BancoEconómico

2023
Annual Report

We are Future

Contents

We are Future

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Statement by the Board of Directors and Key Activity Indicators

0.1. Statement by the Board of Directors

Executive Committee

The financial year of 2023 continued to be challenging for Banco Económico, due to both internal and external predicaments.

The context was still of uncertainty and volatility, in the aftermath of the global effects of the pandemic, with the exacerbation of armed conflicts and the inherent impacts on the world economy. Angola remained in a recessive scenario which, once again, inhibited investment and exerted extra pressure on companies and families. Furthermore, there was a significant depreciation of the domestic currency, which brought in additional pressure on purchasing power and on the solvency of economic agents.

The Bank continued its Recapitulation and Restructuring Plan determined in 2021, by its supervisor, Banco Nacional de Angola. This Plan was part of a series of extremely relevant measures, which are expected to enhance the robustness of its balance sheet and restore full transactionality. Most of the measures were implemented in 2023, with some remaining to be completed in early 2024.

Standing out particularly, due to its special importance, was the termination of the assignment operation and asset management that had been maintained with a public business sector company, with no impacts for this company, and the Bank becoming its exclusive holder and executor, which enabled initiating the process of marketing real estate assets, with a view to the Balance Sheet's monetisation and its transformation into more profitable financial assets.

The credit recovery programme also intensified, namely via the "BE Vida Nova" [BE New Life] recovery campaign, the hiring of specialised collection services and the channelling of procedure towards litigation, in cases with no other alternatives. Despite the dynamics of these actions, the results continue to fall short of expectations.

Reference is also made to the completion of the internal resizing, which was materialised by the optimisation of the branch network and merger of organic units with complementary functions and extinction of units with converging functions, gaining higher efficiency with lower operating costs.

However, the Plan referred to above and its measures proved insufficient for the intended effects. Considerable influence was wielded by external factors beyond the Bank's control, for example, the aforesaid abrupt depreciation of the domestic currency, the slowness in the judicial recovery of debts, and the manifest scarcity of liquidity in the market to support a faster turnover of the real estate assets for sale. The combination of these factors negatively affected the accounts for 2023, also reflected in negative results and additional needs to strength the Bank's equity. Even so, it was possible, by the end of the year, to reverse the negativity of net interest income, with the measures taken towards investment in performing assets and reduction of the Bank's funding costs.

Therefore, notwithstanding the best efforts of the Bank's governing bodies, in scrupulous compliance with their duties, as well as its team in their varied functions, not all the goals set for 2023 were achieved, especially to the detriment of the availability of liquidity, which worsened during the year.

Along this journey, the Bank maintained ongoing cooperation with the public authorities with which it interacts, particularly with Banco Nacional de Angola, in a regular exchange of information to always provide it with a detailed overview of these challenges, in addition to exploring other solutions which could appear more feasible for resolving the Bank's main challenges.

None of this would it have been possible without the extraordinary effort of our Employees who, once again, on myriad occasions and tasks, were inspired to show a performance far beyond that strictly required. It is never an exaggeration to remember that we are facing constant challenges and changes, but it is precisely our resilience and union that will enable us to overcome obstacles and move towards achieving our goals. To this end, the Board of Directors will continue committed to promoting an inclusive, respectful and inspiring work environment.

Thus, yet another financial year is closed in the Bank's history, albeit not entirely corresponding to the original internal and market expectations. All the tasks fulfilled internally with the belief that the efforts were made. For everything that depended on the team, the goals were attained.

A final word to our Customers who have accompanied us through good and not so good moments, with resilience and encouragement, and who, in all truth, are the reason for our existence and persistence. We are deeply grateful for having accompanied us throughout yet another financial year, and renew our commitment to serve them to the best of our ability.

"None of this would have been possible without the extraordinary effort of our Employees"

0.2. Key Activity Indicators

The Bank's key financial and operating indicators are summarised as follows:

Values expressed in thousand Kz

	Dec./22	**Dec./23**	Var. 22-23	Var. % 22-23
Total Assets	817,029,641	**725,200,889**	(91,828,752)	-11%
Loans and advances to Customers	63,305,755	**72,661,363**	9,355,608	15%
Customer deposits	776,588,133	**1,006,663,603**	230,075,470	30%
Equity	(363,983,432)	**(627,953,431)**	(263,969,999)	73%
Operating Income	11,993,451	**(188,912,427)**	(200,905,878)	-1.675%
Operating Income/Employees	14,193	**(299,861)**	(314,054)	-2.213%
Net Interest Income	(19,487,274)	**(9,823,665)**	9,663,609	-50%
Complementary Margin	31,480,725	**(179,088,762)**	(210,569,487)	-669%
Structural Costs	(26,550,940)	**(24,004,243)**	2,546,697	-10%
Net Income	(37,953,342)	**(297,884,051)**	(259,930,708)	-685%
Return on Assets (ROA)	-5%	**-41%**	-36%	-36%
Total Assets/Employees	966,899	**1,151,113**	184,214	19%
Loan-to-Deposit Ratio	8%	**7%**	-1%	-1%
Regulatory Solvency Ratio	-5%	**-39%**	-34%	-34%
Loans Overdue	74,972,186	**90,040,106**	(15,067,920)	-20%
% Loans Overdue	33%	**38%**	5%	5%
% Total Coverage	72%	**180%**	108%	108%
Number of Branches	70	**42**	-28	-40%
Number of Active ATM	81	**71**	-10	-12%
Number of Active POS	4,016	**3,311**	-,705	-18%
Number of Active Cards	106,690	**95,127**	-11,563	-11%
Number of Employees	845	**630**	-215	-25%
Number of Customers	279,108	**284,628**	5,520	2%

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Corporate Governance

1.1. Who We Are

Additionally, and as reported in the following chapters, the defined strategy primarily aims to differentiate the Bank's services and offer a safe and reference option for its Customers.

Identity: The Angolan banking sector is still rather undifferentiated, requiring segmentation and adaptation to each Customer

Banco Económico has understood this need and is enhancing it with a highly innovative and exclusive corporate image, composed of a solid symbol that is already recognised by its Customers. The Bank invested in a strong, imposing and positive brand, highlighted by the selected range of colours. The elegance of the combination of the two shades is distinctive from all other operators and differentiates Banco Económico in the Angolan banking market.

The head office of Banco Económico is at Rua do 1.º Congresso do MPLA, n.º 8, in the Ingombota district of Luanda. Its e-mail address and other contacts can be consulted on the institutional website www.bancoeconomico.ao.

Mission

The central purpose of Banco Económico's business is to generate value for its Customers and Shareholders, by adopting strategies that ensure its long-term growth and sustainability, promoting a service of quality and excellence on a daily basis.

Banco Económico also aims to enhance the skills of its human capital, retain talent, employ the best professionals, present reference financial solutions and create value for all Stakeholders in a sustainable way while at the same time contributing to the development of the Angolan economy.

We reiterate our commitment to invest in innovation, digital transformation and the creation of exclusive products and services, in line with the highest standards of the banking industry at a national and international level.

As mentioned above, the year of 2023 marks the turning point of a new cycle where everyone's mission is to reconstruct a reference bank.

Vision

Banco Económico aims to be the partner of choice for Angolan consumers in the coming years, as well as the reference for regulators, the driving force behind the improvement of the skills and retention of its Employees, an example for Shareholders, a participant in the community and socially responsible towards society.

Focused on the factor of differentiation, Banco Económico's Vision is:

to be the reference financial partner in the present and future.

Positioning

Considering its volume of assets, Banco Económico is one of the leading banks in the Angolan market. It is considered a banking financial institution (IFB) of systemic importance, according to the criteria defined by Article 14 of Banco Nacional de Angola Notice No. 8/2021 of 5 July.

Banco Económico has a broad value proposition, with a differentiated market positioning, where the Corporate and Private segments stand out. The Bank is committed to continuing to provide excellent service to its Customers, supported by specialised business areas and dedicated proximity managers.

Banco Económico's presence is consolidated through a supporting network that combines branches, corporate centres, service offices, Umoxi (Affluent), Private, Institutional and Top Corporate centres in 17 provinces of the country.

Banco Económico also stands out for its important trade finance legacy and was the first Angolan bank to become a member of the International Chamber of Commerce (ICC).

As mentioned above, the Bank's management is equally committed to the sustainable development of its business, continuously investing in human capital training, in benefit of the development and diversification of the Angolan economy.

Values

The Bank's core values are based on the five essential pillars described below:

We are always **available for the Customer;**

We always **do things properly;**

We always carry out **our mission to the end;**

We always **act ethically;**

We always invest **in the community.**

Banco Económico Group – Subsidiaries

Banco Económico complements its activity by holding stakes in the share capital of various companies, namely:

96%

ECONÓMICO FUNDOS DE PENSÕES – SGFP, S.A.
Pension Funds
Constitution and management of pension funds.

21%

TRANQUILIDADE – COMPANHIA ANGOLANA DE SEGUROS, S.A.
Insurance
Life and non-life insurance transactions.

2.45%

EMIS
Financial Services
Management of payment systems.

1%

MULTIPESSOAL ANGOLA, LDA.
Services Rendered
Recruitment and management of human resources.

62%

ECONÓMICO FUNDOS DE INVESTIMENTO – SGOIC, S.A.
Capital Markets
Constitution and management of collective investment undertaking (CIU) through Banco Económico and provision of discretionary management services for Customer portfolios.

Shareholder Structure

This fund is managed by Independent Finance Advisors – Sociedade Gestora de Organismos de Investimento Colectivo, S.A.

Members of the Board of Directors

PEDRO FILIPE PEDROSA POMBO CRUCHINHO
Chairman of the Board of Directors

- **Academic Training:** Business Management
- **Work Experience:**
  - Chairman of the Executive Committee of Banco Económico;
  - Executive Director at Banco Económico;
  - Director at Sociedade Gestora de Fundos de Investimento belonging to Banco Económico;
  - Director at Sociedade Gestora de Fundos de Pensões belonging to Banco Económico;
  - Non-executive Director at Tranquilidade Angola;
  - Director of financial markets at Banco Espírito Santo;
  - Auditor at the consulting company PricewaterhouseCoopers.

VICTOR MANUEL FARIA DE CARDOSO
Chairman of the Executive Committee

- **Academic Training:** Business Management
- **Work Experience:**
  - Executive Director at Banco Económico;
  - Executive Director at Banco de Poupança e Crédito;
  - Chairman of the Board of Directors of BAIGEST;
  - Vice-chair of the Executive Committee of Banco Keve.

ELISA DE JESUS FRANCÊS BAPTISTA
Executive Director

- **Academic Training:** International Relations
- **Work Experience:**
  - Chairman of the Governing Bodies Remuneration Committee of the Pension Fund and Investment Fund Companies belonging to Banco Económico;
  - Private Banking Commercial Coordinating Director at Banco Económico;
  - Manager of the Head Office Branch at Banco Económico;
  - Manager of the Maianga Branch at Banco Espírito Santo Angola.

EMANUEL MARIA MARAVILHOSO BUCHARTTS
Independent Non-executive Director

- **Academic Training:** Law – Specialisation in International Trade Law
- **Work Experience:**
  - Director of the Office of the Ministry of Finance;
  - Member of the Supervisory Board of the Sovereign Fund of Angola;
  - Member of the Supervisory Board of Banco de Poupança e Crédito, S.A.;
  - Chairman of the Supervisory Board of Banco Prestígio, S.A.;
  - Chairman of the Board of the General Meeting of Banco Kwanza Invest, S.A.;
  - Member of the Supervisory Board of the Venture Capital Fund of Angola (FACRA);
  - Executive Chairman of the Cooperative Housing Society "O Nosso Zimbo".

JORGE PEREIRA RAMOS
Executive Director

- **Academic Training:** Economics
- **Work Experience:**
  - Executive Director at Banco Económico;
  - Executive Chairman of the Pension Fund and Investment Fund Companies belonging to Banco Económico;
  - Coordinating Manager of the Investment Banking Division at Banco Económico;
  - Central Manager and Advisor to the Executive Committee of Banco Espírito Santo de Investimento (currently Haitong Bank).

KATILA PERERA SANTOS RIGAL
Executive Director

- **Academic Training:** Management Information Technology
- **Work Experience:**
  - Executive Director at Banco Económico;
  - General Manager of the Xikila Money Business Unit, of Banco Postal;
  - Executive Director at Banco Crédito do Sul;
  - Director of Operations, Organisation and Application Support of Banco Espírito Santo Angola.

1.2. Corporate Governance

Banco Económico's corporate governance aims to ensure the highest possible efficiency, with impact on business, aligned with current legislation and regulations, as well as respect for best international practice. Aimed at creating value for Shareholders and the community, the organisation and functioning of the Bank's bodies seek to ensure maximum independence between the monitoring and supervisory functions and the day-to-day management of business functions, requiring maximum transparency in performing their duties.

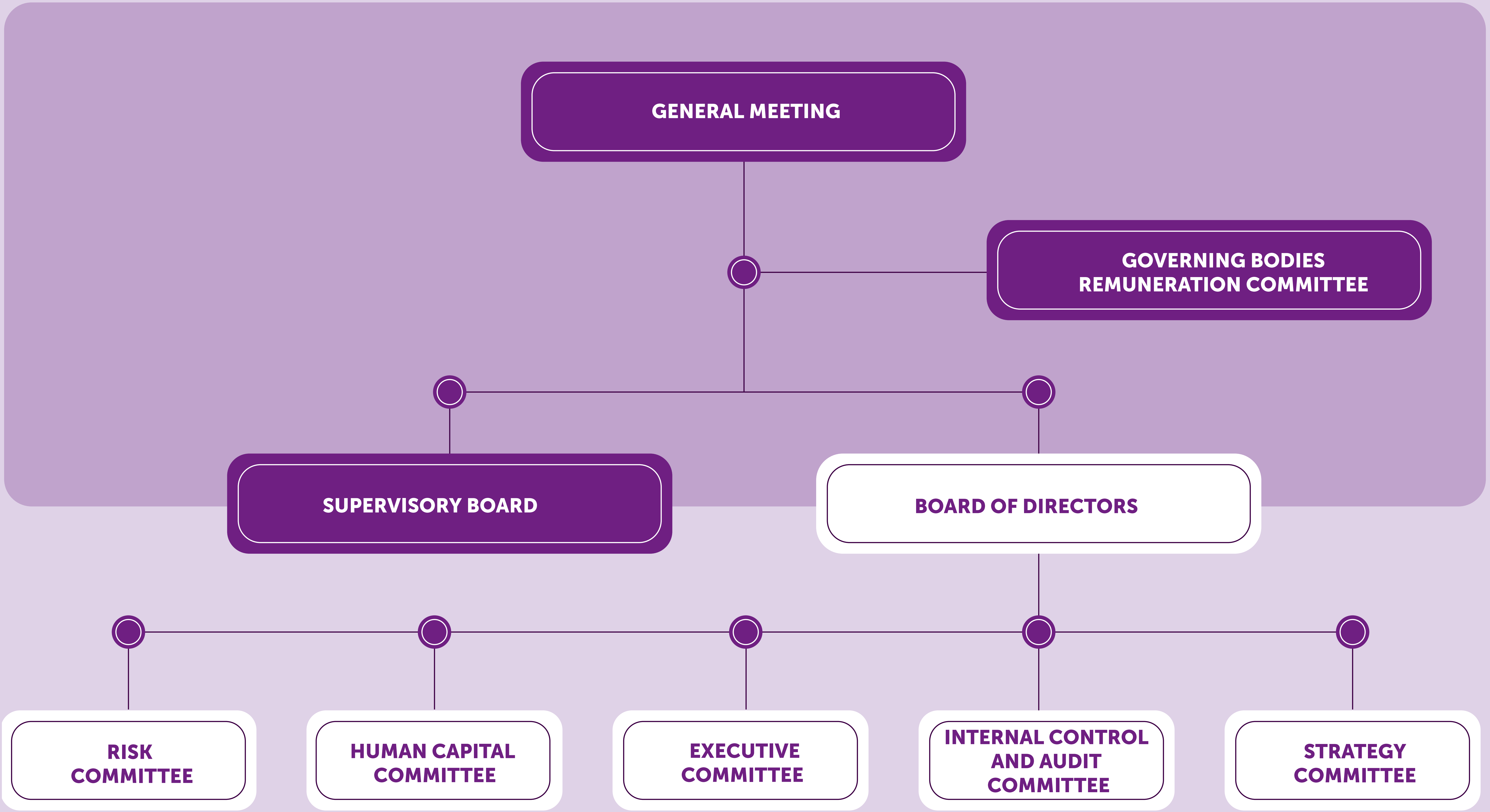
Respect for best international practices.

Governance Model

Banco Económico's corporate governance is based on the traditional Latin model, laid down by law, and is composed of the General Meeting of Shareholders, which appoints the members of the other governing bodies, the Board of Directors, responsible for corporate management, and the Supervisory Board, tasked with supervising the management.

The Board of Directors groups its members into executives, who deal with the Bank's day-to-day management, and non-executives, who stand clear of that aspect and are tasked with advising and monitoring the performance of the executives.

The functioning of the Bank's bodies is illustrated in the organisation chart below:



Governing Bodies

The structure of Banco Económico's Governance Model provides for the delegation of powers and responsibilities to a wide group of governing bodies, namely: General Meeting and its Governing Bodies Remuneration Committee, Board of Directors and its specialised committees, and Supervisory Board.

The regulations of these bodies are published on the Bank's website.

General Meeting

Pursuant to the Articles of Association, the General Meeting is composed of all Shareholders entitled to vote. Decisions shall be taken by majority of the votes cast in the proportion of one vote for every one hundred shares, except in cases provided for in the Bank's Articles of Association and the applicable legislation.

Its responsibilities particularly include the following:

- Appraise the Report and Financial Statements issued by the Board of Directors;
- Deliberate on the appropriation of the net income for the year;
- Elect the members of the Board of the General Meeting and governing bodies of the Bank;
- Deliberate on any amendment to the Articles of Association;
- Appoint a Governing Bodies Remuneration Committee, composed of one or more Shareholders.

The Board of the General Meeting is composed of a Chairman, a Vice-Chair and a Secretary, elected for three-year terms, with their re-election being permitted. It currently comprises the following members:

- Hermínio Joaquim Escórcio[1], Chairman;
- Inocêncio Francisco Miguel, Vice-Chairmain;
- Nuno Bernardes de Miranda Catanas, Secretary.

[1] Deceased during the financial year under review.

Governing Bodies Remuneration Committee

The Governing Bodies Remuneration Committee aims to define, implement and review the policy on remuneration of the governing bodies,pursuant to Banco Nacional de Angola Notice no. 1/2022.

This Committee's function is performed by the following members:

- António Pereira Campos Van-Dúnem, Chairman;
- Mário da Conceição Ferreira Lourenço, Member;
- Paulo Alberto Dias Trigueiros, Member.

Board of Directors

The Board of Directors is the corporate management body, tasked with conducting all management acts and corporate representation.

Pursuant to its regulations, this body holds ordinary meetings once a quarter and extraordinary meetings whenever necessary.

The Board of Directors is composed of an odd number of executive and non-executive members of at least three and at the most eleven, elected for a three-year period, with their re-election being permitted up to the maximum limit of two consecutive terms of office.

The table below lists the composition of the Board of Directors for the three-year term of 2022/2024, and the distribution of these members among its specialised committees.

	Board of Directors	Executive Committee	Internal Control and Audit Committee	Strategy Committee	Human Capital Committee
Pedro Filipe Pedrosa Pombo Cruchinho	Chairman	Non-executive		Chairman	Chairman
Emanuel Maria Maravilhoso Buchartts	•	Non-executive	Chairman	•	•
Victor Manuel de Faria Cardoso	•	Chairman		•	
Elisa de Jesus Francês Baptista	•	•		•	
Katila Perera Santos Rigal	•	•		•	
Jorge Manuel Torres Pereira Ramos	•	•		•	

Within the scope of its attributions, and in addition to the Executive Committee, the Board of Directors also has three specialised committees, with the following responsibilities:

Internal Control and Audit Committee

The Internal Control and Audit Committee (ICAC) is composed of non-executive members of the Board of Directors, appointed by the same body for a period of three calendar years, coinciding with the term of office of the Board of Directors, which delegates the following responsibilities to it:

- Assess whether the implemented policies, processes and procedures are appropriate to the size, nature and complexity of the Bank's activity;
- Ensure the formalisation and operationalisation of an effective and properly documented reporting system, including the process of preparation and disclosure of financial statements;
- Supervise the formalisation and operationalisation of Banco Económico's accounting policies and practices;
- Review all financial information for internal publication or disclosure, namely the Board of Directors' annual financial statements;
- Supervise the independence and effectiveness of the internal audit, approve and review the scope and frequency of its actions and supervise the implementation of the proposed corrective measures;
- Supervise the performance of the Compliance function;
- Appraise transactions with related parties and issue an opinion;
- Supervise the activity and independence of the external auditors, establishing a communication mechanism for receiving their conclusions on examinations performed and reports issued.

The Internal Control Committee's regulations are available on the Bank's institutional website www.bancoeconomico.ao.

Risk Committee

The Risk Committee is composed of non-executive members, appointed for a period of three calendar years, coinciding with the Board of Directors' term of office, primarily tasked with advising the Board of Directors on the risk strategy, considering:

- The Bank's financial situation;
- The nature, size and complexity of its activity;

- Its ability to identify, assess, monitor and control risks;
- The work performed by the external audit and by delegation of the Internal Control System's monitoring responsibilities;
- All the Bank's relevant risk categories, namely credit, market, liquidity, operational, strategy and reputational risk, taken in accordance with the legislation on the Internal Control System;
- Supervise the Bank's implementation of its risk strategy;
- Supervise the action of the risk management function on the Internal Control System.

The Risk Management and Control Committee regulations are available on the Bank's institutional website www.bancoeconomico.ao.

Human Capital Committee

The Human Capital Committee (CCH) is composed of executive and non-executive directors and has the following responsibilities:

- Define, formalise, implement and review the Bank's remuneration policy;
- Define the Employee remuneration policies and processes, suited to the culture and long-term strategy, considering business, risk and market conditions aspects;
- Support and supervise the definition and implementation of the Employee assessment policy and processes;
- Define the policy for hiring new Employees;
- Recommend, to the management body, the appointment of new Employees for management positions, requiring a detailed job description, taking into account the existing internal skills.

The Human Capital Management Committee regulations are available on the Bank's institutional website www.bancoeconomico.ao.

Strategy Committee

The Strategy Committee (CE) is composed of all the members of the Board of Directors, and is chaired by its Chairman. This committee has the following responsibilities:

- Approve the guidelines of the Bank's strategy;
- Approve and periodically review the Strategic Plan and the strategy in general;
- Monitor the implementation of the Bank's strategic projects, of any nature, whether operational, technological or other;
- Monitor compliance with the Recapitalisation and Restructuring Plan, the Strategic Plan and Business Plan in force;
- Monitor the institution's progress in implementing the strategy;
- Deliberate on any strategic initiative identified by the management on the implementation or abandonment of business lines, mergers and/or acquisitions, investments, asset acquisition or availability, joint ventures, among others;
- Support the Executive Committee in developing the Bank's strategy, including review and discussion on the Bank's orientation and initiatives, and analysis of the risks associated with the strategy;
- Identify the exogenous factors that could affect the defined strategy and indicate alternatives.

The Executive Committee's regulations are available on the Bank's institutional website www.bancoeconomico.ao.

Executive Committee

The Executive Committee exercises all the Bank's day-to-day management powers, except those which, by delegation of responsibilities of the Board of Directors, by virtue of the law and the Articles of Association, are exclusive to the Board of Directors.

Its members are distributed the following responsibilities:

CEO
VICTOR CARDOSO

- CO – CORPORATE OFFICE
- SPO – STRATEGIC PLANNING OFFICE
- HCD – HUMAN CAPITAL DEPARTMENT
- READD – REAL ESTATE ASSET DISPOSAL DEPARTMENT
- CD – COMPLIANCE DEPARTMENT
- IAD – INTERNAL AUDIT DEPARTMENT
- RD – RISK DEPARTMENT
- ISO – INFORMATION SECURITY OFFICE
  - DIRECTOR – TRANSITORY AREAS OF RESPONSIBILITY

EXECUTIVE DIRECTOR
ELISA BAPTISTA

- MSP – MARKETING AND SUPPLY DEPARTMENT
- AD – AFFLUENT DEPARTMENT
  - PBD – PRIVATE BANKING DEPARTMENT
  - TCCD – TOP CORPORATE COMMERCIAL DEPARTMENT
  - MCD – MID-SIZED COMPANY DEPARTMENT
  - ICD – INSTITUTIONAL COMMERCIAL DEPARTMENT
  - COORDINATING DIRECTOR

EXECUTIVE DIRECTOR
KATILA SANTOS

- NOD – NATIONAL OPERATIONS DEPARTMENT
  - ASD – ASSETS AND SECURITY DEPARTMENT
  - ITSD – INFORMATION TECHNOLOGY AND SYSTEMS DEPARTMENT
- SQD – STANDARDS AND QUALITY DEPARTMENT
  - CDCD – CARDS AND DIRECT CHANNELS DEPARTMENT
  - COORDINATING DIRECTOR

EXECUTIVE DIRECTOR
JORGE RAMOS

- FMD – FINANCIAL AND MARKET DEPARTMENT
- CRD – CREDIT AND RECOVERY DEPARTMENT
- ABCD – ACCOUNTING AND BUDGET CONTROL DEPARTMENT
- LLD – LEGAL AND LITIGATION DEPARTMENT

The assessment of the executive directors is conducted, at one level, by the General Meeting of Shareholders which, through its Governing Bodies Remuneration Committee, is responsible for defining the objective criteria to this end, for which it may use external and internal consulting services.

This assessment is performed at another level by the Board of Directors, which delimits its scope of action, by instruction of delegation of powers, and to which the Executive Committee reports on its activity, both in periodic meetings of the body, in the exercise of its general management power, and in meetings of its specialised committees. This procedure results from articles 12 to 14 of the Board of Directors' Regulations.

In performing its activity, the Executive Committee is aided by specialised committees, organised by the Bank's departments, for a technical approach to topics transversal to a series of areas. These committees discuss plans, programmes, policies, strategies and activities, and take relevant decisions, validated by the participation of a sufficient number of Executive Committee members to ensure the Bank's commitment.

The Executive Committee's regulations are available on the Bank's institutional website www.bancoeconomico.ao.

Committees of the Executive Committee

Credit Committee

The Credit Committee analyses the general framework of granting credit recovery at Banco Económico and approves the respective proposals, under the coordination of the Executive Committee. It is composed of the:

- Executive Committee;
- Credit and Recovery Department;
- Commercial Departments, with proposals pending appraisal;
- Human Capital Department, when it has proposals under appraisal.

In addition to possible extraordinary meetings, the Credit Board holds weekly meetings. Decision-making requires the presence of at least three Executive Directors.

Business and Special Conditions Committee

The Special Conditions Committee is the forum of analysis and approval of application of special conditions – fees, commissions and expenses – in products and services sold by the Bank for a particular Customer or specific transaction, including trade finance operations. In addition to the above, the Committee is responsible for monitoring the Bank's commercial activity and the evolution and degree of achievement of goals of all the commercial segments. The members of this committee consist of the:

- Executive Committee, represented by at least three of its members, one of whom being the Director of the area;
- Marketing and Offer Department;
- Commercial Departments, whose proposals are under appraisal.

In addition to possible extraordinary meetings, the Special Conditions Committee holds weekly meetings, whenever there are proposals, and decision-making requires the presence of at least three Executive Directors.

Financial and Markets Committee

The Markets Committee analyses market conditions, financial flows and the treasury position of the Bank. The members of this committee consist of the:

- Executive Committee;
- Financial and Market Department;
- Marketing and Offer Department;
- Accounting Department.

In addition to possible extraordinary meetings, the Financial and Markets Committee holds monthly meetings and decision-making requires the presence of at least three Executive Directors.

In 2023, the Financial and Markets Committee did not hold any meetings. The issues were dealt with at the level of the Board of Directors and Executive Committee.

Means Committee

The Means Committee analyses the Bank's organisational model, changes of processes, assessment of quality and operational performance, evolution of the system and cost-cutting initiatives. The members of this committee consist of the:

- Executive Committee;
- Operational Efficiency Department;
- Operations Department;
- Information Systems Department;
- Assets and Security Department;
- Human Capital Department;
- Cards and Channels Department;
- Accounting Department.

In addition to possible extraordinary meetings, the Means Committee holds bimonthly meetings and decision-making requires the presence of at least three Executive Directors.

Management Control Committee

The Management Control Committee (CCG) analyses and takes decisions on relevant issues of the Bank's activity related to the sphere of Internal Control and Compliance Risks, Internal Audit, Operational, Security and Legal. The members of this committee consist of the:

- Executive Committee;
- Risk Department;
- Compliance Department;
- Internal Audit Department.

In addition to possible extraordinary meetings, the Management Control Committee holds bimonthly meetings and decision-making requires the presence of at least three Executive Directors.

Real Estate Assets Committee

The Real Estate Assets Committee (CAI) monitors the management of the Bank's real estate assets and decides on proposals for their rental and disposal. The members of this committee consist of the:

- Executive Committee;
- Asset Disposal Department;
- Corporate Office;
- Strategic Planning Office.

In addition to possible extraordinary meetings, the Real Estate Assets Committee holds monthly meetings and decision-making requires the presence of at least three Executive Directors.

Supervisory Board

The Supervisory Board is the body responsible for the corporate supervision, namely of the acts carried out by the Board of Directors, including and primarily by the Executive Committee.

The Supervisory Board is composed of a Chairman and two members, with an independent majority, that is, not associated with any specific interest group in relation to the Bank, nor in any circumstances that could affect their impartiality of analysis or decision-making, as follows:

Chairman

ANTÓNIO JOSÉ DA GAMA DIREITINHO

- **Academic Training:** Audit and Accounting
- **Work Experience:**
  - Advisor of the Board of Directors of Banco Keve;
  - Director of Accounting at Banco Valor;
  - International Monetary Fund Advisor at Banco Nacional de Angola.

Permanent Member

ESPERANÇA D'JAMILA FALCÃO DA SILVA

- **Academic Training:** Business Administration
- **Work Experience:**
  - Business Development Manager at Key Consulting Services;
  - Financial Director at Brolaz Angola Telecomunicações.

Alternate Member

DAMIÃO DALA CACULO

- **Academic Training:** Audit and Accounting
- **Work Experience:**
  - Financial Director at ENSA, Seguros de Angola;
  - Financial Consultant at Deloitte.

These members are available to perform their duties in Banco Económico's Supervisory Board, which has the following responsibilities:

- Monitor the process of providing and disclosing financial information and submit recommendations or proposals to ensure its integrity;
- Verify whether the accounting policies and valuation criteria adopted by the Bank lead to a correct assessment of the assets and results;
- Prepare an annual report on the supervisory activity and issue an opinion on reports (financial statements, corporate governance, internal control system and proposals submitted by the management).

In addition to the responsibilities described above, pursuant to Article 12 of its regulations, the Supervisory Board is tasked with the assessment the work plan of the external audit and all the reports and opinions issued in the interest of the Bank, as well as requesting specific controls.

Expert Accountant

Banco Económico's expert accountant is Denise Nair Brito da Rocha Santos Henriques, registered in the Association of Accountants and Expert Accountants of Angola (OCPCA), under License number 20130108, who does not perform any other activity at the institution.

External Auditor

The Bank´s external auditor is Deloitte Auditores, Limitada, since February 2023. Currently, the partner responsible for audits is José Barata, expert accountant registered in the Association of Accountants and Expert Accountants of Angola (OCPCA), under License number 20130163, Partner of Deloitte, since 2008.

The hiring of the external auditor follows the rules stipulated by law and Banco Nacional de Angola's regulations, and is approved by the General Meeting, on the advice of the Board of Directors. Internally, the Bank has approved a Policy for Assessment and Rotation Periodicity of External Auditors.

Verify whether the accounting policies lead to a correct assessment of the results.

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Macroeconomic Background

2.1. Global Economy

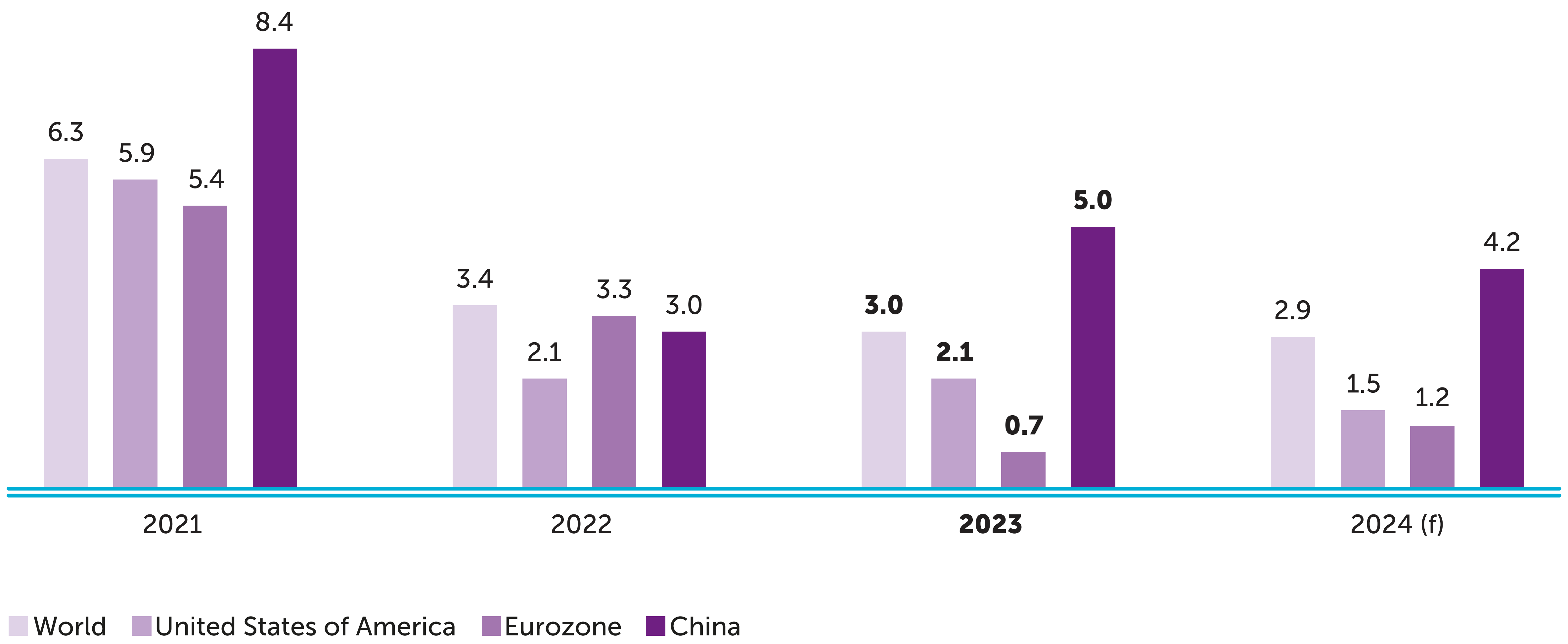
The world economy continues along the path of gradual recovery from the COVID-19 pandemic, the conflict between Russia and Ukraine, and the cost-of-living crisis, showing growth that is resilient, although slow, and, in the meantime, more unequal.

Although global economic growth surpassed expectations in 2023, with several major economies revealing notable resilience, the increasing geopolitical tensions and the growing intensity and frequency of extreme weather events had pushed up the underlying risks and vulnerabilities. Apart from this, the restrictive financial conditions also represent growing risks for world trade and industrial production.

According to the International Monetary Fund, the base forecast is for global growth to slow down from 3.5% in 2022 to 3.0% in 2023, and 2.9% in 2024, prospects below the historical average of 3.8% for the period 2000-2019.

The forecasts for the advanced economies point to a slowdown from 2.6% in 2022 to 1.5% in 2023, and 1.4% in 2024, as the tightening of policies begins to take effect. For the United States, growth is expected to stand at 2.1%, the same as that observed in 2022, showing a slowdown in 2024, with a growth rate of 1.5%. In the eurozone, the projections suggest sluggish growth of 0.7% in 2023, after having experienced growth of 3.3% in 2022, although a slight recovery in expected in 2024, with a rather timid growth rate of 1.2%.

