5 066 775	42 498	521	-	-	13 383 843
- Loans and Interests	8 308 078	5 331 346	56 386	8 130	47 070	168 836	13 919 846
- Impairment	(34 029)	(264 571)	(13 888)	(7 609)	(47 070)	(168 836)	(536 003)
	8 274 049	**7 598 805**	**42 498**	**521**	-	-	**15 915 873**

In 2021 there was a change in the methodology for calculating impairment losses on loans portfolio: only loans analysed individually in stage 3 determine impairment in individual analysis. If the individual analysis results in stage 1 or stage 2, the loans are impaired using the collective model.

The maturing on-balance sheet exposures without impairments correspond to loans whose real guarantees provided fully cover of the financial exposure.

The composition of the performing Loans and Advances without signs of impairment, at 31 December 2022 and 31 December 2021 was as follows:

2022 Loans and Advances					
	Maturity Profile for Performing Loans and Advances				
Kz'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment on an individual basis analysis	-	-	-	-	-
Without Impairment on a collective basis analysis	166 036	-	-	5 843 194	6 009 230
	166 036	-	-	**5 843 194**	**6 009 230**

2021 Loans and Advances					
	Maturity Profile for Performing Loans and Advances				
Kz'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment on an individual basis analysis	-	-	-	-	-
Without Impairment on a collective basis analysis	547 348	2 483 805	24 144	4 803 079	7 863 376
	547 348	**2 483 805**	**24 144**	**4 803 079**	**7 863 376**

The composition of non-performing Loans and Advances with impairment signs, at 31 December 2022 and 31 December 2021 was as follows:

2022 Loans and Advances					
	Non-Performing Classes – Non-Performing Loans				
Kz'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Non-Performing Loans and Interest					
With Impairment on an individual basis analysis	79 500	-	-	92 448	171 948
With Impairment on a collective basis analysis	97 723	2 694	4 698	171 758	276 873
	177 223	**2 694**	**4 698**	**264 206**	**448 821**

2021 Loans and Advances					
	Non-Performing Classes – Non-Performing Loans				
Kz'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Non-Performing Loans and Interest					
With Impairment on an individual basis analysis	80 414	-	-	112 907	193 321
With Impairment on a collective basis analysis	161 512	3 033	4 894	110 983	280 422
	241 926	**3 033**	**4 894**	**223 890**	**473 743**

The analysis of loans and advances exposures and the related impairment, composed by segment, in 2022 was:

	Loans Exposures – 2022 Kz'000			Impairment – 2022 Kz'000		
Segment	Total	Performing Loans	Non-Performing Loans	Total	Performing Loans	Non-Performing Loans
Car Loans	3 779	-	3 779	3 779	-	3 779
Consumer Credit	263 298	106 371	156 927	166 617	36 672	129 945
Pre-Approved Loans	7 697	-	7 697	7 697	-	7 697
Employees Loans	505 218	505 218	-	27 882	27 882	-
Enterprises Protocol	2 865 905	2 771 475	94 430	181 555	87 125	94 430
Overdrafts/ Advances	164 992	60 375	104 617	158 202	54 108	104 094
Corporate Loans	2 582 220	2 500 849	81 371	229 521	148 150	81 371
Credit Cards	64 942	64 942	-	34 378	34 378	-
	6 458 051	**6 009 230**	**448 821**	**809 631**	**388 315**	**421 316**

The analysis of loans and advances exposures and the related impairment, composed by segment, in 2021 was:

	Loans Exposures – 2021 Kz'000			Impairment – 2021 Kz'000		
Segment	Total	Performing Loans	Non-Performing Loans	Total	Performing Loans	Non-Performing Loans
Car Loans	4 174	-	4 174	4 174	-	4 174
Consumer Credit	482 305	275 790	206 515	208 484	11 039	197 445
Pre-Approved Loans	9 261	-	9 261	9 261	-	9 261
Employees Loans	780 719	779 977	742	31 906	31 448	458
Enterprises Protocol	2 659 903	2 493 563	166 340	169 748	37 073	132 675
Overdrafts/ Advances	421 790	419 493	2 297	97 949	95 652	2 297
Corporate Loans	3 912 002	3 827 588	84 414	138 153	53 739	84 414
Credit Cards	66 965	66 965	-	35 620	35 620	-
	8 337 119	**7 863 376**	**473 743**	**695 295**	**264 571**	**430 724**

The exposure by segment and by stage for the year ended 31 December 2022, was:

Stage 1				
Kz'000				
Segment	Total Exposure	Total Loans and Advances in Stage 1	Of which healed	Of which restructured
Car Loans	3 779	-	-	-
Consumer Credit	263 298	88 991	3 261	-
Pre-Approved Loans	7 697	-	-	-
Employees Loans	505 218	498 172	-	-
Enterprises Protocol	2 865 905	2 742 704	6 588	-
Overdrafts/Advances	164 992	57 040	-	-
Corporate Loans	2 582 220	2 500 849	-	-
Credit Cards	64 942	64 942	-	-
	6 458 051	**5 952 698**	**9 849**	**-**

Stage 2				
Kz'000				
Segment	Total Loans and Advances in Stage 2	Of which healed	Of which restructured	Of which acquired or originated through Impairment losses on loans and advances
Car Loans	-	-	-	-
Consumer Credit	17 380	-	-	-
Pre-Approved Loans	-	-	-	-
Employees Loans	7 046	-	-	-
Enterprises Protocol	28 771	-	-	-
Overdrafts/Advances	3 335	-	-	-
Corporate Loans	-	-	-	-
Credit Cards	-	-	-	-
	56 532	**-**	**-**	**-**

Stage 3				
Kz'000				
Segment	Total Loans and Advances in Stage 3	Of which healed	Of which restructured	Of which acquired or originated through Impairment losses on Loans and Advances
Car Loans	3 779	-	-	-
Consumer Credit	156 927	-	-	-
Pre-Approved Loans	7 697	-	-	-
Employees Loans	-	-	-	-
Enterprises Protocol	94 430	-	-	-
Overdrafts/Advances	104 617	-	-	-
Corporate Loans	81 371	-	-	-
Credit Cards	-	-	-	-
	448 821	**-**	**-**	**-**

The impairment losses by segment and by stage for the year ended 31 December 2022, was:

Kz'000				
Segment	Total Impairment losses	Stage 1	Stage 2	Stage 3
Car Loans	3 779	-	-	3 779
Consumer Credit	166 617	33 302	3 370	129 945
Pre-Approved Loans	7 697	-	-	7 697
Employees Loans	27 882	26 692	1 190	-
Enterprises Protocol	181 555	82 431	4 694	94 430
Overdrafts/Advances	158 202	53 462	646	104 094
Corporate Loans	229 521	148 150	-	81 371
Credit Cards	34 378	34 250	128	-
	809 631	**378 287**	**10 028**	**421 316**

The exposure by segment and by stage for the year ended 31 December 2021, was:

Stage 1

Kz'000 Segment	Total Exposure	Total Loans and Advances in Stage 1	Of which Healed	Of which Restructured
Car Loans	4 174	-	-	-
Consumer Credit	482 305	267 007	-	-
Pre-Approved Loans	9 261	-	-	-
Employees Loans	780 719	742 080	-	-
Enterprises Protocol	2 659 903	2 435 082	5 231	-
Overdrafts/Advances	421 790	419 491	27 172	-
Corporate Loans	3 912 002	3 827 588	-	-
Credit Cards	66 965	66 965	-	-
	8 337 119	**7 758 213**	**32 403**	**-**

Stage 2

Kz'000 Segment	Total Loans and Advances in Stage 2	Of which Healed	Of which Restructured	Of which acquired or originated through Impairment losses on Loans and Advances
Car Loans	-	-	-	-
Consumer Credit	8 783	-	-	-
Pre-Approved Loans	-	-	-	-
Employees Loans	37 897	-	-	-
Enterprises Protocol	58 481	2 367	-	-
Overdrafts/Advances	2	-	-	-
Corporate Loans	-	-	-	-
Credit Cards	-	-	-	-
	105 163	**2 367**	**-**	**-**

Stage 3				
Kz'000				
Segment	**Total Loans and advances in Stage 3**	**Of which Healed**	**Of which Restructured**	**Of which acquired or originated through Impairment Losses on Loans and Advances**
Car Loans	4 174	-	-	-
Consumer Credit	206 515	-	-	-
Pre-Approved Loans	9 261	-	-	-
Employees Loans	742	-	-	-
Enterprises Protocol	166 340	-	-	-
Overdrafts/Advances	2 297	-	-	-
Corporate Loans	84 414	-	-	-
Credit Cards	-	-	-	-
	473 743	**-**	**-**	**-**

The impairment losses by segment and by stage for the year ended 31 December 2021, was:

Kz'000				
Segment	**Total Impairment losses**	**Stage 1**	**Stage 2**	**Stage 3**
Car Loans	4 174	-	-	4 174
Consumer Credit	208 484	7 902	3 137	197 445
Pre-Approved Loans	9 261	-	-	9 261
Employees Loans	31 906	12 500	18 948	458
Enterprises Protocol	169 748	32 294	4 779	132 675
Overdrafts/Advances	97 949	95 652	-	2 297
Corporate Loans	138 153	53 739	-	84 414
Credit Cards	35 620	35 551	69	-
	695 295	**237 638**	**26 933**	**430 724**

Exposures by segment and by gap of days of delay – 2022

2022							
Kz'000		Exposures with no significant increase of Credit Risk since initial recognition (Stage 1)			Exposures with significant increase of Credit Risk since initial recognition and with Impairment Losses (Stage 2)		
Segment	Total Exposure	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days
Car Loans	3 779	-	-	-	-	-	-
Consumer Credit	263 298	88 991	-	-	8 932	8 448	-
Pre-Approved Loans	7 697	-	-	-	-	-	-
Employees Loans	505 218	498 172	-	-	4 803	2 243	-
Enterprises Protocol	2 865 905	2 742 704	-	-	22 129	6 642	-
Overdrafts/ Advances	164 992	57 040	-	-	3 326	9	-
Corporate Loans	2 582 220	2 320 749	180 100	-	-	-	-
Credit Cards	64 942	64 942	-	-	-	-	-
	6 458 051	**5 772 598**	**180 100**	**-**	**39 190**	**17 342**	**-**

2021			
Kz'000	Loans and Advances exposures with Impairment Losses (Stage 3)		
Kz'000	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days
Car Loans	-	-	3 779
Consumer Credit	53 324	41 256	62 347
Pre-Approved Loans	-	-	7 697
Employees Loans	-	-	-
Enterprises Protocol	16 128	2 797	75 505
Overdrafts/Advances	537	3	104 077
Corporate Loans	-	-	81 371
Credit Cards	-	-	-
	69 989	**44 056**	**334 776**

Impairment by segment, and by gap of days of delay – 2022:

Kz'000		Exposures with no significant increase of Credit Risk since initial recognition (Stage 1)		Exposures with significant increase of Credit Risk since initial recognition and with Impairment Losses (Stage 2)		Loans and Advances Exposures with Impairment Losses (Stage 3)		
Segment	Total Impairment	< = 30 Days	> 30 Days and < = 90 Days	< = 30 Days	> 30 Days and < = 90 Days	< = 30 Days	> 30 Days e < = 90 Days	> 90 Days
Car Loans	3 779	-	-	-	-	-	-	3 779
Consumer Credit	166 617	13 303	-	21 691	1 678	29 896	31 256	68 793
Pre-Approved Loans	7 697	-	-	-	-	-	-	7 697
Employees Loans	27 882	26 691	-	826	365	-	-	-
Enterprises Protocol	181 555	82 431	-	3 702	992	10 326	2 034	82 070
Overdrafts/ Advances	158 202	53 463	-	642	3	282	2	103 810
Corporate Loans	229 521	116 616	31 534	-	-	-	-	81 371
Credit Cards	34 378	34 250	-	128	-	-	-	-
	809 631	**326 754**	**31 534**	**26 989**	**3 038**	**40 504**	**33 292**	**347 520**

Exposures by segment and by gap of days of delay – 2021:

Kz'000	2021						
		Exposures with no significant increase of Credit Risk since initial recognition (Stage 1)			Exposures with significant increase of Credit Risk since initial recognition and with Impairment Losses (Stage 2)		
Segment	Total Exposure	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days	< = 30 Dias	> 30 Days and < = 90 Days	> 90 Days
Car Loans	4 174	-	-	-	-	-	-
Consumer Credit	482 305	267 007	-	-	3 689	5 094	-
Pre-Approved Loans	9 261	-	-	-	-	-	-
Employees Loans	780 719	742 080	-	-	-	37 897	-
Enterprises Protocol	2 659 903	2 435 082	-	-	52 803	5 678	-
Overdrafts/ Advances	421 790	419 491	-	-	2	-	-
Corporate Loans	3 912 002	3 827 588	-	-	-	-	-
Credit Cards	66 965	66 965	-	-	-	-	-
	8 337 119	**7 758 213**	**-**	**-**	**56 494**	**48 669**	**-**

Kz'000	2021		
	Loans and Advances Exposures with Impairment Losses (Stage 3)		
Segment	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days
Car Loans	-	-	4 174
Consumer Credit	6 213	98	200 204
Pre-Approved Loans	-	-	9 261
Employees Loans	-	-	742
Enterprises Protocol	17 458	8 032	140 850
Overdrafts/Advances	2 297	-	-
Corporate Loans	-	-	84 414
Credit Cards	-	-	-
	25 968	**8 130**	**439 645**

Impairment by segment, and by gap of days of delay – 2021

Kz'000		Exposures with no significant increase of Credit Risk since initial recognition (Stage 1)	Exposures with significant increase of Credit Risk since initial recognition and with Impairment Losses (Stage 2)		Loans and Advances Exposures with Impairment Losses (Stage 3)		
Segment	Total Impairment	< = 30 Days	< = 30 Days	> 30 Days and < = 90 Days	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days
Car Loans	4 174	-	-	-	-	-	4 174
Consumer Credit	208 484	7 902	602	2 535	3 306	98	194 041
Pre-Approved Loans	9 261	-	-	-	-	-	9 261
Employees Loans	31 906	12 500	-	18 948	-	-	458
Enterprises Protocol	169 748	34 924	1 972	177	7 872	1 932	122 871
Overdrafts/ Advances	97 949	95 652	-	-	2 297	-	-
Corporate Loans	138 153	53 739	-	-	-	-	84 414
Credit Cards	35 620	35 551	69	-	-	-	-
	695 295	**240 268**	**2 643**	**21 660**	**13 475**	**2 030**	**415 219**

The Loans and Advances Portfolio by segment, and by year of loans and advances granted, during the last years, was as follows:

Car Loans			
Year granted	**Number of Operations**	**Amount (Kz'000)**	**Impairment (Kz'000)**
2017 and previous years	4	3 779	3 779
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
	4	**3 779**	**3 779**

Consumer Loans			
Year granted	Number of Operations	Amount (Kz'000)	Impairment (Kz'000)
2017 and previous years	18	65 890	82 532
2018	2	698	546
2019	7	133 944	72 734
2020	8	18 141	7 383
2021	24	32 856	2 981
2022	2	11 769	441
	61	**263 298**	**166 617**

Pre-approved Loans			
Year granted	Number of Operations	Amount (Kz'000)	Impairment (Kz'000)
2017 and previous years	10	7 697	7 697
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
	10	**7 697**	**7 697**

Employees Loans			
Year granted	Number of Operations	Amount (Kz'000)	Impairment (Kz'000)
2017 and previous years	1	4 996	68
2018	26	11 803	111
2019	53	366 671	18 063
2020	41	102 795	9 408
2021	9	18 953	232
2022	-	-	-
	130	**505 218**	**27 882**

Enterprises Protocol

Year granted	Number of Operations	Amount (Kz'000)	Impairment (Kz'000)
2017 and previous years	124	106 389	103 696
2018	271	154 901	19 623
2019	199	185 807	4 918
2020	260	495 976	12 969
2021	581	948 312	22 870
2022	315	974 520	17 479
	1 750	**2 865 905**	**181 555**

Overdrafts/Advances

Year granted	Number of Operations	Amount (Kz'000)	Impairment (Kz'000)
2017 and previous years	2 931	91 426	91 426
2018	127	3 846	3 846
2019	248	5 123	5 123
2020	154	42 490	42 490
2021	64	21 584	15 190
2022	72	523	127
	3 596	**164 992**	**158 202**

Corporate Loans

Year granted	Number of Operations	Amount (Kz'000)	Impairment (Kz'000)
2017 and previous years	2	83 350	83 350
2018	-	-	-
2019	-	-	-
2020	1	-	-
2021	4	971 863	60 339
2022	11	1 527 007	85 832
	18	**2 582 220**	**229 521**

Credit Cards			
Year granted	Number of Operations	Amount (Kz'000)	Impairment (Kz'000)
2017 and previous years	132	50 486	25 345
2018	17	1 567	1 457
2019	29	5 227	3 521
2020	9	439	380
2021	32	6 609	3 137
2022	6	614	538
	225	**64 942**	**34 378**

Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by segment:

a) at 31 December 2022:

2022	Car Loans		Consumer Loans	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	91 534	91 534
Collective assessment	3 779	3 779	171 764	75 083
	3 779	**3 779**	**263 298**	**166 617**

2022	Pre-approved Loans		Employees Loans	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	7 697	7 697	505 218	27 882
	7 697	**7 697**	**505 218**	**27 882**

2022	Enterprises Protocol		Overdrafts/Advances	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	2 865 905	181 555	164 992	158 202
	2 865 905	**181 555**	**164 992**	**158 202**

2022	Corporate Loans		Credit Cards	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	80 414	80 414	-	-
Collective assessment	2 501 806	149 107	64 942	34 378
	2 582 220	**229 521**	**64 942**	**34 378**

2022	Total	
Kz'000	Total exposure	Impairment
Individual assessment	171 948	171 948
Collective assessment	6 286 103	637 683
	6 458 051	**809 631**

b) at 31 December 2021:

2021	Car Loans		Consumer Loans	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	112 907	112 907
Collective assessment	4 174	4 174	369 398	95 577
	4 174	**4 174**	**482 305**	**208 484**

2021	Pre-approved Loans		Employees Loans	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	9 261	9 261	780 719	31 906
	9 261	**9 261**	**780 719**	**31 906**

2021	Enterprises Protocol		Overdrafts/Advances	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	2 659 903	169 748	421 790	97 949
	2 659 903	**169 748**	**421 790**	**97 949**

2021	Corporate Loans		Credit Cards	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	80 414	80 414	-	-
Collective assessment	3 831 588	57 739	66 965	35 620
	3 912 002	**138 153**	**66 965**	**35 620**

2021	Total	
Kz'000	Total exposure	Impairment
Individual assessment	193 321	193 321
Collective assessment	8 143 798	501 974
	8 337 119	**695 295**

Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by sector of activities:

a) at 31 December 2022:

2022	Trade		Electricity	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	80 414	80 414	-	-
Collective assessment	4 943	4 943	1 226 016	69 613
	85 357	**85 357**	**1 226 016**	**69 613**

2022	Particulars		Services	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	91 534	91 534	-	-
Collective assessment	4 325 753	525 587	21 404	1 170
	4 417 287	**617 121**	**21 404**	**1 170**

2022	Public Sector		Transportation	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	6	-	5	4
	6	**-**	**5**	**4**

2022	Industry		Education	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	707 974	36 364	2	2
	707 974	**36 364**	**2**	**2**

2022	Total	
Kz'000	Total exposure	Impairment
Individual assessment	171 948	171 948
Collective assessment	6 286 103	637 683
	6 458 051	**809 631**

b) at 31 December 2021:

2021	Trade		Construction	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	80 414	80 414	-	-
Collective assessment	354 295	68 948	1	5 626
	434 709	**149 362**	**1**	**5 626**

2021	Electricity		Particulars	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	112 907	112 907
Collective assessment	2 793 843	29 272	4 023 824	347 721
	2 793 843	**29 272**	**4 136 731**	**460 628**

2021	Services		Transportation	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	40 167	1 869	3	-
	40 167	**1 869**	**3**	**-**

2021	Industry		Education	
Kz'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	931 663	48 536	2	2
	931 663	**48 536**	**2**	**2**

2021	Total	
Kz'000	Total exposure	Impairment
Individual assessment	193 321	193 321
Collective assessment	8 143 798	501 974
	8 337 119	**695 295**

Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by geographical location:

2022	Angola	
Kz'000	Total exposure	Impairment
Individual assessment	171 948	171 948
Collective assessment	6 286 103	637 683
	6 458 051	**809 631**

2021	Angola	
Kz'000	Total exposure	Impairment
Individual assessment	193 321	193 321
Collective assessment	8 143 798	501 974
	8 337 119	**695 295**

Both in 2022 and 2021 there were no restructured loans executed.

The balance of entries and exits in the portfolio of restructured loans was:

Kz'000	2022	2021
Opening Balance of restructured Loans (Gross of Impairment)	**-**	**2 501**
Restructured Loans in the period	-	-
Accrued Interests of restructured Loans portfolio	-	-
Partial or total settlement of restructured Loans	-	(2 501)
Loans reclassified from "restructured" to "normal"	-	-
Others	-	-
Closing balance of restructured loans (Gross of Impairment)	**-**	**-**

The details of the fair value of the guarantees related to the loans and advances portfolio, for the corporate and housing segments were as follow:

2022								
Fair Value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
kz'000	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 & < 100	-	-	-	-	-	-	-	-
> = 100 & < 500	-	-	-	-	-	-	-	-
> = 500 & < 1000	-	-	-	-	1	882 000	-	-
> = 1000 & < 2000	-	-	-	-	-	-	-	-
> = 2000 & < 5000	-	-	-	-	-	-	1	2 016
> = 5000	1	13 200	-	-	-	-	1	450 000
	1	**13 200**	**-**	**-**	**1**	**882 000**	**2**	**452 016**

The significant decrease from 2021 to 2022 in the fair value of real guarantees in the corporate segment results from the maturity of a loan granted to a client who pledged his deposits and securities as collateral.