GDP Growth (%)



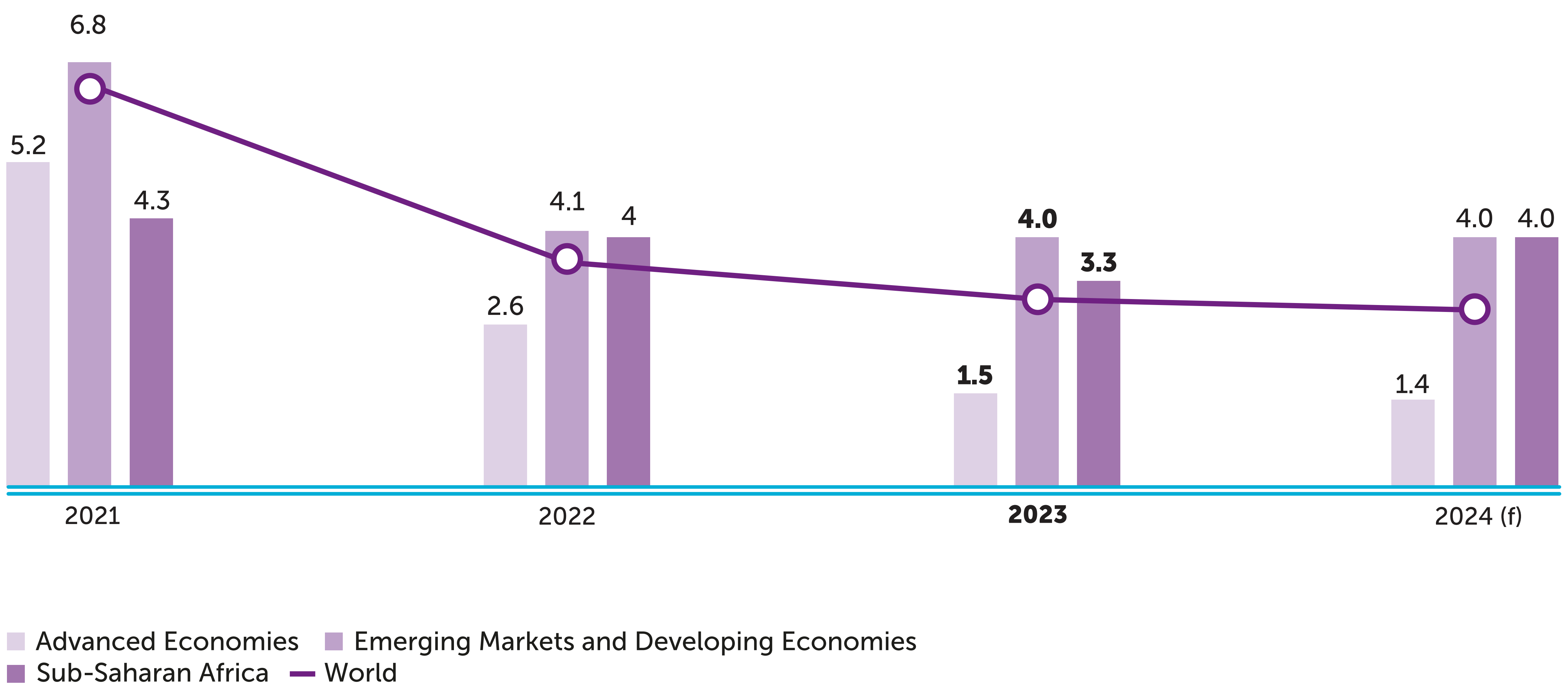
Source: IMF

The forecasts for the emerging economies and developing economies are a modest decline in growth, from 4.1% in 2022 to 4.0% in 2023 and 2024. India continued to stand out among the emerging economies, maintaining its stable growth rate of 6.3% in 2023 and 2024, after having grown by 7.2% in 2022.

The growth of the global economy continues exposed to diverse adverse risks, especially the following:

1. A stronger slowdown of the Chinese economy, due to the risk of further deepening of the real estate crisis;
2. Increased volatility of the prices of basic goods, stemming from climate and geopolitical shocks;
3. Inertia of the underlying inflation, keeping it high;
4. Revaluation in financial markets;
5. Increased debt stresses.

GDP Growth by Regions (%)



Source: IMF

Interest Rate and Inflation Rate

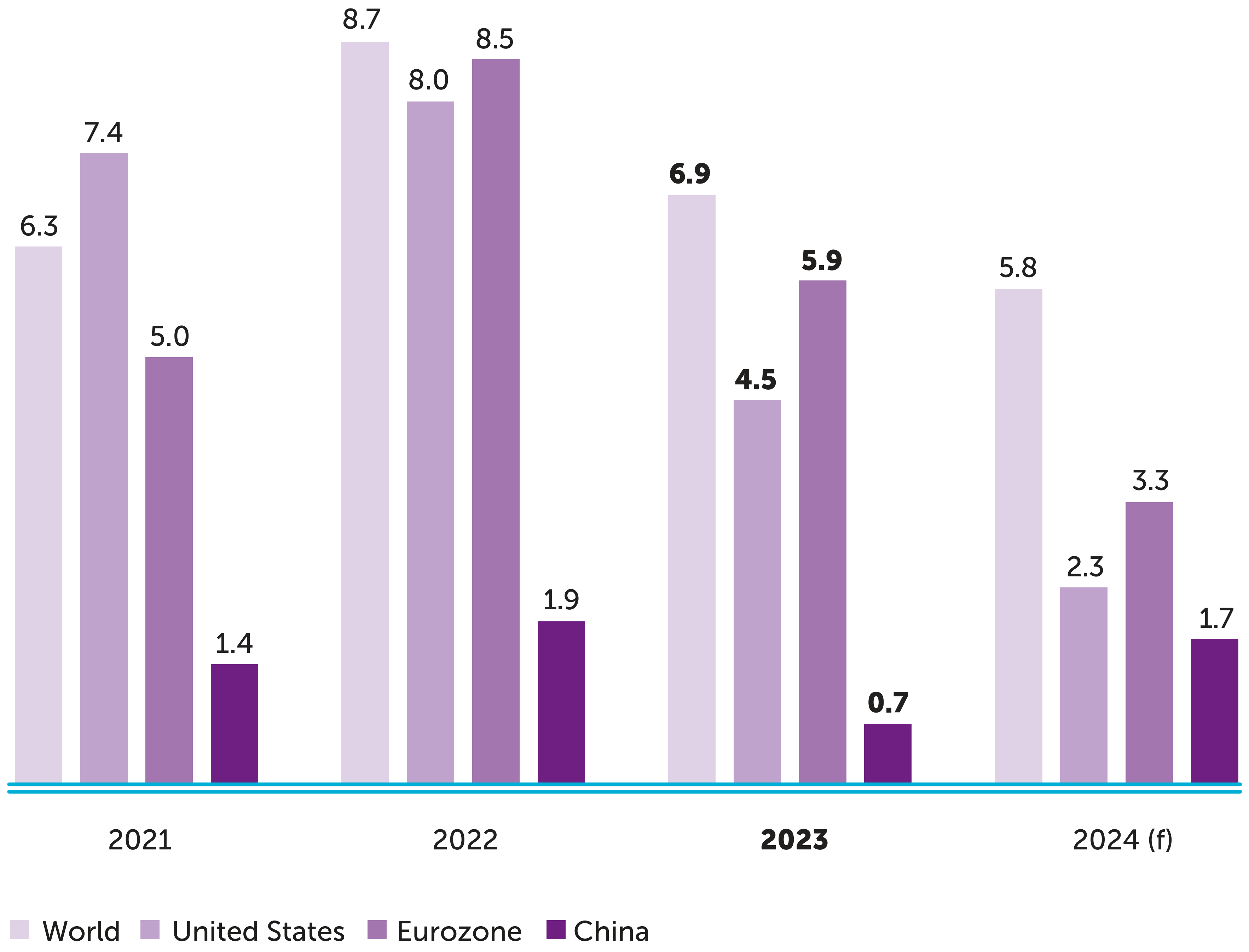
Forecasts point to global inflation falling in a constant manner, from 8.7% in 2022 to 6.9% in 2023. It is expected that the process of deflation should continue in 2024, to stand at 5.8%, still above the pre-pandemic levels of 3.5% between 2017 and 2019. This reduction of inflation arises from a more restrictive monetary policy, assisted by lower international commodity prices.

In general, the underlying inflation, which excludes the price of energy and food products due to being more volatile, remains high and above the targets of central banks, and is forecast to gradually fall from 6.4% in 2022 to 6.3% in 2023, and to 5.3% in 2024. However, the underlying inflation in the advanced economies should remain unchanged at an annual average rate of 5.0% this year, before falling to 3.1% in 2024, and the forecasts point to most countries not achieving the inflation target by 2025.

A more restrictive monetary policy entails increased interest rates, both short and long-term, and is reflected in increased funding costs for the State, families and companies.

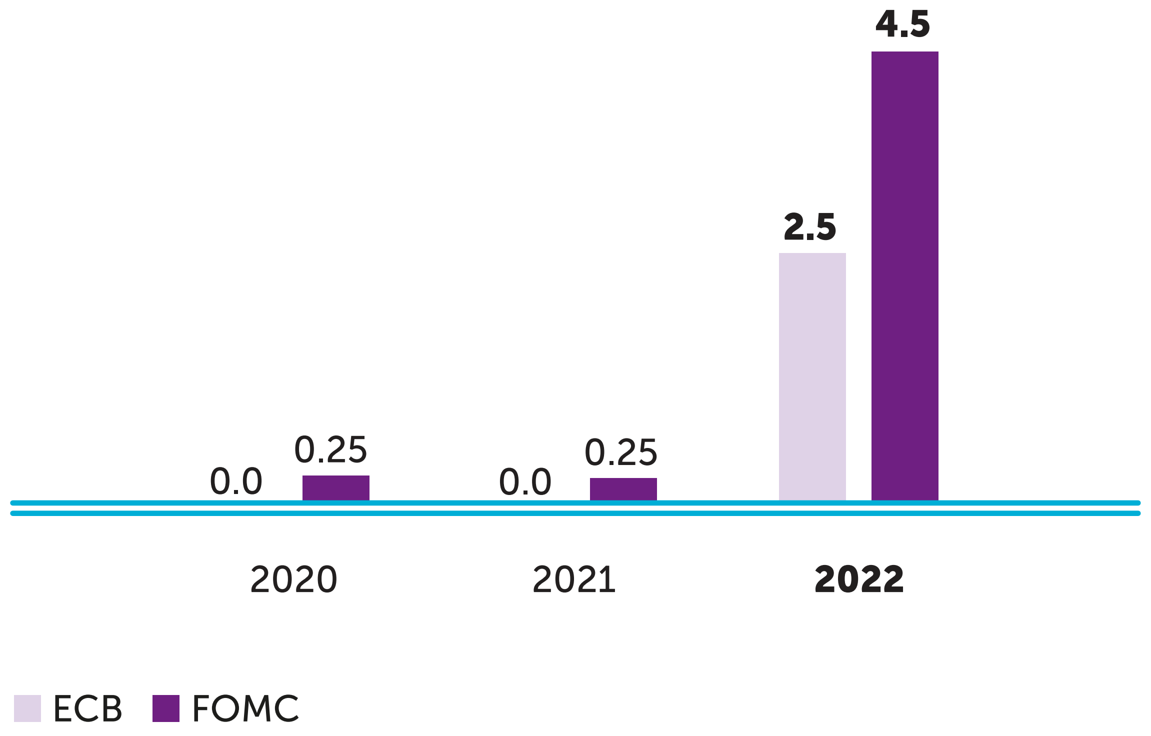
In general, in 2023, in the advanced economies – except Japan, China and the economies of the emerging economies – the monetary policy has continued to be restrictive. The Federal Reserve of the United States of America (USA) increased its reference interest rate by 525 basis points since March 2022, including two pauses, one in the month of June and another in the month of September, to the range between 5.25% and 5.5%. The European Central Bank (ECB) kept its reference interest rate unchanged, as inflation tends to be slowing down.

Inflation Rate (%)



Source: IMF

Interest Rate (%)

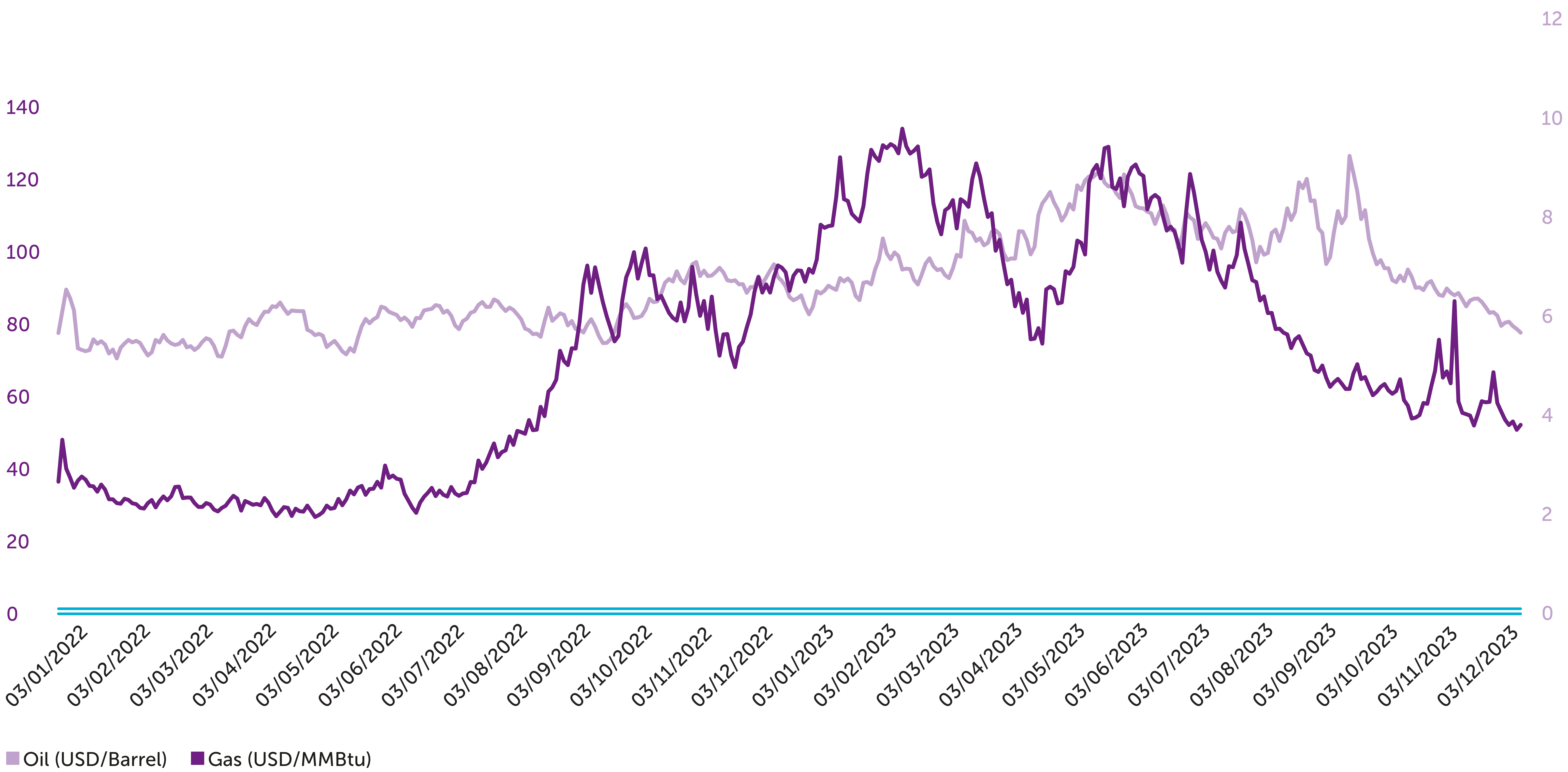


Source: Bloomberg

Commodity Markets

Commodity prices for energy and food, including cereals, show a downward evolution, reflecting the renewal of the international agreements for the export of cereals by Ukraine before the unilateral suspension of the Black Sea Agreement by Russia in July of the current year, the dampening of industrial demand in China and the eurozone, and the increased natural gas reserves in the European Union.

Price of energy commodities



Source: Bloomberg

The price of food goods showed an average reduction of 8.5%, year-on-year, up to August, with the price of wheat falling considerably.

The price of Brent oil showed higher volatility with an upward trend throughout 2023, standing at an average price of USD 90.00/barrel at the end of the third quarter. This performance of the price of oil had been sustained by the decision of OPEP+ to cut production by the end of the year, on the part of Saudi Arabia, and the extension, for the same period, of the cutting of exports from Russia. Moreover, this evolution of the price of oil was has also been sustained by the increased global demand for oil, induced by the increased energy consumption in some advanced economies, especially the USA.

Outlook for 2024

For 2024, it is expected that global growth should retreat to 2.9%, marking the third consecutive year of slowdown. The forecasts indicate that the restrictive monetary policies and credit conditions and the low levels of global trade and investment should affect growth.

In addition to these volatile conditions, recent data confirm that the global economy is in a widespread slowdown. The rising cost of funding at a global scale has compromised the growth rate of many economies, leading forecasts to point to a continuous rate of deceleration of the global economy.

2.2. Angolan Economy

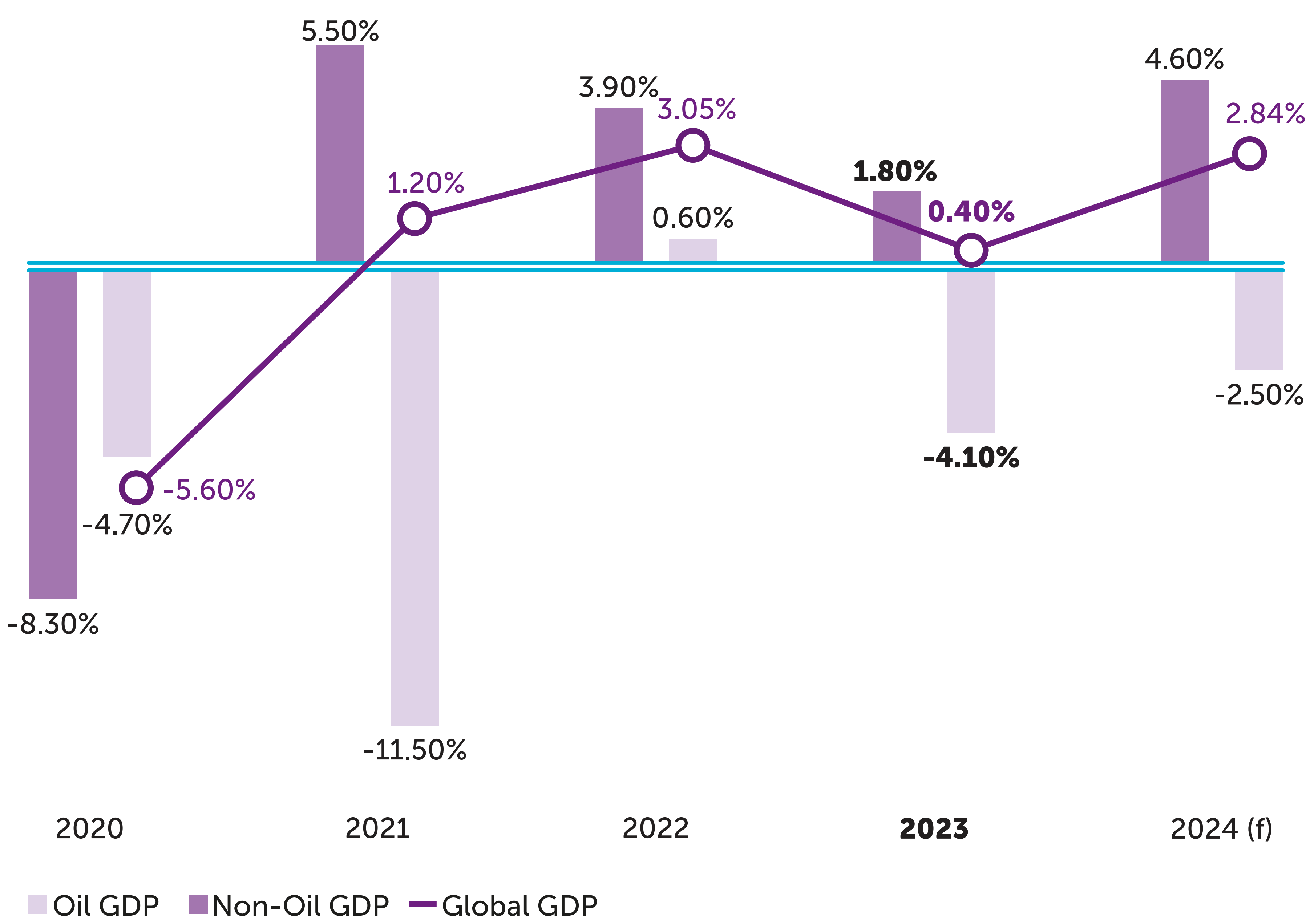
In 2023, the Angolan economy showed a decelerated growth of gross domestic product (GDP) of 0.4%, compared with the 3.3% initially foreseen in the General State Budget (OGE) for 2023, projecting a decline for the oil sector of around 4.1% and positive growth for the non-oil sector of 1.8%.

The oil sector shows a record of loss based on lower production, including gas production, explained by the scheduled and unscheduled stoppages, emergency stoppages for platform maintenance and resolving malfunctions.

Oil exports decreased by approximately 27%, from USD 47,490,050 thousand in 2022 to USD 34,670,580 thousand in 2023, although net international reserves remained substantially unchanged.

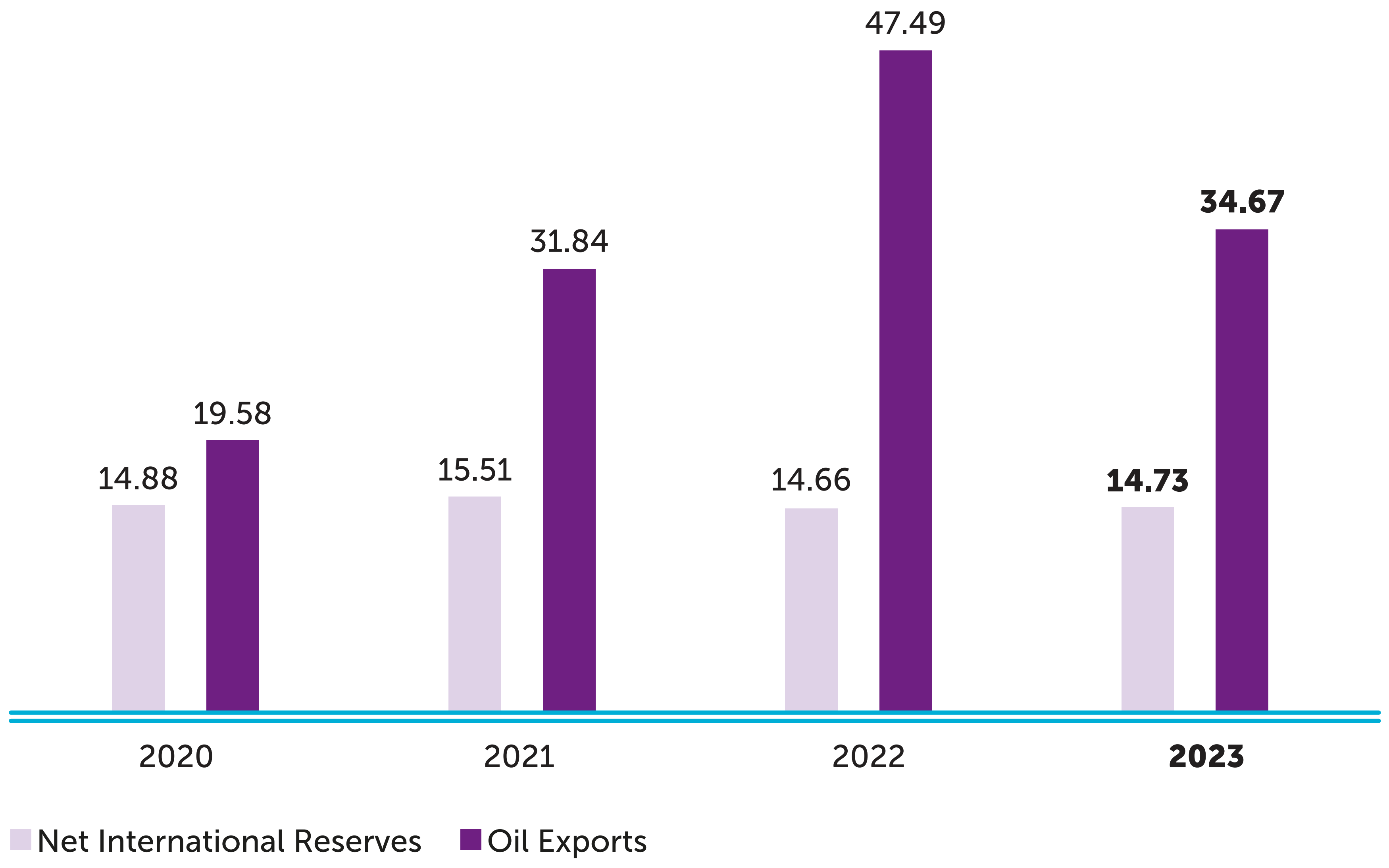
The oil production declines, in the first and second quarters, led to lower export revenues and oil revenues, giving rise, in view of the high levels of mandatory expenses related to repayment of external debt, in a significant depreciation of the exchange rate between mid-May and the end of June, reflecting a decline in the supply of foreign currency in the foreign exchange market, derived from exports and oil revenues of the State Treasury, particularly from the month of March onwards.

Growth Rate – Oil GDP vs. Non-Oil GDP (%)



Source: General State Budget (OGE) 2024

Evolution of NIR and Oil Exports – USD thousand



Source: BNA

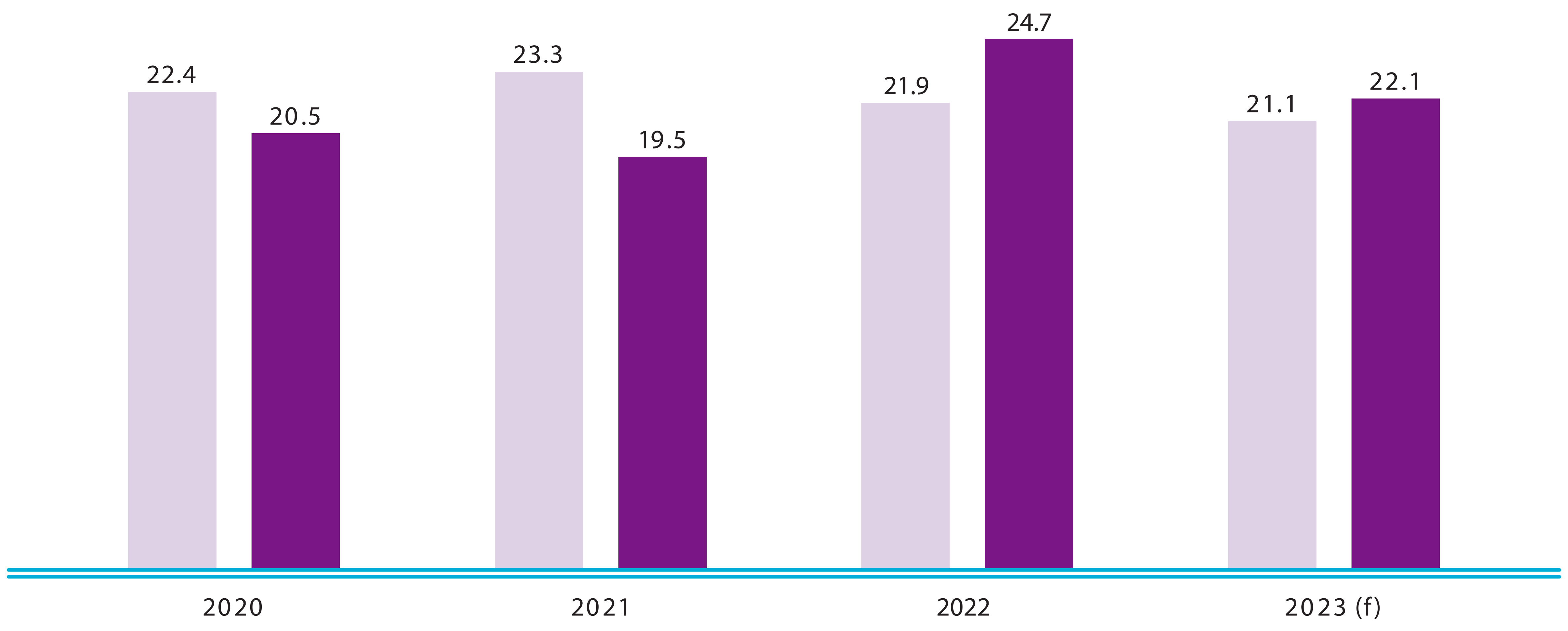
Fiscal Accounts

The fiscal scenario of the General State Budget for 2023 was prepared based on an average price of the barrel of oil of USD 75.00 and considering an oil production of 1.18 million barrels/day, foreseeing an overall surplus of 0.9% of GDP, a primary surplus of 4.9% of GDP, a primary non-oil deficit and structural deficit of 6.5% of GDP.

However, there was a decline in oil production, forcing the Government to take measures to block expenses to contain the impacts of the lower-than-expected oil revenue and significant exchange rate depreciation on the fiscal position.

As a result of all these developments, in 2023, the total Fiscal Balance of public accounts should stand at a deficit of around -0.1% of GDP, compared with the surplus of 0.9% of GDP foreseen in the General State Budget for 2023.

Evolution of Expenses and Revenue – % GDP



Source: General State Budget (OGE)

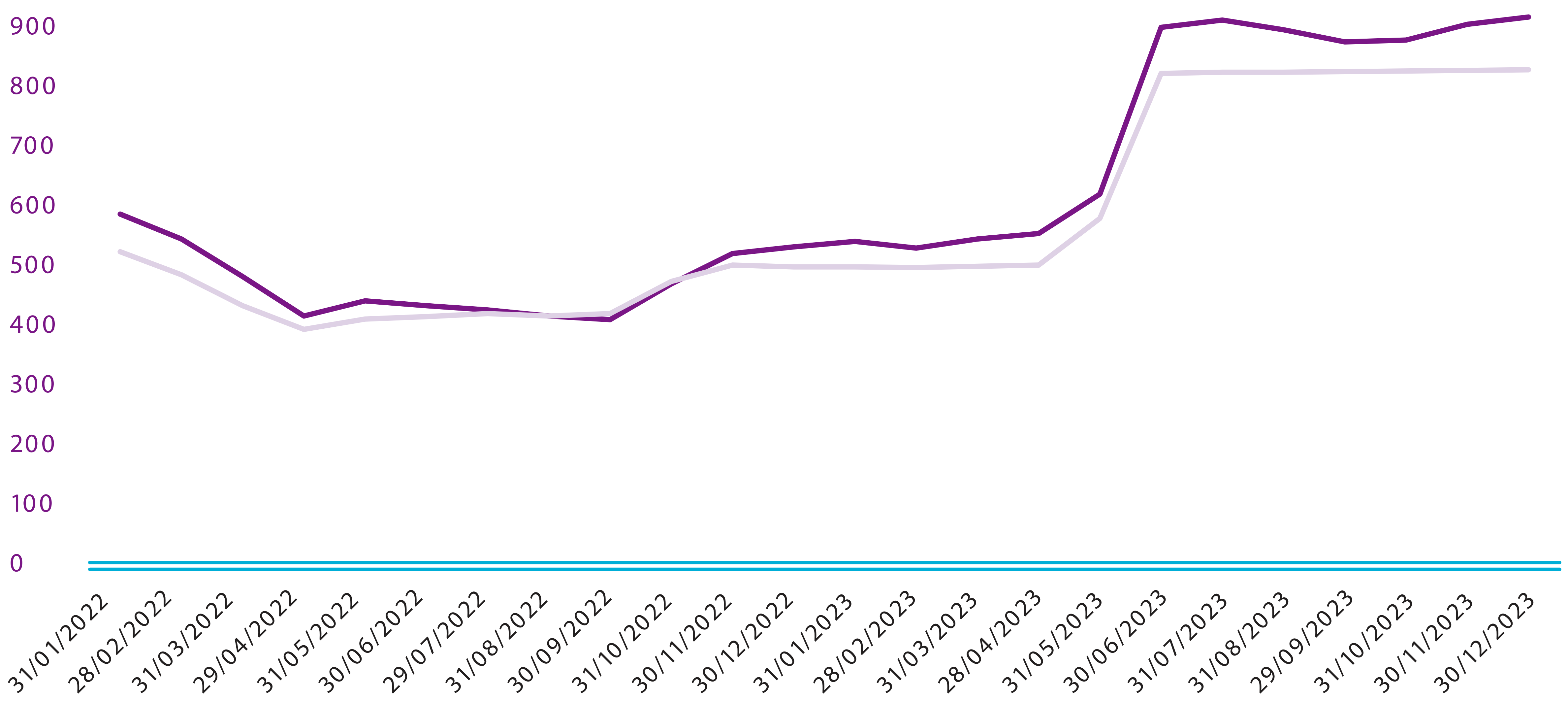
Foreign Exchange and Monetary Market

In the first half of 2023, there was foreign exchange stability between January and April. From May onwards, the foreign exchange market recorded a drop in the supply of foreign currency and a trend of depreciation of the domestic currency in relation to the main international currencies, with the Kwanza having devalued by 39.2 against the US Dollar and by 41.3% against the Euro, by the end of the year.

The year of 2023 was marked by the fall in the price and production of oil, as well as a lower entry of external financing resources and, consequently, a substantial reduction of revenues in foreign currency, with implications on the exchange rate. Hence, the alleviation of the deficit of services, current income and transfers, and 4.1% reduction of imports, enabled the achievement of a positive current account balance.

In that period, the Kwanza recorded an accumulated depreciation of 39.2%, with the exchange rate of the Kwanza in relation to the US Dollar having shifted from USD/AOA 503.7 in December 2022 to USD/AOA 828.8 in December 2023.

Exchange Rate



Source: Bloomberg

03

Banco Económico

3.1. Activity in 2023

Our Offer

Banco Económico provides an offer of value that is appropriate and tailored to the sector, to its commercial segments and essentially to its Customers.

Pursuant to Banco Económico's policy of ongoing development of its systems and system, the aim is to implement disruptive and innovative solutions that enable offering unique solutions tailored to the digital print of each Customer.

With competent teams prepared to advise all commercial segments on the best investment and saving solutions, and help to identify the most suitable financial products and services for each Customer profile, Banco Económico stands as a reference financial partner in Angola.

Focused on ensuring a service of excellence, prioritising close and personalised Customer care, the Bank has various business units, as follows: International Financial Department, Corporate Commercial Department, Top Corporate and Oil & Gas Department, Institutional Department, Network Commercial Department, Private Banking Department, Affluent Department, and Investment Banking Department. These business units monitor four distinct Customer segments:

1. Individuals;

2. Private;

3. Umoxi (Affluent);

4. Companies.

Segment Offer

Banco Económico acknowledges its importance as an agent of support for the development of businesses and projects, support for meeting the needs of the Angolan consumers, and intends to continue to provide the necessary solutions and opportunities for its Partners, Employees and Customers to achieve prosperity, growth and high satisfaction levels.

Individual Customers and Umoxi Customers

1. Day-to-day solutions
Multicaixa cards, Credit cards, Current accounts, Savings accounts.

2. Services
EconomicoNet, EconomicoNet APP, EconomicoDirecto, Direct Debit Authorisation (ADC), Transfers, Cheques.

3. Saving
Term deposits, Foreign exchange protection solution.

4. Credit
Personal and mortgage loans, Leasing.

5. Insurance
Domestic servants, Family protection, Motor, Life, Travel and Health.

Corporate Customers

1. Treasury
Current accounts, Collection solutions, Payments, Financial investments, Foreign exchange protection.

2. Credit
Short-term, mid-term and long-term products, Bank guarantees.

3. Services
Corporate EconomicoNet, EconomicoNet APP, Collection and transportation of valuables.

4. Specialised Solutions
Personalised support to large, medium and small-sized enterprises and businesses, Institutional, Oil & Gas, Trading Room, Investment Banking and Fund Management.

5. Insurance
Freight transport, Group health, Vehicle fleets, Occupational accidents, Travel, Industrial multi-risk.

Private Customers

1. Investment
Banco Económico's Private Banking asset management team performs a full analysis of each Customer's financial profile, professional and personal context, aspired life plans and goals to be achieved. Based on this assessment, an investment strategy is presented, in line with the investor's risk profile, considering the time frame to achieve those goals and the corresponding yield expectations.

2. Financing
Banco Económico's Private Banking team of consultants is permanently attentive to the financial expectations of its Customers, to help them find financing solutions adapted to the particularities of each of their projects.

3. Financial Advisory Services
The specialised, multidisciplinary and fully dedicated teams of Banco Económico's Investment Banking Department ensure that Private Customers have access to the highest levels of financial advice to manage their assets.

4. Insurance
Life and Health, waterborne vessels, personal accidents, travel, home multi-risk, motor insurance and domestic servants. Furthermore, Private Customers also have Private Banking Securities Deposit Boxes at their disposal, which are a convenient option to protect and store documents and personal objects of greater value.

Geographic Coverage

In 2023, Banco Económico continued its plan to optimise the geographic positioning of its commercial units aimed at ensuring business efficiency and continuing to meet the requirements and needs of its Customers.

56
Service Points

40 Branches
8 Corporate Centres
2 Service Offices
3 Umoxi Centres

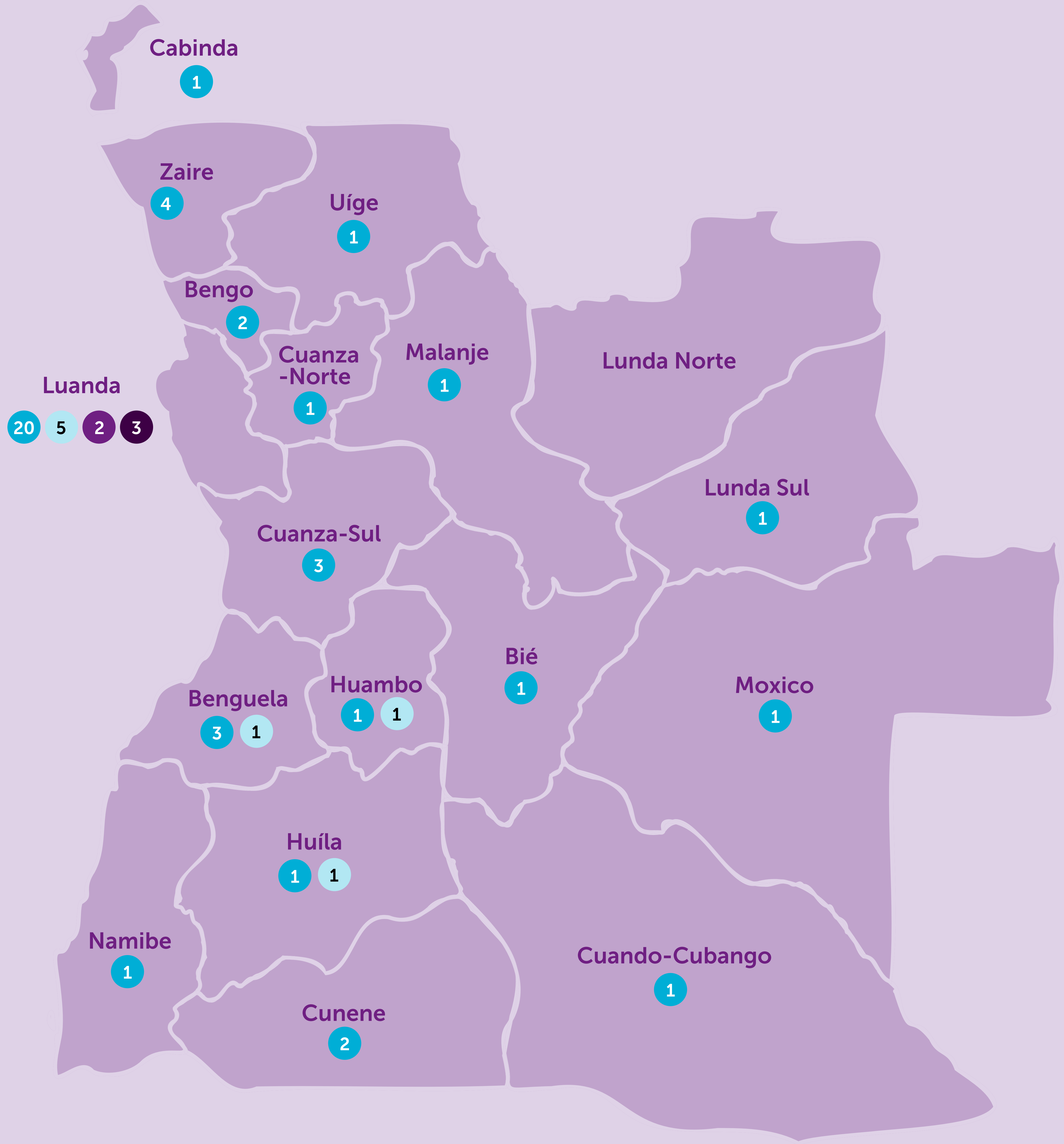
Banco Económico ended 2023 with 56 service points, represented by 42 physical units, maintaining nationwide geographical coverage, and a presence in Angola's main cities and sites of attraction.

Furthermore, the Bank also has:

1 Private Centre
1 Top Corporate and Oil & Gas Centre
1 Institutional Centre

Service Points

- Branch
- Corporate Centre
- Service Office
- Umoxi Centre



Pillars of commercial performance

During 2023, the strategy of the business areas aimed for the sustainable growth of the Customers by fostering financial and social inclusion through its service of quality and proximity to the Customer.

Customers and Business

The year of 2023 was characterised by Customer growth of approximately 2%, influenced by the capture of 11 thousand new Customers. This growth was largely driven by the Bank's proximity to its Customers and the commercial dynamics that leveraged the attraction of approximately Kz 7,800,000 thousand from these new Customers.

Employees

Banco Económico's human capital comprises the greatest differential of competitiveness in the sector and the Bank intends to continue in regularly enhancing the skills of its Employees.

In 2023, the Executive Committee (CE) dedicated an additional focus to visiting business units, prioritising a Top-Down-Top strategy, with a view to ensuring the creation of a culture of rooting the institution's values, inspiring the Employees to show a team spirit, work towards personal development and actively participate in the implementation of the overall strategy. To this end, the leadership teams upheld the motivational levels of the commercial teams, directly and positively affecting the Customer's experience with the Bank.

Technology and Digitisation

Banco Económico, and particularly its business areas, channels and technology, intend to continue to materialise the Bank's digital transformation process, by introducing technologically innovative products and services, and being present in many channels.

The 4% growth in subscriptions to EconomicoNet, in relation to 2022, establishes the Bank's commitment to focus on providing a closer, simple, digital and flexible service.

Risk and Ethics

Banco Económico acknowledges that the sustainability of its business depends on the Customers' confidence and trust. Hence, it aims to continue to develop its entire activity and investments based on respect for all ethical principles, and to comply with the internal regulatory framework and policies in force. Bearing this in mind, in 2023, the Bank carried out three major training actions on sensitive topics, namely Know Your Customer (KYC)/ Know Your Transactions (KYT), Professional Ethical Conduct of the Banco Económico Employee and FATCA.

Commercial Banking

During 2023, Banco Económico enforced a conservative attitude with the implementation of the Recapitalisation and Restructuring Plan (PRR). Among other aspects, special reference is made to the focus on redefinition of the commercial activities, on consolidating Customer satisfaction through multiple surveys, on the quality of the services rendered, on maintenance of deposits and placement of products and services suited to the needs of each Customer.

Notwithstanding the need to implement the Recapitalisation and Restructuring Plan, a commercial action plan was also carried out which enabled increasing the Customer base, maintaining the active and retained Customers, and the number of subscriptions to active saving products.

The initiatives pursued by the commercial areas also led to gaining new deposits, essentially through the attraction of new Customers, and the consolidation of partnerships through a close and transparent approach.

Furthermore, importance was given to the quality of the offer and availability of new services such as:

- Credit Card with exclusive benefits;
- Offers of new products with extremely competitive yields;
- Customer service on Saturdays by appointment;
- Customer service with a dedicated manager;
- Improved insurance offer;
- Diversified non-financial offer with new partners.

The aim for 2024 is to:

1. Consolidate and boost the commercial strategy and positioning, in accordance with Banco Económico's restructuring plan;

2. Adjust interest rates to boost net interest income;

3. Leverage the recovery of non-performing loans to improve the non-performing loan ratio, through specific campaigns and benefits;

4. Grant loans and advances in accordance with the Customer's risk profile;

5. Improve the quality of the services and ensure commercial and support service levels;

6. Optimise the efficiency of processes and strengthen commercial incentives;

7. Galvanise liquidity for improved operational efficiency;

8. Boost the sale of real estate, through the branch network and other service offices.

2023 in Numbers

Customer deposits

Banco Económico has consolidated its position in the top 10 banks with the largest volume of deposits, closing the year of 2023 with Kz 1,006,663,603 thousand, despite the impact of the reduction of the volume in portfolio, in consideration of the acquisition of real estate properties under its strategy of optimisation of real estate assets.

Additionally, the growth of Individual Customers (2%) and the sustention of Corporate Customers have contributed to the consolidation of the Bank's deposits, considering that new Customers represent approximately Kz 7,800,000 thousand, corresponding to 19% growth in the capture of deposits in new Customers, compared with 2022. The new Corporate Customers had more impact on the capture of these deposits, considering that they contributed with approximately Kz 4,000,000 thousand, corresponding to 52% of the new deposits attracted in 2023. These dynamics of maintenance and attraction of new deposits also contributed to enhancing the robustness of the position of active term deposits.

The maintenance of term deposits contributed to the consolidation of the deposits allocated to Customers, showing the Customers' strong trust and confidence in Banco Económico's saving products and financial investments.

The volume of deposits in domestic currency increased by 8% in 2023, standing at Kz 258,117,409 thousand.

This performance of deposits in 2023 continues to demonstrate the results of the ongoing investment in innovative products and services and the consolidation of the Bank's distribution channels, as well as the Customers' trust and confidence in the Banco Económico brand.

Evolution of Customers

The Bank increased its Customer base by 2%, positively influenced by the 2% growth of Individual Customers and maintenance of Corporate Customers.

The strong commercial dynamics of attracting new Customers, and retaining and creating loyalty among the existing ones, has been a continuous and successful investment of the Bank with positive impact on the consolidation of active Customers.

The signing of salary protocols with companies and consequently the opening of accounts for the domiciliation of their Employees' salaries, has influenced the attraction of Customers and their activation through the processing of their income and the placement of active products and services.

Bancassurance

The value of production for policies by the banking channel stands at Kz 5,959 million in 2023, corresponding to growth of 18% in turnover in relation to 2022. This growth arises from the galvanization of commercial dynamics through the launch of campaigns with adjusted prices, associated premiums and the placement of personalised packages tailored to Customer needs.

Insurance	2023	2022	2021	Δ 2022/2023 Kz	Δ 2022/2023 %
Turnover	**5,959**	5,052	4,456	907	18%

Loans and advances to Customers

The year of 2023 was marked by the continued profound limitations for granting loans and advances, considering both the Liquidity Contingency Policy in force and the Recapitalisation and Restructuring Plan underway at the Bank. To this end, throughout the year, the Bank negotiated with its liquidity-consuming Customers on the adjustment of the escrow account lines to their real needs, giving rise to a 46.70% reduction in this product available to companies.

The fact that the Bank has credit granting practically unallocated and considering the existing repayment plans, both in mortgage loans and leasing, led to a reduction of 21.54% and 11.21%, respectively, from 2022 to 2023.

The activity related to loans and advances showed growth of 5.41%. However, this evolution does not involve effective growth of loans and advances, but rather an accounting growth, considering that a reversal of the Securitised Credit Portfolio operation was signed in May 2023, with the Bank, since then, having gradually carried out a process of integration, standing at Kz 239,956,774 thousand compared with the Kz 227,632,232 thousand in 2022.

As at 31 December 2023, purchased or originated credit-impaired financial assets (POCI) correspond to operations of loans to Customers received in the context of the reversal of the asset assignment operation with INVESTPAR (Note 15), corresponding to an exposure of Kz 265,325,036 thousand, with the respective fair value calculated by considering the valuation of the discounted real estate collateral, according to the available valuation reports and Land Register Certificates, pursuant to the criteria established in the guidelines issued by Banco Nacional de Angola.

A large part of the former securitised portfolio is past due, explaining the concentration of growth of loans in past due loans, affecting the percentage of past due loans of 60.52% in relation to the 32.94% of the previous year.

The composition of the loans that were integrated in the Bank's Balance Sheet are mainly allocated to companies. Accordingly, there was an increase of 126% in loans to companies, which shifted from Kz 198,000,000 thousand in 2022 to Kz 451,000,000 thousand in 2023.

The reversal of the securitised portfolio operation, considering its weight in the Bank's total loan portfolio, absorbed the effect of the existing visibility of the impact of the Recovery Campaign named BE Vida Nova in force during 2023.

Under this campaign, the Bank managed to settle 66 non-performing loan operations, representing a volume of Kz 4,000,000 thousand, and restructure 21 operations, representing a volume of Kz 49,000,000 thousand, ending the year with many operations in the process of formalisation in the pipeline.

Asset Management

Pension Funds - Económico SGFP

The mission of the pension fund management company Económico Fundos de Pensões – Sociedade Gestora de Fundos de Pensões, S.A. ("Económico SGFP" or "Económico Pension Funds") is to contribute to the future of the Participants and Beneficiaries of the Pension Funds under its management, guaranteeing the right to future benefits and a dignified retirement, through prudent and efficient management of their contributions.

The activity of this pension fund management company is complementary to that of the public Social Security system, offering its Associates, Participants and Beneficiaries the possibility of setting up autonomous assets (Pension Funds) which guarantee, in the future, the inalienable right of the human being to a retirement pension at the end of their active life upon termination of their contribution to society.

Accordingly, Económico SGFP's complementary mission is to contribute to the progress of its Associates (companies), which enhance the value of their Employees and fostering the country's economic and social development while respecting the rules of professional ethics and deontology.

Económico Fundos de Pensões – SGFP, S.A. is a non-banking financial institution, authorised to pursue the respective functions by the Ministry of Finance of the Republic of Angola, through Order No. 419-A/09 dated 29 September 2009, for the corporate purpose of pension fund management in accordance with the rules regulating this activity, being able to conduct all acts that are not barred by the applicable legislation, and comprises a team of professionals specialised in pension fund management and in setting up pension plans.

Económico SGFP started its business activity in Abril 2009 – under the corporate name of "BESAACTIF – Gestora de Fundos de Pensões, S.A." – for an indefinite duration, with its head office located at Rua Marechal Brós Tito, No. 35/37, 5º andar, fracção C, Edifício Escom, Ingombota, in Luanda, Angola.

The General Meeting held on 15 July 2015 decided that its corporate name should be changed to its current name (Económico Fundos de Pensões – SGFP, S.A.), with this alteration being published in the Angolan Official Journal D.R. on 23 February 2017.

The pension fund Económico SGFP offers a series of retirement saving funds, with estimated medium and long-term yields, aimed at complementing the pensions established in the Legal Framework of Social Security Protection. Accordingly, for medium/long-term savings, Económico SGFP offers open-end pension funds that enable individual and collective subscription, following retirement scheduling, in other words, for setting up pension plans of companies and/or individual participants.

The pension fund Económico SGFP been registered at the Angolan Insurance Regulatory and Supervisory Agency (ARSEG) since 2 March 2009, under number 56143, with its main Shareholders being Banco Económico, S.A. (controlling Shareholders) and the actual Económico Fundos de Pensões – Sociedade Gestora de Fundos de Pensões, S.A., the latter on account of the transmission of the non-qualifying shareholding of the former Shareholder GNB – Gestão de Activos, SGPS, S.A. of the Novo Banco Group (Portugal), at the General Meeting, on 27 October 2023.

Económico SGFP – Shareholder Structure

Values expressed in thousand Kz

Shareholders	No. of Shares	Nominal Value	%
Banco Económico, S.A.	9,600	960,000,000	96%
Económico Fundos de Pensões - SGFP	370	37,000,000	3.7%
Individual Shareholders (#3)	30	3,000,000	0.3%
Total	**10,000**	**1,000,000,000**	**100%**

Pension Funds under Management

As at 31 December 2023, the Bank managed five Pension Funds, two of which were open-end and three closed-end:

Pension Funds	Incorporation Date	Transfer Date	Type of Plan	Pension Plan
1-5-10 Per day Pension Fund	27/07/2001	01/12/2013	Open-end	Defined Contribution
Ministry of Petroleum Workers' Pension Fund	03/01/2003	01/04/2014	Closed-end	Defined Benefit
UNITEL Workers' Pension Fund	01/12/2007	01/02/2014	Closed-end	Defined Contribution
ENE, EP Workers' Pension Fund	21/05/2008	01/02/2014	Closed-end	Defined Benefit
BESA Options Retirement Pension Fund	01/02/2010	-	Open-end	Defined Contribution

Although the Angolan legislation on Pension Funds was created almost two decades ago, with the publication of the Pension Funds Regulation (Decree No. 25/98 of 7 August), the implementation of private Social Security in Angola has not been easy. Despite the growth of economic activity, the Pension Fund sector experienced difficulties during 2023 in terms of new subscriptions to funds – both among companies and individuals – in addition to constraints and delays of the Associate Companies in making their contributions.

Notwithstanding this, Económico SGFP continued along its positive evolution with sustained growth of its activity, in collaboration with its Shareholders, its Regulator (ARSEG) and other Stakeholders, consolidating its presence in the market.

Special reference is made to the increased value of the funds under management of Económico SGFP, which reached Kz 45,684 billion in December 2023, compared with Kz 28,211 billion in 2022 (a significant increase of 62%).

Evolution of the Portfolios of Funds under Management

Values expressed in thousand Kz

Pension Funds	2023	2022	2021	Var. (%) 2023-2022	CAGR 23/21
UNITEL Workers' Pension Fund	**25,612,274**	18,486,058	15,024,410	39%	31%
BESA Options Retirement Pension Fund	**6,155,587**	4,553,482	3,944,585	35%	25%
ENE, EP Workers' Pension Fund	**9,731,642**	2,827,847	3,026,655	244%	79%
Ministry of Petroleum Workers' Pension Fund	**3,901,083**	2,161,360	2,245,316	80%	32%
1-5-10 Per day Pension Fund	**284,069**	182,724	151,195	55%	37%
Total	**45,684,655**	**28,211,471**	**24,392,161**	**62%**	**44%**

Analysing the evolution over the last two-year period (2023/21) we find an average annual growth of around 40% of the funds under management, which shows the strong commercial and financial dynamics of Económico, SGFP in a particularly challenging environment, as has been the case of the last two years.

In general, there has been an increase in the assets of all the funds, but the spotlight is placed on the Fundo de Pensões dos Trabalhadores da ENE, EP (ENE Workers' Pension Fund), which grew by 244% over the last year, as a result of the signing of financing protocols between Económico, SGFP and the Sponsoring Associates (companies), on the one hand, to cover the current liabilities related to the Employees' past services in the fund and, on the other hand, for the allocation of that same social benefit to all the other Employees who were not covered.

The Ministry of Oil's MINPET Pension Fund also showed significant growth of its assets, of around 80%, followed by the 1-5-10 Por Dia Pension Fund with growth of 55%, the UNITEL Workers' Pension Funds with growth of 39% and the BESA Options Retirement Pension Fund with growth of 35%.

Evolution of Management Fees

Over the last few years, Económico SGFP has achieved a positive evolution of its revenue, which are consistently maintained:

Values expressed in thousand Kz

Pension Funds	2023	2022	2021	Var. (%) 2023-2022	CAGR 23/21
UNITEL Workers' Pension Fund	**258,710**	186,728	155,760	39%	29%
BESA Options Retirement Pension Fund	**157,849**	116,763	101,149	35%	25%
ENE, EP Workers' Pension Fund	**285,488**	82,958	88,790	244%	79%
Ministry of Petroleum Workers' Pension Fund	**27,500**	15,236	15,828	80%	32%
1-5-10 Per day Pension Fund	**7,284**	4,117	3,877	77%	37%
Total	**736,831**	**405,803**	**365,404**	**82%**	**42%**

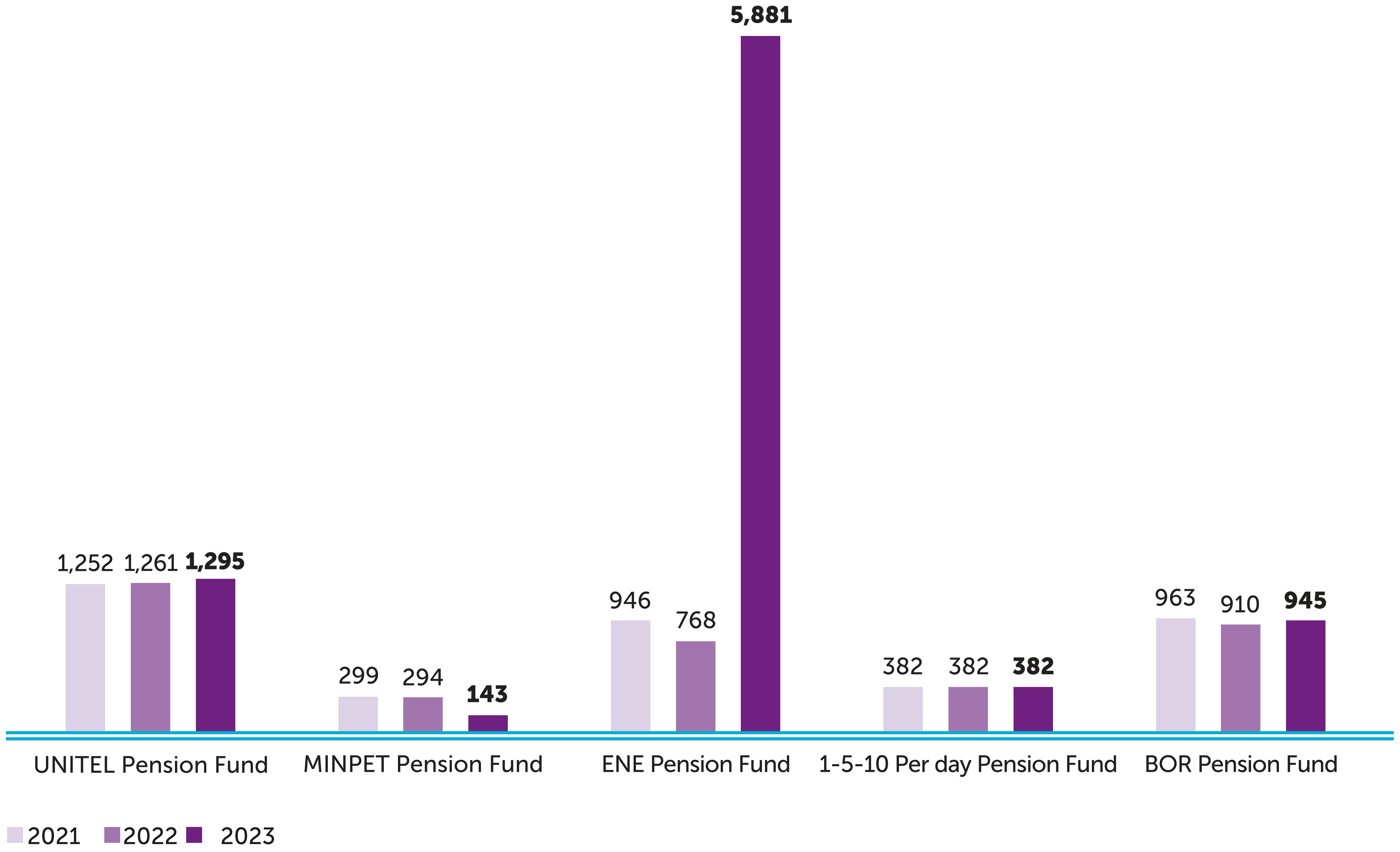
Revenue increased by around 82% in 2023, continuing the same trend observed since 2021.

Evolution of Participants and Beneficiaries

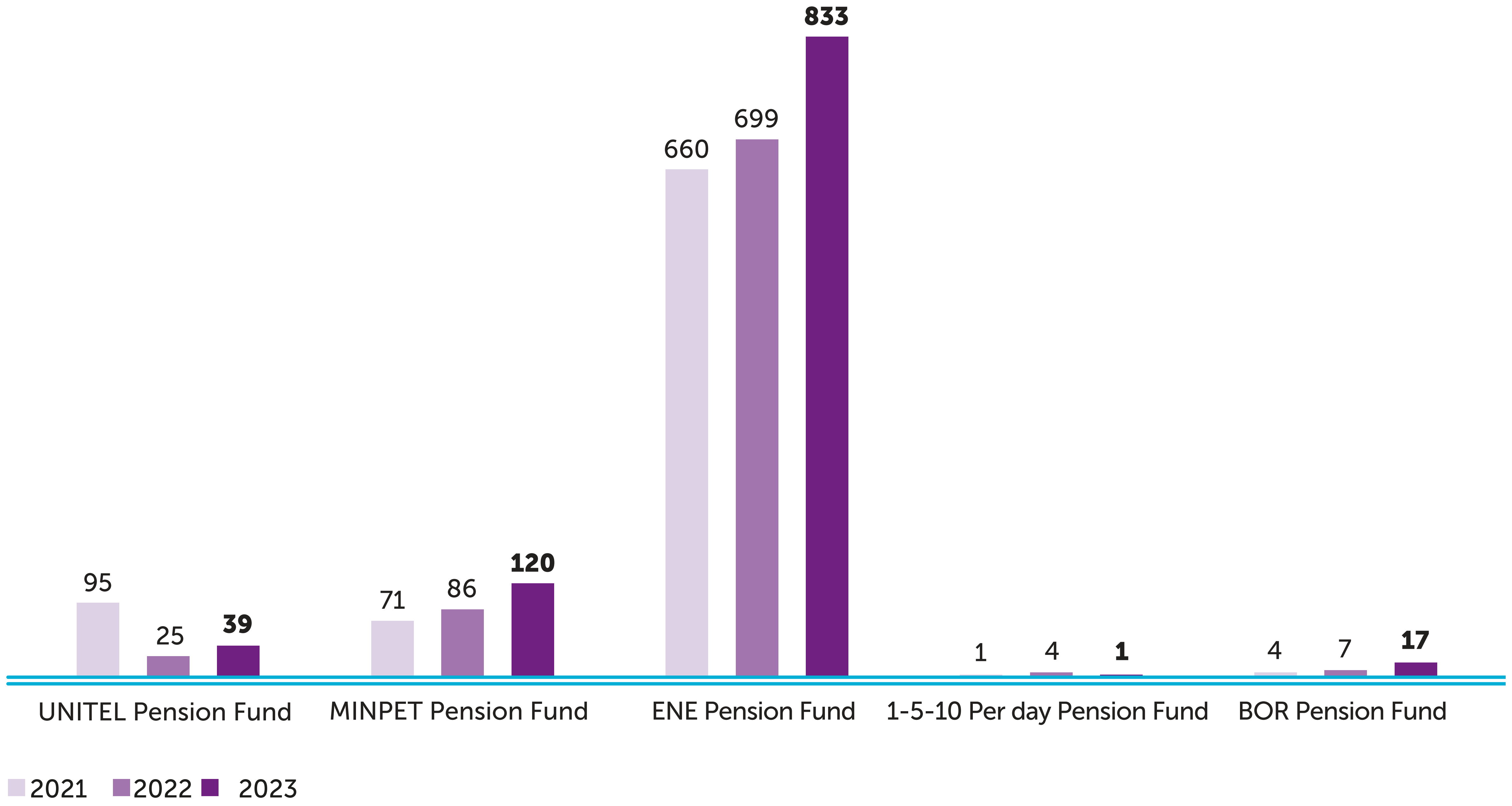
New subscriptions are particularly noteworthy in the ENE Fund, followed by the UNITEL Fund, offsetting the reduction in the remaining funds, particularly the MINPET Fund. This evolution reflects the profile of the active population of the respective Associates:

- The UNITEL Pension Fund has a very young and still growing population;
- The MINPET Pension Fund is awaiting the Associate's decision on the inclusion of new Employees from the extinct Ministry of Geology and Mines;
- The ENE and the MINPET Pension Funds, with the strongest growth of Beneficiaries, as its Participants begin reaching retirement age.

Participants



Beneficiaries



Direct Channels and Payment Methods

The Bank continuously and increasingly invests in developing its multichannel distribution platform, focusing on the development and implementation of initiatives that boost this evolution, especially the provision of new functionalities and improvements in payment methods and direct channels.

Channel	Segment	User
CORPORATE EconomicoNet	Companies and Institutional	Customer
EconomicoNet	Individual Customers	Customer
EconomicoNet App	All	Customer
Consult@Cartão	Companies and Institutional	Card beneficiary
Branch EconomicoNet	All	Bank Employees
Debit cards	All	Customer
Credit and Prepaid cards	All	Customer
Automated payment terminals at point of sale (POS)	Companies	Customer
ATM	All	Customer
Contact Centre	All	Customer

New services and developments in 2023

In 2023, the Bank successfully completed part of the projects started in 2022, having implemented some new functionalities and services which are proposed to be placed in production, most importantly in projects of regulatory nature and for improvement of Customer service.

In this context, the following are highlighted:

- New platform for Credit and Prepaid Card Management (in pilot phase);
- Cardless withdrawal at automated payment terminals (APT) (completed);
- SMS Notification Service (completed);
- Card Protector (completed);
- Middleware for Integration of Digital Wallets (completed);
- PIN dematerialisation;
- Management of the Red List of Tax Identification Numbers (NIF);
- Purchase of QR Code at Physical APT;
- Instantaneous Transfer System;
- Online Payment Gateway;
- Evolution of the Electronic Payment Management System (EPMS) | Multiple Personalising Impact;
- Query of Single Reference of Payments to the State (RUPE) in Real Time;
- **EconomicoNetBalcão** – International Transfers;
- **EconomicoNetBalcão** – Term Deposits – Improvements;
- **EconomicoNetBalcão** – Improvement in the service of payment by reference;
- **EconomicoNet** – Request for debit card issue, replacement and activation;
- Remote Technical Assistance Service by Contact Centre service channels (completed).

In addition, several projects have been initiated, to be completed during 2024, continuing the process of transforming EconomicoNet services and payment methods, in line with the needs of our Customers and the retail networks, namely:

- **EconomicoNet:** inclusion of new functionalities to improve the usability experience (control and management of expenses, personalisation of menus, integrated chat and push notifications);
- **EconomicoNet:** redesign of the application’s layout with a change of its Look & Feel and restructuring of menus;
- **EconomicoNet Balcão Improvements:** Single front end to support the operation and branch Customer service, revision of the browser structure and menus, and improvement of the processes of integration with core banking;
- **EconomicoNet Balcão Improvements:** inclusion of the card management module (CATUS).

The Customer helpline, as the main centre of interactions, has met the regulatory requirements by ensuing Customer assistance 24/7 in the 3 channels provided (telephone, e-mail and WhatsApp).

The goal proposed in the previous year of opening a helpline to cover and assist Customers who use automated payment terminals (APT) by the Call Centre was achieved and is currently operating.

However, the improved offer of products and services is not only centred on the internet banking, automated payment terminal (APT) and automated teller machine (ATM) channels. The Bank successfully completed the new Card Management Platform, with operationalisation of phase 1 of the project, corresponding to prepaid VISA cards. This project is based on the process of inclusion in its portfolio of new products tailored to the Customers' needs, namely:

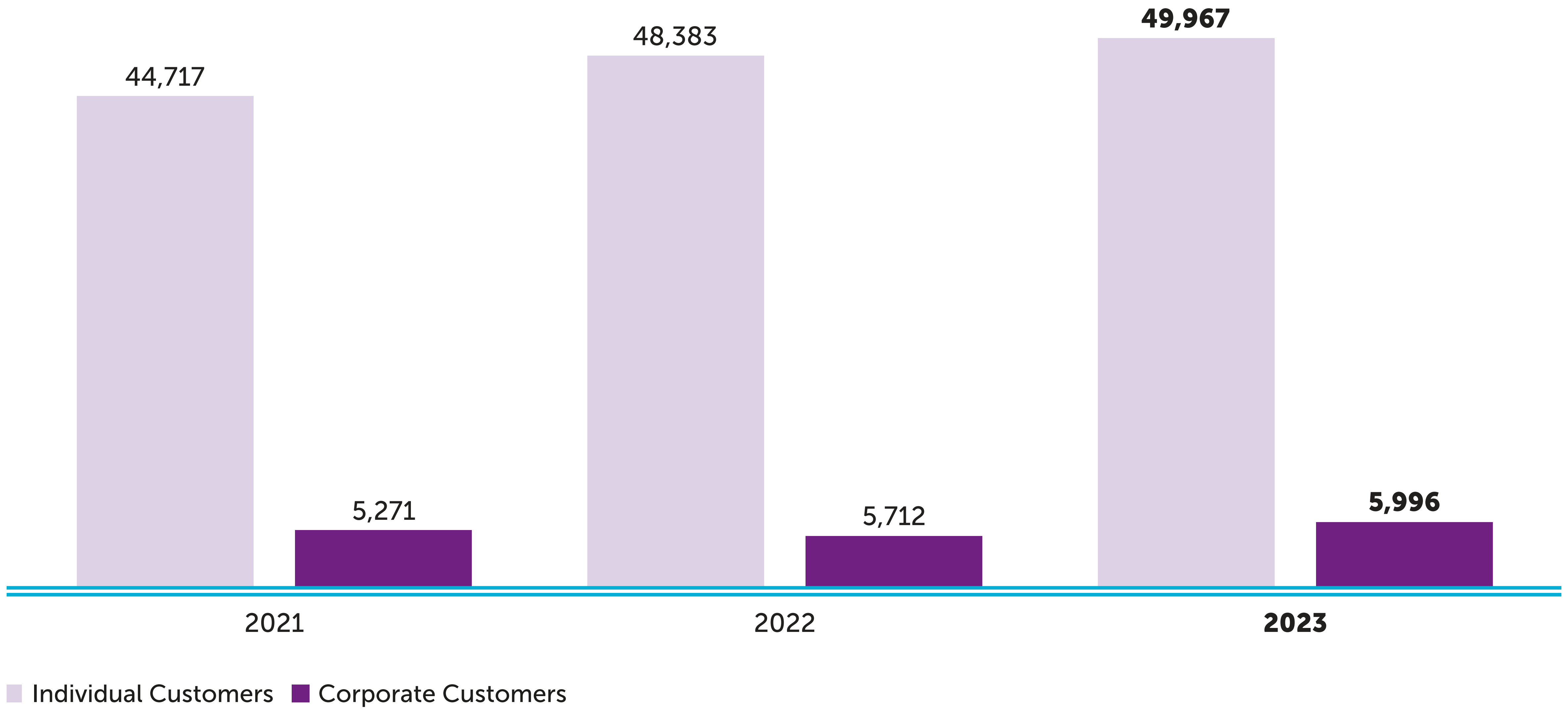
- VISA Prepaid Card;
- Multicaixa Prepaid Card;
- VISA Gold Credit Card;
- Multicaixa Credit Card.

Cards and Channels in Numbers

EconomicoNet Multichannel Platform

Subscriptions to EconomicoNet increased by 3.5% in 2023. This increase continues to be in line with the market evolution in the ongoing digital transformation process and with the Customers' growing preference for digital channels.

EconomicoNet subscriptions



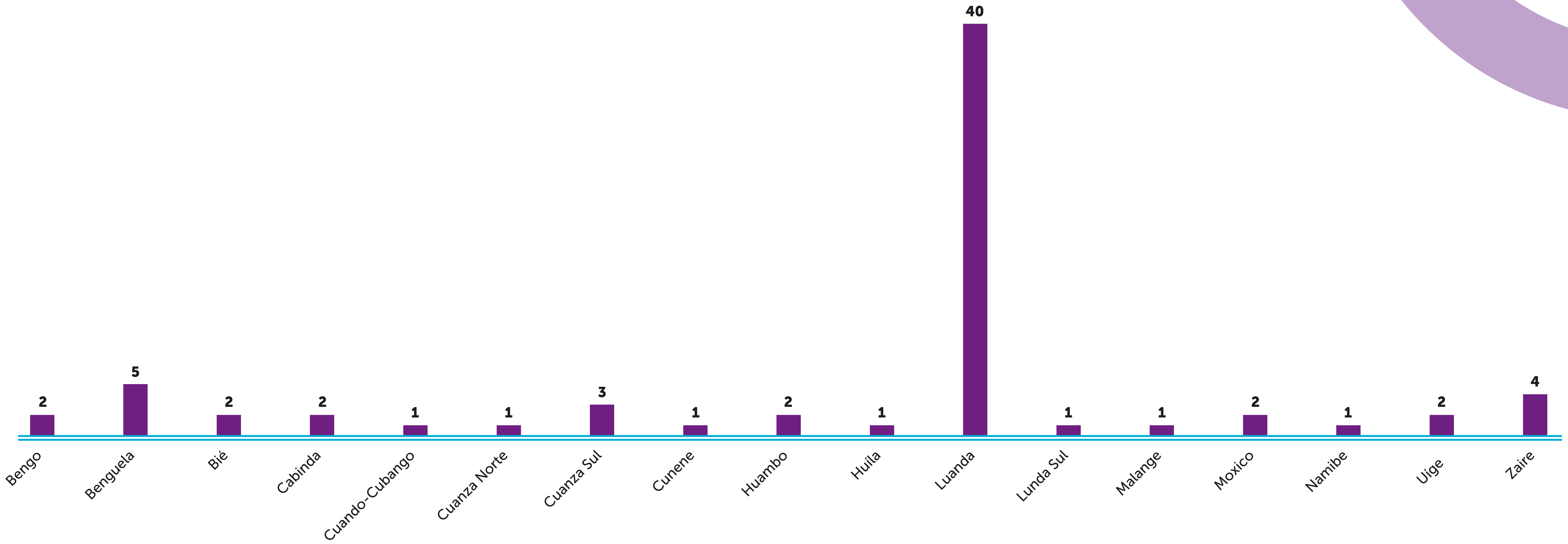
The penetration rate of EconomicoNet services continues to show the growth trend observed in recent years. This trend was also manifest this year, in the Corporate segment, which increased by 5% in relation to 2022. The same growth trend occurred in the Individual Customer segment, where the number of subscriptions grew by 3% in relation to 2022, amounting to a total of 49,967.

Automated Teller Machines (ATM)

The Bank had a total of 71 ATM machines in 2023, which had been cut by 10%, as a result of its restructuring plan, following the closure of 10 branches and business centres. This fact enabled us to carry out management more directed to the quality of the machines, with the replacement of machines that were being discontinued, always in alignment with their location and profitability.