2021								
Fair Value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
kz'000	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 & < 100	-	-	-	-	-	-	-	-
> = 100 & < 500	-	-	-	-	-	-	-	-
> = 500 & < 1000	-	-	-	-	-	-	-	-
> = 1000 & < 2000	-	-	-	-	-	-	-	-
> = 2000 & < 5000	-	-	-	-	-	-	-	-
> = 5000	1	13 200	1	9 810 820	4	126 066	1	127 067
	1	13 200	1	9 810 820	4	126 066	1	127 067

The below figures display the amounts of lending, by lending ratio, at 31 December 2022 and 2021:

2022						
Segment / Ratio	Number of properties	Number of other real guarantees	Loans and Advances in Stage 1	Loans and Advances in Stage 2	Loans and Advances in Stage 3	Impairment
			Kz'000	Kz'000	Kz'000	Kz'000
Corporate:	1	-	1 954 991	-	85 773	192 510
With no guarantees Associated	-	-	1 954 991	-	5 359	112 096
< 50%	-	-	-	-	-	-
> = 50% & <75%	-	-	-	-	-	-
> = 75% & <100%	-	-	-	-	-	-
> = 100%	1	-	-	-	80 414	80 414
Housing:	1	2	67 094	1 670	14 603	602 986
With no guarantees Associated	-	-	67 094	1 670	14 340	554 974
< 50%	1	-	-	-	263	4 356
> = 50% & <75%	-	-	-	-	-	-
> = 75% & <100%	-	-	-	-	-	41 295
> = 100%	-	2	-	-	-	2 361
	2	2	2 022 085	1 670	100 376	795 496

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2021						
Segment / Ratio	Number of properties	Number of other real guarantees	Loans and Advances in Stage 1 Kz'000	Loans and Advances in Stage 2 Kz'000	Loans and Advances in Stage 3 Kz'000	Impairment Kz'000
Corporate:	**1**	**1**	**4 115 974**	**-**	**84 414**	**234 667**
With no guarantees Associated	-	-	1 663 391	-	4 000	154 253
< 50%	-	1	2 452 583	-	-	-
> = 50% & <75%	-	-	-	-	-	-
> = 75% & <100%	-	-	-	-	-	-
> = 100%	1	-	-	-	80 414	80 414
Housing:	**4**	**1**	**725 804**	**37 897**	**742**	**494 656**
With no guarantees Associated	-	-	632 945	1 935	742	465 457
< 50%	1	1	28 914	-	-	4 858
> = 50% & <75%	-	-	-	-	-	-
> = 75% & <100%	3	-	63 945	35 962	-	24 341
> = 100%	-	-	-	-	-	-
	5	**2**	**4 841 778**	**37 897**	**85 156**	**729 323**

Details of the fair value and book value of repossessed properties, per kind of property:

2022			
Kind of Property			
Kz'000	Number of properties	Fair Value	Net Book Value
Land:	**-**	**-**	**-**
Urban	-	-	-
Rural	-	-	-
Properties under construction:	-	-	-
Urban	-	-	-
Rural	-	-	-
Others	-	-	-
Properties built:	**1**	**33 911**	**48 000**
Urban	1	33 911	48 000
Rural	-	-	-
Others	-	-	-
Others:	-	-	-
	1	**33 911**	**48 000**

2021			
Kind of Property			
Kz'000	**Number of properties**	**Fair Value**	**Net Book Value**
Land:	-	-	-
Urban	-	-	-
Rural	-	-	-
Properties under construction:	-	-	-
Urban	-	-	-
Rural	-	-	-
Others	-	-	-
Properties built:	3	43 934	48 000
Urban	3	43 934	48 000
Rural	-	-	-
Others	-	-	-
Others:		-	-
	3	**43 934**	**48 000**

Guarantees or other collateral executed within the scope of loans and advances granted:

2022			
Kz'000	**Gross Asset**	**Impairment**	**Net Asset**
Cost of sale of a repossessed property	33 911	(8 911)	25 000
	33 911	**(8 911)**	**25 000**

2021			
Kz'000	**Gross Asset**	**Impairment**	**Net Asset**
Cost of sale of a repossessed property	105 923	(73 923)	32 000
	105 923	**(73 923)**	**32 000**

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The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2022, was as follows:

2022				
Segment		**Low risk grade**		
Risk grade-BNA	**aaa/1**	**aa+/2**	**aa/3**	
Kz'000	**A**	**B**	**C**	**Subtotal**
Car Loans	-	-	-	-
Consumer Credit	-	74 032	30 314	104 346
Pre-approved Loans	-	-	-	-
Employees Loans	-	503 623	1 595	505 218
Enterprises Protocol	-	2 680 376	1 240	2 681 616
Overdrafts/Advances	-	57 586	3 411	60 997
Corporate Loans	760 630	1 740 219	-	2 500 849
Credit Cards	35 419	29 523	-	64 942
	796 049	**5 085 359**	**36 560**	**5 917 968**

2022				
Segment		**Medium risk grade**		
Risk grade-BNA	**bbb+/6**	**bbb/7**	**bbb-/8**	
Kz'000	**D**	**D**	**D**	**Subtotal**
Car Loans	-	-	-	-
Consumer Credit	81 376	-	-	185 722
Pre-approved Loans	-	-	-	-
Employees Loans	-	-	-	505 218
Enterprises Protocol	9 785	-	-	2 691 401
Overdrafts/Advances	101	-	-	61 098
Corporate Loans	-	-	-	2 500 849
Credit Cards	-	-	-	64 942
	91 262	**-**	**-**	**6 009 230**

2022				
Segment		**High risk grade**		
Risk grade-BNA	**ccc+/10**	**ccc/11**	**ccc-/12**	
Kz'000	**E**	**F**	**G**	**General Total**
Car Loans	-	-	3 779	3 779
Consumer Credit	1 540	-	76 036	263 298
Pre-approved Loans	-	-	7 697	7 697
Employees Loans	-	-	-	505 218
Enterprises Protocol	6 931	2 248	165 325	2 865 905
Overdrafts/Advances	29 585	126	74 183	164 992
Corporate Loans	-	-	81 371	2 582 220
Credit Cards	-	-	-	64 942
	38 056	**2 374**	**408 391**	**6 458 051**

The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2021, was as follows:

2021				
Segment		**Low risk grade**		
Risk grade-BNA	**aaa/1**	**aa+/2**	**aa/3**	
Kz'000	**A**	**B**	**C**	**Subtotal**
Car Loans	-	-	-	-
Consumer Credit	-	232 175	42 465	274 640
Pre-approved Loans	-	-	-	-
Employees Loans	-	742 080	37 897	779 977
Enterprises Protocol	-	2 527 830	12 514	2 540 344
Overdrafts/Advances	-	358 850	6	358 856
Corporate Loans	2 508 681	1 318 907	-	3 827 588
Credit Cards	40 367	26 598	-	66 965
	2 549 048	**5 206 440**	**92 882**	**7 848 370**

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2021				
Segment		Medium risk grade		
Risk grade-BNA	bbb+/6	bbb/7	bbb-/8	
Kz'000	D	D	D	Subtotal
Car Loans	-	-	-	-
Consumer Credit	21 238	-	-	295 878
Pre-approved Loans	-	-	-	-
Employees Loans	742	-	-	780 719
Enterprises Protocol	941	-	-	2 541 285
Overdrafts/Advances	6	-	-	358 862
Corporate Loans	-	-	-	3 827 588
Credit Cards	-	-	-	66 965
	22 927	-	-	7 871 297

2021				
Segment		High risk grade		
Risk grade-BNA	ccc+/10	ccc/11	ccc-/12	
Kz'000	E	F	G	General Total
Car Loans	-	-	4 174	4 174
Consumer Credit	-	-	186 427	482 305
Pre-approved Loans	-	-	9 261	9 261
Employees Loans	-	-	-	780 719
Enterprises Protocol	10 011	3 742	104 865	2 659 903
Overdrafts/Advances	17 799	87	45 042	421 790
Corporate Loans	-	-	84 414	3 912 002
Credit Cards	-	-	-	66 965
	27 810	3 829	434 183	8 337 119

The risk factors associated to the model of impairment by segment, for 2022 and 2021 were:

	2022				2021			
	Average Probability of Default (%)				Average Probability of Default (%)			
Segment R&C	Stage 1	Stage 2	Stage 3	Average Loss Given Default (%)	Stage 1	Stage 2	Stage 3	Average Loss Given Default (%)
Car Loans	-	-	100,00%	100,00%	-	-	100,00%	100,00%
Consumer Credit	7,40%	39,90%	100,00%	65,53%	5,59%	58,52%	100,00%	63,71%
Pre-Approved Loans	-	-	100,00%	100,00%	-	-	100,00%	100,00%
Employees Loans	3,78%	51,72%	-	32,22%	4,54%	-	100,00%	36,83%
Enterprises Protocol	4,22%	38,74%	100,00%	41,59%	4,37%	18,49%	100,00%	42,70%
Overdrafts/ Advances	45,64%	60,09%	100,00%	92,33%	80,91%	35,08%	100,00%	86,26%
Corporate Loans	11,33%	-	100,00%	43,75%	11,85%	-	100,00%	37,21%
Credit Cards	46,96%	70,12%	-	52,60%	35,08%	-	-	53,21%

The movement on impairments during the year of 2022 was:

Kz'000	2022	2021
Opening balance	**695 295**	**809 476**
Reinforcements	159 932	361 570
Deductions	(29 899)	(297 633)
Impairment losses for the year	130 033	63 937
Used	(3 143)	(142 541)
Exchange rate changes and others	(12 554)	(35 577)
Closing balance	**809 631**	**695 295**

The sum of impairment losses on loans and advances for the year of 2022 amounting to 159 932 thousand of Kwanzas (2021: Kz 63 937 thousand), and impairment losses on letters of credit, which in 2022 was amounting to (21 587) thousand of Kwanzas (2021: (35 581) thousand of Kwanzas), disclosed in "note 14 - Provisions", equates to 108 446 thousand of Kwanzas (2021: 28 356 thousand of Kwanzas), as presented in the income statement.

In 2021, the usages are essentially made up of three housing loans write-offs, the net impact of which is 142 598 thousand of Kwanzas.

The segregation of impairment losses on loans portfolio, and on recovered loans, was as follows:

2022				
Kz'000	Stage 1	Stage 2	Stage 3	Total
Opening balance - current year	**271 667**	**26 933**	**430 724**	**729 324**
Impairment losses on loans				
Originated or acquired financial assets	76 722	6	294	77 022
Derecognised financial assets	(98 096)	(354)	(6 058)	(104 508)
Stage Transfers:				
Stage 1	198 397	6 893	(31 139)	174 151
Stage 2	(1 598)	-	43 561	41 963
Stage 3	(36 435)	(23 656)	-	(60 091)
Write-offs	(730)	-	-	(730)
Exchange rate changes and other movements	(19 198)	206	(16 066)	(35 058)
Closing balance - current year	**390 729**	**10 028**	**421 316**	**822 073**
Recovery of claims	-	-	-	-

2021				
Kz'000	*Stage 1*	*Stage 2*	*Stage 3*	Total
Opening balance	**253 742**	**22 255**	**603 034**	**879 031**
Impairment losses on loans				
Originated or acquired financial assets	154 246	2 383	19 957	176 586
Derecognised financial assets	(139 307)	(547)	(150 252)	(290 106)
Stage Transfers:				
Stage 1	-	17 038	(5 562)	11 476
Stage 2	(1 290)	-	48 470	47 180
Stage 3	26 154	(13 122)	-	13 032
Write-offs	-	-	(60 711)	(60 711)
Exchange rate changes and other movements	(21 878)	(1 074)	(24 212)	(47 164)
Closing balance	**271 667**	**26 933**	**430 724**	**729 324**
Recovery of claims	-	-	-	-

The segregation of off-balance and in-balance exposures by risk level, and respective impairment losses:

Loans and Advances					
	2022				2021
Kz'000	Stage 1	Stage 2	Stage 3	Total	Total
Loans and advances to clients at amortised cost before impairment					
Performing loans and advances	5 728 439	35 452	58 402	**5 822 293**	7 834 790
Loans and interest overdue for up to 30 days	42 180	3 737	11 587	**57 504**	5 884
Loans and interest overdue for more than 30 days	182 079	17 343	378 832	**578 254**	496 445
Impairment losses	(378 287)	(10 028)	(421 316)	**(809 631)**	(695 295)
	5 574 411	**46 504**	**27 505**	**5 673 085**	**7 641 824**
Commitments for Credit					
High Risk	-	-	-	-	-
Medium Risk	-	-	-	-	-
Medium-Low Risk	1 642 359	1 740	-	**1 644 099**	7 965 145
Low Risk	-	-	-	-	-
Impairment losses	(9 305)	(128)	-	**(9 433)**	(26 632)
	1 633 054	**1 612**	-	**1 634 666**	**7 938 513**
Financial Guarantees Provided					
High Risk	-	-	-	-	-
Medium Risk	165 000	-	-	**165 000**	342 933
Medium-Low Risk	-	-	-	-	-
Low Risk	-	-	-	-	-
Impairment losses	(3 009)	-	-	**(3 009)**	(7 397)
	161 991	-	-	**161 991**	**335 536**

Loans and Advances					
	2021				2020
Kz'000	Stage 1	Stage 2	Stage 3	Total	Total
Loans and advances to clients at amortised cost before impairment					
Performing loans and advances	7 758 213	53 689	22 888	**7 834 790**	6 101 121
Loans and interest overdue for up to 30 days	-	2 804	3 080	**5 884**	52 954
Loans and interest overdue for more than 30 days	-	48 670	447 775	**496 445**	606 616
Impairment losses	(237 638)	(26 933)	(430 724)	**(695 295)**	(809 476)
	7 520 575	**78 230**	**43 019**	**7 641 824**	**5 951 215**
Commitments for Credit					
High Risk	-	-	-	**-**	-
Medium Risk	-	-	-	**-**	-
Medium-Low Risk	7 964 458	687	-	**7 965 145**	14 141 679
Low Risk	-	-	-	**-**	-
Impairment losses	(26 563)	(69)	-	**(26 632)**	(57 373)
	7 937 895	**618**	**-**	**7 938 513**	**14 084 306**
Financial Guarantees Provided					
High Risk	-	-	-	**-**	-
Medium Risk	342 933	-	-	**342 933**	460 000
Medium-Low Risk	-	-	-	**-**	-
Low Risk	-	-	-	**-**	-
Impairment losses	(7 397)	-	-	**(7 397)**	(12 182)
	335 536	**-**	**-**	**335 536**	**447 818**

8. OTHER TANGIBLE ASSETS AND INTANGIBLE ASSETS

2022 Other Tangible Assets					
Kz'000	Opening balance	Increases	Transfers	Write-off	Closing balance
Cost					
Buildings	5 248 533	-	61 396	-	5 309 929
Right-to-use Assets	307 466	6 115	-	(110 937)	202 644
Equipment	2 849 629	174 922	243 875	(23 529)	3 244 897
Work in rented properties	2 186 778	-	-	-	2 186 778
Capital WIP	451 386	288 566	(305 271)	-	434 681
	11 043 792	**469 603**	**-**	**(134 466)**	**11 378 929**
Depreciation					
Buildings	(1 118 714)	(205 172)	-	-	(1 323 886)
Right-to-use Assets	(129 062)	(27 326)	-	55 583	(100 805)
Equipment	(1 824 329)	(315 981)	-	23 529	(2 116 781)
Work in rented properties	(859 765)	(74 152)	-	-	(933 917)
	(3 931 870)	**(622 631)**	**-**	**79 112**	**(4 475 389)**
Net					
Buildings	4 129 819	(205 172)	61 396	-	3 986 043
Right-to-use Assets	178 404	(21 211)	-	(55 354)	101 839
Equipment	1 025 300	(141 059)	243 875	-	1 128 116
Work in rented properties	1 327 013	(74 152)	-	-	1 252 861
Capital WIP	451 386	288 566	(305 271)	-	434 681
	7 111 922	**(153 028)**	**-**	**(55 354)**	**6 903 540**

During 2022, the increases were mostly made of works in the new head office. Additionally, the transfers correspond to the equipping of the new head office, which will be in use from 2023.

2021 Other Tangible Assets					
Kz'000	Opening balance	Increases	Transfers	Write-off	Closing balance
Cost					
Buildings	4 962 968	19 053	266 512	-	5 248 533
Right-to-use Assets	605 575	-	-	(298 109)	307 466
Equipment	2 594 825	178 249	76 555	-	2 849 629
Work in rented properties	2 162 577	-	24 201	-	2 186 778
Capital WIP	459 026	373 062	(367 268)	(13 434)	451 386
	10 784 971	**570 364**	**-**	**(311 543)**	**11 043 792**
Depreciation					
Buildings	(914 653)	(204 061)	-	-	(1 118 714)
Right-to-use Assets	(165 226)	(42 982)	-	79 146	(129 062)
Equipment	(1 484 281)	(340 048)	-	-	(1 824 329)
Work in rented properties	(756 646)	(103 119)	-	-	(859 765)
	(3 320 806)	**(690 210)**	**-**	**79 146**	**(3 931 870)**
Net					
Buildings	4 048 315	(185 008)	266 512	-	4 129 819
Right-to-use Assets	440 349	(42 982)	-	(218 963)	178 404
Equipment	1 110 544	(161 799)	76 555	-	1 025 300
Work in rented properties	1 405 931	(103 119)	24 201	-	1 327 013
Capital WIP	459 026	373 062	(367 268)	(13 434)	451 386
	7 464 165	**(119 846)**	**-**	**(232 397)**	**7 111 922**

Transfers are made up of items of other tangible assets previously held in progress, which have passed to the state of business use. Increases essentially comprise the construction of premises where ATMs acquired during the 2021 financial year were installed. Write-offs arise from the termination of some lease contracts (rental) that were previously treated under IFRS 16.

2022 Intangible Assets				
Kz'000	Opening Balance	Increases	Transfers	Closing Balance
Cost				
Software	988 854	-	166 821	1 155 675
Other intangible assets	67 646	-	-	67 646
Capital WIP	120 266	96 995	(166 821)	50 440
	1 176 766	**96 995**	**-**	**1 273 761**
Depreciation				
Software	(287 142)	(322 282)	-	(609 424)
Other intangible assets	(57 922)	(4 042)	-	(61 964)
	(345 064)	**(326 324)**	**-**	**(671 388)**
Net				
Software	701 712	(322 282)	166 821	546 251
Other intangible assets	9 724	(4 042)	-	5 682
Capital WIP	120 266	96 995	(166 821)	50 440
	831 702	**(229 329)**	**-**	**602 373**

The transfers comprise the expenses incurred in acquiring and setting up the accounts' workflow digital device.

2021 Intangible Assets					
Kz'000	Opening Balance	Increases	Transfers	Write-off	Closing Balance
Cost					
Software	195 920	27 344	765 590	-	988 854
Other intangible assets	55 628	12 018	-	-	67 646
Capital WIP	569 138	317 674	(765 590)	(956)	120 266
	820 686	**357 036**	**-**	**(956)**	**1 176 766**
Depreciation					
Software	(47 714)	(239 428)	-	-	(287 142)
Other intangible assets	(50 088)	(7 834)	-	-	(57 922)
	(97 802)	**(247 262)**	**-**	**-**	**(345 064)**
Net					
Software	148 206	(212 084)	765 590	-	701 712
Other intangible assets	5 540	4 184	-	-	9 724
Capital WIP	569 138	317 674	(765 590)	(956)	120 266
	722 884	**109 774**	**-**	**(956)**	**831 702**

The transfers comprise the expenses incurred in the acquisition and installation of the most up-to-date version of the computer system used by the Bank (Banka 3G of AS-400).

Depreciations for the year are composed of:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Other Tangible Assets	595 305	1 182	647 228	1 167
Intangible Assets	326 324	648	247 262	445
Right-to-use Assets	27 326	54	42 982	77
	948 955	**1 884**	**937 472**	**1 689**

Costs incurred for the occupation of airport spaces are not part of the right-to-use assets. The increase recorded in depreciation of intangible assets is due to the implementation of Accounts Workflow (2021 – implementation of Banka 3G, the new version of the computer software in use at BCA).

9. CURRENT TAXES RECEIVABLE

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Advance Income Tax	109 151	216	-	-
Withholding Income Tax by Clients	1 363	3	-	-
Current Taxes Receivable	**110 514**	**219**	**-**	**-**

The advance income tax comprises an advance of the income tax paid in August of a given year, in accordance with Article 66° of the Income Tax Code, settled in the final income tax payment, made in May of the following year. Withholding income tax is hold by clients on their payments made to BCA, as established in Article 67° of the Income Tax Code and is settled when the final income tax is paid.

In 2021, current tax assets were part of the "Other assets" account (see the "Advance Income Tax" caption in note 11).

10. DEFERRED TAXES RECEIVABLE

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Change in Fair-Value of:				
- Financial Assets at fair value through other comprehensive Income (Government bonds)	1 242 036	2 466	-	-
- Financial Assets at fair value through other comprehensive Income (EMIS Shares)	(67 420)	(133)	-	-
Sum	1 174 616	2 333	-	-
Tax Rate applied	35%	35%	35%	35%
Subtotal	**411 116**	**817**	**-**	**-**
Unrealised Foreign Exchange Losses	(63 284)	(125)	-	-
Provisions	1 923	3	-	-
Loans and Advances Impairments	34 020	68	-	-
Tax Losses	894 996	1 775	-	-
Sum	867 655	1 721	-	-
Tax Rate applied	35%	35%	35%	35%
Subtotal	**303 679**	**602**	**-**	**-**
Deferred Taxes Receivable	**714 795**	**1 419**	**-**	**-**

Deferred Taxes with respect to the FY2021, were accounted for as 'Deferred Tax payable', and are disclosed in note 16.