The reduction of the number of total ATM machines, associated with the liquidity factor which has impacted the treasury capacity to supply the ATM, has resulted in their lower profitability, meaning that the element balancing the increased interbank fee (capacity to supply the Bank's machines) has not materialised.

Total ATM



Automated Payment Terminals (APT)

The number of automated payment terminals (APT) declined in 2023, having shifted from 4,016 in 2022 to 3,311 in 2023, embodying a decrease of 17.6%. This volume represents the ongoing activity aimed at cleaning up the set of active APTs, with a view to alleviating the cost base per registration, following the criterion of cancellation due to inactivity.

Debit and Credit Cards

Multicaixa debit cards recoded a 10.8% decrease in 2023 relative to the number of cards in circulation, stemming from several actions developed, particularly:

1. Clean-up of the Entire Set

The process of reassessment of the entire set of debit cards is currently underway, the aim of which falls under the initiatives being developed at the senior management units, namely to ensure the maintenance and quality of the entire set based on the binomial of transactionality versus inactivity time, to mitigate costs and relocate these solutions to places where income can be maximised.

2. Closure of accounts

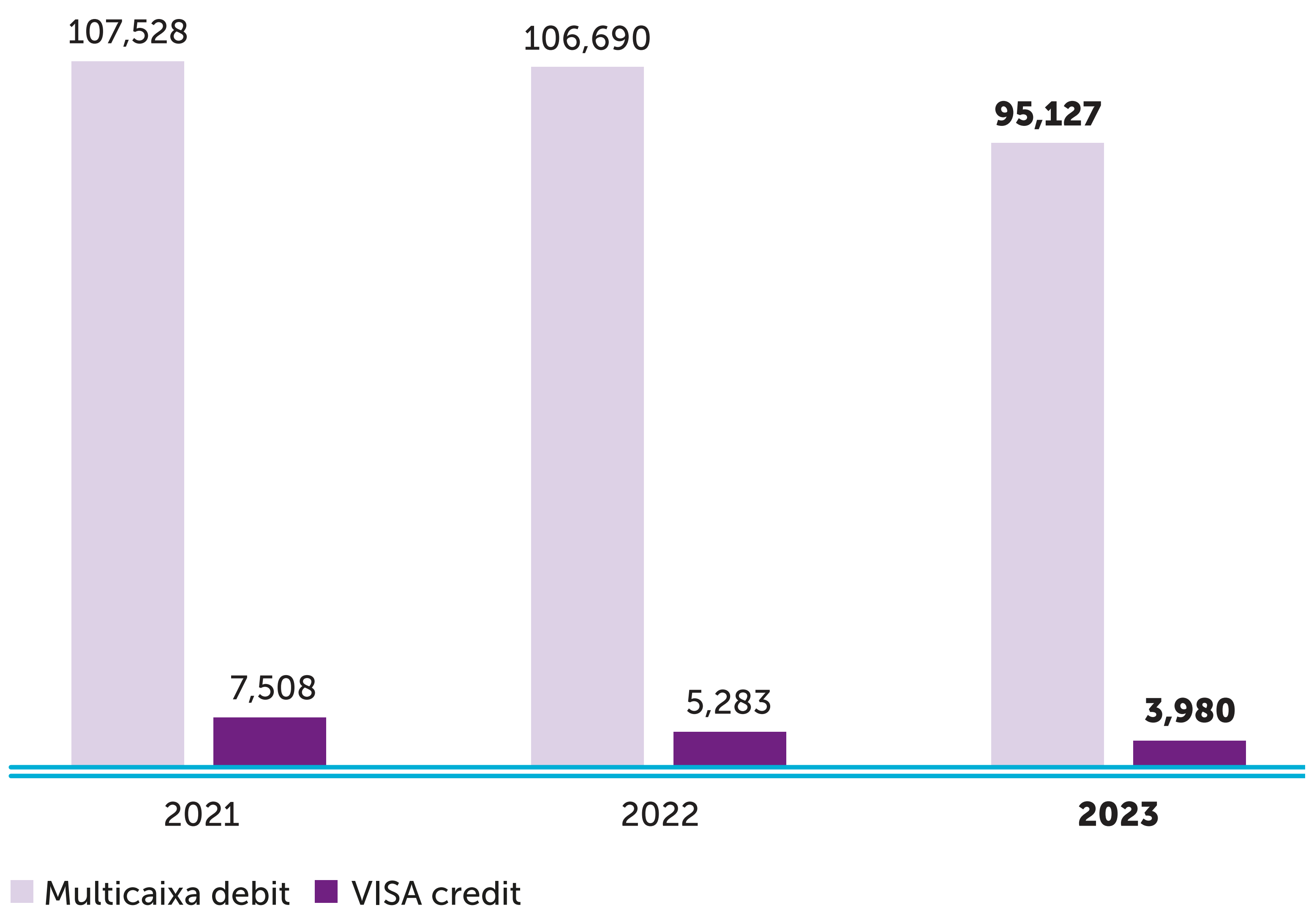
The Bank has implemented a series of actions to ensure its alignment with Banco Nacional de Angola's guideline on the process of updating accounts. To this end, the Bank has developed a series of awareness-raising campaigns among its Customers on the need to keep their data updated and comply with all the legal requirements.

This action has a direct impact on the total set of cards, because a large part of the accounts has associated means of payment (cards, Internet Banking, APTs).

Although the actions relative to the maintenance and clean-up of the general Customer base have affected the volume of cards, this reduction has positive effects on the monthly costs of registration in the interbank network charged by EMIS.

VISA credit cards showed a 24.7% decrease in terms of total number of cards.

Debit and credit cards



Multicaixa debit cards recoded a 10.8% decrease in 2023.

Marketing and Communication

Product and Service Campaigns

Following the profound restructuring process embarked on in 2022, which continued to show containment and strictness in control of costs and budget implementation, the Bank maintained a lower exposure in means, while preferring to employ greater dynamism in the brand's exposure and focus on disseminating more attractive products, which was the case of the Anniversary Deposit, whose demand, towards the end of 2022, compelled the extension of the marketing period up to the end of February 2023. Special reference is also made to the launch of the credit recovery campaign "BE Vida Nova" (BE New Life), of the Mortgage Loan product, an offer that had been suspended for several years.

Considering the business environment and the economy's regulatory framework, a special effort was made in disseminating the channels for claims, means of payment, and the updating and reliability of account data.

A sign of stability, confidence, trust and security was seen in the maintenance of the long-standing relationship of partnership with Customers and institutions that we consider relevant.

Anniversary Deposit

Mortgage Loan

BE Vida Nova

Events

Exhibition "Cântico ao Sol" (Hymn to the Sun), by Joan Miró

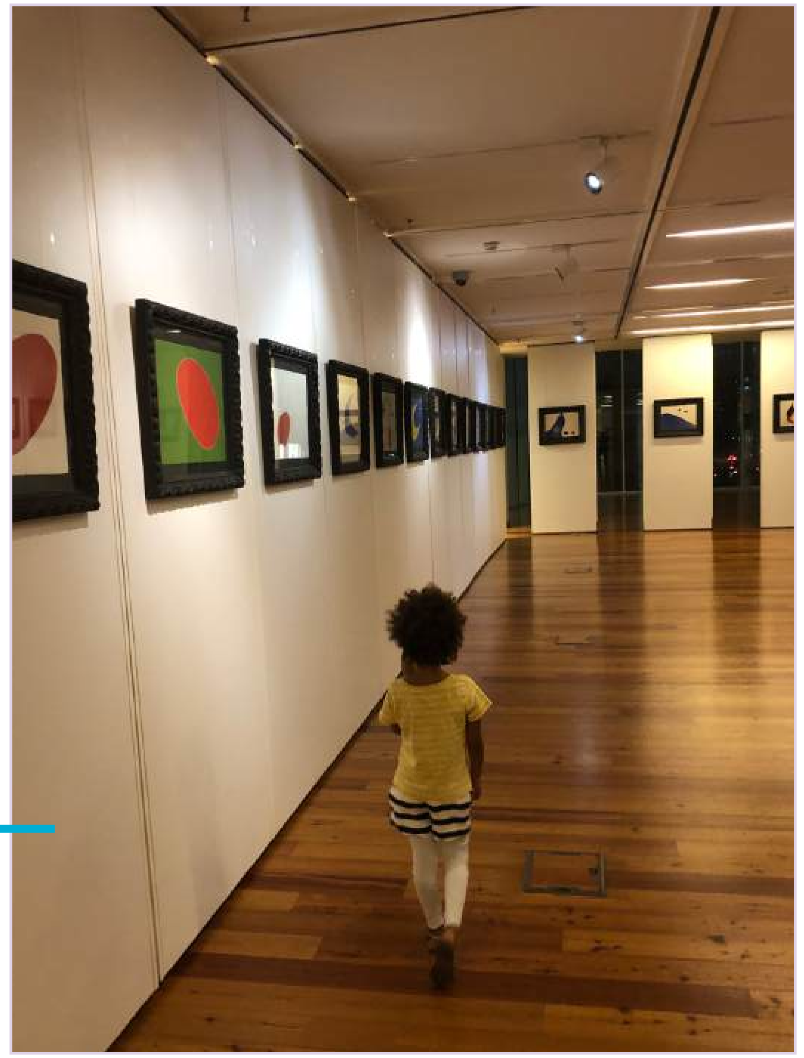
The sale of the head office building, which had accommodated the Banco Económico Gallery, constrained the agenda of events. Few, but two exceptional events marked 2023.

In February, the Banco Económico Gallery hosted the first and unique exhibition of an international artist, "Cântico ao Sol" (Hymn to the Sun), by Joan Miró, which the Bank supported by providing the gallery to the Spanish Embassy up to the end of April.

This highly prestigious exhibition was framed under the programme of visits of King Felipe VI and Queen Letizia of Spain, during their stay in Angola.

Exhibition "Cântico ao Sol" (Hymn to the Sun), by Joan Miró

Kings of Spain visit the exhibition



Exhibition "Cântico ao Sol" (Hymn to the Sun), by Joan Miró

Collective Exhibition "Untitled 03 – O Vendedor de Passados" (Untitled 03 – The Seller of Past Experiences)

Yet another collaboration with the renowned gallery This Not a White Cube (TINAWC), with curatorship by Jamil Ramos, Sónia Ribeiro and Graça Rodrigues. This exhibition, comprising over 100 artworks by 57 Angolan artists, with diversified aesthetics and techniques, and different levels of experience, was on display from May, marking the end of a cycle dedicated by the Bank to Angolan art and culture.

Collective Exhibition "Untitled 03 – O Vendedor de Passados" (Untitled 03 – The Seller of Past Experiences)

Internal Communication

Internal communication occupies one of main axes of alignment at the institution, being a preponderant factor, especially in the context of change. This aspect is of extremely well-known importance in the motivation and strong engagement of human capital in the institution's life; explaining the primary value of all the actions carried out by the Bank in this regard.

In 2023, the following events are highlighted:

Move of the head office

Internal campaign developed to dedramatize the process of moving the Bank's head office premises. The aim was to show, through almost daily messages and reports, the details of this move, the organisation and involvement of all the Employees and, above all, positively influence the viewpoint on the entire process, even by foreseeing the benefits of greater efficiency and productivity for the institution.

Internal BE campaign

Internal communication plays a vital role in Employees' engagement.

Activities organised as part of BE's 9th anniversary.

9th Anniversary of Banco Económico

A small corporate team-building exercise, in which the enrolled groups, in line with the Bank's values, carried out all the proposed activities with extreme diligence, demonstrating a sense of belonging, commitment, enormous coordination, union and teamwork. This event culminated with a moment of sociability, involving all the Bank's Employees, modestly celebrating Banco Económico's 9th Anniversary.

3.2. Human Capital and Internal Social Responsibility

Background

The Bank continued to focus on the creation of a sustainable bank, fully aligned with the strategic and business initiatives, taking into account the goals defined in the Strategic Plan, respecting our most valuable asset, People.

A restructuring plan was launched for the Bank in 2023, in which we can pinpoint that one of the main pillars of intervention was its organic restructuring.

The reorganisation of the organic structure had impact in terms of the functions and modus operandi of the departments, following the resizing of the structure, making it more dynamic and flexible, in accordance with the volume of activities, business indicators, the Bank's needs, market practices and efficient internal communication, thus improving the quality of service rendered to the internal and external Customer.

In this regard, the focus on the development of the Employees, based on the strategic goals, entailed the definition of a programme for development of specific skills and initiatives of assessment, challenging in nature, especially for the identification of future talent.

The goals for people management, in 2023, were challenging as they were fundamentally based on Labour force planning, Culture, Communication and Change Management.

The concentration on internal mobility enabled the valorisation and retention of human capital, where the individual development of each person was embodied in vocational training plans, aimed at fast-tracking careers and preparing successions.

The philosophy of proximity and communication endorsed by the Board of Directors contributed to the success of people management at a particularly challenging time for Banco Económico.

The demographic indicators clearly show just how challenging the Bank's staff management was in 2023.

Demographic Indicators

As at 31 December 2023, the Bank had 630 Employees, a reduction of 215 Employees compared with the previous year. This reduction reflects 220 who left the Bank's employment, of whom 115 resulted from downsizing, 75 on the Employee's initiative, 12 due to dismissal for a valid reason, 3 due to contract expiry based on objective causes, 14 due to non-renewal of contract, and 1 due to retirement. On the other hand, five new Employees were recruited in 2023, to strengthen the governing bodies and technical-specialised area.

By the end of the year, 31 Employees performed prudential and behavioural supervision functions (the same number as in 2022): 13 Employees in the financial stability areas (six less than in 2022); 290 in the business areas (134 less than in 2022); 290 in the support areas (75 less than in 2022); and six in administration.

Overall, the gender proportion continued balanced. The average age of the Employees also increased slightly, from 38 to 39 years old (40 for men and 39 for women), keeping to the previous trend, with the age cohort of 35-39 continuing to be the most representative. The composition by function has remained practically unchanged.

Training

The attention given to corporate training has been directed at specific intervention programmes, aimed at fostering the development of technical skills, on-the-job training and mandatory compliance with the regulatory and legal standards, ensuring compliance and respect for the value defined by the Bank: "We always act ethically."

Training Catalogue

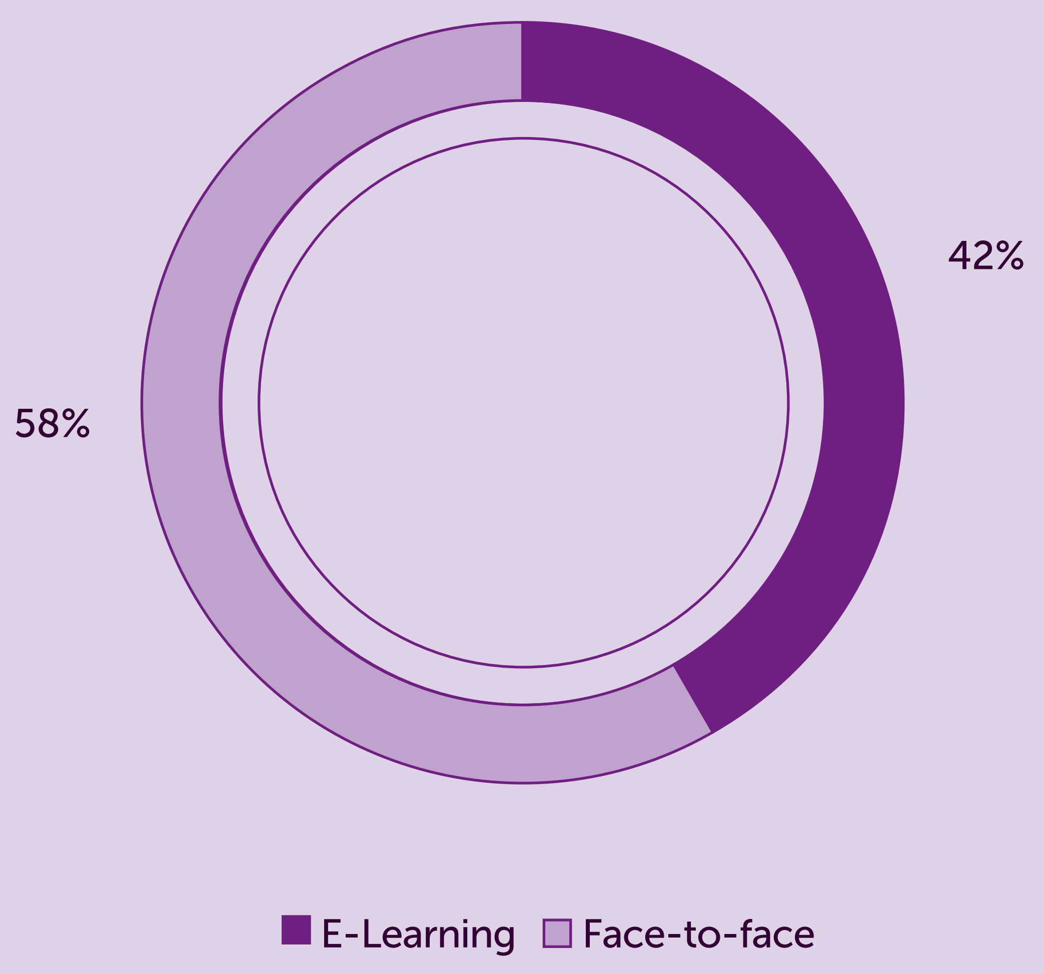
The Bank's Training Catalogue provides for a vocational teaching approach in two types of training:

- Mandatory/Regulatory;
- Specific

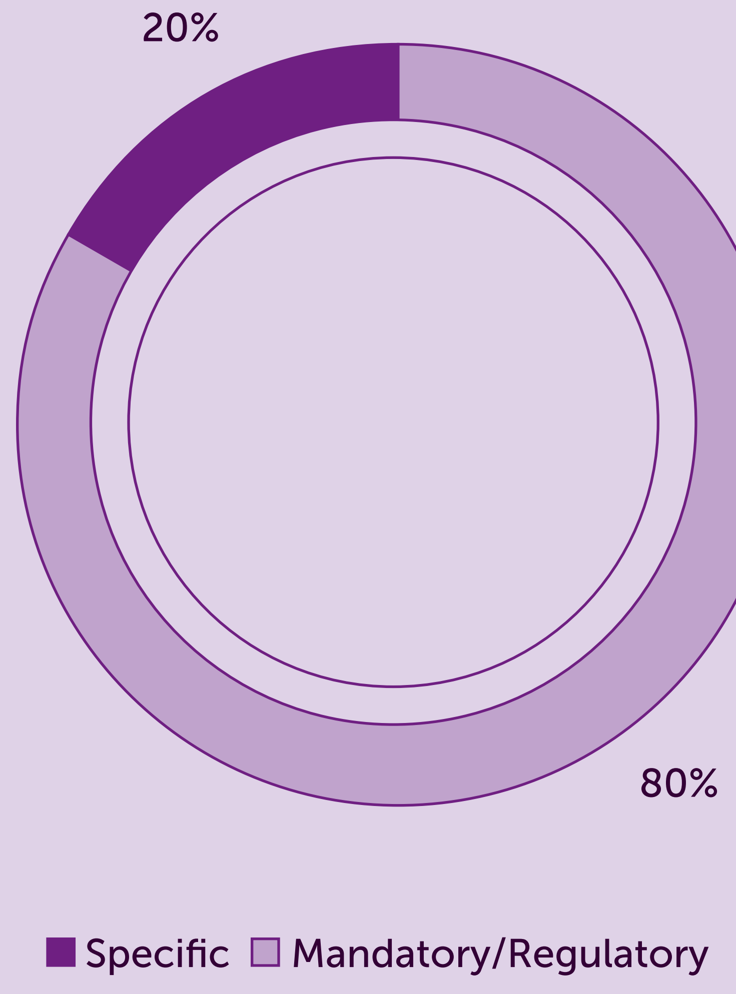
A strong focus on an on-the-job methodology that, in addition to developing skills in the workplace, enhances productivity, enables a clearer vision of the different processes, and makes the Employees grow through their own experiences and learning.

The tutors at the workstation, who supervised these Employees, were able to develop their spirit of leadership and creation of a stronger connection with the Bank's values, preparing the leadership of the future.

Type of Training



Type of Skill



611

Volume of Hours of Training

325

Number of Trainees

12

Number of Training Sessions Accomplished

Training Catalogue

Type of Training	Topics
Mandatory/Regulatory (2)	FATCA
	Prevention and Combat of the Financing of Terrorism
Specific (10)	Easy Receipt
	SAS Administration Getting Started | SAS Platform Administration Fast Track | SAS Compliance Administration
	Workshop on Digital Transformation for Financial Inclusion
	Workshop on drafting the Compliance Manual
	III Angolan Compliance Conference
	Account Opening and Maintenance of Individual Account
	Seminar on Money Laundering Training
	Foundations of Internal Control– Compliance & Governance
	Executive Course on Risk Management and Compliance
	Basic Life Support

Social Responsibility

Banco Económico's social mission consists of creating value for a sustainable future in Angola, therefore, "we always invest in the community".

To this end, its organic structure includes a Social Responsibility Unit (URS), tasked with creating social value in the areas of education, health, sports, culture and arts and environment, by developing internal and external actions, facilitating the solid performance and social well-being of communities and institutions, in line with the Sustainable Development Goals (SDG).

Banco Económico believes that the sustainability of economic development is directly linked to the promotion of social development and, for this reason, is actively committed to the community.

At the Bank, Social Responsibility is organised into 3 (three) axes of action:

- **Society:** development of actions in the Health, Education and Environment areas contribute to the macro transformation of civil society;
- **Business:** development of actions that enable making the business more sustainable;
- **Employee:** development of actions and benefits that contribute to the well-being of the Employees and immerses them in a sustainable mindset.

In 2023, Banco Económico continued to encourage a strong mobilisation of the Employees to engage in voluntary and social responsibility activities in projects sponsored by the Bank, to strengthen its value of **"WE ALWAYS INVEST IN THE COMMUNITY".**

These projects aim to boost quality in healthcare, well-being and education.

The social activity programmes are divided into two spheres:

1. **Internal Social Responsibility:** covering all projects and actions targeting the Employees and their direct family members, according to their needs;

2. **External Social Responsibility:** covering all projects and actions targeting the community, aimed at benefiting Angolan society.

The internal actions were directed at the Employees and their families as a way of meeting some basic needs and, simultaneously, bolstering Banco Económico DNA with activities engaging the entire household.

To meet basic needs, such as transport, health, safety, security and well-being, Banco Económico provides the Employees with **Collective Internal Transport (CIT)** which enables the Employees to make their home-to-work and work-to-home journey more safely and comfortably. The Collective Internal Transport currently has nine routes, covering Viana Vila, Kilamba, Ulengo Center, Camama, Benfica, Patriota, Sequele, Zango and Zango 8000.

Concerning health and well-being, the **Gym** for all the Employees, with equipment and specialised supervision, is a commitment of the Bank, which increasingly invests in initiatives to boost the emotional, physical and psychological balance of its people, by encouraging physical activity.

The following four crucial social areas were identified as the Bank's main pillars of intervention for the development of its responsibility:

- **Health:** promote quality in healthcare and well-being, to contribute to better health conditions;

- **Education:** promote initiatives in education/training, contributing to increased academic qualifications and lower illiteracy;

- **Environment:** promote and raise awareness towards the adoption of good practice related to the preservation and defence of the environment and the efficient management of solid waste;

- **Culture:** understand the importance of the cultural dimension and how corporate social responsibility is being incorporated in the banking business, based on the assumption that, in this way, the Bank is positioned as a link between the desired strategy and the outcome in society.

Action within the sphere of its **MISSION** and **VALUE** of "always investing in the community" has entailed accomplishing philanthropic programmes and projects, which contribute to generating social transformation.

With greater emphasis on the health and education areas, projects have been developed in a continuous perspective which have already benefited **1,891** people, with approximately **Kz 5,155,949.24** having been invested.

Investment	Beneficiaries
Kz 5,155,949.24	**1,891**

Area	Projects/Programmes
Health	Support to programmes and projects aimed at promoting quality in healthcare and well-being, reflected in better health conditions for Angolan people.
Education	Support to programmes and projects that promote initiatives in the areas of education and training, to contribute to increased academic qualifications and lower illiteracy among Angolan people.
Social	Support to programmes and projects that promote solidarity initiatives which are not defined in the previous areas, aimed at improving the quality of life of Angolan people.
Environment	Support to programmes and projects that promote good practice related to preservation of the environment and sustainability of Angolan people.
Culture and Arts	Support to projects and programmes aimed at promoting cultural and artistic initiatives that contribute to the research, restoration and dissemination of the Angolan cultural identity.

Continuous actions listed below are carried out for each of these areas:

Health:

Blood Donation Campaign: "Drop by Drop Give Life to Those in Need"
We aspire to raise the awareness of our Employees and the entire Angolan society on this cause, and contribute to a significant increase in the number of blood bags and reduce the rate of mortality caused by lack of blood, which occurs in public hospitals.

The "Drop by Drop Give Life to Those in Need" project started in 2016, with 20 campaigns having been carried out countrywide, to date. This project is implemented in partnership with the National Blood Institute (INS).

Sports:

"Recreational Sports and Cultural Group"
Living up to Banco Económico's conceptual valorisation of the human being, particularly of its human capital, the Bank has continued its aspiration by encouraging and boosting the practice of sports, to ensure the physical and mental well-being of its Employees.

Education:

BE of Education: "Scholarships In-Country & Abroad for Higher Education"
In light of the difficulties experienced in this sector, Banco Económico decided to create the BE of Education project under its education axis: "Scholarships In-Country & Abroad for Higher Education". Accordingly, scholarships have been awarded allocated countrywide (in-country) and internationally (abroad).

Sponsorship: "Apprentices of Goodness Association"
Banco Económico has embraced the social project "Aprendizes do Bem" (Apprentices of Goodness) since 2017. This initiative aims to create strong social values in children and adults in the municipality of Cazenga, lower the illiteracy rate, remove children from the street and consequently contribute to reducing child delinquency. The BE Solidarity Fund supports this association through the monthly payment of the salaries of the teachers and cleaning assistants, and maintenance expenses, and by promoting activities involving the Bank's Employees and the children covered by the Apprentices of Goodness project, creating ties between Banco Económico's Employees and the association.

Social:

Solidarity Christmas: "Support of the Angolan Cancer Control Institute (IACC)"
To celebrate Christmas, Banco Económico unfurled a gesture of solidarity and affection in a solidarity action with women facing the difficult battle against cancer, at the Angolan Cancer Control Institute.

Culture and Arts:

Wake up BE: "Commemorative Dates"
This programme is directed at Banco Económico Employees, and involves a series of awareness-raising events on important dates: Africa Day, Children's Day, Pink October, Blue November, among others.

Main challenges

The challenges of people management and, consequently, the implementation of human resources policies that attain the strategy and expectations of the Employees, will continue to be a priority for the Bank. For this reason, the continuity of the programmes started in 2023 will comprise: the implementation of mentoring plans, continuity of the sizing of the structure to adjust it to the market and business, and integrated performance management incorporating the assessment of skills with a rigorous and competitive system of goals and incentives.

The purpose and recognition of the "Banco Económico" brand is undoubtedly the Bank's primary goal, and the Employees are at the centre of this challenging task.

3.3. Technology, Transformation and Innovation

Technological innovation continues to be the major driver behind the transformations that we have been experiencing over recent years in the financial sector. This innovation constantly endeavours to find new ways of offering increasingly more accessible, simple and intuitive digital solutions, giving rise to a better experience for the end-user. At the same time, it is crucial to ensure that all these solutions embody and occur in highly secure and reliable environments with high rates of performance and availability.

Banco Económico continues to permanently monitor technological evolution and take significant steps in the process of digital transformation, strongly focused on the restructuring of internal processes.

During 2023, Banco Económico kept the focus on implementing additional measures and actions listed in the Bank's restructuring plan. The strong budgetary restrictions limited the implementation of some critical initiatives aimed at reinforcing the continuous modernisation of the IT infrastructure, to maintain the service level of the systems supporting the Bank's activity.

Despite the limitations stemming from the context experienced in 2023, the first half of the year was marked by the completion of the design of the Strategic Plan 2023-2026, by the implementation of the changes to the organisation's organic structure and, consequently, the Information Systems Department, and by the continued implementation of initiative of regulatory, operational efficiency and strategic nature.

Specific goals were established for the Strategic Plan 2023-2026 concerning the following initiatives:

- Redesign and optimisation of the application architecture;
- Strengthening and modernisation of the IT infrastructure, based on a reference Oracle architecture;
- Restructuring and updating of the Data-Warehouse data model and main processes implemented to best meet business needs;
- Reduction of application maintenance and infrastructure costs;
- Elevation of the availability rate of the systems supporting the Bank's core business;
- Reduction of the average implementation time of projects for evolutive maintenance of systems;
- Reinforcement of internal skills through training plans aligned with the digital transformation process underway;
- Modernisation and development of new digital days in the EconomicoNet multichannel platform.

Among the completed initiatives, with implementation started in 2023, we highlight the following:

- **Compliance:**
  - Implementation of the Whistleblowing Channel solution;
  - Migration of Swift Sanctions Screening to Swift Transaction Screening.
- **Business:**
  - New credit card management solution.
- **Efficiency:**
  - Evolution of the digital channels and services;
  - Improvement of the invoicing interface, to follow the tax regulations;
  - Evolutive improvements in terms of Core Banking;
  - Digitisation and optimisation of business processes underpinned by the Workflow tool, with a view to cutting costs and monitoring compliance with the established service level agreements.

The second half of the year was marked by the occurrence of an external event that affected the production Data Processing Centre and resulted in the total stoppage of the technological infrastructure and all the business support systems.

The occurrence of this event compelled the Bank to activate its Business Continuity Plan to restore the institution's infrastructure and operationality, which was possible after five days due to the need to acquire additional infrastructure components. Notwithstanding the long down-time period, the restoration was successful with no loss of data having taken place, due to the comprehensive backup system and policies covering all the Bank's applications.

Following this moment, a series of actions were started with a view to the implementation of a robust solution to guarantee the operationality of the Disaster Recovery Plan.

Fine-tuning actions were carried out to adjust the capacity and level of response to business needs, in addition to interventions to optimise the available resources, reducing the risk of failures with direct impact on the business.

For 2024, there is a continued need to modernise and strengthen the IT infrastructure supporting the core systems and equipment of the networks and communication, to bolster protection and security. This project also includes a study of the migration of some workloads to cloud systems.

The sale of the head office building entailed the moving of services and Employees to the new head office premises of Banco Económico, which included an investment in high-speed physical network infrastructure and equipment, and support for accommodating the Employees in the new premises.

For 2024, there is a continued need to modernise and strengthen the IT infrastructure supporting the core systems.

04

Internal Control System

4.1. Overview

The Internal Control System (ICS) is a fundamental component of banking management and the foundation for the safe and sound operations of banking organisations.

The ICS, as a set of procedures that provides security for operations, is of the utmost importance to Banco Económico, since failures in it can jeopardise the achievement of the objectives set.

Therefore, in order to ensure the quality and effectiveness of the ICS, the Bank endeavours to adapt its activity in accordance with the following model (made up of five interconnected components):

1. **Control Environment:** concerns the attitudes and actions of the Bank's Board of Directors and Employees, considering the levels of knowledge and experience appropriate to their duties, as well as the high ethical principles and integrity with which they act;

2. **Risk Management System:** aims to establish a set of integrated policies and processes that ensure the correct identification, assessment, monitoring, control and reporting of risks;

3. **Control Activities:** consists of the policies and procedures to be implemented and executed with the aim of guaranteeing responses to risks;

4. **Information and Communication:** ensures complete, reliable, consistent information in line with the defined objectives, as well as procedures for collecting, processing and disseminating it in accordance with best practice;

5. **Monitoring:** aims to establish the continuous and effective timely detection of deficiencies in the ICS.

In order to materialise this model, it is essential for the Bank to comply with the following guiding principles:

- **Independence:** establish a governance model that ensures an independent Internal Control System, and enables the Bank's results to be measured, assessed and reported to the Board of Directors and other governing bodies involved in decision-making;

- **Segregation of Duties:** promote a clear segregation of duties between the business, control and support areas. Segregation encompasses the differentiation of resources allocated and the hierarchical and functional independence of functions and the people who carry them out, and is also reflected in the life cycle of operations;

- **Timeliness:** respect the rules and time limits defined in all activities within the scope of internal control, with immediate reporting without any delay;

- **Homogeneity and Transparency:** guarantee homogeneity and transparency in the application of processes by documenting/formalising procedures;

- **Universality:** develop an internal control environment throughout the entire organisation and ensure that the strategy and general management policies are effectively disseminated and assimilated by Employees.

A foundation for the safe operations.

Functions of the Internal Control System

The following three functions of the Internal Control System have been implemented at the Bank to ensure its proper monitoring:

- **Risk Management Function:** as part of the Bank's second line of defence, it provides an integrated view and management of the risks to which the Institution is exposed, in order to mitigate the potential losses associated with the occurrence of risk events;
- **Compliance Function:** as part of the Bank's second line of defence, it ensures correct management of the compliance risk arising from the legal and regulatory obligations, codes of ethics and conduct to which the Institution is subject;
- **Internal Audit Function:** as part of the Bank's third line of defence, it assesses the adequacy and effectiveness of the various components of the ICS by monitoring compliance with the defined processes and procedures.

Key Developments of the Internal Control System in 2023

In order to ensure compliance with the provisions of Article 7(1)(g) of Notice No. 1/2022 of 28 January, during 2023 the Bank took significant steps in the process of implementing its Whistleblowing Channel:

- Firstly, the Policy and Regulatory Process related to whistleblowing management was approved;
- Next, after identifying that the Bank would not be in a position internally to develop and implement a Whistleblowing Channel, a survey was carried out of suppliers who could provide a solution for its management;
- Having selected a supplier that corresponded not only to the Bank's strategic and financial profile, but also to regulatory requirements, the contracting process began.

Projection 2024

With a view to further solidifying its ICS, in 2024 the Bank is focussing on:

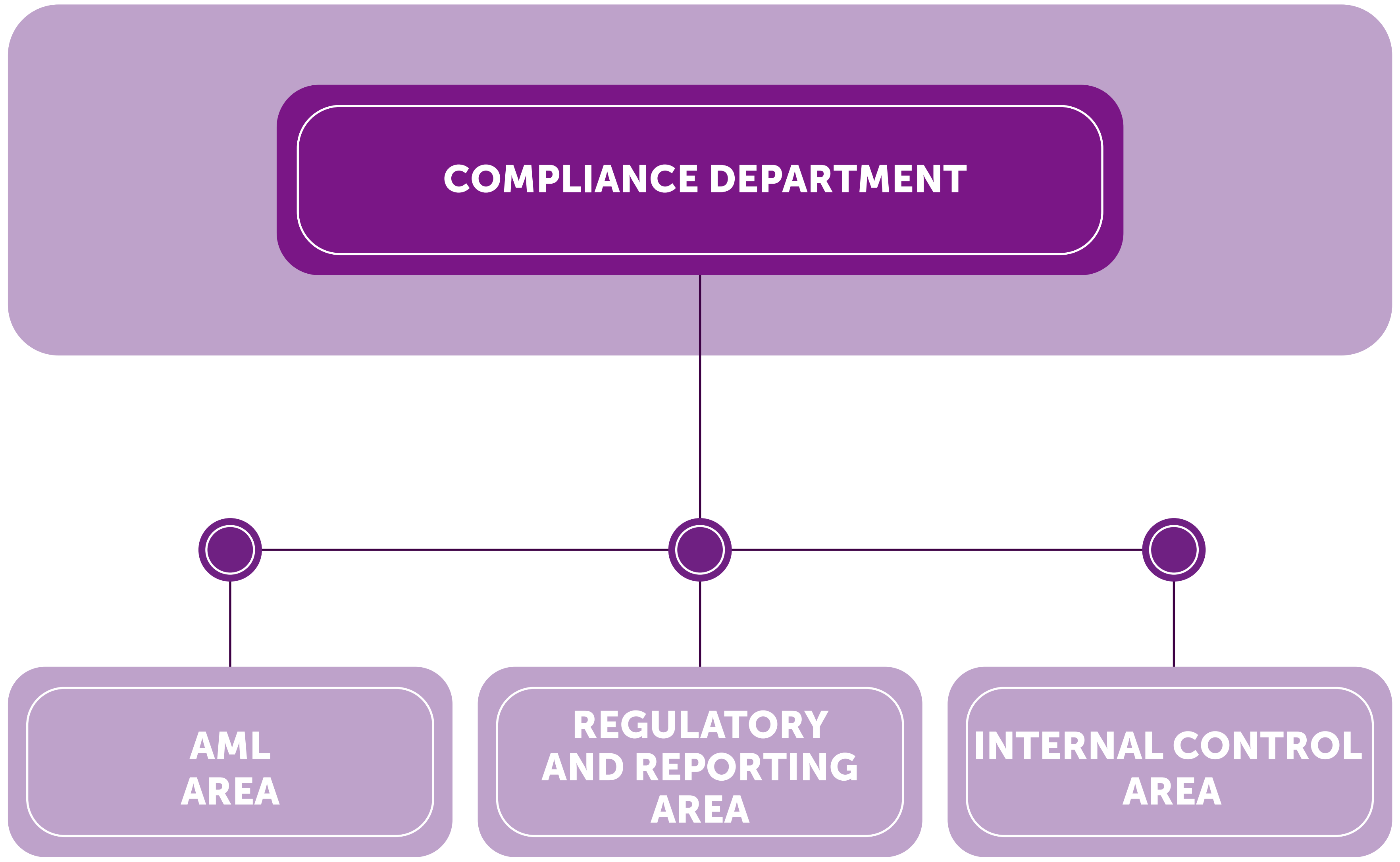
1. Effective implementation of the Whistleblowing Channel solution:
   - Finalisation of the contracting of the management entity of the future channel;
   - Appointment and formalisation of the members of the Analysis and Investigation Commission (AIC);
   - Activation and dissemination.
2. Streamlining the process of monitoring and remedying deficiencies in the ICS, especially those related to Processes.
3. Streamlining the policy management process:
   - Drafting;
   - Revision;
   - Validation;
   - Approval; and
   - Publication.

4.2. Compliance Function

The Compliance function is understood as one of the control functions whose responsibility is to monitor the compliance of an organisation's ICS.

Organisational Structure

The Compliance Department is structured as follows:



AML area

The main mission of this area is to centralise all the functions associated with the prevention and detection of money laundering, terrorist financing and the proliferation of weapons of mass destruction (AML/CTF/WMD), through the implementation of appropriate policies and procedures based on the following pillars:

- Monitoring and evaluating internal control procedures with regard to AML/CFT & Sanctions, as well as centralising information and communicating it to the competent authorities;
- Ensuring compliance with international best practice in terms of KYC (Know Your Customer) and EDD (Enhanced Due Diligence), using appropriate IT tools to detect suspicious transactions;
- Promoting training for Employees in compliance with regulations, with a particular focus on AML/CFT & Sanctions.

Regulatory and Reporting Area

This area's main mission is to verify and validate that the Bank, in carrying out its business, acts ethically, rigorously and complies with the terms of the corporate organisation model.

In addition, it monitors the evolution of legislation affecting the Bank, promoting its publication and internal dissemination through various instruments, including, whenever necessary, specific training actions, the aim of which is the correct transposition and implementation in the Bank's regulations and internal practices.

One of the control functions of an organisation.

Internal Control Area

The main mission of this area is to promote, monitor and report on the adequacy of the Internal Control System to the size, nature and complexity of the Bank's activities, thus acting as an auxiliary to the AML area and the Regulation and Reporting area.

Responsibilities

Across the board, the Bank's Compliance Function has the following main responsibilities:

- Establish procedures to detect and assess the risk arising from non-compliance with the legal obligations and duties to which the Bank is bound, as well as the correction of detected deficiencies;
- Establish a permanent and up-to-date record of the internal and external rules and regulations to which the Bank is subject, identifying the persons and bodies responsible for their compliance and detected non-compliance;
- Monitor and assess the internal control procedures on anti-money laundering, combating the financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/WMD), and centralise the information and its reporting to the competent authorities;
- Monitor compliance with the Bank's corporate governance policies, namely the Conflict of Interest and Related Party Transactions Policy and the Code of Conduct;
- Assess the processes for preventing and detecting criminal activities, including anti--money laundering, combating the financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/WMD), as well as ensuring the legally required communications with the competent authorities, specifically the Financial Intelligence Unit (FIU);
- Draw up, update and review the Compliance function's guiding documents (regulations, policies, standards and manuals), submitting them for approval to the Executive Committee (EC) and the Internal Control and Audit Committee (ICAC);
- Define general policies and guidelines on Compliance Risk management;
- Ensure coordination of the entire process to guarantee compliance with the Foreign Account Tax Compliance Act (FATCA);
- Define policies, rules and procedures applicable to the processes assigned to the Compliance Department;
- Analyse, authorise and monitor transactions with warning signs prior to their execution;
- Participate in working groups with other bodies of the Bank's structure, to ensure compliance, quality and continuous improvement of the internal processes and regulations, as well as the prompt correction of any detected deficiencies and weaknesses;
- Draw up periodic reports for the Board of Directors on Compliance issues, in particular on indications or specific situations of non-compliance with the rules of conduct in relations with Customers and on situations in which the Bank or its Employees may be subject to offence proceedings;
- Properly document the processes associated with their area of intervention;
- Draw up a global report on the Compliance Function, on an annual basis, for the Board of Directors and for the Bank's Supervisory Board.

Main Monitoring of the Internal Control System

Code of Conduct

In view of the need to improve standards of action in accordance with ethical, regulatory and deontological principles, as well as the need to inhibit the participation of Employees and members of the Governing Bodies in illegal activities, during the 2023 financial year the Compliance Department reinforced its monitoring and dissemination programme on the application of the Code of Conduct with an impact on improving relations with Customers and the Bank's results.

Initially, the Compliance Department prepared and sent, in stages, excerpts from the Code of Conduct and Dress Code via email (with the help of the Marketing and Offer Department) in order to refresh and raise awareness among the recipients.

In addition, with the help of the Human Capital Department, working sessions were held via Teams with the Commercial Departments (Network and Companies), each session presenting one or two chapters with illustrations and summarised demonstrations, with the aim of improving the performance of the commercial areas in carrying out their activities. The table below shows the actions taken:

Chapter	Date of session	Topics	Status
Chap. I	17-10-2023	Object, Scope and Objectives	Accomplished
Chap. II	17-10-2023	General Principles of Conduct	Accomplished
Chap. III	24-10-2023	Rules of Ethics	Accomplished
Chap. IV	14-11-2023	Prevention of Criminal Activities	Accomplished
Chap. V	21-11-2023	Internal Organisation	Accomplished

On the other hand, and in terms of figures, during the financial year in question the Compliance Department noted that a total of **18 disciplinary procedures** were applied for non-compliance or violation of the Code of Conduct, internal procedures and regulatory standards in force.

Client Creation and Account Opening Process

With a view to improving the account opening process and mitigating the number of accounts opened without filling in the characterisation form, thus rendering the reliability process inefficient, an awareness-raising session on the Process for Opening "Private" Customer Accounts was given to Employees in the Commercial Departments, in a synchronous online format, starting on 17 July and ending on 31 July 2023.

The training programme aimed to:

- Provide information on the mandatory documentation for the Private Customer accounts opening process;
- Provide information on and comply with the procedures for opening private accounts;
- Fill in all the fields on the Characterisation Form correctly.

As training indicators, 156 Employees were called in, of whom 120 attended the training and 36 did not. According to the diagnostic analysis, we found that of the 120 Employees, only 90 provided feedback on the training evaluation questionnaire (87 said it met their expectations and three said it did not).

At the end of each session, strict compliance with the internal procedures inherent to opening Clients and accounts was recommended, under the terms of Notice No. 01/23 of 26 January, Notice No. 14/20 of 22 June, Law No. 5/20 of 27 January and Law No. 14/21 of 19 May, which establish the general terms and conditions for opening, operating and closing bank deposit accounts.

Regulatory Reporting

As **Information and Communication** is one of the five components of the model used by the Bank in carrying out its activities - to ensure the quality and effectiveness of the ICS - the monitoring of the Bank's reporting process continues to be of paramount importance to the Compliance Department, given the Reputational Risk to which the Bank may be exposed, as well as the possibility of incurring fines and/or sanctions.

The statistics show that the percentage of delays and defaults has fallen, albeit slightly.

Months	Total Reportable	Total Arrears[1]	% Arrears	Total Non-Compliance[2]	% Total Non--Compliance
Jan.-23	353	66	19%	1	0.3%
Feb.-23	343	60	17%	0	0.0%
Mar.-23	342	53	15%	0	0.0%
Apr.-23	265	58	22%	8	3.0%
May-23	305	138	45%	22	7.2%
Jun.-23	313	93	30%	27	8.6%
Jul.-23	306	101	33%	2	0.7%
Aug.-23	315	71	23%	1	0.3%
Sep.-23	324	52	16%	1	0.3%
Oct.-23	306	57	19%	2	0.7%
Nov.-23	262	68	24%	2	1%
Dec.-23	284	78	81%	5	2%

1) Corresponds to all the reports submitted in arrears, meaning after the regulatory deadline.
2) Corresponds to all the reports that were not submitted.

In terms of the delays and defaults that occurred in the 2023 financial year, most of them were due to the following reasons:

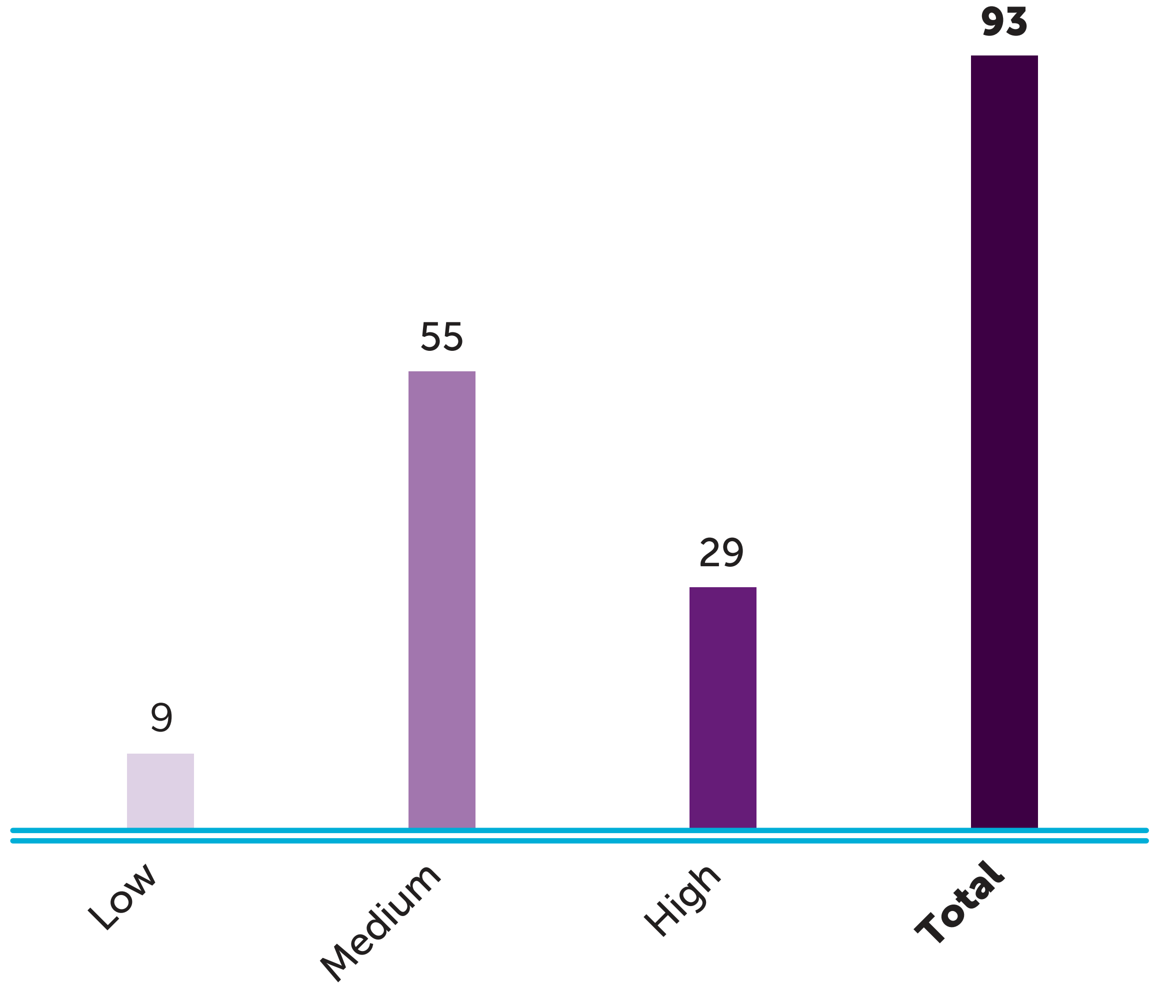
- Application errors when submitting reports to the PIF Portal;
- Difficulty in defining the person responsible for validating and sending the information;
- Need to manually correct the files provided;
- Small teams;
- Unavailability of DWH/shared folders;
- Unavailability of the PIF;
- Factors related to the continuity of adjustments under the Bank's Recapitalisation and Restructuring Plan.

ICS Deficiencies

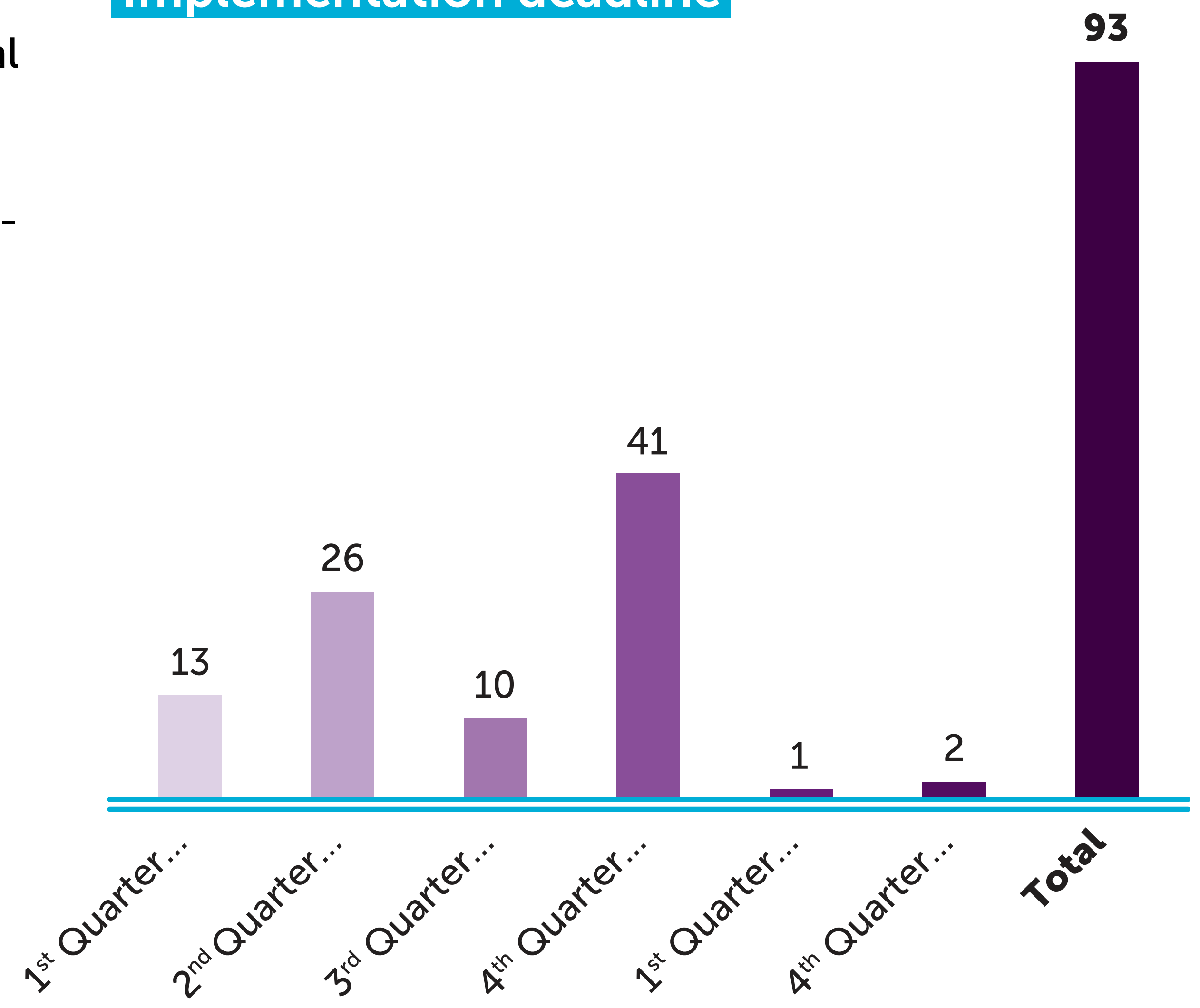
As a result of the follow-up to the deficiencies of the ICS, of the total of 107 deficiencies at the start of 2023, **the Bank initiated the following financial year with a final total of 93 deficiencies.**

For the total 93 deficiencies, the respective exposure by **(i) risk level and (ii) implementation deadline** follows:

Risk level



Implementation deadline



Other Notes

In addition to the awareness-raising sessions, the Sales Departments and some Compliance Department Employees had the opportunity to take part in the following training sessions during the 2023 financial year:

Training Held	Date	Training Organisation	No. of Employees
Workshop on Drafting the Compliance Manual	From 02/05 to 05/05	ABANC	2
III Edition of the Angolan Conference on Compliance	08/04/2023	NF Conforjur	1
Seminar on Money Laundering Training	From 28/08 to 01/09	ENAPP	21
Procedures and Strategies for Combating Money Laundering and Corruption Crimes in Angola	From 28/11 to 29/11	BS Academy	3
Total			**27**

In addition, in order to ensure compliance with international tax obligations and the implementation of the **Foreign Account Tax Compliance Act** (FATCA), as well as the obligation laid down in Presidential Decree No. 1/17 of 20 June, which describes the Tax Information Reporting System, the Bank's Employees underwent FACTA training via e-learning between 11 and 22 December.

Compliance Culture

The Bank promotes the implementation of a compliance programme to ensure the dissemination of this culture based on the following principles:

- **Commitment:** on the part of all Employees and members of the Bank's governing bodies, to comply with the national and international legislation applicable to them, with impact on the Bank's activity and that of its Subsidiaries, as well as to monitor and control risks that could give rise to the contingency of the Bank incurring legal or regulatory sanctions;

- **Ethics**: the Bank's Employees and Board of Directors base their professional performance on high standards of integrity and personal honesty, complying with all legal, regulatory and internal provisions in force;

- **Strategy**: alignment of the compliance policy with the Bank's strategy and long-term goals;

- **Transparency**: the Bank has a series of codes, rules and regulations, procedures and processes, duly disclosed, which underpin its relationship with Customers, Employees and Stakeholders, to ensure the efficiency and quality of the products and services rendered;

- **Professionalism**: Employees must perform their duties with high levels of technical competence, in an efficient, neutral and discreet manner with absolute respect for the interests of Customers and the Bank;

- **Diligence**: Employees must act in a judicious and prudent manner, in accordance with the principle of risk sharing, giving priority to the strict interest of partners, Customers, suppliers and others; and

- **Monitoring**: the Bank has an ongoing process to identify whether the pillars and the compliance programme are working as planned.

Other Identified Situations

With regard to the SAS/AML solution, which enables the Customer's risk to be reassessed within the scope of the Prevention of Money Laundering and Terrorist Financing (AML/CFT/WMD), by means of its behavioural analysis, some constraints have been identified on a recurring basis in terms of its functionalities, which prevent the full execution of activities, such as:

- Screening and scoring are not carried out in the process of opening company accounts;

- When reviewing Customer risk, the system only considers the 'Offshore Countries geographical factor' parameter;

- There is no synchronisation between the alert screening module (SASComplianceSolutionsMid) and case management (SASVisualAnalyticsViewer);

- There is no occurrence of "Cases" generated by technical analysts that are submitted to the coordination for evaluation/opinion, which are not visualised or simply disappear in the flow.

In addition, we found that since July 2023, the SAS/AML application has stopped issuing alerts, as well as generating management reports, and has been completely inoperable. According to the analysis carried out by the Information Systems Department (ISD) - Automation of Risk and Compliance Processes, SAS/AML is facing errors when loading information which, as a result, have had an impact on the generation of alerts and the visualisation of management reports.

As a solution to this problem, the ISD proposed hiring a supplier to install SAS/AML in a UAT/Test environment so that the errors generated could then be corrected in a production environment.

In addition, in order to better respond to the analyses of cases in the application, we identified the need to train the staff involved in this activity, so we expect this training to be conducted in the next financial year.

4.3. Internal Audit Function

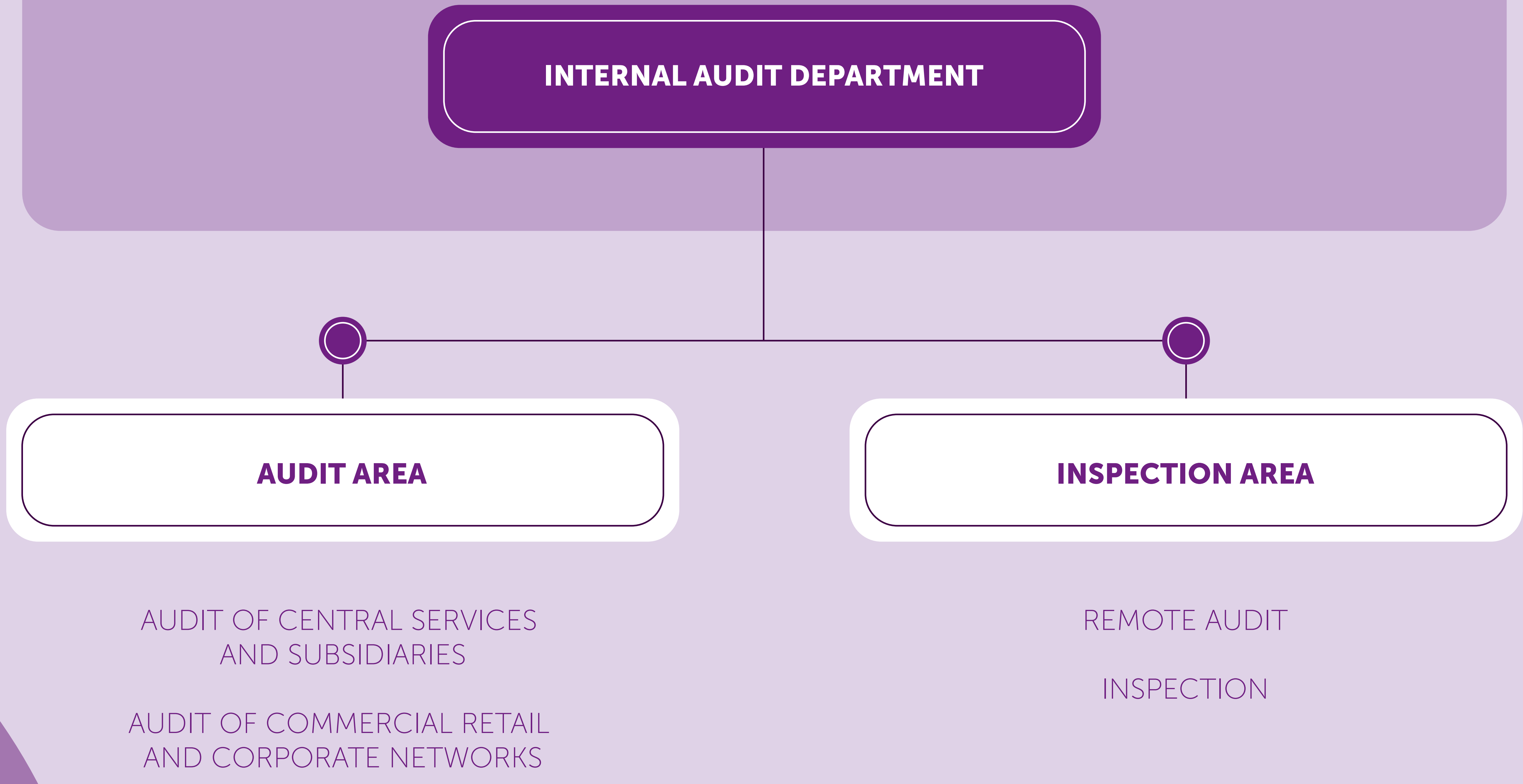
The Internal Audit Department reports functionally to the Internal Control Committee, irrespective of its hierarchical relationship with the Executive Committee. The mission of this Department is to assess the efficacy and adequacy of the processes of risk management, internal control and governance, inherent to the activity of the companies included in the Bank's perimeter with a view to lowering the general risk conditions.

Under its entrusted duties, it is particularly responsible to:

- Ensure an independent opinion on the Internal Control System (SCI) to the Management Body;
- Periodically examine and assess whether the Internal Control System defined and implemented at the Bank is adequate and ensures that:
  - Risks are properly identified and managed;
  - The management, financial and operational information is correct, reliable and timely;
  - The Employees' actions are in conformity with the applicable policies, rules, procedures, laws and regulations;
  - Resources are purchased economically, are efficiently used and adequately protected;
  - The programmes, plans and objectives are satisfactorily fulfilled;
  - A quality approach directed at the continuous improvement of the Bank's control processes is guaranteed; and
  - Legal and regulatory requirements are identified and properly addressed.
- Assess the risk models, concerning the use of internal rating models, in accordance with the existing regulatory requirements;
- Ensure the follow-up and monitoring of the actions endorsed by the management, with respect to the implementation of the issued recommendations and resolution of the detected flaws;
- Draft the proposed strategic plan of the function, framed in the Bank's overall strategy and overall action plan to take place;
- Carry out research work on investigation of internal and external fraud;
- Formalise the criteria underlying the assessment of policies and processes;
- Draw up a plan for each specific action, considering a comprehensive examination of all aspects connected to internal control;
- Provide documentary support for the conclusions of the audit actions and, accordingly, update the set of information of permanent nature associated with the audited processes;
- Record, document and draft reports providing information in an appropriate manner for all the detected flaws;
- Issue recommendations following its actions, with subsequent monitoring of the corrective measures;
- Assess the Risk Management and Compliance functions and the quality of the information provided to the Board of Directors;
- Centralise the data and application migration certification process;
- Participate in the testing phase and implementation of diverse projects or initiatives adopted by the Bank;
- Implement and maintain a programme for the continuous improvement of its activity to ensure the functioning of the Internal Audit Function in accordance with professional internal audit standards, the regulatory requirements for the function and its alignment with the expectations of the Board of Directors and other Stakeholders.

Organic Structure

The Audit Department is organised as follows:



Main activities in 2023

Duties	Operational Parameter	#	Operational Goals	Type of Indicator	Quantitative Metric	Status
Identify and promote best practice in risk prevention and mitigation.	Efficacy	A1	Draw up reports for the Bank's management bodies: Annual Report of the Internal Control System; Audit and Inspection Reports; Follow-up Reports.	Accomplishment	100%	Completed
		A2	Carry out follow-up actions | Evaluate the degree of implementation of the Action Plans described in the Internal Control Deficiencies Matrix 2023.	Result	100%	Completed
		A3	Carry out follow-up actions | Evaluate the effectiveness and suitability of the policies instituted by the Bank, pursuant to the legal and regulatory framework in force.	Accomplishment	100%	Completed
		A4	Carry out follow-up actions | Evaluate the degree of implementation of the recommendations of the roadmap on money laundering risks.	Accomplishment	100%	Completed
Develop internal auditing at the Bank, focussing on the efficiency and effectiveness of operations and processes, the reliability and integrity of financial and operational information and compliance with legislation, regulations, standards and procedures and contracts, particularly in areas of higher risk.	Efficiency	A5	Perform Audit actions | 16 Branches; 8 Corporate Centres.	Result	70%	Partially completed
		A6	Perform Inspection actions | Treasury Checks.	Result	100%	Completed
		A7	Perform Audit actions | Corporate Governance and Internal Control of the subsidiary entity | Económico Investment Funds (EFI-SGOIC).	Result	0%	Not completed
		A8	Perform Audit actions | Corporate Governance and Internal Control of the subsidiary entity | Económico Pension Funds (Económico SGFP).	Result	0%	Not completed
		A9	Perform Audit actions | Compliance Risk Management | Assessment of the Risk of Money Laundering and Financing of Terrorism.	Result	100%	Completed
		A10	Perform Audit actions | Reconciliation of Balance Sheet Accounts.	Result	0%	Not completed
		A12	Perform Audit actions | Internal Capital Adequacy Assessment Process (ICAAP).	Result	0%	Not completed
		A13	Perform Audit actions | Internal Liquidity Adequacy Assessment Process (ILAAP).	Result	0%	Not completed
		A14	Perform Audit actions | Independent Assessment | Effectiveness of the Impairment Loss Model for the loan portfolio.	Result	0%	Not completed
		A15	Perform Audit actions with the support of an external partner | Information and Communication Systems.	Result	0%	Not completed
Ensure the efficacy of the internal control system and contribute to its fine-tuning.	Quality	A16	Draft the Annual Internal Audit Plan for 2024.	Accomplishment	100%	
		A17	Number of internal audits conducted during the year compared with the approved plan.	Result		
		A18	Ratio (audited processes/critical processes).	Result		
		A19	Ratio (implemented action/recommendation made)	Result		

The 2023 financial year saw a total of **fifty-one (51) reports issued, including audits and inspections,** as shown in the tables above.

The work of the internal audit teams is based on the principles laid down primarily in Banco Nacional de Angola Notice No. 01/2022 of 28 January and on the documents of the Bank's internal regulations, namely: Code of Conduct, Internal Audit Regulations, Policies, Rules of Procedure and Internal Audit Manual, the last one drawn up pursuant to the international standards for the professional practice of internal auditing issued by the Institute of Internal Auditors (IIA).

Activities planned for 2024

Branch Audits

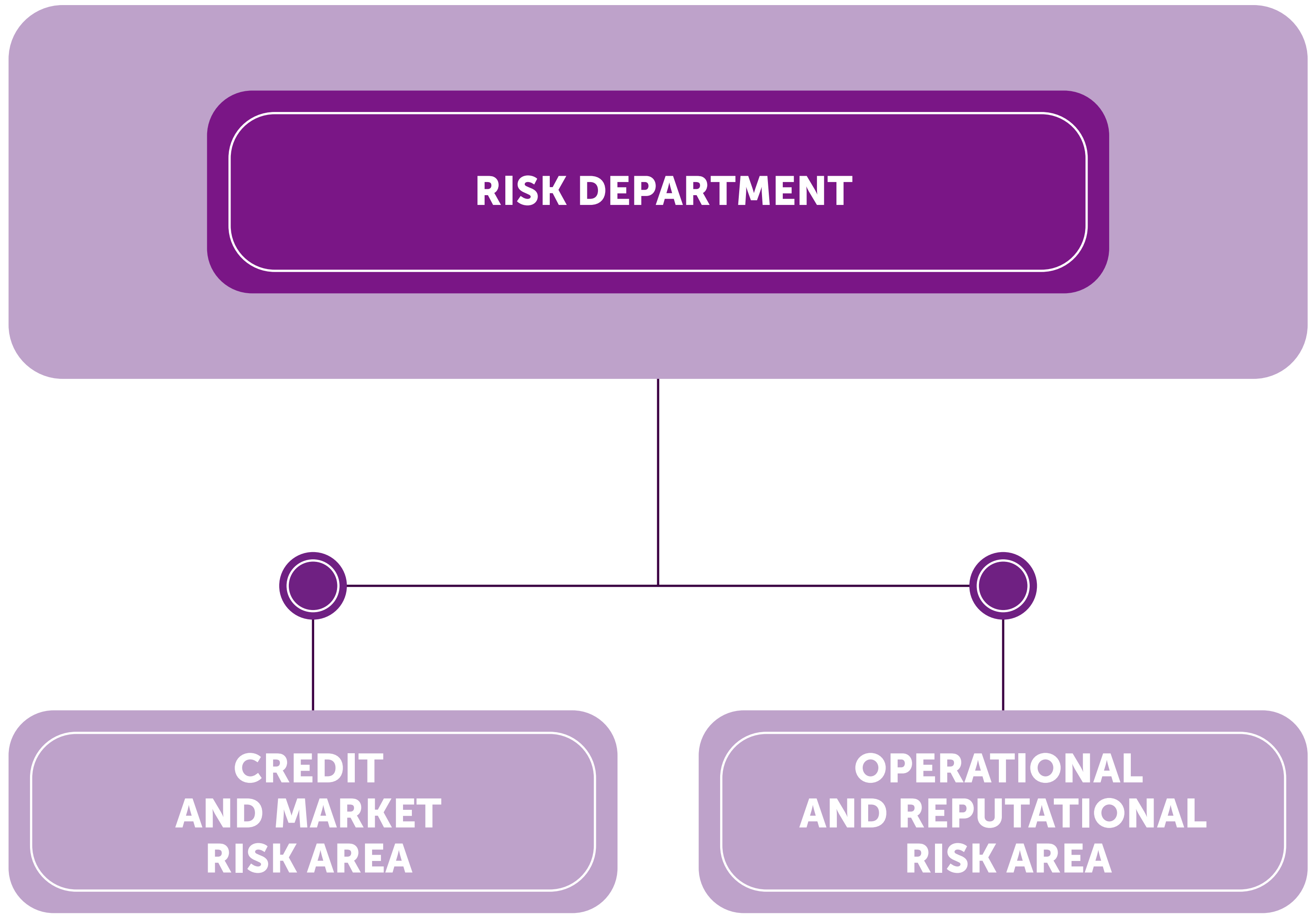
Report No.	Code	Branch
RUC No. 01	076	Viana Industrial
RUC No. 02	096	Estalagem
RUC No. 03	083	Bairro Popular
RUC No. 04	114	Tourada
RUC No. 05	088	Filda
RUC No. 06	086	Ho Chi Minh
RUC No. 07	108	Dolce Vita
RUC No. 08	074	Torre
RUC No. 09	800	Saurimo
RUC No. 10	906	Luena
RUC No. 11	903	Menongue
RUC No. 12	904	Namibe

Audits to Corporate Centres

Report No.	Code	Corporate Centre
RCE No. 01	968	Zango
RCE No. 02	969	Patriota
RCE No. 03	972	Huambo
RCE No. 04	962	Miramar

4.4. Risk Function

Organisational Structure



Risk Function

The Bank is subject to various types of risk in the course of its business. The Risk Management Function identifies, assesses, monitors and reports all materially relevant risks to which the Bank is exposed.

The Bank has a set of policies and processes that establish guiding principles to support the management and monitoring of materially relevant risks, in line with regulatory guidelines, in particular the requirements established by the BNA in Notice No. 01/2022 of 28 January, and also takes into account the principles and good practices defined by the Basel Committee on Banking Supervision.

The Risk Management Function seeks to ensure:

- An aggregated view of all the risks to which the Bank is exposed;
- The implementation of measures that contribute to the Bank's efficiency;
- The development of a risk management environment throughout the entire organisation, ensuring that the overall risk management strategy and policies are effectively disseminated and assimilated by Employees;
- The identification, measurement, control and mitigation of all the risks inherent to the products and business areas, on an individual or portfolio basis, as well as the characterisation, execution and monitoring of the controls that mitigate them;
- Adaptation to the size, nature and complexity of the Bank's activity, its risk profile, degree of centralisation and delegation of powers and duties;
- The creation of a governance model that ensures an independent risk management system to assess, evaluate and report the results to the Board of Directors and to ensure collegiality in decision-making;
- Compliance with the rules and time limits defined within the scope of the risk management and internal control activities; and
- Homogeneity and transparency in the application of the defined processes, through documentation and formalisation of procedures.

Risk Reduction Control Measures

Risk management and monitoring are critical activities which enable anticipating situations that could trigger liquidity and solvency problems. This management should act in three spheres: Prevention, Detection and Mitigation.

- **Prevention** entails the existence of mechanisms to prevent situations of risk or reduce the likelihood or severity of its occurrence;
- **Detection** of risk involves the development of warnings to enable identifying any situations of risk that occur sufficiently in advance;
- **Mitigation** focuses on the creation of contingency mechanisms to mitigate the negative impact of situations of risk that may occur.

Risk monitoring is carried out by the Risk Department (DR), which is responsible for monitoring the limits that determine setting in motion regularisation measures aimed at controlling and reducing risk, as well as the definition of the stress tests and contingency plans to be implemented in each specific case.

During 2023, in the context of the Bank's difficult situation, the Risk Department came up with a series of measures to control and reduce risk, namely:

- **Contraction of Granting Loans and Advances:** more detailed analysis of the Customer's credit risk to mitigate the impact of increased risk of default of Individual and Corporate Customers, arising from the deterioration of economic conditions;
- **Intensification of Credit Recovery Activity:** strengthening of initiatives directed at fostering greater credit recovery among Customers;
- **Reinforcement of Guarantees:** reinforcement of the guarantees presented by Customers to cover their loans and advances raised from the Bank, to protect the Bank from a devaluation of initially given guarantees that no longer fully cover the credit;
- **Negotiation of New Liquidity Lines:** use of new liquidity lines to increase the Bank's ability to finance its assets and ensure the full and timely meeting of liabilities;
- **Strengthening of the Attraction of Deposits:** increase the volume of the Customer deposit portfolio, by providing a diversified set of products to this end, for the different target groups, offering attractive rates;
- **Reduction of Operating Costs:** define and implement an overall strategy to cut operating costs, by analysing potential waste and liability items to be reduced in light of their return to the Bank;
- **Review of Control Processes and Mechanisms:** review of control processes and mechanisms to enable the Bank to become more efficient and enhance its ability to monitor potential losses that may arise due to lack of controls or poorly implemented processes;
- **Advertising Campaigns:** promote advertising campaigns that, following rigorous cost-benefit analysis, could be worthwhile to improve the Bank's image and increase its market quota and Customer engagement;
- **Reduction of Concentration Risk:** implement measures to diversify deposits and loans and advances in order to prevent Customer dependency.