The issue of Law no. 26/20 dated 20th July 2020 introduced several amendments to the corporate income taxation laid down in the income Tax Code, namely in articles 13.° and 14.° (Income or Gains/Costs or Expenses) and article 45.° (Provisions). A reformulation has been carried out with respect to the rules of income and gains of a financial nature, as referred in paragraph c) of Articles 13.° and 14.° of the Income Tax Code, which considers foreign exchange as gains or losses taxable only when they are realised. On the other hand, article 45.° of Income Tax Code has been amended: a paragraph 4 has been added, which stipulates that "provisions on loans and advances are taxable only on the unsecured part of loans and advances."

Therefore, for the purposes of calculating current and deferred taxes, the Bank considered the effects arising from changes in the Income Tax Code, namely those related to:

- Unrealised foreign exchange gains and losses;
- The costs of impairment losses incurred on amounts of loans secured by collaterals;
- The costs of provisions of customs gains collections.

At 31 December 2022, and 2021, the movement of the deferred taxes receivable was:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Opening Balance ((Liability)/Asset)	(158 369)	(285)	629 356	969
Recognized in the Income Statement	873 164	1 704	(787 725)	(1 254)
Closing Balance (Asset/(Liability))	**714 795**	**1 419**	**(158 369)**	**(285)**

At 31 December 2022, the Bank recognised deferred taxes receivable on the amount of recoverable tax losses amounting to 894 996 thousand kwanzas, generated in previous tax years.

In accordance with the concerned legislation, reportable tax losses are usable for a period of five years.

11. OTHER ASSETS

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
VISA Cards	395 844	786	434 194	782
-Applied value	396 413	787	434 763	783
-Impairment	(569)	(1)	(569)	(1)
Electronic settlements	-	-	18 759	34
Deposit for "Edifício Kilamba" rent	29 387	58	-	-
Customs Gains	-	-	-	-
-Revenues	1 923	3	50 184	90
-Impairment	(1 923)	(3)	(50 184)	(90)
SANLAM Insurance Commissions	876	2	-	-
Commissions on "Porto de Luanda" Revenue Collection	1 067	2	-	-
Advance Income Tax	-	-	251 912	454
Deductible Value Added Tax	-	-	57 261	103
VAT refundable on Interbank Commissions	127 297	253	-	-
International School	-	-	-	-
- Investment	275 867	548	275 867	497
- Impairment	(275 867)	(548)	(275 867)	(497)
Stationary	100 103	199	31 740	57
Accruals	324 383	644	421 095	759
- Health Insurance	190 308	378	244 136	440
- Rental and Hire	39 230	78	53 380	96
- Others	94 845	188	123 579	223
Unsold Vehicle Licence Discs	-	-	-	-
- Licence acquired	9 355	18	9 355	17
- Impairment	(9 355)	(18)	(9 355)	(17)
Expense Advance	5 056	10	5 660	10
Artistic Patrimony	35 772	71	35 772	64
Letters of Credit Collateral	-	-	398 248	718
- Amount held by NOSTRO	-	-	398 248	718
- Impairment	-	-	-	-
Discount teller shortages	2 244	4	29	-
- Teller shortages	129 981	258	7 982	14
- Impairment	(127 737)	(254)	(7 953)	(14)
Others	1 485	3	68 401	124
	1 023 514	**2 032**	**1 723 071**	**3 105**

The account "VISA cards" represents the collateral set up with VISA.

The account "Customs Gains" is composed of commissions to be received from the Customs Service for the work rendered in collections done on their behalf. 100% impairment losses is recorded, for the total amount of gains not yet received.

The Advance income tax of 2021 is a result of the advance income tax for 2019 and 2021, paid in August 2019 and August 2021, in the light of the law 19/14. In 2022 the advance income tax is classified as "current taxes receivable" and disclosed in note 9.

On December 31, 2022, the balances receivable from the International School result from a project to build a school with international standards, in the area of Lar do Patriota (Benfica – Luanda), whose feasibility study ended in 2014. the value given to Shopping Rudimba, for the acquisition of the portion of land attached to the project. In 2015, the Board of Directors decided to recognize impairment on the entire amount. Impairment was recorded on the entire balance.

The amount in "Stationery" account refers to the existing consumable at the head office for the daily use in the head office and in some branches located in Luanda.

The unsold licence vouchers, amounting to Kz 9 355 thousand (2021: Kz 9 355 thousand), are held from previous years, when the Bank operated as an agent authorized by the Tax National Administration, which have not yet been cleared by this Entity. The Bank recorded 100% of impairment losses on this amount.

At 31 December 2022 the expense advances were composed of the amounts advanced to the branches to acquire consumables for their daily use.

The "Letters of credit collateral" in 2021, are amounts held by NOSTRO banks regarding the transactions of letters of credit which were not settled at 31 December 2021. They were totally settled at 2022 exercise.

All exposures under this heading, subject to impairment, are in stage 1, with the exception of the "customs gains", "unsold vehicles licence discs" and the "international school", which are in stage 3.

The movement of impairment losses on other assets, during 2022 and 2021, was as follows:

Kz'000	2022	2021
Opening Balance	**343 928**	**342 081**
Reinforcements	119 785	3 700
Deductions	(19 820)	(1 853)
Impairment Losses – current year	99 965	1 847
Recoveries/Uses	(28 442)	-
Closing Balance	**415 451**	**343 928**

12. DEPOSITS FROM OTHER CREDIT INSTITUTIONS

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
From Banks in the country				
- Certified cheques	-	-	37 641	68
- Bankers cheques	-	-	122	1
- Withholding Income Tax	7 987	16	14 122	25
- Withholding Property Tax	135	-	-	-
- Cashier excesses	6 144	12	5 161	9
- EMIS Compensation	86 351	171	-	-
- Cheques to be settled	38 239	76	-	-
- SANLAM Life Insurance Collections	13 534	27	8 515	15
- STC – Credit Transfer System	22 785	45	50 305	91
- Cambridge FX dealings	23 617	47	29 346	53
- VAT refundable on interbank commissions	28 496	57	22 816	41
- Outstanding TPAs balances	76 112	151	149 353	269
- Others	11 916	24	8 496	15
	315 316	**626**	**325 877**	**587**

All deposits from other credit institutions displayed above had a very short term.

Outstanding TPAs balances are amounts pending settlement, automatically created through the integration in our computer system of files received from EMIS. The "VAT refundable on interbank commissions" is the VAT charged on interbank commissions received by the Bank (income), which is payable to other banks in our market.

13. DEPOSITS FROM CLIENTS

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Demand deposits				
- In Local Currency	27 860 144	55 312	28 500 341	51 354
- In Foreign Currency	3 805 534	7 555	5 685 713	10 245
	31 665 678	**62 867**	**34 186 054**	**61 599**
Term deposits				
- In Local Currency	12 106 409	24 036	6 084 831	10 964
- In Foreign Currency	5 681 261	11 279	4 936 782	8 895
	17 787 670	**35 315**	**11 021 613**	**19 859**
	49 453 348	**98 182**	**45 207 667**	**81 458**

On the 31 December 2022 and 2021, the major bank deposit was 14,12% and 13,98% of all deposits, respectively. The Top 20 deposits represented 56,67% and 60,39%, of all deposits, respectively.

The analysis of the residual maturity is displayed below:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Term deposits in local currency:				
Up to 3 months	3 024 153	6 004	866 453	1 561
From 3 to 6 months	3 471 569	6 892	1 353 042	2 438
From 6 to 12 months	5 610 579	11 139	3 741 123	6 741
More than 1 year	108	1	124 213	224
	12 106 409	**24 036**	**6 084 831**	**10 964**
Term deposits in foreign currency				
Up to 3 months	2 348 039	4 662	2 687 823	4 843
From 3 to 6 months	843 910	1 675	356 187	642
From 6 to 12 months	1 907 521	3 787	1 892 772	3 410
More than 1 year	581 791	1 155	-	-
	5 681 261	**11 279**	**4 936 782**	**8 895**
	17 787 670	**35 315**	**11 021 613**	**19 859**

The average rate of return on term deposits in local currency is 7,48% (2021: 7,13%), and the average rate of return on term deposits in foreign currency is 0,06% (2021: 0,09%).

14. PROVISIONS

	2022 Kz'000	2021 Kz'000
Opening Balance	**131 774**	**110 290**
- Reinforcements	9 545	114 066
- Deductions	(31 132)	(92 637)
Provisions for the year	(21 587)	21 429
Exchange Rate Changes and Others	(8 557)	55
Closing Balance	**101 630**	**131 774**

Breakdown of provisions for the year:

	2022 Kz'000	2021 Kz'000
Impairment Losses on Letters of Credit	(21 587)	(35 581)
Provisions for problable contingencies	-	57 010
Provisions for the year	**(21 587)**	**21 429**

At 31 December 2021, the provisions, which represent a recovery from those of the previous year, are composed of:

a) Impairments for letters of credit (off-balance sheet exposures) whose variation results from their write-down (Note 7); and

b) Provisions to address possible litigation procedures in progress as of 31st December 2021.

At 31 December 2022, the provisions for the year are accounted for a recovery.

15. INCOME TAXES

The income tax reconciliation at 31 December 2022 and 2021 is presented below:

Captions	2022 Kz'000	2021 Kz'000
Income before Tax	1 933 791	3 431 360
Nondeductible Costs	2 721 504	6 148 602
Tax Exempt Income	(8 450 403)	(7 946 980)
Taxable Loss/Profit	(3 795 108)	1 632 982
Nominal Tax Rate	35%	35%
Net Income Tax payable	**-**	**571 544**
Effective Tax Rate	-	17%

Income tax was calculated based on the Income Tax Code (Law 19/14, as amended by Presidential Decree 26/2020, which came into force in January 2020). The deductions from taxable income consist of interest on government securities and transfers subject to Capital Gain Tax (IAC).

16. DEFERRED TAXES PAYABLE

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Change in fair value of Financial assets at fair value through other comprehensive income	-	-	(589 275)	(1 062)
Unrealized Exchange Rates Revaluations	-	-	1 113 062	2 005
Provisions	-	-	(50 184)	(90)
Impairment Losses on Loans	-	-	(21 121)	(38)
	-	**-**	**452 482**	**815**
Tax Rate applied	35%	35%	35%	35%
Deferred Taxes payable	**-**	**-**	**158 369**	**285**

The items that generated the deferred taxes payable to be recovered when the assets and liabilities related to them mature were as follows: unrealized exchange rates revaluations, provisions for customs gains collections and impairment losses on loans as they were not subject to income tax payment under Presidential Decree No. 26/20.

17. OTHER LIABILITIES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
17.1. Suppliers	947 432	1 881	1 555 339	2 803
17.2. Accruals	6 537 223	12 980	6 389 569	11 513
17.3. Staff	387 449	769	463 069	834
17.4. Fiscal Obligations	365 174	725	152 427	275
17.5. Deposits for foreign Exchange Operations	1 209 398	2 401	3 815 713	6 875
17.6. Dividends payable	83 796	166	89 277	161
17.7. Lease Liabilities (IFRS 16)	149 244	296	320 415	577
	9 679 716	**19 218**	**12 785 809**	**23 038**

17.1. The supplier's balance is mainly composed of the amounts to be paid to VISA (Kz 144 602 thousand; 2021: Kz 624 671 thousand), FLOSEL (Kz 99 374 thousand; 2021: Kz 142 599 thousand), NORAFRICA (Kz 95 913 thousand; 2021: 105 679 thousand), for the acquisition of the Branch of "Rua da Missão" (Kz 251 846 thousand; 2021: 277 491 thousand).

17.2. The heading "Accruals " includes the following amounts:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Income Tax a)	4 656 217	9 246	4 367 301	7 869
Clinical Services b)	615 007	1 221	677 632	1 221
Lease Payments c)	219 276	435	219 276	395
IT Services	189 490	376	126 491	228
Communications	74 767	148	128 858	232
Consulting Services	29 536	59	33 607	61
Others	752 930	1 495	836 304	1 507
	6 537 223	**19 218**	**6 389 469**	**11 513**

a) This amount refers to the income tax liabilities payable by the Bank to the tax authority related to gains from revaluations of treasury bonds indexed to US dollar for the years 2018 and 2019.

b) The heading "Accruals " includes the amounts payable for clinical services provided up to 2014 that are awaiting supporting documentation for their payment.

c) This caption refers to amounts of lease payable for the use of properties owned by ENDE in which the Bank holds his branches in Viana, Sambizanga, Kilamba and Lar do Patriota. The Bank has suspended lease payments since 2019 and is undertaking an agreement with ENDE in order to update the lease contracts.

17.3. The "Staff" item is composed of the amount payable in January 2023, as employees vacation allowance.

17.4. Fiscal Obligations refer essentially to value added tax (VAT), income tax deducted from suppliers' invoices, income tax deducted from employees' salaries, stamp tax and social security contributions, and capital gains tax, referring to December 2022. All these amounts were liquidated on January 2023.

17.5. At 31 December 2022, the balance in "Deposits for Foreign Exchange Operations" is composed by the stand-by amounts of clients for letters of credit.

17.6. The account "Dividends payable" is comprised of dividends to be paid to the families of deceased shareholders, awaiting the court judgement on legal heirs. There are in these accounts, dividends belonging to actual shareholders, related to the shares acquired from the former shareholder ABSA, after its exit from the BCA shareholding structure. A decision on its division among the actual shareholders has been waited for.

17.7. The caption "Lease Liabilities" is comprised of future lease payments discounted as at 31 December 2022, in accordance with standard IFRS 16. Costs incurred for the occupation of airport spaces are not part of the right-to-use assets. The residual maturity of lease liabilities, were:

31-12-2022 Maturity Analysis – Contractual cash flows not discounted	
Kz'000	
Less than 1 year	6 754
1 to 5 years	80 356
More than 5 years	99 945
Lease Liabilities not discounted	**187 055**
Interest to be accrued in Net Interest Margin	(37 811)
	149 244

31-12-2021 Maturity Analysis – Contractual cash flows not discounted	
Kz'000	
Less than 1 year	6 009
1 to 5 years	230 816
More than 5 years	220 235
Lease Liabilities not discounted	**457 060**
Interest to be accrued in Net Interest Margin	(136 645)
	320 415

18. CAPITAL

The share capital of the bank is Kz 7 500 000 000, represented by 18 750 000 shares of a nominal value of Kz 400 each.

At 31 December 2022 and 31 December 2021 the Bank shareholders structure did not change, and was as follows:

Captions	%	Number of Shares	Nominal Value of Shares (Kz'000)
SADINO, Lda	13,08	2 452 584	981 034
Salomão José Luheto Xirimbimbi	11,05	2 071 761	828 705
GEFI	9,75	1 827 312	730 925
Fundo de Pensões	9,33	1 749 990	699 996
José Francisco Luís António	9,22	1 729 014	691 606
Julião Mateus Paulo "Dino Matrosse"	7	1 312 500	525 000
Mateus Filipe Martins	6,13	1 149 726	459 890
Afonso D. Van-Dúnem "Mbinda" (Heirs)	5	937 503	375 001
Casa Smart	3,8	712 656	285 062
Fernando José de França Van-Dúnem	3,13	587 295	234 918
José Jaime Agostinho de S. Freitas	3,13	587 295	234 918
Visgosol	2,67	500 001	200 000
Lopo Fortunato Ferreira do Nascimento	2,1	392 886	157 154
Abel Fernandes da Silva	1,82	341 553	136 621
António Mosquito Mbakassy	1,82	341 553	136 621
Pedro de Castro Van-Dúnem (Heirs)	1,8	337 656	135 062
João Manuel de Oliveira Barradas	1,49	278 262	111 305
Augusto da Silva Tomás	1,44	270 126	108 050
Marcolino José Carlos Moco	1,44	270 126	108 050
Dumilde das Chagas Rangel	0,86	162 069	64 828
IMPORAFRICA-IMOBILIÁRIA Lda.	0,86	162 069	64 828
Valentim Amões (Heirs)	0,75	141 024	56 410
Generoso Hermenegildo G. de Almeida	0,72	135 060	54 024
Benvindo Rafael Pitra (Heirs)	0,53	99 999	40 000
Estevão Pitra	0,27	49 995	19 998
Isaac Francisco Mário dos Anjos	0,27	49 995	19 998
José Amaro Tati	0,27	49 995	19 998
Santos Matoso Júnior	0,27	49 995	19 998
Total	**100**	**18 750 000**	**7 500 000**

The BCA shares were issued at par and were fully paid. During 2018, the Bank complied with Notice No 02/2018 of BNA, which established the minimum share capital of Banks at Kz 7 500 000 thousand. The total amount of shares of BCA increased from 6 250 000 to 18 750 000, by incorporating into the share capital the free reserves accumulated from previous financial years. Consequently, the number of shares held by each shareholder also tripled in 2018.

The BNA issued Notice No. 017/2022 (repealing Notice No. 02/2018) dated 5th October 2022, which stipulates the following:

a) The minimum share capital of commercial banks is Kz 15 000 000 000,00 (fifteen billion Kwanzas); and that

b) The Banking institutions with a fully paid-up share capital of less than 15 billion kwanzas must comply with the provisions set forth in BNA notice No. 017/2022, within a maximum period of 12 months, starting from the date of entry into force of the regulatory framework in consideration (i.e., 5th October 2023).

BCA's compliance with this notice is addressed in note 34.

18.1. STATEMENT OF SHAREHOLDERS' EQUITY

The legal and other reserves represent amounts that have been appropriated from prior period profits in accordance with legal requirements.

"Legal reserves" must be credited with 10% of each anual net profit, up to the level of the share capital.

In the "Reserves", the only amount available for distribution are those recorded in "Other Reserves". At 31 December 2022, the amount of Kz 22,40 billion (2021: Kz 21,62 billion) recorded in "Free reserves" account, could be used either to cover cumulated losses, or to increase the capital.

The "Fair value adjustment reserves", derived from difference between the fair value assessment of "financial assets at fair value through other comprehensive income", and their respective book value, after deduction of 35% recorded in "Deferred taxes receivable". There is in this caption changes in impairment losses on financial assets at fair value through other comprehensive income, as per notes 6.

19. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value is based on the market valuations, whenever they are available. However when market valuations do not exist, the fair value is assessed by use of internal models, based on cash flows discount techniques. The production of cash flows of different financial instruments is executed taking into account the respective financial features, and the discount rates in use consider the most recently conceded operations of the Bank.

Therefore, the fair value obtained has an influence of parameters used in the assessment model, embodying a degree of subjectivity, and reflects exclusively the amount allocated to different financial instruments.

The Bank considers three levels of financial instruments (assets or liabilities) valuation, in the hierarchy of fair value. This categorization reflects the level of judgment, observance of data used, and the importance of parameters applied, to determine the fair value calculation in accordance with IFRS 13. The three level in use by the Bank are:

- **Level 1** – The fair value is determined taking into account non adjusted, quoted prices, obtained from transactions in the active markets with financial instruments similar to those to be assessed. If there are more than one active markets, the relevant price is the one prevailing in the main market, or in the most advantageous market, with existing access;

- **Level 2** – The fair value is determined through assessment techniques supported by observable data in active markets, whether direct data (prices, rates, spreads, etc…) or indirect data (derivatives), and valuation assumptions similar to those a non related party should use to assess the fair value of the same financial instrument. Instruments whose valuation is obtained through quotation disclosed by independent entities, and in markets with reduced liquidity, are herewith enclosed; and,

- **Level 3** – The fair value is determined taking into consideration non observable data in active markets, through techniques and assumptions that attendee of such a market should use to assess the same instruments, including the hypothesis of intrinsic risks, through used assessment techniques, and used input and covered processes of revision of obtained values.

The Bank considers an active market for a provided financial instrument, at measurement date, depending on the business volume, and the liquidity of realised transactions, on the relative volatility of quoted prices, and the redness and availability of information. Therefore the following minimum conditions might be observed:

- Existence of daily quotations of frequent negotiations in the last year;

- The above referred quotations change regularly;

- There are quotations executed by more than one entity.

A parameter used in a valuation technique is considered an observable datum in the market if the following conditions are fulfilled:

- If its value is determined in an active market;

- If there is an OTC market, and it is reasonable to consider that the conditions for an active market were observed, with exception of the condition of the volumes of transaction; and,

- The value of parameter can be obtained by a reverse calculation of financial instruments prices, and/or derivatives, where the remaining parameters necessary to the initial valuation are observable in a liquid market, or in an OTC market, which comply with the previous paragraphs.

The main methodologies and assumptions used to assess the fair value of financial assets and liabilities, recorded at amortized cost in the balance are analyzed as follows:

Cash and balances at Central Banks, Balances at Other Credit Institutions, Placements with Central Banks and Other Credit Institutions, and other assets.

The above mentioned assets are of a very short term, therefore their value in the balance represents a reasonable assessment of their fair value.

Financial assets at fair value through other comprehensive income

These financial instruments are accounted for at fair value. The fair value is based on the market quotations (Bid-price), whenever they are available. If they do not exist, the fair value calculation is based on the use of numeric models, taking into account the cash flow discount techniques, to calculate the fair value, using the curve of interest rate of the market, adjusted by associated factors, mainly the credit risk and the liquidity risk, calculated in accordance with the market conditions, and the respective terms.

The value for the very short term rates, are obtained from similar sources of the interbank market. The interest rate for specific term of cash flows are determined by use of adequate interpolation methods. The same curves of interest rate are used to deploy non deterministic cash flows, like in the case of indexants.

The market interest rate for Kwanza are calculated based on the treasury bills interest rates for several maturities.

Loans and advances

The fair value of loans and advances is calculated based on the upgrade of estimated cash flows of capital and interest, considering that the instalments are paid on the contractually established dates. The discount rates used are the actual rates used in similar loans and advances.

Deposits from Central Banks and Other Credit Institutions

The fair value of these liabilities is calculated based on the expected cash flows upgrade of capital and interest, considering that the instalments are paid on the contractually established dates. These liabilities are of a very short term that, their value recorded in the balance, is a reasonable estimate for their fair value.

Deposits from clients and other liabilities

The fair value of these financial instruments is calculated, based on their capital and interest estimated cash flows upgrade. The discount rate used reflects the rates used for deposits with the same features at the date of balance. Considering that the interest rates applied are renewed for the periods less than a year, there are no materially relevant differences in their fair value.

The fair value of the financial assets and liabilities for the Bank was:

2022						
		Fair value valuation				
Kz'000	Amortised cost	Market quotations (Level 1)	Valuation model with parameters observable in the market (Level 2)	Valuation model with parameters non observable in the market (Level 3)	Total amount in balance	Fair value
Assets	**34 993 315**	**-**	**51 926 821**	**192 131**	**87 135 845**	**87 135 845**
Cash and Balances at Central Bank	15 182 295	-	-	-	15 182 295	15 182 295
Balances at O.C.I	1 536 209	-	-	-	1 536 209	1 536 209
Placements with CB and O.C.I.	12 230 547	-	-	-	12 230 547	12 230 547
Fin. assets at FV through OCI	-	-	51 926 821	192 131	52 118 952	52 118 952
- Bonds issued by Government	-	-	51 926 821	-	51 926 821	51 926 821
- Shares	-	-	-	192 131	192 131	192 131
Loans and Advances	5 648 420	-	-	-	5 648 420	5 648 420
Other Assets	395 844	-	-	-	395 844	395 844
Liabilities	**(50 978 062)**	**-**	**-**	**-**	**(50 978 062)**	**(50 978 062)**
Deposits from CB and O.C.I.	(315 316)	-	-	-	(315 316)	(315 316)
Demand Deposits from Clients	(31 665 678)	-	-	-	(31 665 678)	(31 665 678)
Term Deposits from Clients	(17 787 670)	-	-	-	(17 787 670)	(17 787 670)
Deposits for FX operations	(1 209 398)	-	-	-	(1 209 398)	(1 209 398)
	(15 984 747)	**-**	**51 926 821**	**192 131**	**36 157 783**	**36 157 783**

2021						
		Fair value valuation				
Kz'000	Amortised cost	Market quotations (Level 1)	Valuation model with parameters observable in the market (Level 2)	Valuation model with parameters non observable in the market (Level 3)	Total amount in balance	Fair value
Assets	**41 435 424**	**4 322 668**	**23 376 127**	**16 230 727**	**85 364 946**	**85 364 946**
Cash and Balances at Central Bank	14 507 059	-	-	-	14 507 059	14 507 059
Balances at O.C.I	2 013 541	-	-	-	2 013 541	2 013 541
Placements with CB and O.C.I.	16 440 558	-	-	-	16 440 558	16 440 558
Fin. assets at FV through OCI	-	4 322 668	23 376 127	16 230 727	43 929 522	43 929 522
- Bonds issued by Government	-	4 322 668	23 376 127	16 140 821	43 839 616	43 839 616
- Shares	-	-	-	89 906	89 906	89 906
Loans and Advances	7 641 824	-	-	-	7 641 824	7 641 824
Other Assets	832 442	-	-	-	832 442	832 442
Liabilities	**(49 348 245)**	**-**	**-**	**-**	**(49 348 245)**	**(49 348 245)**
Deposits from CB and O.C.I.	(324 864)	-	-	-	(324 864)	(324 864)
Demand Deposits from Clients	(34 186 054)	-	-	-	(34 186 054)	(34 186 054)
Term Deposits from Clients	(11 021 613)	-	-	-	(11 021 613)	(11 021 613)
Deposits for FX operations	(3 815 714)	-	-	-	(3 815 714)	(3 815 714)
	(7 912 821)	**4 322 668**	**23 376 127**	**16 230 727**	**36 016 701**	**36 016 701**

Financial assets at fair value through other comprehensive income movements, ranked at level 3:

2022			
Kz'000	*Debt Instruments*	*Equity Instruments*	Total
Opening Balance (Net) at 01 January	**16 140 821**	**89 906**	**16 230 727**
Opening Balance (Net) at 01 January	-	102 225	102 225
- In Income Statement	-	-	-
- In Other Comprehensive Income	-	102 225	102 225
Reimbursement	(16 140 821)	-	(16 140 821)
Closing Balance (Net) at 31 December	**-**	**192 131**	**192 131**

2021			
Kz'000	*Debt Instruments*	*Equity Instruments*	Total
Opening Balance (Net) at 01 January	**-**	**98 329**	**98 329**
Opening Balance (Net) at 01 January	-	(8 423)	(8 423)
- In Income Statement	-	-	-
- In Other Comprehensive Income	-	(8 423)	(8 423)
Reimbursement	16 140 821	-	16 140 821
Closing Balance (Net) at 31 December	**16 140 821**	**89 906**	**16 230 727**

Financial Instrument transfer between level 1 and level 2, according to the fair value hierarchy:

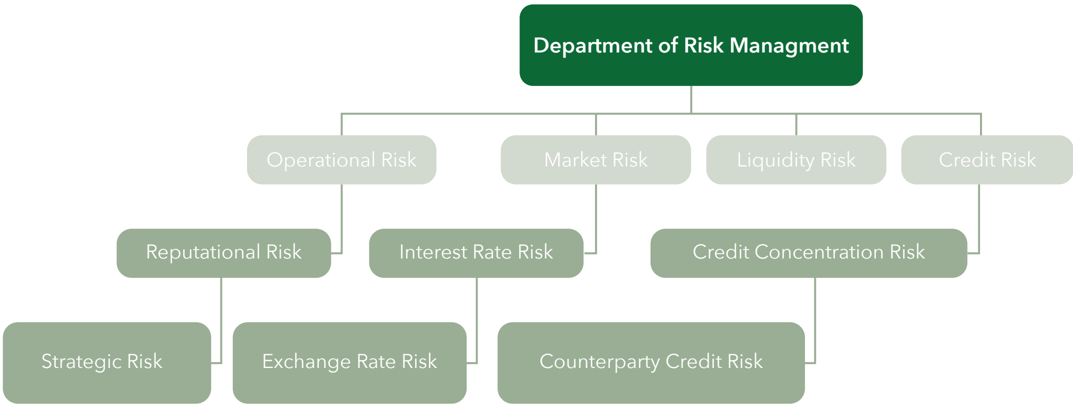
	2022		2021	
Kz'000	Transfer from level 1 to level 2	Transfer from level 2 to level 1	Transfer from level 1 to level 2	Transfer from level 2 to level 1
Assets	**-**	**-**	**2 119**	**-**
Financial Assets at fair value through other Comprehensive Income	-	-	-	-
- Debt instruments	-	-	2 119	-
Total	**-**	**-**	**2 119**	**-**

20. RISK MANAGEMENT

The accuracy in Risk management comprises the basic approach in "Banco Comercial Angolano" (BCA) line of corporative policy, with view to evaluate strategic alternatives and setting objectives aligned with its strategy. The caution in risk management, associated to the use of advanced techniques of management, are the most effective factor achieve the goals of the Bank.

BCA's philosophy is underpinned by its objective of creating stakeholder value through sustainable and profitable growth, consistent with shareholders' expectations of the group's risk-bearing capacity and risk appetite. On the other hand, it aims the permanent keeping of an adequate link between the equity and the activities developed, and the corresponding assessment of the outline of the risk/return by business line.

Within the scope of the Risk Management System of the BCA, four types of risks are considered as shown in the figure below:

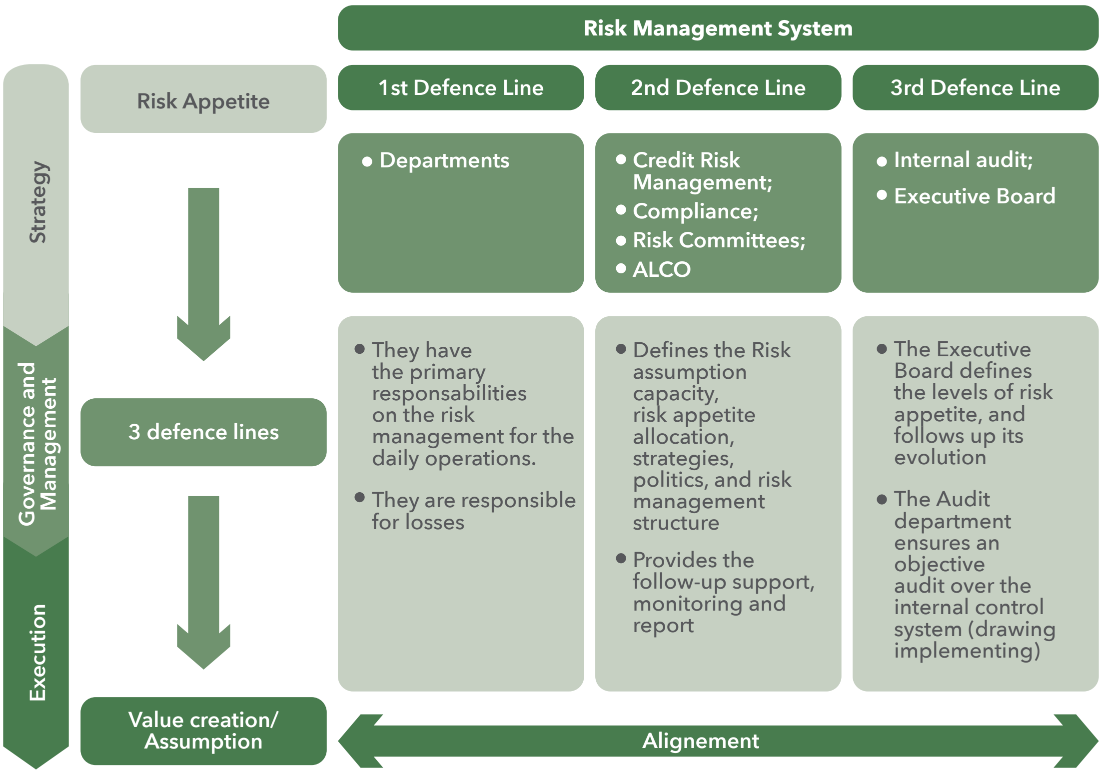


BCA's risk and ethical culture is aligned with its risk philosophy. The bank's objective is to ensure that a world-class risk management culture is sustained throughout its operations.

The Risk Management System is governed by the following principles:

- Board commitment in defining, formalizing, implementing and reviewing the risk management system, installing in BCA, a culture driven for prudential management of the risks;
- Periodic review of the bank structure, to assure a proper distribution and segregation of responsibilities so that execution and validation activities are not assigned to the same employee.
- Correct, accurate, and reliable data output;
- All employees must be submitted to a risk and compliance training, and must adopt a proactive rather than a reactive attitude.

There are several players who intervene in the Risk Management and Internal Control Systems, each one, with specific duties and responsibilities. Three major lines of defense are defined:



Credit and Counterparty risk

The loan risk refers to the risk of financial loss (capital and/or revenue) as a result of a debtor default, for any reason. Credit risk arises from a potential failure to meet financial commitments contractually established by a borrower or counterparty in transactions. The credit risk exists mainly in loans exposures, credit lines and guarantees associated with the possibility of financial losses resulting from the failure of borrowers or counterparties, particularly in loans granted to small, medium and large companies, small businesses, private individuals and other financial institutions.

The Bank endeavours to grant loan facilities based on loan principles with appropriate returns, balancing the risk and the revenue. The general policy is to find primary motivation in the:

- Merits of the business;
- Debtor's financial position; and
- Transaction (the decision should never be based on guarantee only).

The process of managing risks effectively consists of the proper identification, measurement, analysis, control and mitigating the risks that the bank is exposed to on a daily basis.

This process starts in the front-end business departments who analyze and propose for approval transactions whose risk profile they deem to be within the risk appetite defined for and delegated to them by the Board of Directors.

A balance between risk and customer quality service must be held. A quality service does not imply granting loans to entities that are not creditworthy.

The credit risk assessment procedure uses qualitative and quantitative methodologies, to ensure that all risks are addressed, either through automated calculations or through the customer relationship. The Bank will not grant loans of any nature to any customer lacking the capacity to pay back the debt.

The aim of the Bank is to concede loans to any companies and/or individuals, based on their own financial capacity and not exclusively based on the main company confidence, others debtors, or the granted guarantee base.

The assessment of the financial profile of individuals and companies varies from sector to sector or from individual to individual, and efforts should be made to use comparative studies as guidance where possible.

It is essential to develop mutual trust through personal contact with the clients to whom we are lending. In the specific case of companies, we should visit the facilities where they are located at least once a year, preferably at the time when the facilities are assessed.

In general, the Bank should obtain unlimited guarantees and assignment or capitalization of the credit accounts (except those of partnerships) of the directors/partners/purchasers as collateral for facilities granted to companies, corporations, partnerships, attorneys and wives, in the case of individuals. Some of the main vectors of the credit risk area in 2022 were as follows:

- Reinforcement of the strictness in the admission criteria and consequently in the quality of the risks accepted in each of the segments aiming at preservation of the quality of the credit portfolios;
- Concerning standardized risks customer proximity was intensified in order to anticipate their credit requirements, review their credit lines and foresee possible issues in their repayment capability;
- This action and the level of the customers' credit quality allowed maintaining non-performing loans and credit at risk ratios significantly below the average of the industry. On the other hand, support levels to the business in the capture of good risk customers were intensified and improvements were implemented in the procedures with the objective to swiftly and effectively provide answers to customers' requests.

The following organs are responsible for credit sanctioning on behalf of the bank, according to their responsibilities: Credit Department, Staff Loans Committee, Executive Credit Committee, and the Board Credit Committee.

Counterparty risk, present in contracts carried out in financial markets, corresponds to the possibility of default by the counterparties over the contractual terms and subsequent occurrence of financial losses for the institution.

The types of transactions include the purchase and sale of securities, operations in the interbank money market, contracting of "repos", loans of securities and derivative instruments.

The control of such risks is carried out through an integrated system that allows recording the approved limits and provides information on their availability for different products and maturities. The same system also allows the transversal control of risk concentration for certain groups of customers and/or counterparties.

Risks in derivative positions, known as Credit Risk Equivalent (CRE), is the sum of the present value of each contract (or Current Replacement Cost) and the respective risk potential, a component that reflects an estimate of the maximum expected value until maturity, according to the underlying volatilities of the market factors and the contracted flow structure.

The maximum exposure of financial instruments to credit risk was:

2022			
Kz'000	Gross Book Value	Impairment	Net Book Value
In Balance	**82 671 276**	**(1 486 773)**	**81 184 503**
- Balances at Central Bank	9 924 146	-	9 924 146
- Balances at Other Credit Institutions	1 536 219	(10)	1 536 209
- Placements with CB and OCI	12 235 572	(5 025)	12 230 547
- Fin. Assets at FVOCI	52 118 952	(669 615)	51 449 337
- Loans and Advances	6 458 051	(809 631)	5 648 420
- Other Assets	398 336	(2 492)	395 844
Off Balance	**1 644 099**	**(12 442)**	**1 631 657**
- Letters of Credit	1 293 134	(12 442)	1 280 692
- Undrawn Commitments	350 965	-	350 965
	84 315 375	**(1 499 215)**	**82 816 160**

Impairment losses on financial assets at fair value through other comprehensive income are recorded in revaluation reserves, in the equity. They were included in this display to reflect the real exposure to the credit risk.

Kz'000	Gross Book Value	Impairment	Net Book Value
	2021		
In Balance	**81 110 175**	**(1 142 872)**	**79 967 303**
- Balances at Central Bank	9 498 081	-	9 498 081
- Balances at Other Credit Institutions	2 014 638	(1 097)	2 013 541
- Placements with CB and OCI	16 447 620	(7 062)	16 440 558
- Fin. Assets at FVOCI	43 929 522	(388 665)	43 540 857
- Loans and Advances	8 337 119	(695 295)	7 641 824
- Other Assets	883 195	(50 753)	832 442
Off Balance	**7 965 145**	**(34 029)**	**7 931 116**
- Letters of Credit	2 761 031	(34 029)	2 727 002
- Undrawn Commitments	5 204 114	-	5 204 114
	89 075 320	**(1 176 901)**	**87 898 419**

The book value of financial instruments at 31 December of 2022 and 31 December of 2021 was:

Kz'000	Fair Value Valuation	Amortised Cost Valuation	Gross Value	Impairment	Net Value
		2022			
Assets	**52 118 952**	**35 810 473**	**87 929 425**	**(1 486 773)**	**86 442 652**
Cash and Balances at Central Banks	-	15 182 295	15 182 295	-	15 182 295
Balances at Other Credit Institutions	-	1 536 219	1 536 219	(10)	1 536 209
Placements with Central Banks and Other Credit Institutions	-	12 235 572	12 235 572	(5 025)	12 230 547
Financial Assets at FV through OCI	52 118 952	-	52 118 952	(669 615)	51 449 337
- Government Bonds	51 926 821	-	51 926 821	(669 615)	51 257 206
- Shares	192 131	-	192 131	-	192 131
Loans and Advances	-	6 458 051	6 458 051	(809 631)	5 648 420
Others Assets	-	398 336	398 336	(2 492)	395 844
Liabilities	**-**	**(50 978 062)**	**(50 978 062)**	**-**	**(50 978 062)**
Deposits from Central Bank and Other Credit Institutions	-	(315 316)	(315 316)	-	(315 316)
Demand Deposits from Clients	-	(31 665 678)	(31 665 678)	-	(31 665 678)
Term Deposits from Clients	-	(17 787 670)	(17 787 670)	-	(17 787 670)
Deposits for FX Operations	-	(1 209 398)	(1 209 398)	-	(1 209 398)
Total	**52 118 952**	**(15 167 589)**	**36 951 363**	**(1 486 773)**	**35 464 590**

2021					
Kz'000	Fair Value Valuation	Amortised Cost Valuation	Gross Value	Impairment	Net Value
Assets	**43 929 522**	**42 189 631**	**86 119 153**	**(1 142 872)**	**84 976 281**
Cash and Balances at Central Banks	-	14 507 059	14 507 059	-	14 507 059
Balances at Other Credit Institutions	-	2 014 638	2 014 638	(1 097)	2 013 541
Placements with Central Banks and Other Credit Institutions	-	16 447 620	16 447 620	(7 062)	16 440 558
Financial Assets at FV through OCI	43 929 522	-	43 929 522	(388 665)	43 540 857
- Government Bonds	43 839 616	-	43 839 616	(388 665)	43 450 951
- Shares	89 906	-	89 906	-	89 906
Loans and Advances	-	8 337 119	8 337 119	(695 295)	7 641 824
Others Assets	-	883 195	883 195	(50 753)	832 442
Liabilities	**-**	**(49 348 245)**	**(49 348 245)**	**-**	**(49 348 245)**
Deposits from Central Bank and Other Credit Institutions	-	(324 864)	(324 864)	-	(324 864)
Demand Deposits from Clients	-	(34 186 054)	(34 186 054)	-	(34 186 054)
Term Deposits from Clients	-	(11 021 613)	(11 021 613)	-	(11 021 613)
Deposits for FX Operations	-	(3 815 714)	(3 815 714)	-	(3 815 714)
Total	**43 929 522**	**(7 158 614)**	**36 770 908**	**(1 142 872)**	**35 628 036**

At 31 December 2022 and 31 December 2021 there were no financial instruments recorded at their historic cost.

The level of credit risk quality of financial assets, as at 31 December 2022 and 2021 is as follows:

2022					
Kz'000	Internal grade of rating	In-balance values	Gross Exposure	Impairment	Net Exposure
Assets					
Balances at Central Bank	A	9 924 146	9 924 146	-	9 924 146
Balances at O.C.I.	A	1 536 219	1 536 219	(10)	1 536 209
Placements		12 235 572	12 235 572	(5 025)	12 230 547
- With the Central Bank	A	4 844 495	4 844 495	-	4 844 495
- With OCI	B	7 391 077	7 391 077	(5 025)	7 386 052
Fin. Assets at FV through OCI		52 118 952	52 118 952	(669 615)	51 449 337
- Government Bonds	A	51 926 821	51 926 821	(669 615)	51 257 206
- Shares	B	192 131	192 131	-	192 131
Loans and Advances		6 458 051	6 458 051	(809 631)	5 648 420
	A	796 049	796 049	(47 369)	748 680
	B	5 085 359	5 085 359	(238 879)	4 846 480
	C	36 560	36 560	(2 841)	33 719
	D	91 262	91 262	(74 352)	16 910
	E	38 056	38 056	(35 919)	2 137
	F	2 374	2 374	(1 880)	494
	G	408 391	408 391	(408 391)	-
Other Assets		398 336	398 336	(2 492)	395 844
- VISA Cards Collateral	B	396 413	396 413	(569)	395 844
- Custom Gains	G	1 923	1 923	(1 923)	-
		82 671 276	**82 671 276**	**(1 486 773)**	**81 184 503**

Impairments of financial assets through other comprehensive income are recorded in revaluation reserves, in the equity. They were included in this display to reflect the real exposure to the credit risk.