Solvency Indicators

Banco Económico's primary objective in its internal capital management process is to ensure compliance with the strategic objectives defined by the Board of Directors with regard to capital adequacy, with the rules for calculating risk-weighted assets and own funds, as well as with solvency levels and other prudential limits established by supervisory activities.

Banco Económico's capital ratios are calculated on the basis of the rules issued in BNA Notice No. 08/2021 of 18 June, which aligns the prudential rules of the Angolan financial system with the highest standards and guidelines issued by international reference bodies, in order to ensure convergence of the supervisory process with best international practices.

The Bank's own funds were negative and dependent on the RRP for their restoration. As a result, the Bank is unable to comply with the Regulatory Capital Ratio.

In the fourth quarter of 2023, there was a deterioration in the levels of the Regulatory Capital Ratio, as capital remained negative and the value of the ratio was well below the limit required for Banco Económico.

Calculation basis		31/12/2022	**31/12/2023**
Regulatory Capital (RC) Ratio	(RC/RC requirements) x 8%	-4.63%	**-38.69%**
Regulatory Capital (RC)	Tier 1 Capital + Tier 2 Capital	(43,994,464)	**(540,325,627)**
RC requirements	RC requirement for credit risk and counterparty credit risk*	78,274,695	**57,464,320**
	RC requirement for market risk and counterparty credit risk in the trading book*	1,714,123	**47,177,345**
	RC requirement for operational risk	8,044,795	**7,073,235**
	Tier 1 Capital	(76,621,288)	**(540,325,627)**
	Core Tier 1	-8.06%	**-38.69%**

*(value in thousands of Kwanzas)

Other Risk Indicators

The year of 2023 was very challenging for Banco Económico. Despite the implementation of the Recapitalisation and Restructuring Plan (RRP), the risk indicators at the end of this year show that the Bank continues to need additional efforts to reach a point of equilibrium for the coming years.

The Regulatory Capital Ratio was markedly negative before the recapitalisation. Between December 2022 and December 2023, the ratio continued to worsen significantly, from -4.63% to -38.69%. As a result, the Bank is well below the minimum regulatory level required (8%).

The NPL ratio at the close of 2023 was 45.43%, with an impairment coverage rate of 88.14%.

The Bank's liquidity is one of its main challenges. The liquidity ratio is 28.68%, with reference to December 2023, well below the required regulatory level.

2023 in Review

-38.69
RC Ratio

-540,325,627,381.27
Tier 1 Capital

-76.62
Leverage Ratio

28.68%
Liquidity Ratio

8.15%
Loan-to-Deposit Ratio

28.42%
Loan-to-Deposit Ratio in domestic currency

45.43%
NPL Ratio

88.14%
NPL Coverage

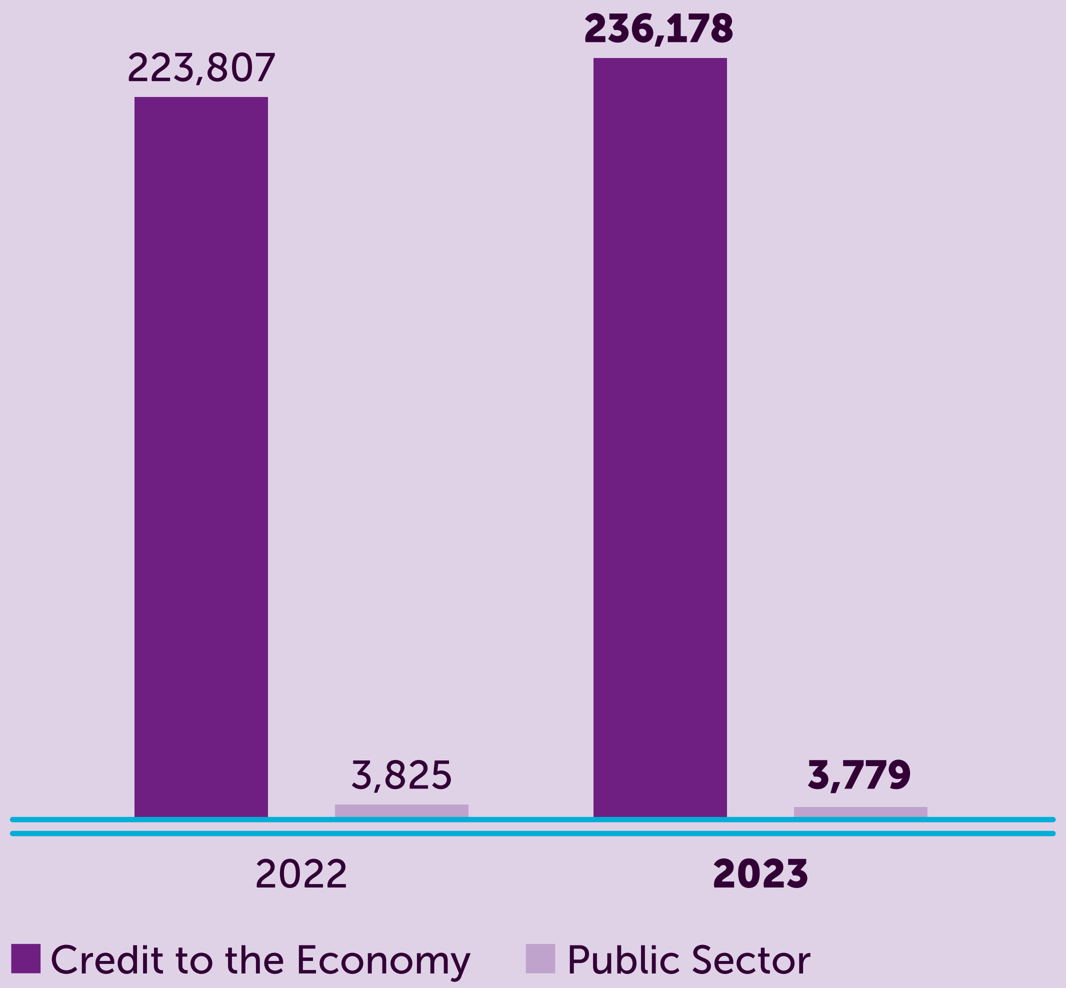
Reporting and Information Provision

Banco Económico's risk management system is based on an information structure that ensures the regular dissemination of control and monitoring reports on the Bank's exposure to all materially relevant risks.

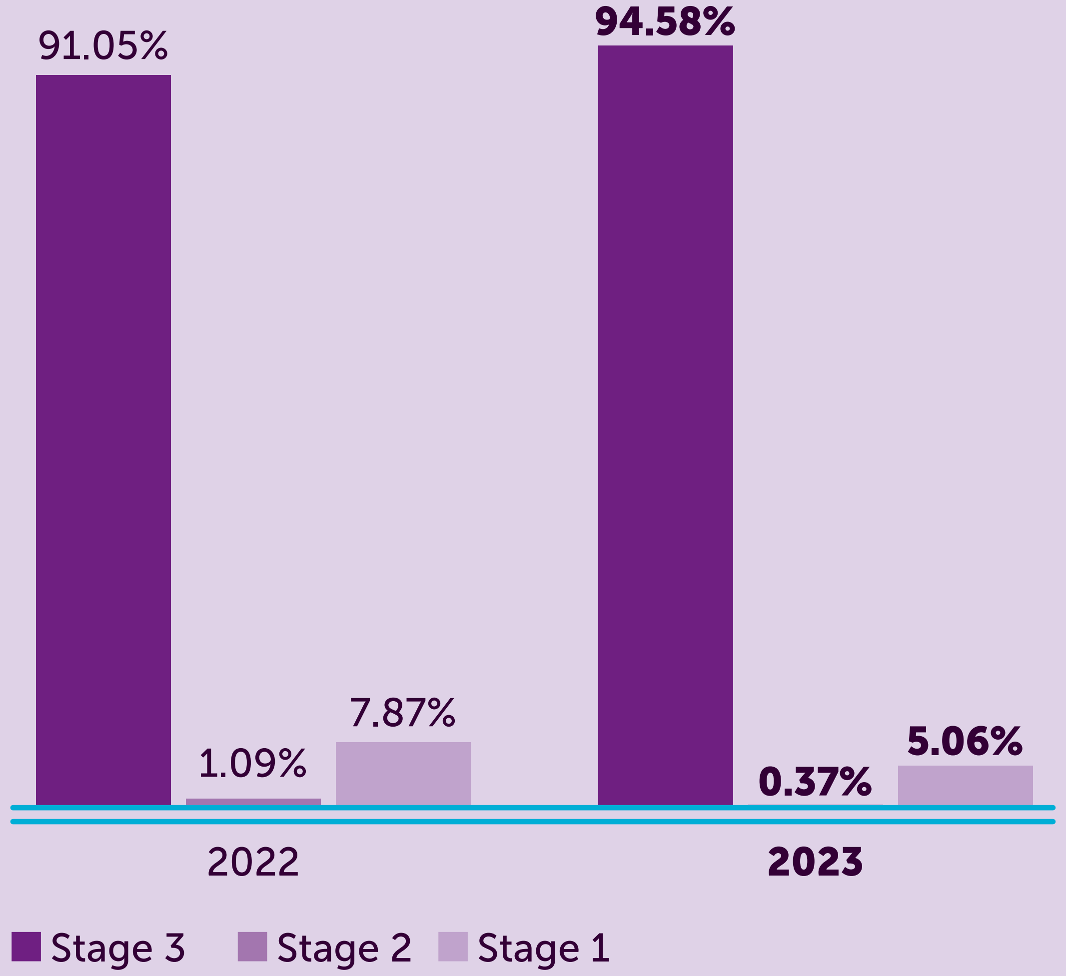
The Risk Department reports to the board of directors on a quarterly basis on exposure to credit risk, including analyses of the quality of the loan portfolio and other risk quantifications drawn up.

Here are some of the indicators monitored within the scope of the Risk function:

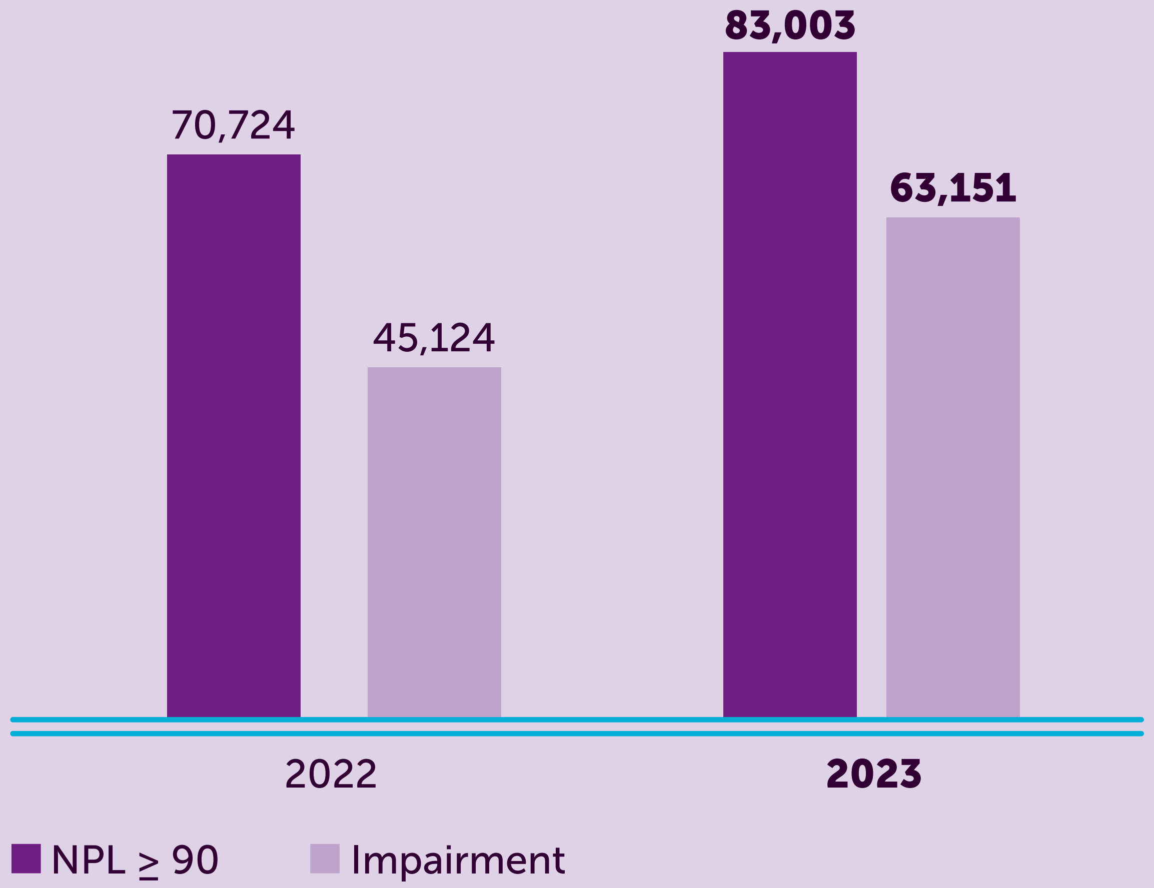
Gross loans and advances to Customers (thousand kz)



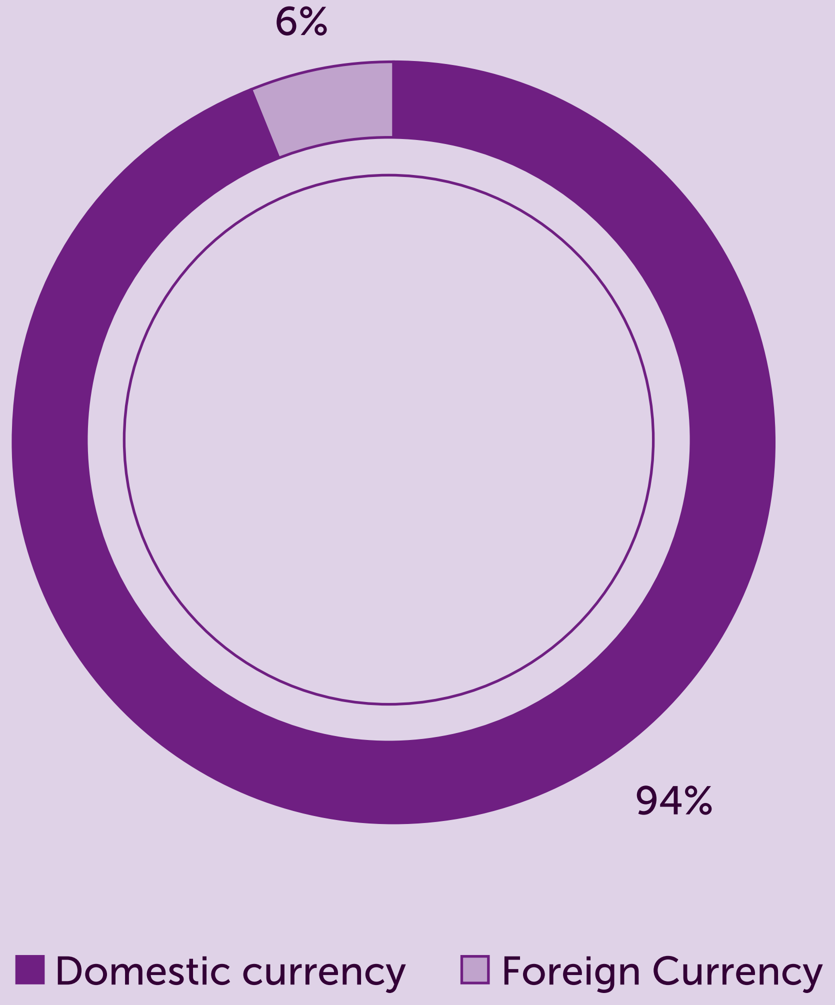
Credit by stage (%)



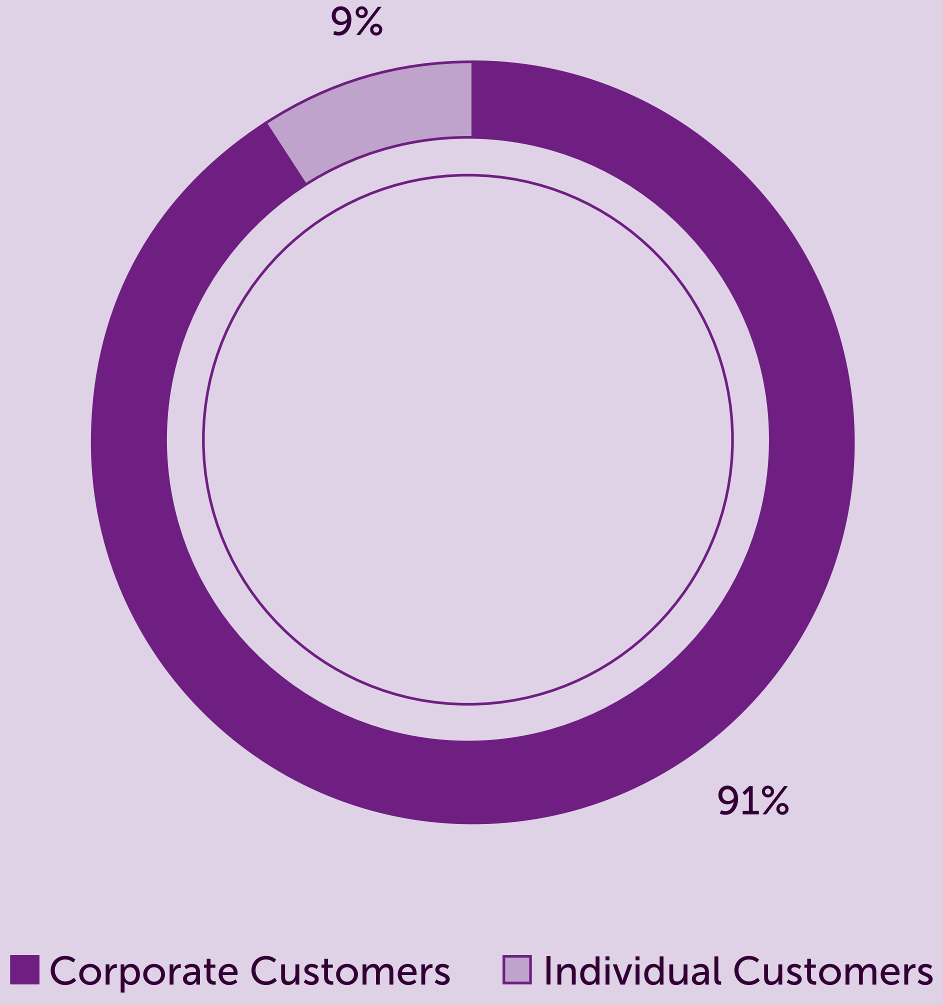
Impairment coverage on NPL ≥ 90 days



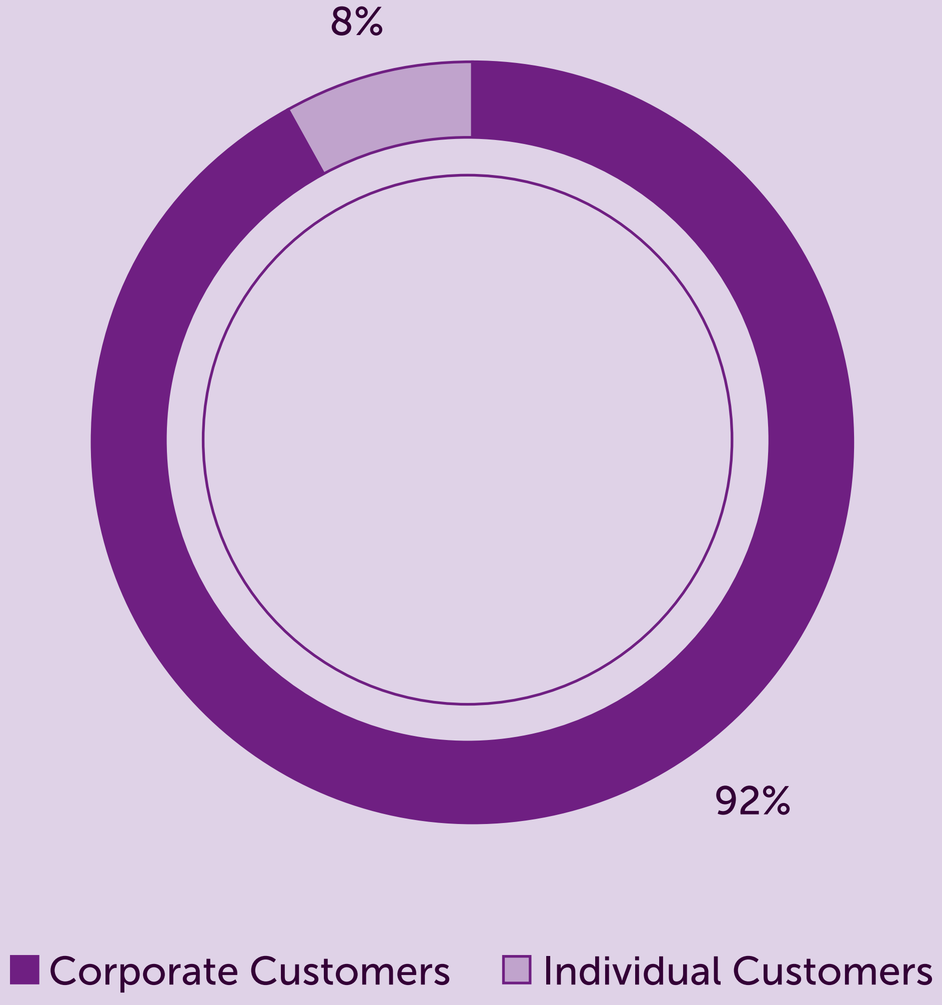
Loans and advances by currency (%)



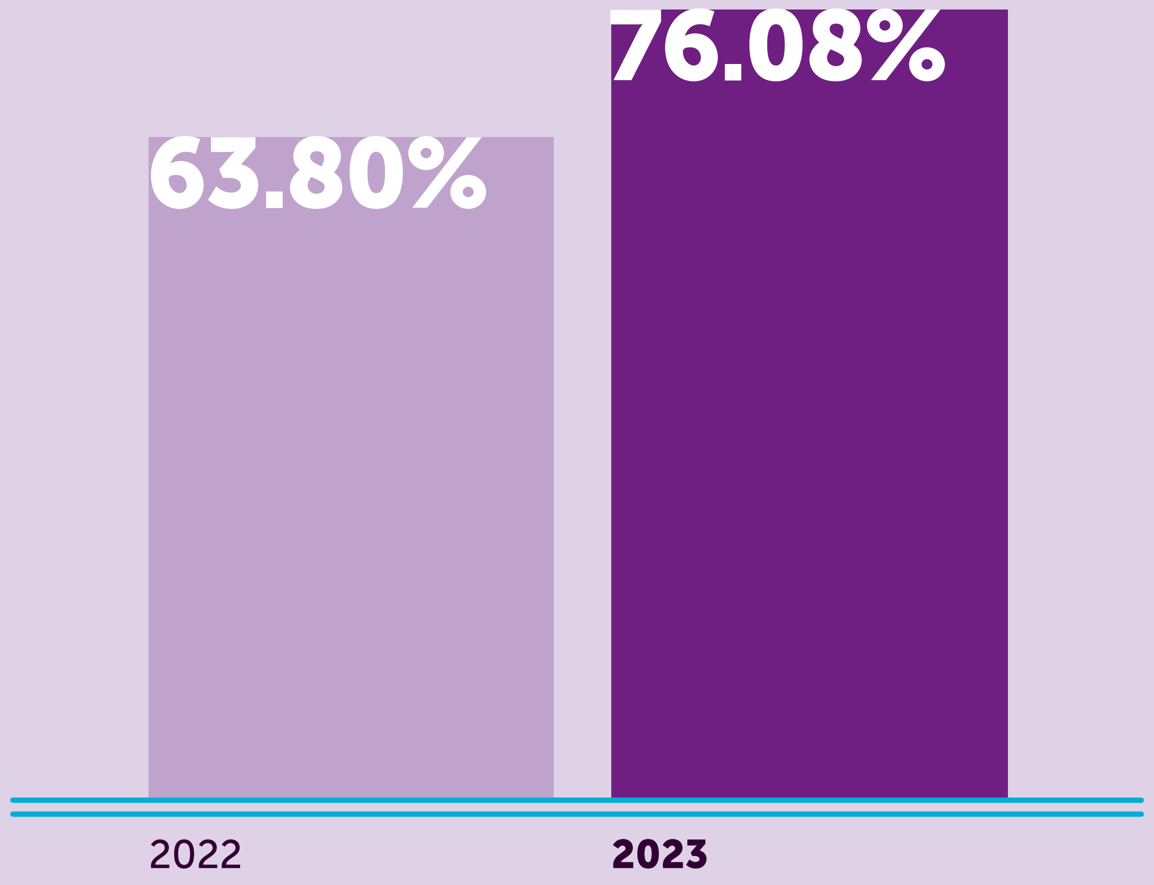
Loans and advances by segment 2023 (%)



Loans and advances by segment 2022 (%)



Impairment coverage on NPL ≥ 90 days (%)



Activities pursued in 2023

During the period under review, the following risk management activities stood out:

- Preparation and drafting of the standardised stress test, in accordance with Directive No. 02/DSB/DRO/2022 – Standardised stress tests for supervisory purposes;
- Monitoring of application errors and improvements to the core system;
- Participation in the Validation Committee for new regulatory processes;
- Participation in the Bank's Policy Validation Committee;
- Updating the Bank's Risk Management Policies;
- Implementation of the new CRIC (Credit Register Information Centre), Version 3.0;
- Write Off approval as part of the ENSA portfolio reversal.

Banco Económico is subject to a variety of risks in the course of its business and the Risk Management system is responsible for identifying, assessing, monitoring and reporting all materially relevant risks to which the Bank is exposed. In order to efficiently manage the various risks, the Bank has a set of Risk Management Policies and duly solid processes, which establish a set of guiding principles to support the management and monitoring of materially relevant risks within the scope of its activity, in line with the regulatory guidelines issued by the supervisory body, in particular the requirements established by the National Bank of Angola in Notice No. 01/2022, of 28 January, relating to the Risk Management Function and, on the other hand, the principles and good risk management practices defined by the Basel Committee on Banking Supervision.

05

Risk Management Model

5.1. Overview

All the material risks identified at Banco Económico are subject to dedicated monitoring and control procedures, in an individual and integrated perspective (meaning that they are monitored and controlled for specific risk positions and as to the aggregate position of the different risks), and are controlled through specific measurement, tolerance levels and risk thresholds.

The implementation and monitoring of a structure of measurements and risk thresholds aim to:

- Ensure consistency between risk management and business strategy, limiting risk concentration;
- Involve the business areas in the risk management process, informing them of the risk objectives defined by the Board of Directors which restrict the conduct of business activities;
- Establish targets and indicators that enable the preventive detection of deteriorating exposures and triggering of corrective measures.

Guiding Principles

In line with the Basel Committee, the risk management guide of the risk management guide of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and best market practice, the Bank has defined the following guiding principles underlying its Risk Management Model:

- **Universality:** develop a risk management environment throughout the entire organisation, ensuring that the general risk management strategy and policies are effectively disseminated and assimilated by the Employees;
- **Comprehensiveness**: identify, measure, control and mitigate all risks inherent to the Bank's products and business areas, on an individual or portfolio basis, as well as characterise, execute and monitor the controls that mitigate them;
- **Suitability**: adapt the Risk Management Model to the size, nature and complexity of the Bank's activity, ensuring that all the Employees are capable of performing their assigned duties effectively and efficiently and that they understand and promote the ethical and professional principles governing the Bank;
- **Independence**: establish a governance model that ensures an independent Risk Management Model, enabling it to assess, evaluate and report its results to the Board of Directors for decision-making;
- **Separation of Functions**: promote a clear separation of functions between the business and risk areas, covering the differentiation of the resources allocated and the hierarchical and functional independence of the two functions and of the Employees performing them, which is also reflected in the transactions' life cycle;
- **Timeliness**: ensure that the activities within the scope of risk management and internal control comply with the defined rules and time limits, with any delays being immediately reported;
- **Homogeneity and Transparency**: guarantee homogeneity and transparency in the application of processes, through documentation/formalisation of procedures.

Risk Management Governance Model

The Bank endorses a governance model for the Risk Management System which includes the participation of different bodies, as follows:

Board of Directors

The Board of Directors is responsible for performing the following duties:

- Approve the risk management policies to be followed by the Executive Committee;
- Assess the proposed activity plan and its budget;
- Decide on the necessary measures to ensure solvency and liquidity.

Executive Committee

The Executive Committee is responsible for performing the following duties:

- Define the appetite and tolerance to each type of risk;
- Define the overall and specific goals of the Departments, in conformity with the defined risk profile and degree of tolerance to risk;
- Review the policies that seek to identify, assess, monitor and control the risks to which the Bank is exposed, ensuring their implementation and fulfilment;
- Ensure compliance with the defined risk tolerance levels;
- Ensure the necessary human and information technology resources for the Bank's risk management activity;
- Ensure the effective implementation of its guidelines and recommendations to correct and/or improve the Risk Management System;
- Ensure that the risk management activities have sufficient independence, status and visibility, and are subject to periodic review;
- Appoint the head of the risk management function, ensuring that this function has sufficient authority to perform its responsibilities in an objective and independent manner, with the necessary material and human resources to perform its duties.

Management Control Committee

The Management Control Committee is a collegiate body of the Bank which is responsible for implementing and monitoring the different types of risks associated with its activity and which meets ordinarily.

Without prejudice to extraordinary meetings, the Management Control Committee meets quarterly and deliberates with the presence of at least three Executive Directors.

The main duties of the Management Control Committee are as follows;

- Reflect on the control functions in accordance with the Bank's risk management policies;
- Define monitoring indicators for each type of risk and analyse the outcomes obtained;
- Verify that the risk calculation models are updated and appropriate;
- Assess the own funds adequacy by carrying out stress tests;
- Monitor the exposure to each type of risk, through their monitoring indicators;
- The Executive Committee may confer other duties on the Risk Committee.

Internal Control and Audit Committee

The Internal Control and Audit Committee is responsible for performing the following duties:

- Appreciate and give an opinion on the risk management policies to be followed by the Executive Committee.

However, recurring risk management and mitigation activities are the responsibility of all the Bank's Managers, Employees and Staff, and are naturally supported by the mechanisms and functions of the internal control system in place.

Risk Profile Governance

The Governance Model of the Bank's Internal Control System has adopted a governance model that includes a structure of internal controls and evaluations defined by three lines of defence, which differentiates the responsibilities of each area in the control and management of risk.

Management bodies (Executive Committee and Board of Directors), collegiate bodies (Management Control Committee, Risk Management Committee, Finance Committee, Internal Control and Audit Committee, etc.), as those responsible for analysing and monitoring the profile.

- **1st line of defence:** the business and supporting units that manage the Bank's risks and are tasked with identifying, assessing and controlling the risks inherent to their activity. The first line of defence must know and apply the policies and procedures, and should have sufficient resources to pursuit its goals;

- **2nd line of defence:** is composed of the internal control functions that include the Risk Management and Compliance Functions, which supervise the management of the risk activities carried out by the first line, being responsible for the monitoring and assessment of the efficacy of the controls;

- **3rd line of defence:** ensured by the Internal Audit function which is responsible for independently examining and assessing the adequacy and efficacy of the policies, processes and procedures supporting the Internal Control System, by testing the effectiveness of the implemented controls.

Main Risks

- **Credit Risk:** risk associated with the possibility of the Bank incurring financial losses due to its counterparties' failure to meet their contractual obligations in their loan transactions;

- **Concentration Risk:** risk of loss arising from the possibility that an exposure or group of exposures will cause losses that are significant enough to jeopardize the Bank's solvency;

- **Counterparty Risk:** risk associated with the possibility of the Bank incurring financial losses due to its counterparties' failure to meet their contractual obligations, including losses arising from the devaluation of financial transactions due to deterioration of the counterparties' credit risk;

- **Liquidity Risk:** risk associated with the Bank's potential inability to finance its assets and meet its liabilities on their due dates, and the existence of potential difficulties in liquidating positions in portfolio without incurring in excessive losses;

- **Exchange Rate Risk:** risk associated with positive or negative impacts on the Bank's net income and equity, arising from exchange rate fluctuations;

- **Interest Rate Risk:** characterised as the likelihood of the occurrence of negative impacts on net income or equity, due to adverse changes in the interest rates of items of the banking book;

- **Operational Risk:** risk of the likelihood of the occurrence of negative impacts on earnings or capital, arising from losses due to failures or inadequacy of internal processes, people, systems, internal or external fraud or the inoperability of structures;

- **Reputational Risk:** risk reflecting possible losses derived from the deterioration of the Bank's reputation or position in the market, due to a negative perception of its image among Customers, counterparties, Shareholders and/or supervisory authorities, as well as among the general public;

- **Compliance Risk:** risk comprising the likelihood of the occurrence of events with negative impact on earnings or capital, arising from breaches or non-compliance regarding laws, regulations, contracts, principles of ethics and conduct and instituted practice.

5.2. Credit Risk

Credit risk is associated with the possibility of a financial institution (FI) incurring financial losses as a result of borrowers failing to fulfil their contractual obligations in their respective credit operations.

The aim of Credit Risk management is to maximise the results generated by the FI, keeping exposure to this risk at levels considered desirable and acceptable, given the growth objectives defined for its business and respecting the regulatory requirements to which it is subject.

Guiding Principles

The Bank adopts the following guiding principles in credit risk management:

- Development of a Credit Risk management environment appropriate to the Bank's reality, which includes the respective Credit Risk management strategy, the definition of objectives relating to quality, profitability, allocation of own funds and development of the credit portfolio. These objectives must be monitored on a regular basis;

- Development of processes and procedures to identify, quantify, monitor, control and mitigate the magnitude of the Credit Risk associated with all the products and business areas to which the Bank is subject. These processes and procedures are defined according to the characteristics of each Customer segment and the complexity of credit operations;

- Adoption of adequate risk controls over Credit Risk management, through the implementation of an independent system focussed on Credit Risk management, which makes it possible to assess, evaluate and report the risk to the Executive Committee and other bodies responsible for risk management. In addition, this system ensures effective management of the Credit Risk analysis function by guaranteeing the consistency of risk exposure levels and their compliance with prudential standards and internal limits;

- Carrying out credit operations under terms and conditions that comply with national and international laws, as well as the regulations issued by the Regulator, and ensuring the periodic review and approval of all internal rules and policies in order to comply with the provisions issued by the Regulator;

- Defining clear credit granting processes, using Credit Risk approval criteria based on coherent and transparent assessment pillars, guaranteeing their communication and ensuring a concentration of the credit portfolio appropriate to the strategy defined by the management body;

- Establishment of principles of independence and impartiality in the granting and assignment of credits to related companies, Group companies and Employees, in order to avoid conflicts of interest and legal non-compliance within the Bank. These processes are followed and monitored with particular attention in order to mitigate credit risk;

- Creation and maintenance of an appropriate Credit Risk monitoring system, which guarantees continuous monitoring of the level of exposure to credit risk, by monitoring the quality of the credit, the underlying guarantees and collateral and checking the adequacy of the level of provisions set up;

- Creation and implementation of mechanisms to ensure that overdue credit is recovered quickly and effectively, namely by separating the non-litigious and litigious credit recovery function, monitoring ongoing recovery processes and developing differentiated recovery practices by Customer segment and product.

Identify and mitigate the magnitude of the Credit Risk.

Credit Risk Management

In order to ensure good credit risk management, below are guidelines for the phases of granting, analysing, making decisions, monitoring and recovering credit operations, which aim to deepen control over Customers and operations, strengthen risk analysis capacity, improve credit decisions and reinforce Customer monitoring in order to act preventively:

- Loan Application/Granting

  - The Bank's Commercial Departments begin the process by filling in a loan proposal that will be submitted for analysis and review by the Credit and Recovery Department (CRD). This request must contain all the necessary and up-to-date information on the Customer, a characterisation of the operation and quantitative and qualitative information about it;

  - Before any submission to the Credit and Recovery Department, the Commercial Departments are also responsible for carrying out a pre-validation of the Customer's repayment capacity, as well as assessing the Customer's repayment history in relation to other loans at the Bank.

- Credit Risk Analysis

The Credit Department is responsible for the Bank's credit risk analysis, by a team of analysts specialised in the assessment and analysis of loan applications. The credit analysis process includes the following steps:

- Analyse all relevant information submitted by the Commercial Departments;

- Analyse the Customer information managed by Banco Nacional de Angola through the Credit Risk Information Centre (CIRC);

- Ensure that the Customer's mandatory documentation is in the case file and updated;

- Request additional information from the Commercial Departments, whenever necessary for decision-making.

Credit risk analysis is supported by risk assessment models specifically developed for each credit segment. To this end, the Bank's credit analysts regularly perform the following analyses:

- Risk assessment of debtor companies at least once a year;

- Risk assessment of private debtors with more than USD 0.5 million, or the equivalent in kwanzas, at least once a year;

- Evaluation of guarantees at least once a year.

The Credit Risk Management Model is duly aligned with Banco Nacional de Angola's regulations on impairment. This model assigns each loan a certain rating, based on the Customer information and the operation in question, collected through qualitative and quantitative analysis questionnaires.

Risk Weighting	Risk Level	Rating
1 – 2	Insufficient	G
2 – 3	Very Weak	F
3 – 4	Weak	E
4 – 5	Medium – Low	D
5 – 6	Medium	
6 – 7	Medium – High	C
7 – 8	Good	B
8 – 9	Very Good	A

Each analysed variable is assigned a score and an overall risk weight. The assessment assigns different levels from "Insufficient" to "Very Good", and the average risk of the transactions is calculated on a scale of 1 to 10, based on the average risk of each variable and the weighting of the variables.

- Decision-making
  - The decision to approve or reject the loan proposal is made by the Credit Committee, which is composed of the Credit Department, Commercial Departments and Executive Committee;
  - After analysing the proposal, the Credit Department issues one of the following recommendations:
    - Favourable opinion under the proposed conditions;
    - Unfavourable opinion under the proposed conditions;
    - Favourable opinion, but with restrictions or proposing new conditions.
- Follow-up
  - The loan portfolio should be maintained in accordance with the Bank's strategy, defined in terms of exposure limits, diversification and coverage by guarantees and provisions;
  - Each operation of the Customer or group of Customers is monitored individually with a view to monitoring the evolution of the likelihood of receiving expected future cash flows and the adoption of measures to minimise the likelihood of the occurrence of losses arising from an unfavourable evolution of the Customer's financial situation;
  - The guarantees received are periodically reassessed and exposure to risk is recalculated due to fluctuations in their value. In addition, all Employees have the duty to inform the Bank of any factor that might indicate default or a reduction in the Customer's capacity to fulfil its commitments to the Bank;
  - The Bank monitors signs of default by its Customers, such as defaults at the Bank, devaluation of guarantees, the existence of bounced cheques, changes in the social context that may negatively affect the Customer's ability to repay.
- Recovery
  - The Bank has a process for monitoring loans overdue through the credit recovery area. This area is responsible for managing the Customer's liabilities, including all operations and outstanding loans, and assesses the potential for recovering outstanding amounts in debt through the renegotiation or calling in of existing guarantees;
  - The Bank rigorously defines the characteristics of credit renegotiation and restructuring operations, ensuring that at the date of the contract review there is no situation of default that could mean an increase in risk with an impact on provisions;
  - In turn, after the recovery, renegotiation or restructuring of a credit operation, the Credit Department maintains the operation under surveillance.

5.3. Liquidity Risk

Liquidity risk is associated with the Bank's potential inability to fund its assets, i.e. the likelihood of a situation where there are insufficient funds (assets) to meet its obligations and responsibilities (liabilities) to its Customers or other entities, within the contracted time limits and deadlines.

Liquidity management is defined as the set of processes aimed at ensuring the Bank's ability to make payments, considering the financial planning, risk limits and the optimisation of available resources. Liquidity management is one of the most important activities for institutions operating in the financial market.

Guiding Principles

The Bank adopts the following guiding principles in liquidity risk management:

- Implementation, assessment and analysis of Liquidity Risk exposure indicators and respective limits, in line with the Bank's strategy and production of reports that allow periodic analysis of the Bank's situation and support decision-making;
- Promotion and preservation of commercial relations with diversified sources of financing that sustain the Bank's regular funding;
- Identification of the main factors/strengths that ensure the Bank's financing capacity, ensuring regular monitoring of the respective indicators in order to guarantee that these factors remain valid;
- Definition and carrying out stress tests, based on scenarios that make it possible to test the resilience of the Bank's Liquidity Plan and anticipate mitigation actions in the event of a liquidity crisis.

Banco Económico has a liquidity management policy that is coherent with its funding structure, as well as a contingency policy capable of responding to moments of imminent disruption.

These policies determine the methodology for identifying, measuring and controlling liquidity risk, so that the Bank can manage its exposure and reduce the likelihood of liquidity problems occurring.

Liquidity Optimisation

The Bank has sought to implement measures to optimise its cash flows in order to mitigate the factors that increase liquidity risk:

- A more restrictive lending policy, adapted to attracting new funds from Customers and the results of recovering overdue or defaulted loans;
- Improvement of credit quality, by adopting tighter credit risk assessment criteria, reducing the risk of default;
- Reinforcement of loan guarantees, reducing net exposure;
- Use of more profitable investment alternatives with greater capacity to generate liquidity.

Liquidity Risk Management

Banco Económico's choice of liquidity risk management models is aligned with the legal framework of the financial system, as well as with the Bank's internal policies. Liquidity Risk management is based on two different models: Cash Flows and Liquidity Ratios.

Preventing a potential inability of the Bank to finance its Assets.

5.4. Market Risk

Cash Flows

The cash flow model aims to identify the gaps or time lags in the cash flow of all the Bank's assets and liabilities, according to the characteristics of the transactions over a particular time horizon.

The cash flows of assets and liabilities are grouped into time bands, to assess whether the Bank has sufficient assets to cover the liabilities in each time band. Moreover, the Bank performs adherence tests on its projections to measure the projection's adherence and take measures to converge the projected amounts with the actual liquidity and, consequently, increase the security of the forecasts.

Liquidity Ratios

Liquidity ratios enable comparative analyses between different periods or in relation to other financial institutions with the same profile. Banco Económico applies the following liquidity ratios:

- Minimum Mandatory Reserves;
- Net Assets/Total Liabilities;
- Net Assets/Short-term Liabilities;
- (Cash and Cash Equivalents + Investments)/Short-term Liabilities;
- Net Assets/Total Assets;
- Loans/Deposits;
- Interbank Money Market Funding/Total Funding.

Market Risk is defined as the possibility of losses resulting from fluctuations in the market values of positions held by Banco Económico in foreign exchange products, interest rate products, shares and commodities.

Market Risk management is a continuous process of identification, assessment, monitoring and control of exposure arising from positions held in foreign exchange products, interest rate products, shares and commodities, aimed at keeping them within the regulatory limits and internal thresholds defined by the Bank.

The Market Risk management process requires observation of the nature of its main transactions, products and services offered, and degree of exposure, and search for alignment with best practice, standards and all other applicable regulations.

Market Risk Management

Market risk management is based on two different models, both of which are monitored regularly.

Analysis of Positions Exposed to Risk

The analysis of positions consists of calculating the amounts exposed to Market Risks by maturity buckets. An analysis of the mismatch of the assets and liabilities comprising the Bank's balance sheet structure is carried out, estimating the values at risk arising from the:

- Interest rate gaps under the condition of asset remuneration being higher than liability remuneration;
- Amounts at risk resulting from the repricing of assets and liabilities.

However, the monitoring and control of positions does not provide a complete picture of the real exposure to the various risk factors. For this reason, Banco Económico complements this measure with other Market Risk control tools, namely sensitivity analysis.

Sensitivity Analysis

Sensitivity analyses show the impact that a change in a particular risk factor has on Banco Económico's results.

Sensitivity analyses are a particularly important metric for managing Market Risk, since small changes in risk factors can generate significant losses/gains in the institution's results.

The aim of this model is to assess the impact on the Bank of the current value or economic value of its positions and its return in the face of possible changes in a set of market variables considered to be risk factors. These market variables are relevant to Banco Económico:

- Interest Rates;
- Exchange Rates;
- Market Prices of Financial Instruments;
- Money Supply Expansionary and Contractionary Measures.

The Market Risk management process can be defined in four steps:

- **Identification of Risk Factors**

The Finance and Markets Department (DFM) and the Risk Department (DR) are responsible for identifying the factors that could create specific risks to which the Bank is exposed, in order to assess possible impacts on the asset/liability structure arising from changes or variations in these risk factors.

- **Measurement of Market Risk**

The Risk Department is responsible for monitoring and measuring market risk factors, using the models defined by the Bank. According to the type of instrument and the model adopted, the amount exposed to market risk is quantified and the defined limit is then assessed. The Department of Risk is responsible for the market information used in the models and the accounting information.

- **Adequacy with the Established Risk Limits**

The market risk limits are defined by the Risk Department and approved by the Executive Committee. Once the quantification of the risk exposure amounts is completed, these are compared with the Bank's internally defined limits to enable concluding on whether they are within the defined risk limits or whether the future approach requires redefinition (in other words, taking on greater risk, containment or corrective measures.

- **Market Risk Reporting**

The Risk Department is responsible for reporting on the evolution of its monitored risks, including the drafting of the Market Risk Report, on a monthly basis, and sending it to the Executive Committee.

5.5. Concentration Risk

Concentration Risk is the exposure or group of exposures with the potential to produce significant losses (in relation to capital, total assets, or overall risk levels) that threaten the Bank's ability to maintain its operations.

Concentration risk management consists of a set of processes for identifying and defining risk tolerance indicators, so as not to exceed the overall limit for each counterparty or portfolio.

Risk concentration could entail considerable impacts on the Bank's financial stability in cases, for example, of large Customers' default or deposits are mobilised on a massive scale towards competitors.

Guiding Principles

With regard to Concentration Risk, the Bank adopts the following guiding principles in its management and mitigation activity:

- Definition and assessment of the Concentration Risks to which the Bank is subject, as well as the prevention and mitigation measures to be adopted for each of the risks identified;
- Implementation of appropriate procedures to assess internal capital needs, taking into account the results of the risk mitigation techniques applied in managing the level of concentration of its asset and liability portfolios;
- Establishment of appropriate exposure limits to Concentration Risk, relating to funding sources, liquidity investments, off-balance sheet positions, or other limits consistent with the Bank's strategy and overall Risk Profile;
- Definition of procedures for regular monitoring of compliance with the defined limits and measures to be adopted in the event of deviation;
- Adequacy of the degree and type of monitoring of regular Concentration Risk, reflecting its current nature, scale and degree of portfolio diversification.

Concentration Risk Management

In view of the need to monitor the Concentration Risk to which the Bank is exposed, a set of activities was defined to be carried out in the risk management process, which we will detail below.

The Risk Department is responsible for proposing limits for the concentration of credit, resources and counterparties, which are approved by the Executive Committee.

In turn, the Risk Department is responsible for analysing, monitoring and reporting this risk, as defined in the Concentration Risk Policy. As such, it is responsible for ensuring the collection of information needed to monitor Concentration Risk and, on a quarterly basis, for producing and making available to the Executive Committee a report with the results of the different risk categories considered to be materially relevant. The main purpose of this report is to present the results obtained in accordance with the assessment approach and limits defined.

The information produced in this report will be used to analyse exposure to Concentration Risk, and the following points of analysis must be ensured:

- Analysis of Concentration Risk by type of materially relevant risk and by defined analysis variables, namely Customer, Economic group, Sector of activity, Counterparty, type of operations, maturity and interest rate of the operations;
- Assessment of the Bank's exposure in relation to the defined limits.

As a complement to the Concentration Risk management process, Banco Económico also has other support processes, namely:

Stress tests: These are simulations applied to the portfolio of assets and liabilities in order to assess the potential effects on the Bank's financial conditions. Analysing concentration scenarios is therefore a fundamental aspect of risk management.

5.6. Counterparty Risk

Management Information: In order to measure and monitor Concentration Risk, the Bank guarantees the quality of management information, making it possible to measure concentration levels, with the necessary detail on credit portfolios (Customer, contract, type of credit, interest rates, dates, amounts, BNA risk, rating, currency), deposit portfolios (Customer, contract, type of deposit, interest rates, dates, amounts, currency) or other relevant balance sheet information.

Contingency Plan: In the event of one-off or chronic risk concentration crises, the Bank is prepared to implement its Contingency Plan, which must be activated when concentration management limits are not met.

Prudence in the management of Concentration Risk includes procedures that, in an organised and methodical manner, maintain concentration levels below the defined limits, or solutions that compensate for the possible non-compliance of concentrated risks.

The actions to be taken if concentration levels are above the defined limits are: reducing exposure to risk through the sale of credit; freezing the granting of credit to segments where there is greater concentration; boosting the sale of credit to the remaining segments and increasing the Bank's equity.

Counterparty Risk is the possibility of the Bank incurring financial losses associated with its counterparties' failure to meet their contracted financial obligations, and that reduce the Bank's ability to settle its commitments, with direct impact on lower gains or profitability.

Counterparty risk management consists of the process of identification and assessment of existing or potential risks and their monitoring and control, conducted through policies, processes and limits consistent with the strategy and methodology defined by the Bank. In this context, the Bank establishes exposure limits and a methodology to control counterparty risk, considering possible negative impacts on its activity.

Guiding Principles

Counterparty risk arises from the operations transferred (lending of surplus financial resources to other financial institutions) in the Bank's treasury activity. To this end, the Bank has defined a policy based on the following pillars:

- The Finance and Markets Department (FMD) has decision-making autonomy in contracting operations with the Bank's Counterparties, within previously approved risk limits. The authorisation of new Counterparties must be the subject of a proposal from the FMD to the Executive Committee, with the opinion of the Risk Department;
- Counterparty Risk limits are proposed by the Risk Department and approved by the Executive Committee;
- No operations with financial Counterparties that have not been approved or that do not fall within the approved limits are permitted;
- The limits are valid for a maximum of six months and must therefore be submitted periodically to the Executive Committee, in accordance with the request model defined above.

Counterparty Risk Management Model

At Banco Económico, counterparty risk is managed using methodologies and models consistent with the best market practices and compatible with the complexity of the institution's activities.

- Counterparty identification;
- Definition of the exposure limit;
- Risk management;
- Monitoring and reporting.

In addition, the Bank has complementary tools for its Counterparty Risk management process, namely:

- Analysis of potentially adverse scenarios (stress tests);
- Contingency Plan.

5.7. Operational Risk

Operational Risk is the likelihood of the occurrence of negative impacts on earnings or capital, resulting from losses due to failures or inadequacy of internal processes, people, systems, internal or external fraud or the inoperability of structures.

Operational Risk also includes information systems risk, which corresponds to the possible occurrence of negative impacts resulting from the inadequacy of the information systems to the Bank's needs regarding processing, security, control, availability and continuity.

Guiding Principles

The Bank adopts the following guiding principles in the management of Operational Risk:

- Development of an Operational Risk culture;
- Regular identification of operational risks to which the Bank's products, activities, processes and systems are exposed;
- Development and implementation of policies, processes and procedures for operational risk management;
- Development, implementation and maintenance of an operational risk management model integrated into the Bank's risk management processes, which ensures the principles of risk identification, assessment, monitoring, control and mitigation, which is approved and periodically reviewed by the Board of Directors;
- Implementation of a regular process for monitoring the operational risk profile and exposure to losses;
- Development of processes and procedures aimed at controlling and mitigating the operational risks incurred;
- Assessment of the severity and frequency of occurrence of each of the risks assigned to each of the Bank's processes, identifying opportunities for improvement of the processes most exposed to the identified risk;
- Establishment of procedures and controls that guarantee the effective performance of tasks, the integrity of information and compliance with regulatory requirements;
- Definition of contingency plans that guarantee the completion of all operational processes in the event of extreme situations.

Operational Risk Management

The effectiveness of the Bank's operational risk management is directly related to its risk management model, which is made up of three components:

- **Identification:** the Bank ensures the identification of the presence of Operational Risk events inherent to products, activities, operations, processes and systems to ensure that the inherent risks are properly understood. Additionally, the Bank gathers and records events that resulted in an effective financial loss for future analysis and improvement of procedures;
- **Monitoring and Reporting:** the Bank implements a process of regular monitoring of risk profiles, material exposures to losses, detection of suspicious behaviour (which are investigated in a timely and rigorous manner), as well as appropriate reporting mechanisms to support proactive operational risk management. The monitoring process is carried out in a manner enabling evaluation of the efficiency of the approach to operational risk, identification of management level weaknesses and improvement of the robustness of control;
- **Control and Mitigation:** the Bank ensures the development of a control environment based on appropriate policies, processes, systems and internal controls, and implements risk mitigation processes and procedures. Based on confirmed or potential situations, the controls are strengthened to prevent the recurrence of these events.

5.8. Reputational Risk

Reputational Risk is defined as the likelihood of the occurrence of events with a negative impact on the Bank's earnings or capital, derived from an unfavourable perception of its image by Customers, counterparties, investors, Shareholders and regulators.

Guiding Principles

The Bank adopts the following guiding principles in Reputational Risk management:

- Identification of the risk arising from the stakeholders' negative perception of the Bank, and quantitative and qualitative assessment of its potential effect;
- Monitoring of relationships maintained with Customers and the transactions recorded in the activity reports produced by the Departments;
- Risk prevention by monitoring the relationships maintained with Customers and the transactions recorded through the activity reports produced by the other structural bodies;
- Creation and implementation of mechanisms to mitigate the impact of reputational risks;
- Recording and control of variables that characterise the Bank's reputation, ensuring its consistency with the established tolerance level and mitigating potential deviations in a timely manner.

Reputational Risk Management

Reputational risk management consists of the process of identifying and assessing existing or potential risks and their effective monitoring and control, conducted through policies, processes and limits consistent with the strategy and methodology defined by the Bank.

Notwithstanding the need for the Risk Department to raise awareness among the Bank's other areas of the importance of Reputational Risk, the Bank applies the following indicators of this risk:

- Neutral and negative references in the media;
- Information made available to Stakeholders (Annual Report);
- Level of Customer satisfaction (individuals and companies);
- Days for contacting Customers about complaints;
- Disciplinary proceedings with a direct impact on the Bank's reputation;
- Legal proceedings brought against Bank Employees by people outside the Bank;
- Audited deficiencies that have a direct impact on the Customer;
- Fines imposed by BNA;
- Fines from other government institutions;
- Activities (quarterly);
- Computer attacks;
- Availability of electronic channels;
- Other indicators approved by the Executive Committee;

In addition, in the event of a reputational risk event, the Risk Department, the Compliance Department, the Marketing and Offer Department and other relevant departments will jointly define a contingency plan comprising measures aimed at positively repositioning the Bank's image among its Stakeholders. The aim of defining a plan of this nature in good time is for the Bank to react swiftly and in an appropriately targeted manner. This plan will include measures whose application will take into account the level of severity of the negative event recorded.

In this regard, the indicators and the respective limits established are monitored by the Risk Department and contingency measures are defined whenever necessary.

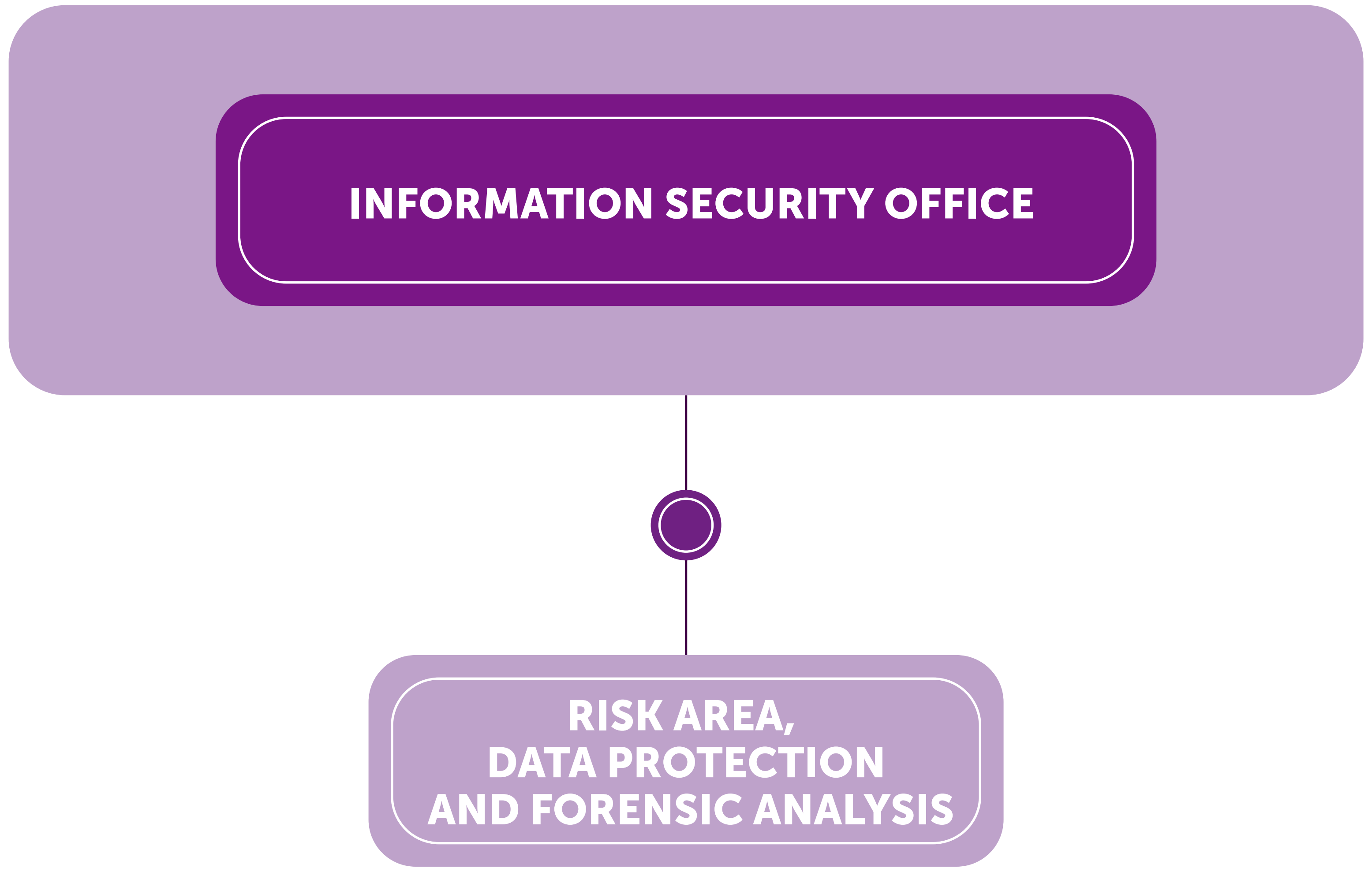
The Risk Department, as the structural body responsible for managing Reputational Risk, must meet annually with the Bank's Board of Directors to present and discuss the Bank's exposure to this type of risk and possible action plans in response to the situations observed.

5.9. Information Security

The Information Security Office (ISO) is a control body whose mission is to guarantee the security of all corporate information and its entire digital Ecosystem, to ensure institutional alignment in order to comply with existing legislation and regulations, as well as to guarantee the protection of personal data processed by the Institution.

Organisational Structure

The Information Security Office has the following organisational structure:



Functions of the Unit

As part of its mission, the ISO liaises with all Banco Económico bodies and ensures that information security strategies are defined in line with the organisational model and that a culture of security is fostered throughout the Banco Económico universe. It also ensures that risks are assessed, classified and mitigated.

Main responsibilities include:

- Drawing up and implementing information security and data protection policies, procedures and standards;
- Liaising with the Area Managers on issues related to Information Security, ensuring the planning and coordination of all activities necessary for the operationalisation, monitoring and regular review of the Bank's Information Security practices;
- Developing the Training and Awareness Plan on Information Security and Personal Data Protection and regularly communicating the benefits of Information Security and Data Protection to the entire institution;
- Carrying out risk assessments for activities to be outsourced;
- Monitoring potential risks to information security and the protection of personal data, dealing with incidents, carrying out reactive actions that include alerts and notifications of incidents, guiding teams in repairing damage and analysing compromised systems;
- Analysing attacks and intrusions in Banco Económico's digital ecosystem and obtaining quantitative and qualitative information describing their nature, causes, frequency and resulting costs;
- Coordinating the response process to incidents involving information security and the protection of personal data;
- Preparing information/evidence for legal action procedures, where necessary;
- Establishing regular contact with regulatory authorities and interest groups and carrying out regular assessments to ensure the Bank's compliance with laws and regulations, information security and personal data protection.

Key Activities in 2023

The 2023 financial year presented major challenges for Information Security, with an increase in threats and intrusions, breaches of confidentiality, the maintenance of some remote execution services, the promotion of the awareness raising and training process on information security and the protection of personal data, as well as ensuring the protection of the data that makes up our ecosystem.

As far as its activities are concerned, the ISO has carried out activities in the following areas:

1. Governance, Risk and Compliance

With regard to governance, the following activities were carried out:

- Compliance analyses were carried out on the various solutions in the Bank's ecosystem;
- A number of information security awareness actions were carried out through informative e-mails and newsletters, in line with the Information Security Policy in force;
- We assessed SWIFT security, the applicability of which is mandatory;
- We revised our Information Security Policy to comply with BNA Directive 05/2022;
- Receipt of 16 authorisation certificates for the processing of personal data in compliance with Law No. 22/11 and Presidential Decree No. 60/21, related to the process of paying the data processing and protection fee.

2. Access and Identity Management

- The accesses assigned to the Jump Server and to the strong authentication solution with double factor were reassessed;
- We monitored administration access to the current hybrid and cloud solution, Microsoft 365, i.e. for better compliance with good practices;
- We monitored the implementation and reinforcement of access control mechanisms for existing assets.

3. Security Operations

- We monitored activities carried out at Microsoft 365 level;
- We monitored and treated vulnerabilities;
- We monitored events related to the antivirus platform, as well as recommending and validating the mitigation process;
- We monitored events and logs from existing firewall solutions and implemented the necessary recommendations to mitigate incidents.

4. Systems Security

- We regularly submitted information/alerts on critical vulnerabilities that impact information security in the operational areas, so that they can be properly mitigated;
- We carried out vulnerability analyses of the various solutions and assets in the Bank's ecosystem;
- We analysed and monitored cyber threats reported by Customers and Employees, as well as those identified by existing mechanisms and solutions, monitoring their entire life cycle;
- We analysed the security architecture of a set of solutions aimed at guaranteeing business continuity and preserving information.

The Bank remains focussed on guaranteeing the protection of information, as well as increasing the maturity of information security and the protection of personal data. To this end, investments in processes, technology and people continue to be a priority, as does management's commitment.

06

Financial Information

Key indicators

725,201
Millions of kwanzas
Total Assets
-11% vs. 2022

-188,912
Millions of kwanzas
Operating income
-1,675% vs. 2022

1,006,664
Millions of kwanzas
Customer resources
30% vs. 2022

-9,824
Millions of kwanzas
Net interest income
-50% vs. 2022

72,661
Millions of kwanzas
Total Credit
15% vs. 2022

-297,884
Millions of kwanzas
Net Profit
-685% vs. 2022

6.1. Separate Financial Information

Balance Sheet

Values expressed in thousand Kz

	mKZ		
	31/12/2023	31/12/2022	Δ%
Assets			
Cash and deposits at central banks	**70,432,912**	44,754,420	57%
Cash at other credit institutions	**8,813,604**	28,707,596	-69%
Investments at central banks and other credit institutions	**-**	-	-
Financial assets at fair value through profit of loss	**-**	637,328	-100%
Financial assets at fair value through other comprehensive income	**51,875,326**	150,188	34,440%
Investments at amortized cost	**58,027,433**	68,416,576	-15%
Loans and advances to Customers	**72,661,363**	63,305,755	14%
Non-current assets held for sale	**157,586,932**	3,328	4,735,084%
Other tangible assets	**10,056,587**	40,260,556	-75%
Intangible assets	**7,422,749**	8,184,587	-9%
Investments in subsidiaries and Associates	**5,131,861**	2,448,343	109%
Current tax assets	**1,999,003**	1,990,496	0.43%
Other assets	**281,193,119**	558,170,468	-49%
Total Assets	**725,200,889**	**817,029,641**	**-11%**

Values expressed in thousand Kz

	mKZ		
	31/12/2023	31/12/2022	Δ%
Liabilities and Equity			
Deposits from central banks and other credit institutions	**272,992,129**	261,926,159	4%
Customer deposits and other loans	**1,006,663,603**	776,588,133	29%
Subordinated liabilities	**-**	-	-
Provisions	**-**	32,613,458	-100%
Current tax liabilities	**4,571,021**	5,246,980	-12%
Other liabilities	**29,211**	19,720	48%
Liabilities	**68,898,355**	104,618,623	-34%
Equity	**1,353,154,319**	**1,181,013,073**	**14%**
Share Capital	**271,500,000**	271,500,000	0%
Other equity instruments	**153,329,000**	121,196,000	26%
Fair value reserves	**(737,472)**	29,700	-2.583%
Other reserves	**45,472,643**	-	-
Retained earnings	**(799,633,551)**	(718,755,790)	11%
Net income for the year	**(297,884,051)**	(37,953,342)	684%
Own funds	**(627,953,431)**	**(363,983,432)**	**72%**
Liabilities and Equity	**725,200,889**	**817,029,641**	**-11%**

Assets

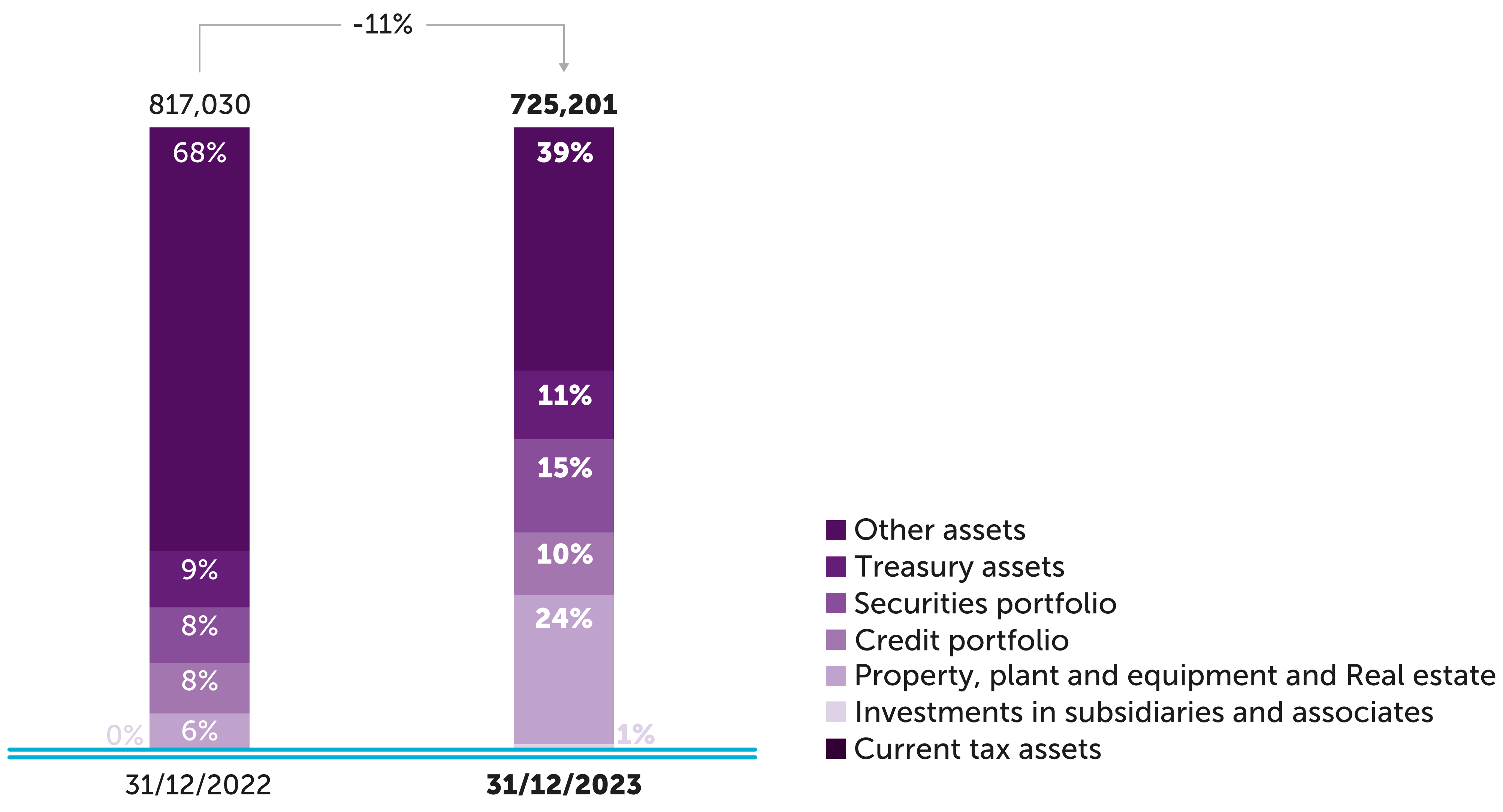
As at 31 December 2023, "Net Assets" totalled Kz 725,201 million, a decrease of 11% compared to 2022.

This decrease was essentially the result of the item "Deposits with other credit institutions", with a reduction of Kz 19,893 million, due to the release of the captive loan with Novo Banco for the maturity of the subordinated loan on 31 August 2023, and "Other Assets", which fell from Kz 558,170 million on 31 December 2022 to Kz 281,193 million. This reduction stems from the agreement to reverse the asset transfer operation with INVESTPAR, with the reincorporation of the assets previously transferred, namely the credit operations recorded under "Loans and advances to Customers", the properties recorded under "Non-current assets held for sale" and "Other assets", the derecognition of receivables under "Other assets", payables under "Other liabilities", as well as the appropriation of the balance of the INVESTPAR account under "Customer funds and other loans", with the reversal operation as a whole having a negative impact on total assets.

In addition, the Bank fully derecognised the asset associated with the deferred impairment resulting from the AQA against retained earnings by around Kz 208,000 million (initially Kz 260,000 million).

Assets are essentially financed by "Financial assets at fair value through other comprehensive income", which recorded an increase of Kz 51,725 million compared to 31 December 2022, essentially due to the classification in this category of non-adjustable treasury bonds acquired as part of the exchange with the Ministry of Finance of the bonds received in payment from INVESTPAR (previously recorded under "Investments at amortised cost") and Eurobonds acquired during the year.

Composition of the Assets – Kz million



The increase in loans and advances to Customers from Kz 63,305 million in 2022 to Kz 72,661 million in 2023 resulted essentially from loans and advances to Customers received in the context of the reversal of the asset transfer operation with INVESTPAR. In this context, the weight of loans and advances to Customers in the Bank's total assets increased by approximately 15 percentage points.

On the other hand, in 2023, the funds raised from Customers saw a significant increase of around 30% compared to the figures recorded in 2022, totalling Kz 1,006,663 million. This movement is essentially explained by the significant devaluation of the Kwanza against the main foreign currencies (USD and EUR), considering that the balances are mostly denominated in foreign currency.

Net assets decreased by 11% in 2023.

Loan Portfolio

Loans and advances to Customers at the end of 2023 represent around 10% of total assets (8% as at 31 December 2022).

The loan portfolio had a balance of Kz 239,956 million as at 31 December 2023 (gross balance excluding INVESTPAR portfolio loans), equivalent to a 5% increase on the Kz 227,632 million as at 31 December 2022.