2021					
Kz'000	Internal grade of rating	In-balance values	Gross Exposure	Impairment	Net Exposure
Assets					
Balances at Central Bank	A	9 498 081	9 498 081	-	9 498 081
Balances at O.C.I.	A	2 014 638	2 014 638	(1 097)	2 013 541
Placements		16 447 620	16 447 620	(7 062)	16 440 558
- With the Central Bank	A	10 698 702	10 698 702	-	10 698 702
- With OCI	B	5 748 918	5 748 918	(7 062)	5 741 856
Fin. Assets at FV through OCI		43 929 522	43 929 522	(388 665)	43 540 857
- Government Bonds	A	43 839 616	43 839 616	(388 665)	43 450 951
- Shares	B	89 906	89 906	-	89 906
Loans and Advances		8 337 119	8 337 119	(695 295)	7 641 824
	A	2 528 445	2 528 445	(33 764)	2 494 681
	B	5 227 044	5 227 044	(150 848)	5 076 196
	C	92 882	92 882	(68 999)	23 883
	D	22 926	22 926	(14 860)	8 066
	E	27 810	27 810	(9 900)	17 910
	F	3 829	3 829	(2 328)	1 501
	G	434 183	434 183	(414 596)	19 587
Other Assets		883 195	883 195	(50 753)	832 442
- VISA Cards Collateral	B	398 248	398 248	-	398 248
- Letters of Credit Collateral	B	434 763	434 763	(569)	434 194
- Custom Gains	G	50 184	50 184	(50 184)	-
		81 110 175	**81 110 175**	**(1 142 872)**	**79 967 303**

The internal grades of risk disclosed above, comply with the classification of Instruction n° 09/2015, of BNA, regarding the approach to calculate provisions. However, this instructive is no longer applicable for prudential ratios purposes, as it has been revoked.

The sector analysis of credit risk exposure for the years ended at 31 December 2022 and 2021, was as follows:

2022

	Loans and Advances					Impairment	
Kz'000	Performing	Non Performing	Guarantees Given	Total Exposure	Relative weighting	Amount	Coverage of Exposure
Institutions	**810 896**	**7 636**	**13 496**	**832 028**		**122 743**	
Wholesale and Retail	78 543	6 814	8 319	93 676	1%	85 357	91%
Other Collective, Social, and Personnel Services	15 634	265	5 177	21 076	0%	895	4%
Manufacturing Industry	707 417	557	-	707 974	7%	36 364	5%
Transport, Warehousing, Communication	9 302	-	-	9 302	0%	127	1%
Individuals	**7 007 433**	**441 185**	**1 798 258**	**9 246 876**		**699 330**	
Consumption	2 650 156	245 788	321 883	3 217 827	32%	408 210	13%
Housing	71 166	12 669	10 923	94 758	1%	16 867	18%
Other purposes	4 286 111	182 728	1 465 452	5 934 291	59%	274 253	5%
	7 818 329	**448 821**	**1 811 754**	**10 078 904**		**822 073**	

2021

	Loans and Advances					Impairment	
Kz'000	Performing	Non Performing	Guarantees Given	Total Exposure	Relative weighting	Amount	Coverage of Exposure
Institutions	**4 170 578**	**85 907**	**8 107 167**	**12 363 652**		**231 857**	
Wholesale and Retail	349 071	85 638	5 583 641	6 018 350	36%	149 362	2%
Other Collective, Social, and Personnel Services	2 889 851	258	1 360 649	4 250 758	25%	28 333	1%
Construction	1	-	260 842	260 843	2%	5 626	2%
Manufacturing Industry	931 652	11	902 035	1 833 698	11%	48 536	3%
Transport, Warehousing, Communication	3	-	-	3	0%	-	0%
Individuals	**3 692 798**	**387 836**	**340 749**	**4 421 383**		**497 467**	
Consumption	2 834 825	287 817	-	3 178 738	19%	392 007	13%
Housing	725 704	38 739	-	764 443	5%	31 586	4%
Other purposes	132 269	61 280	340 749	534 298	3%	73 874	14%
	7 863 376	**473 743**	**8 447 916**	**16 785 035**		**729 324**	

The geographical concentration of credit risk at 31 December 2022, and 2021, was as follows:

2022				
	Geographical Area			
Kz'000	Angola	Other African Country	Europe	Total
Assets	**73 736 671**	**445 719**	**7 671 728**	**81 854 118**
Cash and Balances at Central Banks	9 924 146	-	-	9 924 146
Balances at O.C.I	-	445 719	1 090 490	1 536 209
Placements with CB and OCI	6 045 153	-	6 185 394	12 230 547
- With Local Financial Institutions	6 045 153	-	-	6 045 153
- With Foreign Financial Institutions	-	-	6 185 394	6 185 394
Financial Assets at FV through OCI	52 118 952	-	-	52 118 952
- Treasury Bills	5 923 321	-	-	5 923 321
- Treasury Bonds	46 003 500	-	-	46 003 500
- Shares EMIS	192 131	-	-	192 131
Loans and Advances	5 648 420			5 648 420
Other Assets	-	-	395 844	395 844
Liabilities	**(53 183 122)**	**-**	**-**	**(53 183 122)**
Deposits from Other Credit Institutions	-	-	-	-
Deposits from Clients	(51 973 724)	-	-	(51 973 724)
- Demand	(34 186 054)	-	-	(34 186 054)
- Term	(17 787 670)	-	-	(17 787 670)
Other Liabilities	(1 209 398)	-	-	(1 209 398)
Total	**20 553 549**	**445 719**	**7 671 728**	**28 670 996**

2021				
	Geographical Area			
Kz'000	Angola	Other African Country	Europe	Total
Assets	**73 069 014**	**891 907**	**6 395 047**	**80 355 968**
Cash and Balances at Central Banks	9 498 081	-	-	9 498 081
Balances at O.C.I	-	891 907	1 121 634	2 013 541
Placements with CB and OCI	11 999 587	-	4 440 971	16 440 558
- With Local Financial Institutions	11 999 587	-	-	11 999 587
- With Foreign Financial Institutions	-	-	4 440 971	4 440 971
Financial Assets at FV through OCI	43 929 522	-	-	43 929 522
- Treasury Bills	9 462 069	-	-	9 462 069
- Treasury Bonds	34 377 547	-	-	34 377 547
- Shares EMIS	89 906	-	-	89 906
Loans and Advances	7 641 824			7 641 824
Other Assets	-	-	832 442	832 442
Liabilities	**(49 023 380)**	**-**	**-**	**(49 023 380)**
Deposits from Other Credit Institutions	-	-	-	-
Deposits from Clients	(45 207 667)	-	-	(45 207 667)
- Demand	(34 186 054)	-	-	(34 186 054)
- Term	(11 021 613)	-	-	(11 021 613)
Other Liabilities	(3 815 713)	-	-	(3 815 713)
Total	**24 045 634**	**891 907**	**6 395 047**	**31 332 588**

In order to decrease the credit risk effects, the real guarantees secured by mortgage, and financial collaterals allowing to mitigate the client LGD are essential.

The goods provided as real guarantees secured by mortgage are assessed either by independent valuers, or by appropriate institution department. The assessment of goods is executed locally by external valuers, in accordance with the best pratices of the market.

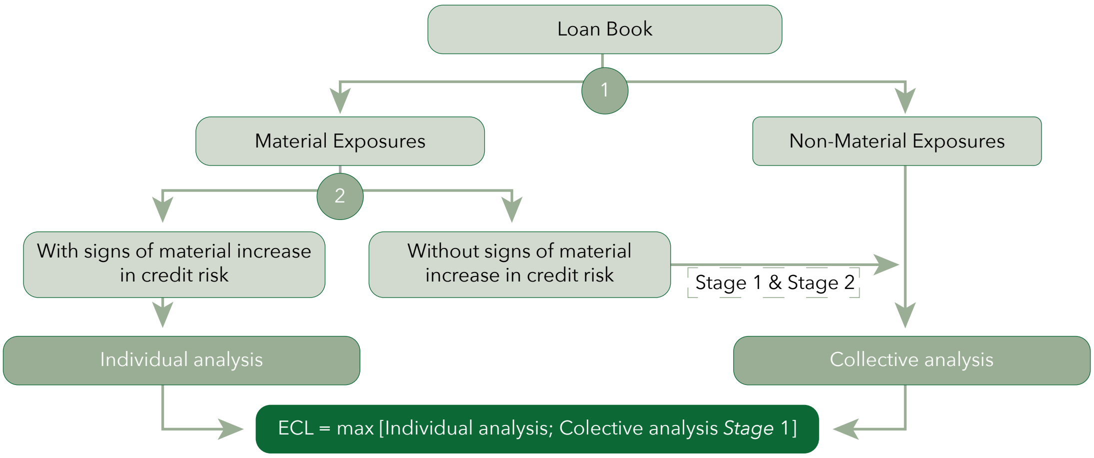
In 2018, the Impairment Loss model calculation, for the Bank's Loan Portfolio was set as defined by IFRS 9. IFRS 9, issued in July 2014 by the International Accounting Standards Board ("IASB"), replaces IAS 39, establishing new rules for classification and measurement of financial assets and liabilities. The final version of IFRS 9 was issued in 2014 and with mandatory application from the financial year beginning on 1 January 2018. An adoption prior to the 1 December 2018 was not forbidden.

IFRS 9 introduces a 3 stages approach which is based on changes in the credit quality of financial assets after initial recognition. The assets transition between the 3 stages occurs as the credit quality changes, and the stages dictate the way that the entity measures impairment. When there is a significant change in credit risk since its origination, the impairment is measured through an ECL for the entire life of the asset (lifetime), i.e. for a period of time corresponding to the residual maturity of the financial asset, instead of a 12-month ECL (or for a shorter period if the residual maturity of the operations is less than 12 months).

In summary, IFRS 9 defines a model of expected credit losses that is based on a prior recognition of losses associated with credit risk, based on the concept of a significant increase in credit risk since initial recognition (i.e., before an objective evidence of impairment occurs, there must be a significant increase in credit risk that is not reflected in the pricing of the financial asset).

Therefore, the Bank reviewed its model of impairment losses on loans and advances in order to adapt it to the regulatory framework in Angola and to apply IFRS 9 from the year beginning on the 1 January 2018.

The impairment model developed by the Bank is displayed in the following:



Individually Significant Exposures are those whose debtor has a global exposure exceeding 0.1% of the Bank's Equity.

BCA classifies loans and advances to clients in its portfolio as stage 1, stage 2 and stage 3, according to the delinquency criteria presented at each reporting date. For clients analyzed individually, a "Stage 1" questionnaire is completed in order to identify whether there was a significant increase in the debtor's credit risk that would lead to the conclusion that the debtor was not performing.

In order to ensure the staging model stability and, consequently, the quantification of the ECL of the client credit portfolio, minimum periods that clients are kept either in stage 2 or stage 3 (ahead referred to as "quarantine") when the criteria to shift clients between stage 2 and stage 3 are fulfilled.

BCA started the portfolio treatment criteria approach under IAS 39 in 2016, and therefore, it does not have sufficient historical data to gather strong and statistically significant risk factors for the calculation of collective impairment, mainly those regarding the LGD parameter. Analyzing the default events, it was verified that the Bank has a reduced number of events related to the exposures to enterprises. On the other hand, in the exposures to individual clients, with a greater number of default events, it can be checked that the referred exposures are not materially relevant (for the definition of material exposures a materiality threshold of Kz 20 000 was considered) to assess a significant probability of default in the portfolio.

Taking into consideration the historical information available in the loan portfolios, the following drivers were used for the segmentation of the loan portfolio into homogeneous risk classes: (i) type of customer, (ii) type of product, (iii) volume and materiality of operations. The risk factors to be applied to the loan portfolio were determined using a market benchmark analysis. Consequently, the portfolio segmentation was adjusted based on the risk factors applied on the basis of the benchmark.

The classification of the operations/clients in the different segments follows the following criteria:

Client Type	Segment	Portfolio BCA	Type of Products
Enterprises	Enterprises	Current Accounts Cautioned	CC
		Overdrafts	DO, CARC
		Rentals	CRR, CRF
		Off Balance	CRDI, GARP
Individuals	Overdrafts	Overdrafts	DO, CARC
	Housing & Consumption	Employees Loans	Employees Loans
		Credit Protocols	Protocol
		Rentals	CRR, CRF
State	State	State	

Consolidated/final impairment allocated by staging:

Stages	Final ECL
Stage 1	ECL corresponds to the ECL resulting from the collective analysis of stage 1.
Stage 2	ECL corresponds to the maximum between: (i) The amount of impairment determined individually; and (ii) The ECL resulting from the collective analysis in stage 1.
Stage 3	

The ECL resulting from collective assessment in stage 1 was taken as floor of the model.

Liquidity risk

The liquidity risk is the risk of compromising the financial capacity of the bank, in such a way that the current operations cannot be financed, and the financial commitments cannot be accomplished in due time. In accordance with Basel III, issued after the "subprime crisis", which has a goal of adopting the banks with enough equity to face liquidity crisis, the Central bank, in cooperation with local banks, is developing instruments to assess the liquidity risk exposure. This will be done through regulatory calculations that take into consideration the weighting of different classes of assets, liabilities and off-balance sheet exposures in both local and foreign currency based on their maturity profiles. The central bank has established a minimum liquidity ratio that all banks will have to comply with and which seeks to avert a liquidity crisis in the banking sector.

The risk of commercial liquidity refers to the risk of the incapacity for covering the open positions of financial instruments in a fast way and in enough value at market prices, preventing adverse financial impacts, resultant so much of liquidity shortage in the Market or for the fact of the market being closed.

The careful administration of the liquidity is fundamental for the viability of the Bank. The administration of the liquidity risk includes a general approach on the Balance Sheet structure, which consolidates and synthesizes all of the origins and application of the liquidity, for besides including the analysis of the liquidity, of the profitability and of the sensibility of the different elements of the assets and liabilities relatively to variations of the interest tax. The liquidity risk management is developed independent and regularly by the Head of Risk Department and it is reported to the Assets and liabilities Committee (ALCO) and the Executive Board.

The Bank´s effective management of liquidity risk seeks to achieve the following main objectives:

- To satisfy the customer requirements for cash withdrawals, loans and advances and other short-term liquidity requirements;
- To ensure that there is a buffer for any seasonal changes to demand for liquid assets are adequately catered for;
- To ensure the right balance between covering cyclical fluctuations in customer demand and the holding of excessive liquid assets with low returns;
- To minimise the potential negative impact of changes in market conditions that may affect the bank; and
- To provide security against the negative consequences that may be generated by a loss of confidence by customers resulting in a run on banks.

To reach the objectives above proposed, the following instruments are used for liquidity management:

- Monitor and manage the liquidity cost in the Bank through daily meetings of liquidity;
- Assure that the Bank possesses, at any moment, a certain amount of net assets as protection against an unexpected movement in the cash flow;
- Consider and manage the characteristics and the risks of the different liquidity sources, adopting appropriate funding strategies (including the constitution of a wallet of bottoms, diversified and stable), according to the Bank's needs of liquidity;
- Reduce the liquidity risk emanated from improper funding source concentrations - to guarantee the appropriate diversification of deposits structure, to examine the trust level in a certain specific source of funding;
- Consider the need of diversification of the liquidity sources, assets' stability and the readiness of the alternative sources of funding of liquidity.

In general, the liquidity risk is managed by the approach on the cash flow, with the final purpose of assuring an appropriate level of monthly liquidity (avoiding an improper concentration of funds, as well as accomplishing with the limits of cash flows expressed as percentage of the total deposits and current accounts) through the funding strategy optimization, always considering the weighted interest rate and the projected growth in the Balance Sheet.

The liquidity risk process monitoring includes:

- Monthly Cash flows expressed as percentage of the total deposits and current accounts;
- Allocation of in-balance and off-balance positions by bands of time, in accordance with regulations;
- Required reserves and other required regulations.

The Treasury and Markets departments of the Bank are responsible for the liquidity regulations accomplishment, issued by the Board of Directors.

The Bank reports its liquidity risk to BNA, as required by the Instruction Nº 14/2021 published at 27 September 2021. This Instruction establishes that the Banks have to report to the Central Bank, their individual information about the allocation of their in-balance and off-balance positions per band of time dully filled, and the calculations of liquidity and observation ratios.

Therefore, the banks have to provide the following liquidity reports:

- A report taking into account the cash-flows of all currencies;
- A report taking into account the cash-flows of local currency; and
- A report taking into account the cash-flows of significant foreign currencies for the institution, on an individual manner.

A foreign currency is considered significant when the asset expressed in such a currency, represents more than 25% of total of asset of the institution.

In accordance with this Instruction, the financial institutions have to keep a liquidity ratio (the ratio between the total net assets, and the net outgoing of cash) in local currency, and in all other currencies equal to or in excess of 110%, whilst the liquidity ratio in foreign currency might not be less than 160%.

The liquidity ratio in local and foreign currencies might be submitted to BNA every two weeks, and the liquidity ratio that considers the cash-flows in all currencies might be submitted on a monthly basis to BNA.

Summary of Liquidity Report - Local Currency				
Amounts in unities of Kz	**Weighted band of maturity 1 - up to 1 month**	**Weighted band of maturity 2 - from 1 to 3 months**	**Weighted band of maturity 3 - from 3 to 6 months**	**Weighted band of maturity 4 - from 6 to 12 months**
A. Net Assets				
Cash	3 781 623 768	-	-	-
Balances with the Central Bank (including the Legal Reserves)	7 762 246 304	-	-	-
Trading and Investment Securities	96 065 789	-	-	-
Total of Net Assets	**11 639 935 861**	**-**	**-**	**-**
B. Outgoing of cash-flows				
Demand Deposits	8 562 261 872	-	-	-
Term Deposits	115 799 420	89 951 050	404 609 908	1 254 388 521
Irrevocable commitments to others	-	-	-	103 192 923
Total of Outgoing of Cash-Flows	**8 678 061 292**	**89 951 050**	**404 609 908**	**1 357 581 444**
C.Ingoing of Cash-flows				
Operations in MMI - with Central Bank	4 621 795 302	-	-	222 699 486
Loans and Advances	241 201 230	223 511 079	531 317 904	947 895 208
Total of Ingoing of Cash-flows	**4 862 996 532**	**223 511 079**	**531 317 904**	**1 170 593 694**
D. Liquidity and Observations Ratios				
Total of Net Assets (A.)	11 639 935 861			
Total of Outgoing of Cash-flows (B.)	8 678 061 292	89 951 050	404 609 908	1 357 581 444
Total of Ingoing of Cash-flows (C.)	4 862 996 532	621 883 818	2 845 166 171	7 773 036 560
Gap (A + C - B)	**7 824 871 101**	**531 932 768**	**2 440 556 263**	**6 415 455 116**
Cumulative gap	**7 824 871 101**	**8 356 803 869**	**10 797 360 132**	**17 212 815 247**
Liquidity Ratio (A. / (B. - min. (C ; B* 75%)))	305			
Observation Ratios ((gap of previous band of maturity + C)/B)		9390	2769	1368

Summary of Liquidity Report - All Currencies				
Amounts in unities of Kz	Weighted band of maturity 1 - up to 1 month	Weighted band of maturity 2 - from 1 to 3 months	Weighted band of maturity 3 - from 3 to 6 months	Weighted band of maturity 4 - from 6 to 12 months
A. Net Assets				
Cash	5 258 149 313	-	-	-
Balances with the Central Bank (including the Legal Reserves)	9 924 146 006	-	-	-
Balances with foreign Banks	1 533 419 253	-	-	-
Trading and Investment Securities	96 065 789	-	-	-
Total of Net Assets	**16 811 780 360**	**-**	**-**	**-**
B. Outgoing of cash-flows				
Demand Deposits	9 428 299 456	-	-	-
Term Deposits	536 966 454	335 203 922	429 548 656	1 610 987 022
Irrevocable commitments to others	-	-	258 626 756	103 192 923
Total of Outgoing of Cash-Flows	**9 967 265 910**	**335 203 922**	**688 175 413**	**1 714 179 945**
C.Ingoing of Cash-flows				
Operations in MMI - with Central Bank	4 621 795 302	-	-	222 698 486
Loans and Advances	241 201 230	223 511 079	531 317 904	947 895 208
Total of Ingoing of Cash-flows	**4 862 996 532**	**223 511 079**	**531 317 904**	**1 170 593 694**
D. Liquidity and Observations Ratios				
Total of Net Assets (A.)	16 811 780 360			
Total of Outgoing of Cash-flows (B.)	9 967 265 910	335 203 922	688 175 413	1 714 179 945
Total of Ingoing of Cash-flows (C.)	4 862 996 532	621 883 818	2 845 166 171	7 786 062 568
Gap (A + C - B)	**11 707 510 982**	**286 679 896**	**2 156 990 758**	**6 071 882 623**
Cumulative gap	**11 707 510 982**	**11 994 190 877**	**14 151 181 638**	**20 223 064 259**
Liquidity Ratio (A. / (B. - min. (C ; B* 75%)))	**329**			
Observation Ratios ((gap of previous band of maturity + C)/B)		**3678**	**2156**	**1280**

Besides reporting the liquidity risk to BNA, "Banco Comercial Angolano" executes liquidity risk assessment under the metrics set by the "Assets and Liabilities Committee" (ALCO), which establishes limits of tolerance and alerts of risk appetite for each metric. This control is reinforced with the execution of monthly stress testing, aiming to outline risk of the Bank, and to ensure obligations, in a liquidity crisis scenario, are fulfilled.

The control of liquidity levels aims to keep a satisfactory level of balances to face financial needs in a short, medium and long terms. The liquidity risk is monitored daily, and several reports are produced for the control, supervising, and support of the ALCO decision making.

In the liquidity risk scope, the full contractual cash-flows, at December 2022 were::

2022 Residual Maturity Profile										
Kz'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**11 530 074**	**7 033 043**	**7 554 646**	**5 935 733**	**4 402 432**	**28 143 832**	**10 351 608**	**6 314 775**	**587 975**	**81 854 118**
Balances at Central Bank	9 924 146	-	-	-	-	-	-	-	-	9 924 146
Balances at OCI	1 536 209	-	-	-	-	-	-	-	-	1 536 209
Placements with OCI	-	6 141 661	4 409 090	1 679 796	-	-	-	-	-	12 230 547
- Local financial Institutions	-	2 860 114	2 880 918	304 121	-	-	-	-	-	6 045 153
- Foreign financial Institutions	-	3 281 547	1 528 172	1 375 675	-	-	-	-	-	6 185 394
Fin. Assets at FV through OCI	-	889 736	3 130 900	4 192 244	4 207 625	25 935 395	7 585 921	5 985 000	192 131	52 118 952
- Treasury bills	-	497 920	1 358 985	1 750 308	2 316 108	-	-	-	-	5 923 321
- Treasury bonds	-	391 816	1 771 915	2 441 936	1 891 517	25 935 395	7 585 921	5 985 000	-	46 003 500
- Shares at EMIS	-	-	-	-	-	-	-	-	192 131	192 131
Loans and advances	69 719	1 646	14 656	63 693	194 807	2 208 437	2 765 687	329 775	-	5 648 420
Other assets	-	-	-	-	-	-	-	-	395 844	395 844
Liabilities	**(34 260 687)**	**(3 641 131)**	**(1 656 428)**	**(4 315 479)**	**(7 518 100)**	**(581 899)**	**-**	**-**	**(1 209 398)**	**(53 183 122)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(34 260 687)	(3 641 131)	(1 656 428)	(4 315 479)	(7 518 100)	(581 899)	-	-	-	(51 973 724)
- Demand	(34 186 054)	-	-	-	-	-	-	-	-	(34 186 054)
- Term	(74 633)	(3 641 131)	(1 656 428)	(4 315 479)	(7 518 100)	(581 899)	-	-	-	(17 787 670)
Other liabilities	-	-	-	-	-	-	-	-	(1 209 398)	(1 209 398)
Liquidity gap	**(22 730 613)**	**3 391 912**	**5 898 218**	**1 620 254**	**(3 115 668)**	**27 561 933**	**10 351 608**	**6 314 775**	**(621 423)**	**28 670 996**
Cumulative gap	**(22 730 613)**	**(19 338 701)**	**(13 440 483)**	**(11 820 229)**	**(14 935 897)**	**12 626 036**	**22 977 644**	**29 292 419**	**28 670 996**	**28 670 996**

Financial Statements

In the liquidity risk scope, the full contractual cash flows, at 31 December 2021, were:

2021 Residual Maturity Profile										
Kz'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**11 880 724**	**6 369 692**	**16 840 042**	**8 506 770**	**26 351 820**	**5 584 179**	**3 825 884**	**472 757**	**524 100**	**80 355 968**
Balances at Central Bank	9 498 081	-	-	-	-	-	-	-	-	9 498 081
Balances at OCI	2 013 541	-	-	-	-	-	-	-	-	2 013 541
Placements with OCI	-	3 743 220	12 144 080	553 258	-	-	-	-	-	16 440 558
- Local financial Institutions	-	2 074 351	9 925 236	-	-	-	-	-	-	11 999 587
- Foreign financial Institutions	-	1 668 869	2 218 844	553 258	-	-	-	-	-	4 440 971
Fin. Assets at FV through OCI	-	2 624 525	1 762 793	7 922 575	26 190 553	4 163 277	1 175 893	-	89 906	43 929 522
- Treasury bills	-	848 523	493 611	6 319 564	1 800 371	-	-	-	-	9 462 069
- Treasury bonds	-	1 776 002	1 269 182	1 603 011	24 390 182	4 163 277	1 175 893	-	-	34 377 547
- Shares at EMIS	-	-	-	-	-	-	-	-	89 906	89 906
Loans and advances	369 102	1 947	2 534 921	30 937	161 267	1 420 902	2 649 991	472 757	-	7 641 824
Other assets	-	-	398 248	-	-	-	-	-	434 194	832 442
Liabilities	**(34 253 698)**	**(1 882 679)**	**(1 603 953)**	**(1 709 229)**	**(5 633 895)**	**(124 213)**	**-**	**-**	**(3 815 713)**	**(49 023 380)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(34 253 698)	(1 882 679)	(1 603 953)	(1 709 229)	(5 633 895)	(124 213)	-	-	-	(45 023 380)
- Demand	(34 186 054)	-	-	-	-	-	-	-	-	(34 186 054)
- Term	(67 644)	(1 882 679)	(1 603 953)	(1 709 229)	(5 633 895)	(124 213)	-	-	-	(11 021 613)
Other liabilities	-	-	-	-	-	-	-	-	(3 815 713)	(3 815 713)
Liquidity gap	**(22 372 974)**	**4 487 013**	**15 236 089**	**6 797 541**	**20 717 925**	**5 459 966**	**3 825 884**	**472 757**	**(3 291 613)**	**31 332 588**
Cumulative gap	**(22 372 974)**	**(17 885 961)**	**(2 649 872)**	**4 147 669**	**24 865 594**	**30 325 560**	**34 151 444**	**34 624 201**	**31 332 588**	**31 332 588**

The contractual cash flows for the capital, at 31 December 2022, were:

2022 Residual Contractual Maturity Profile										
Kz'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**11 950 150**	**6 952 862**	**7 422 419**	**5 977 529**	**4 533 233**	**27 518 836**	**9 980 152**	**6 816 580**	**587 975**	**81 739 736**
Balances at Central Bank	9 924 146	-	-	-	-	-	-	-	-	9 924 146
Balances at OCI	1 536 209	-	-	-	-	-	-	-	-	1 536 209
Placements with OCI	-	6 059 718	4 234 412	1 673 769	-	-	-	-	-	11 976 899
- Local financial Institutions	-	2 785 727	2 732 339	303 729	-	-	-	-	-	5 821 795
- Foreign financial Institutions	-	3 273 991	1 511 073	1 370 040	-	-	-	-	-	6 155 104
Fin. Assets at FV through OCI	-	891 500	3 156 285	4 230 600	4 323 200	25 297 482	7 200 000	6 300 000	192 131	51 591 198
- Treasury bills	-	500 000	1 400 000	1 800 000	2 500 000	-	-	-	-	6 200 000
- Treasury bonds	-	391 500	1 756 285	2 430 600	1 823 200	25 297 482	7 200 000	6 300 000	-	45 199 067
- Shares at EMIS	-	-	-	-	-	-	-	-	192 131	192 131
Loans and advances	489 795	1 644	22 722	73 160	210 033	2 221 354	2 780 152	516 580	-	6 315 440
Other assets	-	-	-	-	-	-	-	-	395 844	395 844
Liabilities	**(34 260 323)**	**(3 482 636)**	**(1 635 235)**	**(4 144 734)**	**(7 370 242)**	**(581 888)**	**-**	**-**	**(1 209 398)**	**(52 684 456)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(34 260 323)	(3 482 636)	(1 635 235)	(4 144 734)	(7 370 242)	(581 888)	-	-	-	(51 475 058)
- Demand	(34 186 054)	-	-	-	-	-	-	-	-	(34 186 054)
- Term	(74 269)	(3 482 636)	(1 635 235)	(4 144 734)	(7 370 242)	(581 888)	-	-	-	(17 289 004)
Other liabilities	-	-	-	-	-	-	-	-	(1 209 398)	(1 209 398)
Liquidity gap	**(22 310 173)**	**3 470 226**	**5 787 184**	**1 832 795**	**(2 837 009)**	**26 936 948**	**9 980 152**	**6 816 580**	**(621 423)**	**29 055 280**
Cumulative gap	**(22 310 173)**	**(18 839 947)**	**(13 052 763)**	**(11 219 968)**	**(14 056 977)**	**12 879 971**	**22 860 123**	**29 676 703**	**29 055 280**	**29 055 280**

The contractual cash flows for the capital, at 31 December 2021, were:

2021 Residual Contractual Maturity Profile										
Kz'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**12 243 453**	**6 267 443**	**16 654 030**	**8 789.056**	**26 809 463**	**6 039 705**	**3 825 157**	**620 388**	**524 100**	**81 772 795**
Balances at Central Bank	9 498 081	-	-	-	-	-	-	-	-	9 498 081
Balances at OCI	2 013 541	-	-	-	-	-	-	-	-	2 013 541
Placements with OCI	-	3 715 510	11 971 934	554 981	-	-	-	-	-	16 242 425
- Local financial Institutions	-	2 050 567	9 752 010	-	-	-	-	-	-	11 802 577
- Foreign financial Institutions	-	1 664 943	2 219 924	554 981	-	-	-	-	-	4 439 848
Fin. Assets at FV through OCI	-	2 550 000	1 749 000	8 197 174	26 627 988	4 571 100	1 109 962	-	89 906	44 895 130
- Treasury bills	-	850 000	500 000	6 578 774	2 048 836	-	-	-	-	9 977 610
- Treasury bonds	-	1 700 000	1 249 000	1 618 400	24 579 152	4 571 100	1 109 962	-	-	34 827 614
- Shares at EMIS	-	-	-	-	-	-	-	-	89 906	89 906
Loans and advances	731 831	1 933	2 534 848	36 901	181 475	1 468 605	2 715 195	620 388	-	8 291 176
Other assets	-	-	398 248	-	-	-	-	-	434 194	832 442
Liabilities	**(34 253 678)**	**(1 869 822)**	**(1 592 745)**	**(1 697 379)**	**(5 512 511)**	**(121 566)**	**-**	**-**	**(3 815 713)**	**(48 863 414)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(34 253 678)	(1 869 822)	(1 592 745)	(1 697 379)	(5 512 511)	(121 566)	-	-	-	(45 047 701)
- Demand	(34 186 054)	-	-	-	-	-	-	-	-	(34 186 054)
- Term	(67 624)	(1 869 822)	(1 592 745)	(1 697 379)	(5 512 511)	(121 566)	-	-	-	(10 861 647)
Other liabilities	-	-	-	-	-	-	-	-	(3 815 713)	(3 815 713)
Liquidity gap	**(22 010 225)**	**4 397 621**	**15 061 285**	**7 091 677**	**21 296 952**	**5 918 139**	**3 825 157**	**620 388**	**(3 291 613)**	**32 909 381**
Cumulative gap	**(22 010 225)**	**(17 612 604)**	**(2 551 319)**	**4 540 358**	**25 837 310**	**31 755 449**	**35 580 606**	**36 200 994**	**32 909 381**	**32 909 381**

Market Risk

Market risk arises from unfavorable movements in the market price of instruments in the trading portfolio, caused by fluctuations in share prices, bonds, commodity prices, interest rates and exchange rates. BCA includes in the assessment of this risk component the assessment of liquidity risk, which consists of the possibility of a possible inability of the institution to meet its liabilities when they become due.

The assessment of Market Risk takes into account:

- The volatility of the price of portfolio positions, namely debt and equity securities, currencies, commodities and derivatives;

- The concentration risk of trading portfolio, mainly by identifying the significant positions – in the same kind of product, in the same currency, against the same counterparty or group of counterparties interconnected, against the same collateral, or against the same counterparty providing guarantee;
- The outcomes of correlation between the positions, dictated by common risk factors;
- The amount of positions of assets with few liquidity (reduced volume of transactions);
- The Bank's position in the market - its ability to grant/contract loans and to intervene in the various markets, especially the interbank market;
- Diversification and volatility of the Bank's bonds and the stability of its funding base;
- Return on assets and its quality;
- Cross-currency activities;
- Availability and reliability of the companies' likely funding operations;
- Access to support schemes of industrially based liquidity;
- Qualified and experienced staff and quality of management systems policies and liquidity control.

The market risk is comprised of the following risks: market risk, exchange rate risk, and interest rate risk.

Exchange Rate Risk

The exchange rate risk results from adverse movements in exchange rates resulting from currency positions caused by the existence of financial instruments denominated in different currencies.

This risk is based on changes in the price of instruments that correspond to open positions in foreign currencies (transaction risk), changes in book value for the conversion into the currency of bookkeeping of open positions in foreign currencies (conversion risk) and change of the bank competitive position due to significant variations in exchange rates (economic risk of exchange rate).

Evaluation of Exchange Rate Risk considers:

- Total amount of positions subjected to reevaluation by the conversion to the base currency;
- Volatility of the relevant exchange rates;
- Analysis of the magnitude of impacts on income and capital due to different scenarios of evolution in currency rates, through simulations.

Stress Test analysis of financial instruments, to the exchange rate variations:

2022						
Kz'000	- 20%	- 10%	- 5%	+ 5%	+ 10%	+ 20%
CURRENCY						
USD Dollars	179 359	79 715	37 760	(34 164)	(65 222)	(119 573)
Euro	163 580	72 702	34 438	(31 158)	(5 944)	(109 054)
Other Currencies	29 889	13 284	6 292	(5 693)	(10 869)	(19 926)
	372 828	**165 701**	**78 490**	**(71 015)**	**(82 035)**	**(248 553)**

2021						
Kz'000	- 20%	- 10%	- 5%	+ 5%	+ 10%	+ 20%
CURRENCY						
USD Dollars	153 111	68 049	32 234	(29 164)	(55 677)	(102 074)
Euro	231 253	102 779	48 685	(44 048)	(84 092)	(154 168)
Other Currencies	38 647	17 176	8 136	(7 361)	(14 053)	(25 765)
	423 011	**188 004**	**89 055**	**(80 573)**	**(153 822)**	**(282 007)**

Interest Rate Risk

The Bank reports to the Central Bank of Angola (BNA) the interest rate risk of its portfolio in accordance with Instruction N° 22/2021, issued 27 October 2021. Through this Instruction the banks are required to report their interest rate risk twice a year.

By means of Instruction N°22/2021 of 27 October, BNA sets a 2% stress test in interest rate, resulting in a parallel movement of the yield curve of the same scale, which promotes an impact on the amount of cash-flows, over interest margin.

Based on financial features of every contract, an outreach of expected cash-flows per interest rate reset date or contractual maturity is made. Such outreach observes probable behavior assumptions for interest rate reset of assets and liabilities that, despite of being subject to interest rate risk, have no defined contractual maturity, and for loans and advances contracts of fixed interest rate, dispose of stipulation allowing the bank to alter the interest rate in accordance with changes in the market conditions.

The same Instruction binds the Bank to assess their levels of exposure to interest rate risk on a continued basis. And within a deadline of a day, they are demanded to inform the Central Bank, whenever there will be a potential decrease of its economic value of 20% (or more than 20%) in its regulatory capital.

A separate analysis is required whenever the elements in foreign currency, exposed to interest rate risk comprise more than 5% of the Bank portfolio. In this case, a specific analysis and report, for the concerned currency must be provided.

The risk of interest rate is derived from movements in interest rates resulting from discrepancies in the amount, the maturity or the repricing terms of interest rates observed in financial instruments with interest receivable and payable.

Through matched funds transfer pricing and asset/liability repricing, risk is transferred from businesses. The inherent mismatch is managed centrally within an agreed risk tolerance at net income level. In doing so, the effects of interest rates on other aspects of the business, which may offset the impact of interest rates on net interest income, are also considered.

The assessment of interest rate risk should consider:

- Evolution trend of interest rates in different time horizons; and;
- Gap analysis that details, by maturity periods or repricing, which the liquid position at risk of interest rate.

Quantitative limits for interest rate risk are established to meet BCA's goal of containing its exposure to adverse consequences arising from changes in prevailing interest rates.

The Bank should use models of simulation of liquid incomes of interest (projections) to evaluate its exposure to short term interest rate alterations. The management Board can annually establish and approve limits of sensibility for liquid income of interests. At least, the Bank should quarterly measure the sensibility for its liquid incomes of interest according to variations of the interest rate. The results propitiated by the models of simulation of liquid incomes of interest illustrate the premature impact, in at least two different and hypothetical sceneries, of variations in the interest rates, for periods of at least one year. One of the sceneries contemplates, as much as possible, the best estimate relatively to the more probable future conditions of the interest rate. Another of the sceneries reflects the Board's estimative relatively an extremely adverse level of the interest rate and it is used to evaluate the behaviour of the liquid incomes of interest in tension conditions.

Reward profiles of the risk with an interest rate to twelve months (with the defined reward as the accomplishment or about accomplishment of the variable destiny - as they are liquid incomes of interests and their expected components and the defined risk as the negative variation of the variable destiny), for the income of the liquid interest and their components, they are quantified and appraised through an approach of understanding simulation.

This simulation approach collects a variety of possible sceneries of interest rate. In the development of sceneries of interest rates, several factors are considered such as the level and the prevalent structure of interest rates, as well as the historical movements.

The interest rates can have a direct or indirect influence in the business in the following way:

- Assets Margin: The assets margin at risk is the impact that adverse movements at price, volumes and assets composition level (product type, structures of the customers' base) have in the value of the Bank assets. Regarding the connection between the assets price and the loans risk, the expected loans losses constitute an intrinsic cost to the loan business. The loan risk is, however, managed as a part of the normal management activities process and the loans portfolio monitoring, according to the current loans risk policies.

- Liabilities Margin: The liabilities margin at risk is the impact that the adverse movements at prices and liability composition level (product type, etc.) have in the value of the bank liabilities.
- Operating Results: measured through the negative deviation from the set fees level, commissions, and service rate, as a consequence of the business risk resulting from the non-accomplishment of the sales objectives, reduction of prices due to pressures of the competitors and the reduction on the transactions volume. The risk associated to revenues from the trading and investment activities is managed as an integral part of the market, trade and investment risk.
- Operating expenses: measured through the negative deviation from the set operating expenses level, which can happen due to the occurrence of no planned costs, inadequate costs control and under-use of the installed capacity.

Details of financial instruments according to the exposure to interest risk rate:

2022				
	Exposure to			
Kz'000	Fixed Interest Rate	Variable Interest Rate	Items that are not subject to Interest Rate Risk	Total
Assets	**69 805 788**	**-**	**12 048 330**	**81 854 118**
Balances at Central Bank	-	-	9 924 146	9 924 146
Balances at OCI	-	-	1 536 209	1 536 209
Placements with CB and OCI	12 230 547	-	-	12 230 547
- With Local Financial Institutions	6 045 153	-	-	6 045 153
- With Foreign Financial Institutions	6 185 394	-	-	6 185 394
Fin. Assets at FV through OCI	51 926 821	-	192 131	52 118 952
Loans and Advances	5 648 420	-	-	5 648 420
Other Assets	-	-	395 844	395 844
Liabilities	**(17 787 670)**	**-**	**(35 395 452)**	**(53 183 122)**
Deposits from Clients	(17 787 670)	-	(34 186 054)	(51 973 724)
- Demand	-	-	(34 186 054)	(34 186 054)
- Term	(17 787 670)	-	-	(17 787 670)
Other Liabilities	-	-	(1 209 398)	(1 209 398)
	52 018 118	**-**	**(23 347 122)**	**28 670 996**

2021				
	Exposure to			
Kz'000	Fixed Interest Rate	Variable Interest Rate	Items that are not subject to Interest Rate Risk	Total
Assets	**67 921 998**	**-**	**12 433 970**	**80 355 968**
Balances at Central Bank	-	-	9 498 081	9 498 081
Balances at OCI	-	-	2 013 541	2 013 541
Placements with CB and OCI	16 440 558	-	-	16 440 558
- With Local Financial Institutions	11 999 587	-	-	11 999 587
- With Foreign Financial Institutions	4 440 971	-	-	4 440 971
Fin. Assets at FV through OCI	43 839 616	-	89 906	43 929 522
Loans and Advances	7 641 824	-	-	7 641 824
Other Assets	-	-	832 442	832 442
Liabilities	**(11 021 613)**	**-**	**(38 001 767)**	**(49 023 380)**
Deposits from Clients	(11 021 613)	-	(34 186 054)	(45 207 667)
- Demand	-	-	(34 186 054)	(34 186 054)
- Term	(11 021 613)	-	-	(11 021 613)
Other Liabilities	-	-	(3 815 713)	(3 815 713)
	56 900 385	**-**	**(25 567 797)**	**31 332 588**

The breakdown of the financial instruments with interest rate exposure, according to their residual maturity, at 31 December 2022, was as follows:

	2022 Residual Maturities								
Kz'000	Demand	Up to 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	Total
Assets	**489 795**	**6 952 862**	**7 422 419**	**5 977 529**	**4 533 233**	**27 518 836**	**9 980 152**	**6 816 580**	**69 691 406**
Placements with CB and OCI	-	6 059 718	4 243 412	1 673 769	-	-	-	-	11 976 899
- With Local Financial Institutions	-	2 785 727	2 732 339	303 729	-	-	-	-	5 821 795
- With Foreign Financial Institutions	-	3 273 991	1 511 073	1 370 040	-	-	-	-	6 155 104
Financial assets at FV through OCI	-	891 500	3 156 285	4 230 600	4 323 200	25 297 482	7 200 000	6 300 000	51 399 067
- Treasury Bills	-	500 000	1 400 000	1 800 000	2 500 000	-	-	-	6 200 000
- Treasury Bonds	-	391 500	1 756 285	2 430 600	1 823 200	25 297 482	7 200 000	6 300 000	45 199 067
Loans and Advances	489 795	1 644	22 722	73 160	210 033	2 221 354	2 780 152	516 580	6 315 440
Liabilities	**(74 269)**	**(3 482 636)**	**(1 635 235)**	**(4 144 734)**	**(7 370 242)**	**(581 888)**	**-**	**-**	**(17 289 004)**
Term Deposits from Clients	(74 269)	(3 482 636)	(1 635 235)	(4 144 734)	(7 370 242)	(581 888)	-	-	(17 289 004)
Net Exposure	**415 526**	**3 470 226**	**5 787 184**	**1 832 795**	**(2 837 009)**	**26 936 948**	**9 980 152**	**6 816 580**	**52 402 402**

The breakdown of the financial instruments with interest rate exposure, according to residual maturity, at 31 December 2021, was as follows:

	2021 Residual Maturities								
Kz'000	Demand	Up to 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	Total
Assets	**731 831**	**6 267 443**	**16 255 782**	**8 789 056**	**26 809 463**	**6 039 705**	**3 825 157**	**620 388**	**69 338 825**
Placements with CB and OCI	-	3 715 510	11 971 934	554 981	-	-	-	-	16 242 425
- With Local Financial Institutions	-	2 050 567	9 752 010	-	-	-	-	-	11 802 577
- With Foreign Financial Institutions	-	1 664 943	2 219 924	554 981	-	-	-	-	4 439 848
Financial assets at FV through OCI	-	2 550 000	1 749 000	8 197 174	26 627 988	4 571 100	1 109 962	-	44 805 224
- Treasury Bills	-	850 000	500 000	6 578 774	2 048 836	-	-	-	9 977 610
- Treasury Bonds	-	1 700 000	1 249 000	1 618 400	24 579 152	4 571 100	1 109 962	-	34 827 614
Loans and Advances	731 831	1 933	2 534 848	36 901	181 475	1 468 605	2 715 195	620 388	8 291 176
Liabilities	**(67 624)**	**(1 869 822)**	**(1 592 745)**	**(1 697 379)**	**(5 512 511)**	**(121 566)**	**-**	**-**	**(10 861 647)**
Term Deposits from Clients	(67 624)	(1 869 822)	(1 592 745)	(1 697 379)	(5 512 511)	(121 566)	-	-	(10 861 647)
Net Exposure	**664 207**	**4 397 621**	**14 663 037**	**7 091 677**	**21 296 952**	**5 918 139**	**3 825 157**	**620 388**	**58 477 178**

BCA had no financial instruments in both financial years of 2021 and 2022, which were exposed to the interest rate risk as a result of resetting.

The average interest rate associated with the main category of the Bank financial assets and liabilities, as well as the corresponding average of profits and costs, for the years ended 31 December 2022 and 2021, were:

2022			
Kz'000	Average Balance of Capital Invested in the Financial Year	Interest Earned/Paid during the Financial Year	Average Interest Rate
Investments	**133 515 474**	**10 465 630**	
- Loans and Advances	6 859 290	1 462 802	21%
- Trading and Investment Securities	46 642 057	7 708 928	17%
- Placements with CB and OCI	80 014 127	1 293 900	2%
Intakes	**(133 811 936)**	**(1 211 951)**	
- Deposits from Clients	(39 011 878)	(1 030 822)	3%
- Deposits from CB and OCI	(94 800 058)	(181 129)	0%
Net Interest Margin	**(296 462)**	**9 253 679**	

2021			
Kz'000	Average Balance of Capital Invested in the Financial Year	Interest Earned/Paid during the Financial Year	Average Interest Rate
Investments	**138 707 010**	**8 597 314**	
- Loans and Advances	7 929 296	1 774 430	22%
- Trading and Investment Securities	44 476 024	6 038 281	14%
- Placements with CB and OCI	86 301 690	784 603	1%
Intakes	**(33 192 671)**	**(505 466)**	
- Deposits from Clients	(26 562 671)	(501 279)	2%
- Deposits from CB and OCI	(6 630 000)	(4 187)	0%
Net Interest Margin	**105 514 339**	**8 091 848**	

In 2022 and 2021, the placements with the Central Bank (CB) and with Other Credit Institutions (O.C.I.) had an average maturity of five days. Deposits from clients had an average maturity from six months to eight months. And the deposits from the Central Bank and from Other Credit Institutions had an average maturity of two days.

The decomposition of assets and liabilities by currency, at 31 December 2022 and 2021, was:

2022					
Kz'000	Kwanzas	US Dollars	Euro	Other Currencies	Total
Assets	**83 118 126**	**10 775 077**	**2 042 788**	**135 168**	**96 071 159**
Cash and Balances at CB	11 543 869	3 257 418	373 911	7 097	15 182 295
Balances at OCI	2 789	160 375	1 246 493	126 552	1 536 209
Placements with CB and OCI	6 040 127	6 190 420	-	-	12 230 547
Fin. assets at FV through OCI	51 065 764	1 053 188	-	-	52 118 952
Loans and Advances	5 534 727	113 676	17	-	5 648 420
Other Tangible Assets	6 903 540	-	-	-	6 903 540
Intangible Assets	602 373	-	-	-	602 373
Current Taxes Receivable	110 514	-	-	-	110 514
Deferred Taxes Receivable	714 795	-	-	-	714 795
Other Assets	599 628	-	422 367	1 519	1 023 514
Liabilities	**(47 220 422)**	**(10 961 053)**	**(1 297 742)**	**(70 793)**	**(59 550 010)**
Deposits from CB and OCI	(303 581)	(1)	(7 915)	(3 819)	(315 316)
Demand Deposits from Clients	(27 860 144)	(3 338 091)	(464 269)	(3 174)	(31 665 678)
Term Deposits from Clients	(12 106 408)	(5 260 333)	(420 929)	-	(17 787 670)
Provisions	(17 592)	(84 038)	-	-	(101 630)
Other Liabilities	(6 932 697)	(2 278 590)	(404 629)	(63 800)	(9 679 716)
	35 897 704	**(185 976)**	**745 046**	**64 375**	**36 521 149**

2021					
Kz'000	Kwanzas	US Dollars	Euro	Other Currencies	Total
Assets	**79 474 841**	**11 556 437**	**2 996 079**	**171 842**	**94 199 199**
Cash and Balances at CB	11 366 327	2 409 626	723 064	8 042	14 507 059
Balances at OCI	8 803	470 305	1 371 233	163 200	2 013 541
Placements with CB and OCI	11 992 716	4 447 842	-	-	16 440 558
Fin. assets at FV through OCI	39 617 401	4 312 121	-	-	43 929 522
Loans and Advances	7 725 262	(83 457)	19	-	7 641 824
Other Tangible Assets	7 111 922	-	-	-	7 111 922
Intangible Assets	831 702	-	-	-	831 702
Other Assets	820 708	-	901 763	600	1 723 071
Liabilities	**(44 424 301)**	**(12 496 062)**	**(2 199 006)**	**(61 671)**	**(59 181 040)**
Deposits from CB and OCI	(318 185)	(1)	(2 974)	(4 717)	(325 877)
Demand Deposits from Clients	(28 500 341)	(5 126 959)	(554 862)	(3 892)	(34 186 054)
Term Deposits from Clients	(6 084 831)	(4 448 661)	(488 121)	-	(11 021 613)
Provisions	(39 179)	(92 595)	-	-	(131 774)
Current Taxes Payable	(571 544)	-	-	-	(571 544)
Deferred Taxes Payable	(158 369)	-	-	-	(158 369)
Other Liabilities	(8 751 852)	(2 827 846)	(1 153 049)	(53 062)	(12 785 809)
	35 050 540	**(939 625)**	**797 073**	**110 171**	**35 018 159**

Stress Test of financial instruments to the interest rate variations:

Kz'000	2022					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Assets						
Loans and Advances	295 442	147 721	73 860	(73 860)	(147 721)	(295 442)
Fin. Assets at FVOCI	1 702 688	851 344	425 672	(425 672)	(851 344)	(1 702 688)
Placements	32 779	16 389	8 195	(8 195)	(16 389)	(32 779)
Total of Assets	**2 030 909**	**1 015 454**	**507 727**	**(507 727)**	**(1 015 454)**	**(2 030 909)**
Liabilities						
Deposits	205 291	102 646	51 323	(51 323)	(102 646)	(205 291)
Total of Liabilities	**205 291**	**102 646**	**51 323**	**(51 323)**	**(102 646)**	**(205 291)**
Net Effect	**2 236 200**	**1 118 100**	**559 050**	**(559 050)**	**(1 118 100)**	**(2 236 200)**

Kz'000	2021					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Assets						
Loans and Advances	298 033	149 017	74 508	(74 508)	(149 017)	(298 033)
Fin. Assets at FVOCI	624 234	312 117	156 058	(156 058)	(312 117)	(624 234)
Placements	52 138	26 069	13 034	(13 034)	(26 069)	(52 138)
Total of Assets	**974 405**	**487 203**	**243 600**	**(243 600)**	**(487 203)**	**(974 405)**
Liabilities						
Deposits	(109 742)	(54 871)	(27 435)	27 435	54 871	109 742
Total of Liabilities	**(109 742)**	**(54 871)**	**(27 435)**	**27 435**	**54 871**	**109 742**
Net Effect	**864 663**	**432 332**	**216 165**	**(216 165)**	**(432 332)**	**(864 663)**

Operational Risk

BCA defines the operational risk as the risk caused by inadequate internal processes, people or systems, the possibility of internal and external fraud, the information systems failure to prevent unauthorized access, to ensure data integrity or ensure business continuity in the event of failure, arising from violations or nonconformities in relation to laws, regulations, contracts, codes of conduct, established practices or ethical principles.

Operational risk management forms part of the day-to-day responsibilities of all business units and specialist function management. Several specialist functions also attend to specialised areas of operational risk management contained within the causal structure of the operational risk definition.

- The risk of Information Technology (IT) systems derives from IT mismatching in the scope of processing, integrity, control, availability, and continuity, arising from inadequate strategies and uses;
- The processes risk is the probability of the occurrence of negative effects in income statement or in equity, arising from failures in analysis, processing, and liquidation of transactions, internal and external frauds, or infrastructures inadequacies, unserviceability;
- The personnel risk arises from inadequacy of quantitative and qualitative human resources, recruitment processes, compensation and assessment schemes, training program, motivation culture, social policies, in relation to Institution activities and goals.

BCA follows the Basic Indicator Approach (BIA) in managing operational risk for now, however, the intention is to migrate towards the more sophisticated forms of quantifying operational risk as stipulated in Basel II. The current approach helps manage operational risk as this helps to:

- Reduce the operational risk management events and associated financial losses;
- Strengthen the BCA brand and the bank's economic capital;

- Satisfy the central bank requirements;
- Introduce and assess the fully implementation of tax reform rules, applicable to banking transactions;
- Make a proactive follow-up of significant operational risk management events, ineffective controls and possible breaches of indicative limits;
- Establish appropriate risk appetite and tolerance;
- Delegate competencies and authorisation limits;
- Define operational risk assignment, through a culture of a deeper acknowledgement of operational risk. Therefore the assessment bodies will consider the operational risk as an indispensable component for loans assessment; and
- Other tasks executed in management of operational risk.

BCA board of directors expects that operational risks related to the business activities might be fully identified, assessed, controlled, communicated and managed through an internal process designed DRACA (Detailed Risks Assessment and Control). Each BCA unity of business and tasks might manage its operational risk, in the accomplishment of this model. A record loss resulting from operational risk situations in order to create historical data base to be used in the future to move to an internal developed calculation model and operational risk management, is kept to be the most efficient of the three models accepted by Basel II.

In order to a further operational risk mitigation, the Bank disposes of a business continuity plan supported by two Disaster Recovery sites (DR sites), in case of hard and/or adverse situations. The two DR sites are run in a standalone manner and independently, allowing the reposition of service in a few minutes, as well as the normal running of the branch network.

Compliance and Reputational Risk

Reputational risk results from the adverse perception of the image of the institution by customers, counterparties, shareholders, investors, supervisors and the general public.

The evaluation of Reputational Risk considers:

- The trust degree that clients place in the Institution, particularly in terms of financial strength and honesty in business transactions, which can be evaluated through the evolution of customer base, customers rotation, questionnaires or surveys results, and/or any opinion studies conducted by the Bank with its customers, and the image that results from press stances;
- The perception of clients, suppliers and other counterparties on the institution behavior regarding the duty of confidentiality, ethical principles, legal dispositions and common practices, through tracking of evolution in quantitative and substantive claims of counterparts and litigations, the evolution of quantitative or substantive claims made to Central Bank or press news;
- The perception of investors and analysts regarding transparency, sufficiency and credibility of information released by the institution, the legal and ethical principles and practices implemented, in the form of financial analysts reports, the evolution of the note attributed and the quality of financial reports issued;

- The employees degree of satisfaction, expressed in through questionnaires and / or any opinion polls conducted by the institution to its employees.

Compliance risk is defined as the probability of the occurrence of negative impacts for the institution, which may influence results or equity, deriving from the breach of legal standards, specific determinations, contractual responsibilities, rules of conduct and relationship with customers, ethical principles and established practices, relative to the practiced activity, which may be materialized, for instance, in legal or regulatory sanctions, impairment of business opportunities, reduction of expansion potential or inability to demand contractual responsibilities by third parties.

The objective of the policy governing compliance and reputational risk is their management such as defined in the above paragraphs, determining the devices and procedures that allow: i) to minimize the probability that it becomes factual; ii) to identify, report to the Board and overcome the situations that may have arisen; iii) to ensure follow up and control; and iv) to provide evidence, if necessary, that the Bank has reputational risk amongst its main concerns and has available the organization and means required for its prevention and, should it be the case, to overcome it.

Allocation of Equity

The Angolan Central Bank (BNA) defined through notice 08/2021, of 05 July, that the banks must allocate a part of their equity to face probable losses arising from operational risks; market risks, and credit and counterparty risks. The above referred allocation has an effect of decreasing the capital adequacy ratio in general. If the adjusted capital adequacy ratio is lower than the minimum required, the concerned institution must increase its equity, or reduce its risk exposure.

The implementation of the above referred BNA Notices had no significant effect in BCA capital adequacy ratio calculation, in the year of its implementation.

Capital Management and Solvency Ratio

The regulatory own funds components are:

1. Tier-one owned funds – comprising (i) the paid-up share capital; (ii) capital maintenance reserve; (iii) retained income; (iv) legal, statutory and other reserves derived from undistributed profits, or set aside to increase the capital, (v) audited net income, (vi) latent losses related to the revaluation of securities available for sale, the cash flow and investment hedging operations abroad, and (vii) deferred taxes receivable and payable as long as they are connected to losses/gains containing a negative/positive element of tier-one

2. Tier-two owned funds – comprising (i) fixed-term preference shares; (ii) funds and generic provisions; (iii) reserves arising from paid-up and owned premises; (iv) subordinated bonds and hybrid debt equity instruments; and (v) other amounts authorized by BNA.

3. Deductions – Comprising: (i) treasury share subject to buyback; (ii) fixed-term preference shares, with fixed and cumulative dividends; (iii) loans conceded with the nature of equity; (iv) tax credits derived from tax losses; (v) goodwill; (vi) Intangible assets, net of depreciation; (vii) others amounts, as per BNA appointment.

The BNA Notice nº 08/2021 stipulates, for the capital adequacy ratio calculation purpose, that all excess over the limit of risk exposure by clients must be deducted from the amount of regulatory owned funds:

Capital Adequacy Ratio		
Kz	**31-12-2022**	**31-12-2021**
Regulatory Owned Funds	**35 613 994 715**	**34 186 458 479**
Risk weighted assets		
Requirements of regulatory owned funds	3 906 952 706	4 604 051 084
- Requirements of credit risk	1 658 490 385	1 993 595 892
- Requirements of market risk	64 872 469	71 291 153
- Requirements of operational risk	2 183 589 852	2 539 164 039
***Weighting of equity requirements**	**48 836 908 825**	**46 040 510 840**
RSR	**73%**	**75%**
Minimum regulatory requirements	**12,65%**	**10,00%**

* To the sum of equity requirements, a multiplier of 10 was applied until 2021. Since 2022 the multiplier is 12,65.

CAMELS analysis

The acronym CAMELS stands for the initials of each of the six blocks of analysis of banks income statements: Capital adequacy, Asset quality, Management, Earnings, Liquidity, Sensitivity to market risk. This is a classification system that regulators or supervisors use to assess the banks general performances, identifying their points of strength and weakness.

The global assessment of BCA illustrates a solid bank, with a high standard of risks management, and capital adequacy.

	Prudential Ratios	Dec-22	Ratings (CAMELS)	Dec-21	Ratings (CAMELS)
Capital adequacy	Tier-one owned funds/total Assets = > 10%	37%	1	36%	1
	Debt limit 10 times (1000%)	167%	1	174%	1
	Capital adequacy Ratio 10%	73%	1	75%	1
	Global Capital Adequacy Ratio (in the SREP scope)	73%	1	75%	1
Quality of assets	Non-performing Loans/ total Loans < = 5%	7%	1	6%	1
	Specific provisions/ Non-performing Loans > = 80%.	-	2	-	2
	Top 20 loans/ Regulatory Owned Funds < = 300%.	8%	1	14%	1
	Total of Loans / Total of Assets	6%	-	9%	-
	Loans in Foreign Currency/ Total of loans	2%	-	0,13%	-
	Fixed assets / Regulatory Owned Funds < 50% PF	20%	1	23%	1
Profitability	Return on Assets (ROA) > 3%.	3%	1	3%	1
	Return on Equity (ROE) > 15%.	7%	1	7%	1
Liquidity	Deposits concentration=top 20=<30%	57%	3	60%	3
	Liquidity ratio = >1	3	1	22	1
	Observation ratio = >1	37	1	170	1
Interest rate stress test	Economic Effect >1 Year/Regulatory owned funds<20%	1%	1	1%	1
	Economic Effect up to 1 year /Earnings Margin<20%	9%	1	7%	1
Exchange rate stress test	Long net open currency position (5,00%; 2021: 2,50%)	2%	1	-	1
	Short net open currency position (5,00%; 2021: 2,50%)	-		-0,03%	

Stress Tests

Stress tests are risk management tools used to assess and manage the risks of the Bank whose benefit is a better understanding of risks profile related to the Bank. Stress tests play an important role in management, as well as in capital and liquidity planning, allowing the Bank to absorb adverse shocks.

The implementation of stress tests is done by executing analyses or simulations in order to assess the institution capacity to resist adverse scenarios (downside risks). Therefore, BCA defined a certain adverse scenario, of probable occurrence, in order to study the adequacy and the strength of its solvency and liquidity.

The understanding and methodology of stress tests to be executed by BCA are in accordance with the requirements of Instruction n° 03/2022, issued by BNA, which binds the banks to realize specific type of stress tests, their periodicity, and how they must be reported. BNA guidelines about a program implementation of stress tests has been taken into account.

In June 2022, the Bank executed the following type of stress test:

- Sensitivity Analysis;
- Scenarios Analysis,

In December 2022, the Bank executed the following type of stress test:

- Sensitivity Analysis;
- Reverse Stress Test;
- Scenarios Analysis.

Overall, the Bank proved resilient to the various shocks to which it was subjected. The worst-case scenarios did not start to have an adverse effect until year n+3.

The kinds of risks identified by the Bank as being materially relevant, requesting a stress test analysis are:

a) Credit risk;
b) Market risk;
c) Operational risk;
d) Liquidity risk; and
e) Concentration risk.

The materially relevant risks were defined in accordance with BNA guidelines, and in accordance with internal analysis of risk factors with a greater probability of effect in BCA solvency.

21. INTEREST AND OTHER SIMILAR INCOME

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Loans & Advances to Customers	1 369 610	2 977	1 441 912	2 331
Term deposits with Banks abroad	74 550	162	59 304	96
Interbank lending	1 219 350	2 650	725 299	1 172
Other debtors and investments	93 192	203	332 518	538
Treasury Bonds and Bills Interests	6 661 627	14 480	4 733 843	7 652
Treasury Bonds Discounts	1 047 301	2 277	1 304 438	2 109
	10 465 630	**22 749**	**8 597 314**	**13 898**

The profit growth generated from the securities portfolio (interest and discounts) and interbank lending is due to the considerable increase of the bank's investment in these financial instruments throughout the financial year.

22. INTEREST AND OTHER SIMILAR EXPENSES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Term deposits from clients	1 030 822	2 241	501 279	810
Deposits from O.C.I. in the Country	181 129	394	4 187	7
Lease Liabilities interests	30 039	65	66 780	108
	1 241 990	**2 700**	**572 246**	**925**

Both the "interest and other similar income", and the "interest and other similar expenses" were calculated in accordance with the accounting policy No. 2.3.1.3. The lease liabilities interests were calculated in accordance with note 2.3.5. (IFRS 16 – Lease).

23. FEE AND COMMISSION INCOME

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Withdrawal fees	88 905	193	98 341	159
From general banking services	3 097 340	6 733	2 638 910	4 266
From guarantees given by the Bank	4 249	9	9 404	15
	3 190 494	**6 935**	**2 746 655**	**4 440**

The fee and commission from general banking services are derived from the intermediation in import operations, clients payment order, insurance and others.

24. FEE AND COMMISSION EXPENSES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Electronic settlements fees	513 491	1 116	347 004	561
Fees paid to Nostro banks	81 781	178	107 283	173
	595 272	**1 294**	**454 287**	**734**

Both "fee and commission income" and "fee and commission expenses" were calculated in accordance with the accounting policy No. 2.3.10.

25. RESULTS OF FINANCIAL OPERATIONS

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Gains from FX transactions	46 407 389	100 896	3 377 532	5 465
Losses from FX transactions	(44 511 230)	(96 773)	(302 198)	(489)
Treasury Bonds revaluations	(2 545 614)	(5 535)	(2 820 726)	(4 564)
	(649 455)	**(1 412)**	**254 608**	**412**

The exchange rate revaluation of USD-indexed treasury bonds constitutes unrealized exchange gains associated with these securities which, with the adoption of international accounting standards – IAS/IFRS, are now recognized as exchange gains in the income statement. Losses from revaluations of Treasury Bonds indexed to the USD exchange rate occurred during 2022 financial year (Kz 8 612 059 thousand), stem from Kwanza appreciation against US dollar of 30,78%, from 1 January 2022, to 18 July 2022, when they matured. The results of financial operations for 2022 were not worse, despite the appreciation of the Kwanza, as the Bank always sought to have a foreign currency net open position very close to zero throughout the year.

On the other hand, during 2021 there was a 17,05% valuation of Kwanza against US dollar which produced losses from revaluation of treasury bonds indexed to US dollars.

26. GAINS AND LOSSES ON DISPOSAL OF REPOSSESSED PROPERTIES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Cost of Sale of a Repossessed Property	(33 911)	(72)	-	-
Gross sale of a repossessed property	25 000	53	-	-
	(8 911)	**(19)**	**-**	**-**

27. OTHER OPERATING EXPENSES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Taxes and similar Expenses	884 522	1 923	516 041	835
Regulation's Penalty	4 169	9	23 621	38
Others	(23 784)	(52)	(67 970)	(110)
	864 907	**1 880**	**471 692**	**763**

There are in this account taxes charged on the bank incoming fees and interest, withhold by other banks; vehicle license tax; fees paid for the use of SPTR service provided by the Central Bank, and the cost of capital gains tax withhold by other institutions to be liquidated to tax authority.

28. SALARIES AND OTHER PAYROLL EXPENSES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Remuneration of Corporate Board	**193 318**	**420**	**107 186**	**173**
- Basic Salary	193 318	420	107 186	173
Remuneration of Employees	**2 976 363**	**6 470**	**2 934 311**	**4 744**
- Basic Salary	2 089 342	4 540	2 135 445	3 452
- Christmas Allowance	350 566	762	249 794	404
- Vacation Allowance	328 808	715	316 145	511
- Transport Allowance	117 109	255	121 618	197
- Travel Expenses Allowance	64 358	140	755	1
- Work Schedule exemption	15 004	33	15 720	25
- Shortages Allowance	7 183	16	7 899	13
- Seniority Payments	3 993	9	7 950	13
- Variable compensation based on performance	-	-	78 985	128
Health insurance, Workplace Accidents, Social Security	**568 885**	**1 236**	**574 892**	**929**
- Clinical Services	338 937	736	347 691	562
- Social Security	200 171	435	187 805	304
- Functional Allowance	23 777	52	19 387	31
- Workplace Accidents Insurance	6 000	13	20 009	32
Others	**166 053**	**361**	**172 629**	**279**
	3 904 619	**8 487**	**3 789 018**	**6 125**

The corporate board salaries take into account the compensation for activities performed directly in the bank, and any other task fulfilled in any body, as per the Shareholders' General Assembly appointment. Their salaries are fully made of fixed remuneration, net of any associated tax (income tax). The bank bears 8% of salaries for social contributions, paid to the Social Security.

The global increase of salaries is due to the expansion of the board of directors, which, in the light of notice nº 1/2022 of 23 January, is now composed of seven members (previously five).

All salaries and other payroll expenses are short term employee benefits, as per the accounting policy 2.3.8.1. The Bank had 246 employees at 31 December 2022 (246 at 31 December 2021).

29. THIRD PARTY SUPPLIES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
IT Services	1 216 355	2 644	770 078	1 245
Stationary/Consumables	499 980	1 087	541 329	875
Professional Services	243 764	530	533 881	863
Security Services	216 125	470	245 431	397
Communication Costs	212 904	463	690 314	1 116
Repairs and Maintenance	120 795	262	89 543	145
Casual Labours	103 386	225	106 587	172
Transport for Staff and Assets	63 935	139	74 243	120
Rentals	38 058	83	46 195	75
Water and Electricity	35 797	78	37 348	60
Travel and other related Costs	30 201	66	56 772	92
Marketing	28 812	63	229 229	371
Fuel and Lubricant	16 413	35	16 278	26
Staff Training	9 992	22	30 284	49
Insurance	1 124	2	1 411	2
Others	184 347	400	223 039	360
	3 021 988	**6 569**	**3 691 962**	**5 968**

The costs with the "Professional services" for 2022 and 2021 were incurred in the contracting of consulting services for the implementation of procedures to control money laundering and/or financing of terrorism, the implementation of the platform for prudential reporting, the implementation of IFRS 9, tax consultancy services, external audit work, among others.

IT services refer to the costs incurred in the licenses and maintenance of several IT subsystems in use at the Bank.

In 2022 and 2021, the amount recognized in rentals refers to short term leases not included in measurement of lease liabilities (IFRS 16), as per note 2.3.5.1.

The drop in third-party supply costs stems from the great effort made by the board of directors to lower operating costs and the cost-to-income ratio.

30. EARNINGS PER SHARE

Earnings per share are calculated as follows:

Kz'000	2022	2021
Net Profit for the year	2 602 509	2 495 201
Average number of Shares	18 750 000	18 750 000
Basic earnings per Share	0,14	0,13
Diluted earnings per Share	0,14	0,13

There are no preference shares in BCA share capital structure.

31. OFF BALANCE SHEETS ITEMS AND CONTINGENCIES

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Guarantees Issued and Other Contingent Liabilities				
Guarantees and Sureties given	165 000	328	342 933	618
Letters of Credit issued	1 293 134	2 567	2 761 031	4 975
Undrawn Commitments	350 965	697	5 204 114	9 377
	1 809 099	**3 592**	**8 308 078**	**14 970**
Responsibilities for services rendered				
Guarantees Received	**24 604 940**	**48 849**	**33 003 907**	**59 469**
Custodial Assets				
Treasury Bills held by Clients	1 912 177	3 796	874 800	1 576
Treasury Bonds held by Clients	15 296 380	30 369	20 014 093	36 063
	17 208 557	**34 165**	**20 888 893**	**37 639**

The Bank provides custodial services of safeguarding of clients assets (treasury bills, treasury bonds), amounting to Kz 17 208 557 thousand (2021: Kz 20 888 893 thousand).

The guarantees received are composed of real and non real guarantees, whilst the note 7 discloses real guarantees only.

All guarantees given and other contingent liabilities are classified in stage 1.

32. RELATED PARTY DISCLOSURE

At 31 December 2022 and 2021, the Bank related Parties were the Bank shareholders and their families.

Disclosure of Balance sheet:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Assets				
Loans and Advances	661 170	1 313	126 733	228
Impairment Losses	(86 624)	(172)	(84 454)	(152)
	574 546	**1 141**	**42 279**	**76**
Liabilities				
Deposits				
- Demand	2 363 725	4 693	2 939 693	5 297
- Term	2 079 494	4 129	732 100	1 319
Other Liabilities	10 206	20	5 597	10
	4 453 425	**8 842**	**3 677 390**	**6 626**

Related parties are entities (individuals and institutions) having a significant influence on BCA, composed of the key management personnel including their close family members; or those owning a shareholding in the share capital of BCA that allows them to exercise a significant influence i.e. a shareholding above 10% of the total of the share capital of BCA.

Disclosure of income statement:

Captions	2022 Kz'000	2022 USD'000	2021 Kz'000	2021 USD'000
Interest earned from Loans and Advances	63 195	137	2 842	5
Interest paid to Demand Deposits	(105 131)	(229)	(59 442)	(96)
Net Interest Margin	**(41 936)**	**(92)**	**(56 600)**	**(91)**
Fee and Commission Income	3 469	8	6 355	10
Non-interest Margin	3 469	8	6 355	10
Operating Margin	**(38 467)**	**(84)**	**(50 245)**	**(81)**
Salaries and other Payroll Expenses	(446 873)	(971)	(338 977)	(548)
Loans and Advances Impairment Losses	(4 044)	(9)	3 355	5
	(450 917)	(980)	(335 622)	(543)
Losses before Taxes	**(489 384)**	**(1 064)**	**(385 867)**	**(624)**
- Fiscal Impact	171 285	372	135 054	218
Net Losses for the year	**(318 099)**	**(692)**	**(250 813)**	**(406)**

As at 31 December 2022, the average interest rates on transactions with related parties were 25% (2021: 36%) for loans in local currency. In 2022 and 2021 there were no loans granted in foreign currency.

The interest rates for term deposits in local currency were 11% (2021: 13%), and 0,25% (2021: 0,16%) for deposits in foreign currency.

The fee and commission income refers to commission earned over the monthly amounts used on transactions with international credit cards (6% of the amount used).

33. SUBSEQUENT EVENTS

In February 2022, the military conflict between Russia and Ukraine broke out, resulting in the imposition of international sanctions against the Russian Federation and Belarus, as well as certain entities related to these countries. Given that events are evolving rapidly on a daily basis, the Board of Directors acknowledges that there may be negative future impacts on the global economy and financial system, as well as on Angola's economy and financial system. As a result, potential future impacts may affect the key accounting forecasts used by BCA's Board of Directors in the preparation of the Bank's financial statements, which are disclosed in Note 2.3.16. Within this framework, we highlight the valuations of the Bank's real estate assets, which rely on the outlook for Angola's macroeconomic indicators and assumptions made by expert appraisers, with a high degree of subjectivity. As a result, the fulfilment of BCA's assets at the balance sheet figures on December 31st 2022, may be affected by the development of Angola's economy and the success of its future financial transactions.

34. OTHER MATTERS

On the 5th of October 2022, the BNA issued Notice No. 017/2022 (repealing Notice No. 02/2018), which sets out:

a) The minimum share capital of commercial banks in Kz 15 000 000 000,00 (fifteen billion Kwanzas); and

b) The banking institutions with a fully paid-up share capital of less than 15 billion kwanzas, should adapt to what is established within a maximum period of 12 months, counting from the date of entry into force of the regulatory standard in question.

Whereas BCA in its financial statements for the financial year 2022 has reported the amount of Kz 7,5 billion in share capital and Kz 22,40 billion in free reserves, the Board of Directors intends to submit for approval at the Shareholders' General Meeting scheduled for the 21st of April 2023 an increase in share capital by incorporation of free reserves, in the total amount of Kz 15 billion. BCA's share capital will thus increase to Kz 22,50 billion.

The above operation will result in the following changes in shareholders' equity, in 2023:

Kz'000	Share Capital	Fair Value Adjustment Reserves	Statutory Reserves	Free Reserves	Retained Income	Profit for the Year	TOTAL
Balance at 31-12-2021	**7 500 000**	**5 636**	**3 859 443**	**21 623 135**	**(465 256)**	**2 495 201**	**35 018 159**
Appropriation of 2021 retained income	-	-	249 520	780 426	465 256	(1 495 201)	1
2021 Dividends	-	-	-	-	-	(1 000 000)	(1 000 000)
Fair Value Adjustments	-	(380 470)	-	-	-	-	(380 470)
Impairment losses on Fin. Assets through OCI	-	280 950	-	-	-	-	280 950
Profit for the year 2022	-	-	-	-	-	2 602 509	2 602 509
Balance at 31-12-2022	**7 500 000**	**(93 884)**	**4 108 963**	**22 403 561**	**-**	**2 602 509**	**36 521 149**
Appropriation of 2022 retained income	-	-	260 251	2 342 258	-	(2 602 509)	-
Share capital increase	15 000 000	-	-	(15 000 000)	-	-	-
Balance after complying with notice n°17/2022	**22 500 000**	**(93 884)**	**4 369 214**	**9 745 819**	**-**	**-**	**36 521 149**

The Bank shareholders structure will be as follows:

Captions	%	Number of Shares	Nominal Value Of Shares (Kz'000)
SADINO, Lda	13,08	7 357 752	2 943 101
Salomão José Luheto Xirimbimbi	11,05	6 215 283	2 486 113
GEFI	9,75	5 481 936	2 192 774
Fundo de Pensões	9,33	5 249 970	2 099 988
José Francisco Luís António	9,22	5 187 042	2 074 817
Julião Mateus Paulo "Dino Matrosse"	7	3 937 500	1 575 000
Mateus Filipe Martins	6,13	3 449 178	1 379 671
Afonso D. Van-Dúnem "Mbinda" (Heirs)	5	2 812 509	1 125 004
Casa Smart	3,8	2 137 968	855 187
Fernando José de França Van-Dúnem	3,13	1 761 885	704 754
José Jaime Agostinho de S. Freitas	3,13	1 761 885	704 754
Visgosol	2,67	1 500 003	600 001
Lopo Fortunato Ferreira do Nascimento	2,1	1 178 658	471 463
Abel Fernandes da Silva	1,82	1 024 659	409 864
António Mosquito Mbakassy	1,82	1 024 659	409 864
Pedro de Castro Van-Dúnem (Heirs)	1,8	1 012 968	405 187
João Manuel de Oliveira Barradas	1,49	834 786	333 914
Augusto da Silva Tomás	1,44	810 378	324 151
Marcolino José Carlos Moco	1,44	810 378	324 151
Dumilde das Chagas Rangel	0,86	486 207	194 483
IMPORAFRICA-IMOBILIÁRIA Lda.	0,86	486 207	194 483
Valentim Amões (Heirs)	0,75	423 072	169 229
Generoso Hermenegildo G. de Almeida	0,72	405 180	162 072
Benvindo Rafael Pitra (Heirs)	0,53	299 997	119 999
Estevão Pitra	0,27	149 985	59 994
Isaac Francisco Mário dos Anjos	0,27	149 985	59 994
José Amaro Tati	0,27	149 985	59 994
Santos Matoso Júnior	0,27	149 985	59 994
	100	**56 250 000**	**22 500 000**

35. ACCOUNTING STANDARDS AND RECENT INTERPRETATIONS ISSUED

35.1. Voluntary changes in accounting policies

During the financial year 2022 there were no voluntary changes to the accounting policies used in the preparation of the financial information for the FY2022, as shown in the comparative financial statements.

35.2 New accounting standards and interpretations applicable to the financial year

The following standards, interpretations, amendments and revisions have mandatory application for the first time in the financial year beginning 1 January 2022:

- Amendment to IFRS 3: This amendment refers to the 2018 update of the conceptual framework benchmark, additional requirements for analysing liabilities under IAS 37 or IFRIC 31 at the acquisition date and explicit clarification that contingent assets are not recognised in a business combination;
- Amendment to IAS 16: "Proceeds before intended use" - This amendment refers to an amendment to IAS 16 prohibiting the deduction from expenditure of a tangible asset concerning proceeds from the sale of products before the asset is available for use;
- Amendment to IAS 37: Onerous Contracts - The amendment provides clarification that contract fulfilment costs correspond to expenditure directly related to the contract;
- Annual Improvements 2018-2020: Essentially correspond to amendments to the following standards:
    - IFRS 1 - a practical arrangement that allows a subsidiary that first adopts IFRS at a later date than its parent company, may choose to measure cumulative transposition differences in respect of all foreign operations at the amount that would be included in the parent company's financial statements based on the parent company's date of transition to IFRS;
    - IFRS 9 - clarifies the fees that should be included in the 10% test for the purpose of derecognizing a financial liability;
    - IAS 41 – withdraws the requirement to exclude tax-related cash flows when measuring fair value.

There were no material impacts on the Bank's financial statements arising from the adoption of the abovementioned standards, interpretations, amendments and reviews.

35.3. New standards and interpretations already issued, which will come into force in upcoming financial years

The following standards, interpretations, amendments and reviews have mandatory application in upcoming financial years:

- IFRS 17 - Insurance Contracts: This standard establishes, for insurance contracts within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts. It is applicable for annual reporting periods beginning on or after January 1, 2023;

- Amendment to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosure of Accounting Policies: This amendment published by the IASB in February 2021 clarifies that material accounting policies should be disclosed, rather than significant accounting policies, and introduces examples for identifying a material accounting policy. It is applicable for annual reporting periods beginning on or after January 1, 2023;
- Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates: This amendment, published by the IASB in February 2021, changes the definition of accounting estimates to a monetary amount in the financial statements that is subject to measurement uncertainty. It is applicable for annual reporting periods beginning on or after January 1, 2023;
- Amendment to IAS 12 Income Taxes - Deferred Taxes: This amendment, published by the IASB in May 2021, clarifies that the initial recognition exemption for deferred taxes does not apply to transactions that produce equal amounts of taxable and deductible temporary differences. It is applicable for annual reporting periods beginning on or after January 1, 2023;
- Amendment to IFRS 17 Insurance Contracts - Initial application of IFRS 17 and IFRS 9 - Comparative information: This amendment, published by the IASB in December 2021, introduces changes to comparative information to be presented when an entity adopts both IFRS 17 and IFRS 9 standards simultaneously. It is applicable for annual reporting periods beginning on or after January 1, 2023;
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current; Deferral of Effective Date; Non-current Liabilities with Covenants: These amendments published by the IASB clarify the classification of liabilities as current or non-current by analysing the contractual conditions existing at the reporting date. The amendment related to non-current liabilities with covenants clarified that only the conditions that must be met before or at the reporting date of the financial statements are relevant for the purpose of classification as current/non-current. It is applicable for annual reporting periods beginning on or after January 1, 2024;
- Amendment to the IFRS 16 - Leases - Lease liability in a sale and leaseback transaction: This amendment published by the IASB in September 2022 clarifies how a selling lessee accounts for a sale and leaseback transaction that meets the criteria of IFRS 15 to be classified as a sale. It is applicable for reporting periods beginning on or after January 1, 2024.

The Bank does not anticipate that any significant material impacts or changes will be produced on its financial statements upon adoption of these new standards, interpretations, amendments and reviews aforementioned.

36. ACRONYMS AND ABBREVIATIONS

ABANC	Angolan Banks Association (in portuguese: Associação Angolana de Bancos)
Kz	Kwanza
Kz'000	Thousand of Kwanzas
ALCO	Assets and Liabilities Committee
AML	Anti Money Laundery
BCA	Angolan Commercial Bank (in portuguese: Banco Comercial Angolano, S.A.)
BNA	National Bank of Angola (in portuguese: Banco Nacional de Angola)
CB	Central Bank
BT	Treasury Bills
CA	Board of Directors
CE	Executive Committee
CFT	Combating of Financial Terrorism
CMC	Central Management Committee
DO	Demand Deposits
DP	Term Deposits
ECL	Expected Credit Loss
EMIS	Interbank Service Company (in portuguese: Empresa Interbancária de Serviços)
FATCA	Foreign Account Tax Compliance Act
FPR	Regulatory owned funds
FV	Fair Value
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profits and loss
IFRIC	Internacional Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
MINFIN	Ministry of Finance
Obrig.	Bonds
O.C.I.	Other Credit Institutions
OCI	Other comprehensive income
Op.	Operations
OT	Treasury Bonds
Rec.	Resources
USD	United States Dollars
USD'000	Thousand of US Dollars


BCA
Banco Comercial Angolano

REPORT AND OPINION OF THE FISCAL COUNCIL

REPORT AND OPINION OF THE FISCAL COUNCIL

Dear Shareholders,
In accordance with Angolan law and regulations, the Fiscal Council is required to issue a report on its supervisory duties and issue an opinion on the Financial Statements of Banco Comercial Angolano, S.A. (BCA) for the year ended 31 December 2022.

The Fiscal Council continuously monitored the evolution of the Bank's activity and verified the regularity of its accounting records, as well as the respective documentation. Within the scope of its powers, the Fiscal Council is pleased to acknowledge that it has always counted on the collaboration of the Executive Committee (EXCO), in providing the information it considered necessary to perform its duties accordingly.

The financial statements were subject to a full audit by the Bank's external auditors, whose qualified opinion is that, except for the possible effect of the standard qualification with regard to the application of International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies, the financial statements present fairly, in all materially relevant aspects, the financial position of BCA as at 31 December 2022 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Having analysed the Bank's financial statements and considered the report of the External Auditor, it is the opinion of the Fiscal Council that the General Meeting should approve the Management Report and the Financial Statement for the year ended 31 December 2022.

The Fiscal Council, 21 April 2023.

João Paulo Borges de Sousa
(Chairman of the Fiscal Council)

Antónia de Oliveira Sebastião

Antónia Ariete Oliveira Sebastião
(Accounting Expert – Member)

Esperança K. Rogeiro Cahango
(Member)

INDEPENDENT AUDITOR'S REPORT


BCA
Banco Comercial Angolano

Deloitte.

Deloitte & Touche - Auditores, Lda.
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INDEPENDENT AUDITOR'S REPORT

(Translation of a report originally issued in Portuguese – see footnote on page 2)

To the Shareholders
of Banco Comercial Angolano, S.A.

Introduction

1. We have audited the accompanying financial statements of Banco Comercial Angolano, S.A. (hereinafter also referred to as "the Bank"), which comprise the Balance Sheet as of December 31, 2022 that presents a total of 96 071 159 thousands of kwanzas and total equity of 36 521 149 thousands of kwanzas, including a net profit of 2 602 509 thousands of kwanzas, the income statement, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the corresponding notes.

Board of Directors' responsibility for the Financial Statements

2. The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards ("IFRS") and for such internal control that it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with the Technical Standards from the Angola Institute of Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. In accordance with the requirements set out in IAS 29 – "Financial reporting in hyperinflationary economies" ("IAS 29"), in the years ended December 31, 2017 and 2018, the functional currency of the Bank's financial statements corresponded to the currency of an hyperinflationary economy and ceased to have that classification from the year 2019 onwards, as a result, essentially, of the reduction of the inflation rate in Angola. As disclosed in Note 2.1 to the financial statements, with reference to December 31, 2017 and 2018 the National Bank of Angola ("Banco Nacional de Angola" – BNA) expressed its interpretation that not all the requirements established in IAS 29 to consider Angolan economy as an hyperinflationary economy were met. Consequently, the Bank's Board of Directors decided not to apply the requirements of IAS 29 in its financial statements, for the years ended December 31, 2017 and 2018, and also did not make the necessary adjustments in the financial statements of the following years, with respect to the opening balances and to the adjustments that result from the application of the requirements in IAS 29 when an economy ceases to be hyperinflationary. Nonetheless, we have not obtained sufficient information to enable us to quantify the effects of this situation on the Bank's financial statements as of December 31, 2022.

Qualified Opinion

7. In our opinion, except for the effect of the matter described in paragraph 6 of the "Basis for qualified opinion" section, the financial statements referred to in paragraph 1 above appropriately present, in all material respects, the financial position of Banco Comercial Angolano, S.A. as of December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Other matters

8. The financial statements of the Bank are expressed in kwanzas, which is the Bank's functional and presentation currency. The financial information in the financial statements and in the corresponding notes in United States dollars is presented only for reading convenience and was converted based on the criteria described in Note 2.1 and should not be interpreted as the representation that the amounts in kwanzas have been, could have been or may be in the future converted into United States dollars.

Luanda, April 20, 2023

Deloitte & Touche – Auditores, Limitada
Represented by José António Mendes Garcia Barata
OCPCA member number 20130163

EXPLANATION ADDED FOR TRANSLATION
(This report is a translation of a report originally issued in Portuguese. Therefore, according to Deloitte & Touche – Auditores, Limitada internal procedures, the report should not be signed. In the event of discrepancies, the Portuguese language version prevails.)

Banco Comercial Angolano

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