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022	Δ%
Active loans and advances			
To corporate Customers			
Loans	**144,378,393**	138,305,910	4%
Current account loans and advances	**295,678**	2,082,293	-86%
Overdrafts	**8,507**	4,511,237	-100%
Finance lease	**121,840**	422,698	-71%
To individual Customers			-26%
Mortgage	**4,594,980**	6,169,907	-56%
Consumer and other	**517,270**	1,168,000	-2%
	149,916,668	**152,660,046**	**13%**
Overdue loans and advances			
To corporate Customers			
Loans	**68,391,137**	60,655,604	4%
Current account loans and advances	**1,665,448**	1,597,309	132%
Overdrafts	**1,409,476**	607,005	9%
Finance lease	**1,344,628**	1,228,904	-17%
To individual Customers			
Mortgage	**4,073,545**	4,879,051	119%
Consumer and other	**13,155,872**	6,004,313	20%
	90,040,106	**74,972,186**	**5%**
Gross Loans and Advances	**239,956,774**	**227,632,231**	**2%**
Total Impairment	**(167,295,411)**	**(164,326,477)**	**17%**
Total Net Credit	**72,661,363**	**63,305,755**	**15%**

Credit Analysis

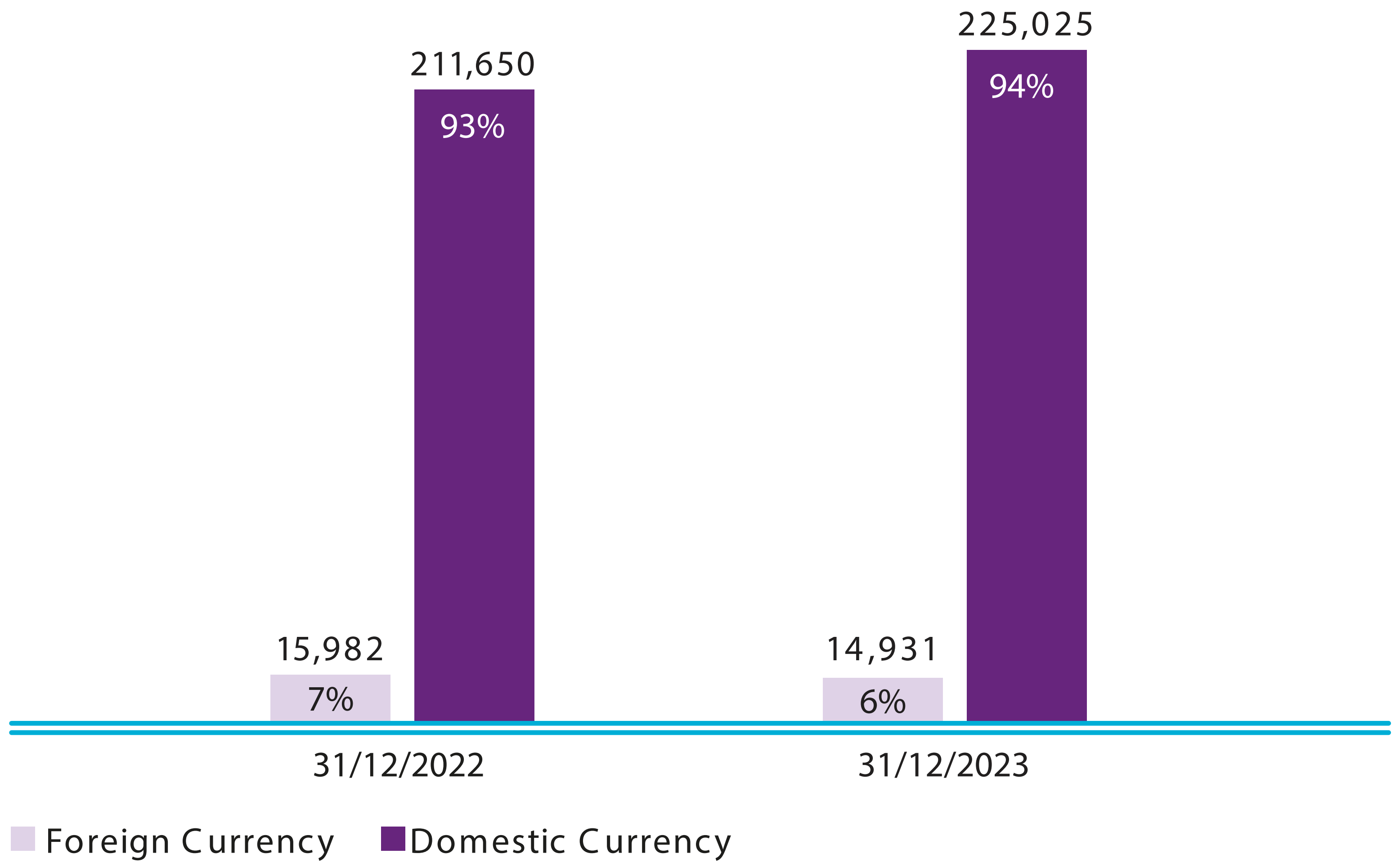
The increase in net loans stems from the loans to Customers received in the context of the reversal of the asset transfer operation with INVESTPAR, corresponding to an exposure of Kz 265,325,036 thousand, the respective fair value being calculated taking into account the valuation of the discounted property collateral. In addition, the credit exposures were recorded in the accounts and the exposure impairment assessment was updated.

The Corporate Customers segment was the largest contributor and represents 91% of Banco Económico's loan portfolio, with a 4% increase in activity compared to 2022.

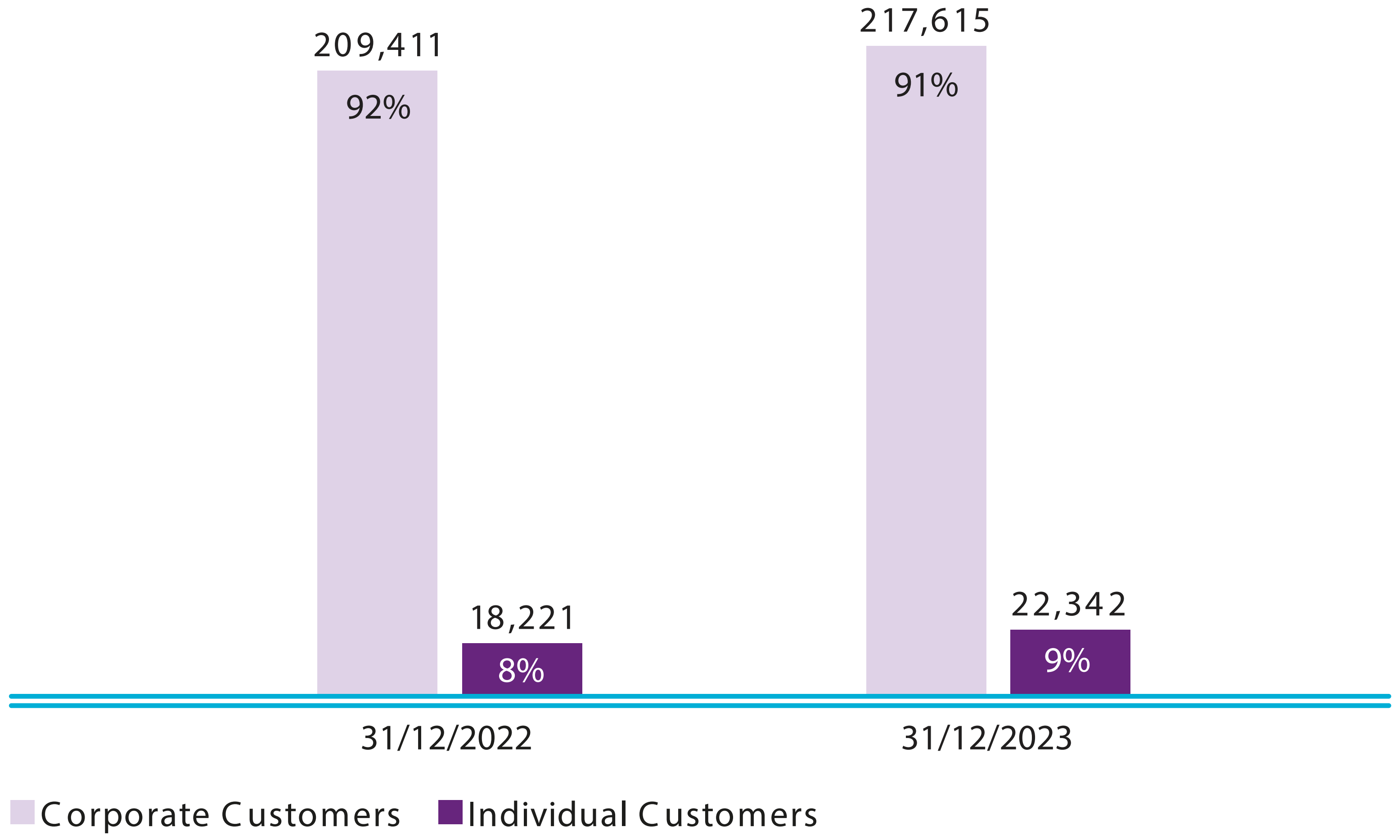
On the other hand, private Customers registered a significant increase of around 23%.

The loan portfolio in domestic currency and foreign currency represents 94% and 6% of total loans, respectively. Although there was be an upswing in exchange rates in 2023, there was a reduction in loans in foreign currency of around 7% compared to the previous year.

Loans and advances by currency – Kz million



Loans and advances by customer segment – Kz million



Credit Rating

In addition to the exchange rate effect, the Bank reinforced its prudential levels of loan coverage due to impairment, with coverage ratios of 81% for the Corporate segment in 2023 (73% in 2022) and 75% for the Individuals segment (63% in 2022), essentially due to Customers' financial difficulties, the result of macroeconomic issues of uncertainty and volatility, in the wake of the global effects of the pandemic, with the worsening of armed conflicts and the inherent impacts on the world economy.

On average, the total coverage of the Bank's loan portfolio in 2023 was 80%, reflecting an increase of 8% compared to 2022.

Values expressed in thousand Kz

Credit Rating	31/12/2023	31/12/2022
Total Loans and Advances		
To corporate Customers	**217,615,108**	209,410,960
To individual Customers	**22,341,667**	18,221,271
	239,956,775	**227,632,231**
Total Impairment	-	
To corporate Customers	**176,329,036**	152,912,775
To individual Customers	**16,698,928**	11,413,702
	193,027,964	**164,326,477**
% Coverage of corporate Customers	**81%**	73%
% Coverage of individual Customers	**75%**	63%
% Total Coverage	**80%**	**72%**

Financial assets

In the year under review, public debt securities that fulfil the SPPI requiremen are classified and the associated business model consists of receiving contractual cash flows from the asset or through its sale and the equity instruments.

In 2023, "Financial assets at fair value through other comprehensive income" increased by around Kz 51,725 million compared to the position as at 31 December 2022.

This variation is essentially due to the recording of non-adjustable Treasury Bonds issued under market conditions and acquired as part of the exchange with the Ministry of Finance of the bonds received in payment from INVESTPAR and Eurobonds acquired during the year.

Liabilities and Net Worth

In the 2023 financial year, the Bank's liabilities increased by around Kz 172,141 million compared to the 2022 financial year, corresponding to a variation of 15%. This was essentially due to the change in the "Customer funds and other loans" item of around Kz 230,075 million (30% compared to the previous year). The increase in this item results from the significant devaluation of the Kwanza against the main foreign currencies, considering that the balances are mostly denominated in foreign currency.

Customer funds and other loans

As at 31 December 2023, "Total Customer funds and other loans" include demand deposits in the amount of Kz 739,128 million and term deposits in the amount of Kz 267,535 million.

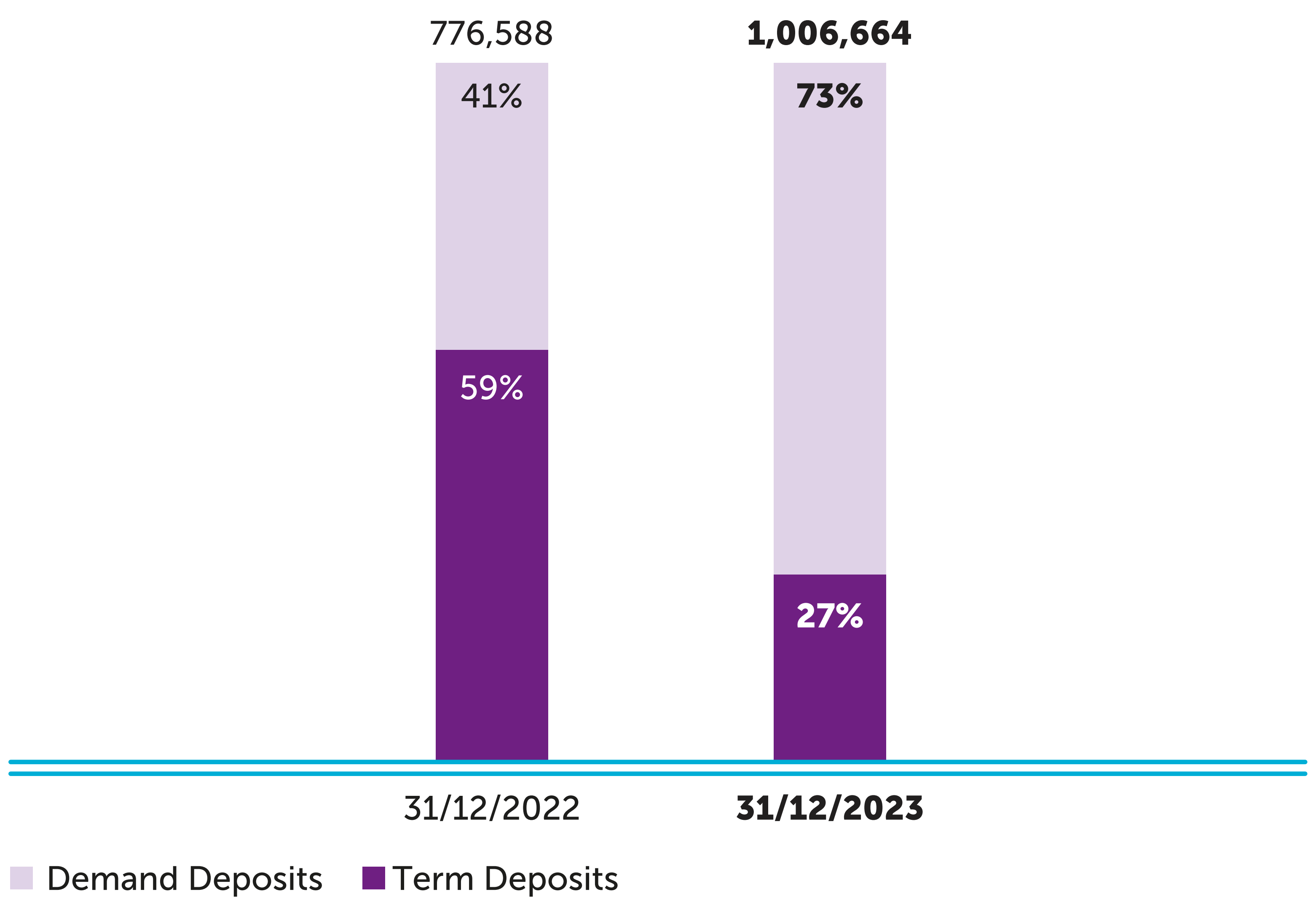
Values expressed in thousand Kz

	31/12/2023	31/12/2022 Restated
Demand deposits		
In kwanzas	**146,654,872**	85,659,871
In US dollars	**586,896,244**	230,945,124
In euros	**5,542,791**	2,062,812
In other currencies	**34,257**	21,131
	739,128,164	**318,688,938**
Term deposits		
In kwanzas	**111,462,537**	145,229,378
In US dollars	**146,682,127**	305,124,708
In euros	**9,390,775**	7,545,109
	267,535,439	**457,899,195**
Total	**1,006,663,603**	**776,588,133**

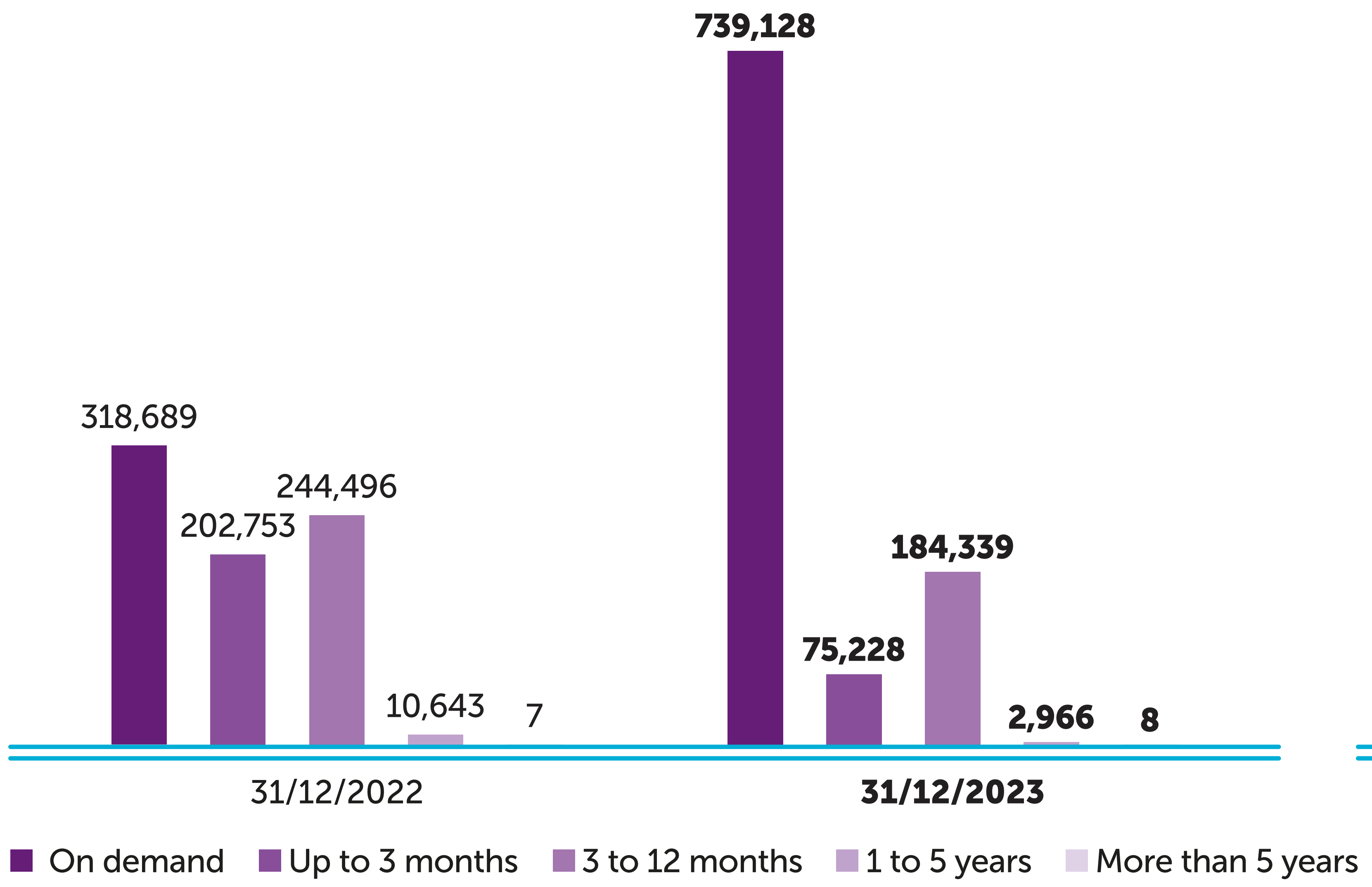
On the other hand, term deposits fell by around 42%, a significant drop in absolute value from Kz 457,899 million to Kz 267,535 million.

The increase in deposits led to an increase in the loan-to-deposit ratio from 7.0% in 2022 to 8.0% in 2023.

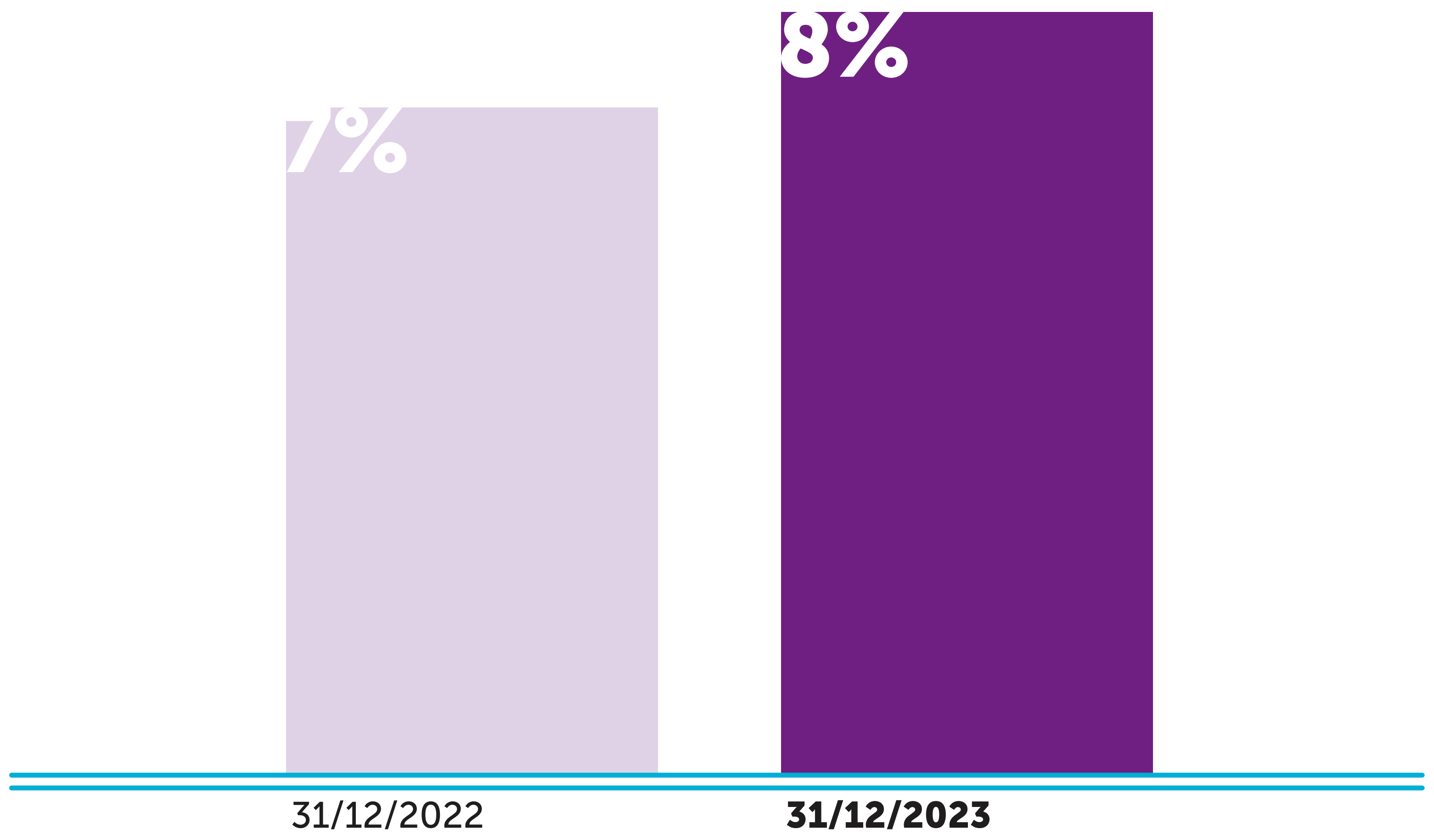
Structure of Customer resources – Kz million



Residual maturity of Customer resources – Kz million



Loan-to-deposit ratio



Regulatory Capital Ratio

Regulatory Capital

In August 2022, in order to guarantee the implementation of the Restructuring and Recapitalisation Plan (RRP), Banco Económico (BE) reduced its share capital (Kz 72 billion) by total incorporation of losses, followed by a capital increase operation (Kz 271,500 million), fully carried out by a Collective Investment Body (ECONÓMICO - Fundo de Capital de Risco) created in the meantime, whose participants are depositors of the Bank who have agreed to convert part of their deposits into units of the Fund.

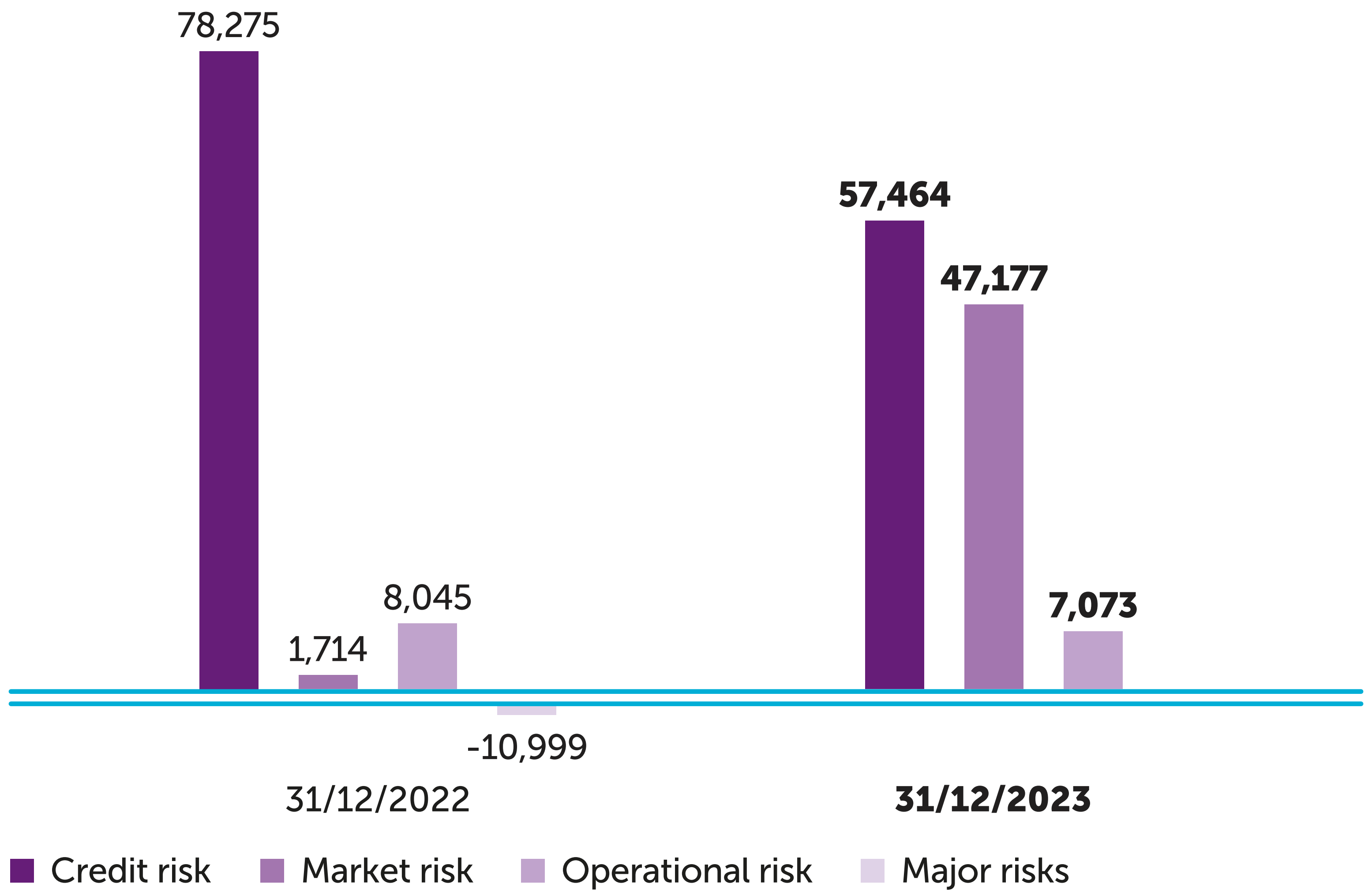
Within the scope of the Recapitalisation and Restructuring Plan, depositors were identified who signed a memorandum of understanding with the Bank in which they accepted the partial conversion of their deposits (with reference to 30 September 2021) into capital (through the subscription of Económico - Fundo de Capital de Risco de Subscrição Particular units) and into equivalent instruments (perpetual participation certificates and bonds convertible into shares), in the following minimum amounts:

- 45% of deposits, by subscribing to units in the Fund;
- 20% of deposits, by subscribing to perpetual participation securities;
- 5% of deposits, by subscribing to bonds convertible into shares.

Despite the efforts made by the Bank, the increase in accumulated losses has had a negative impact on Regulatory Capital.

Risk-weighted assets

The variation in risk-weighted assets is essentially due to an increase in the excess of prudential limits for major risks, despite a reduction in the Regulatory Capital requirements for credit risk.



In this sense, the Regulatory Capital Ratio was considerably negative before the recapitalisation. Between December 2022 and December 2023, the ratio continued to worsen significantly, from -5.0% to -39.0%. As a result, the Bank is well below the minimum regulatory level required (8%).

Subordinated Liabilities

The Bank took out a loan from Novo Banco totalling USD 496,358 thousand, with a 5% rate, quarterly payments and maturity in 2024. This loan resulted from the BNA resolution of 4 August 2014. However, at the end of 2021 and as part of the implementation of the Bank's Recapitalisation and Restructuring Plan, BE agreed with Novo Banco, S.A. to restructure the subordinated loan, taking into account a 75% forgiveness on the maturing debt, resulting in a gain in 2021 of Kz 107,812 thousand.

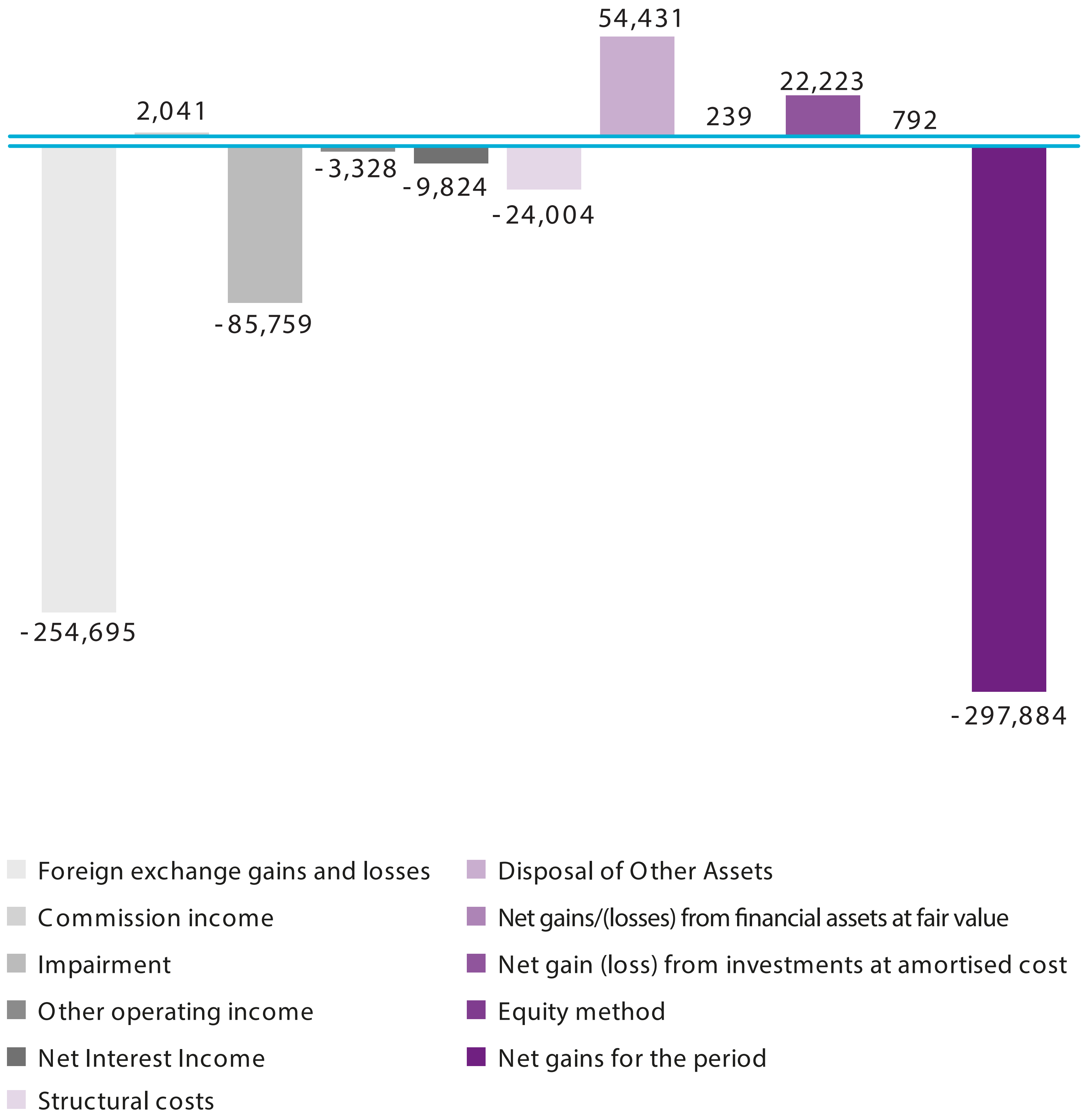
After the restructuring, the subordinated debt stood at USD 114,712 million, with a maturity date of 31 August 2023 and the interest rate remained at 5%. The amount of interest paid, as at 31 December 2022, was Kz 513,706 thousand, with a maturity date of 31 August 2023. The bank paid the outstanding instalment in full.

Values expressed in thousand Kz

	31/12/2023	31/12/2022 Restated
Subordinated loan from Novo Banco, S.A.		
Capital	-	32,099,752
Interest payable	-	513,706
Total	**-**	**32,613,458**

Income Statement

Income Statement – Kz million



Banco Económico ended the 2023 financial year with a loss of Kz 297,884 million, corresponding to a decrease of 685% year-on-year.

Values expressed in thousand Kz

	mKZ		
	31/12/2023	31/12/2022	Δ%
Interest and similar income	**13,078,592**	13,135,595	0%
Interest and similar expenses	**(22,902,257)**	(32,622,869)	-30%
Net Interest Income	**(9,823,665)**	**(19,487,274)**	**-50%**
Equity instruments	**-**	-	-
Service, fee and commission income	**4,033,911**	8,326,077	-52%
Service, fee and commission expenses	**(1,992,760)**	(1,476,556)	35%
Net gains (losses) from financial assets and liabilities at fair value through profit or loss	**-**	58,252	-100%
Net gains (losses) from financial assets at fair value through other comprehensive income	**238,919**	-	100%
Net gains / (losses) from investments at amortised cost	**22,222,601**		
Foreign exchange gains and losses	**(254,695,264)**	30,301,903	-941%
Disposal of Other Assets	**54,431,383**	-	
Other operating income	**(3,327,552)**	(5,728,951)	-42%
Operating income	**(188,912,427)**	**11,993,451**	
Personnel expenses	**(12,646,323)**	(14,819,142)	-15%
Third-party supplies and services	**(8,058,618)**	(8,285,384)	-3%
Depreciation, amortisation and impairment for the year	**(3,299,303)**	(3,446,414)	-4%
Provisions net of cancellations	**785,175**	(1,061,883)	-174%
Impairment on other financial assets, net of reversals and recoveries	**(95,346)**	2,512,355	-104%
Impairment on loans and advances to Customers, net of reversals and recoveries	**(7,232,703)**	(20,047,913)	-64%
Impairment on other assets, net of reversals and recoveries	**(79,216,564)**	(5,176,387)	1.430%
Income from Associates and joint ventures	**792,058**	377,975	110%
Profit before tax	**(297,884,051)**	**(37,953,342)**	
Income tax			
Current	-	-	-
Deferred	-	-	-
Total Net Income	**(297,884,051)**	**(37,953,342)**	**685%**

Based on the analysis of the profit and loss account, there was a 50% drop in net interest income compared to 2022. In this way, and also taking into account the decrease in the complementary margin, Banco Económico saw an exponential decrease in its Operating Income, totalling Kz 188,912,427 thousand, which translates into a reduction of around 1,675% compared to 2022.

With regard to foreign exchange results, the balance of the item in 2023 is essentially due to the effect of the significant devaluation of the Kwanza against the main foreign currencies on the revaluation of assets and liabilities in foreign currency. Since liabilities in foreign currency are significantly higher than assets in foreign currency, the Bank recorded high negative results, which had a significant impact on the net income for the year.

This impact, relevant in the impairment item for other assets net of reversals and recoveries, essentially corresponds to the effect associated with the reversal of the asset transfer operation with INVESTPAR (Note 15).

With regard to costs, in 2023 there was a 15% slowdown in staff costs and a 3% slowdown in third-party supplies and services, while depreciation and amortisation costs fell slightly, by around 4%.

Net Interest Income

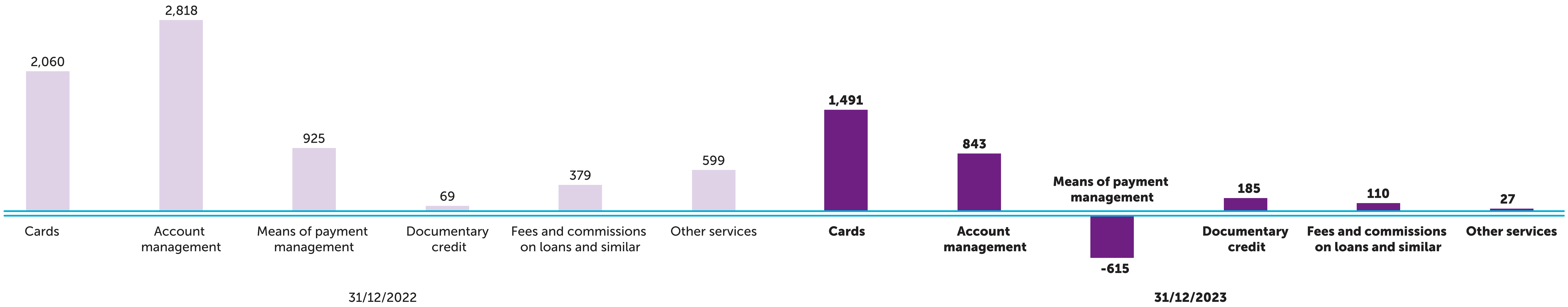
In 2023, net interest income fell by Kz 9,663 million compared to 2022. Although interest on cash and cash equivalents and investments in credit institutions showed a positive variation, justified by the remuneration of the balance of cash and cash equivalents, captive for settlement of the subordinated loan, as well as the increase in interest on deposits from central banks of around 536%, it was not enough to increase net interest income, with BE showing a negative net interest income of 50% in 2023. This decrease stems from the reversal of the INVESTPAR operation carried out in November 2023, with the exchange rate dated 14 May 2023 generating a negative exchange rate effect.

As at 31 December 2022, interest on "Other liabilities" corresponds to interest costs associated with the liability balance of the asset transfer operation with INVESTPAR.

Values expressed in thousand Kz

	mKZ		
	31/12/2023	31/12/2022 Restated	∆%
Interest and similar income			
Public debt securities	**7,187,568**	6,943,019	4%
Loans and advances to Customers	**4,154,108**	6,054,953	-31%
Investments at central banks and other credit institutions	**1,608,057**	117,668	1.267%
Other assets	**128,859**	19,955	546%
Total	**13,078,592**	**13,135,595**	**0%**
Interest and similar expenses			
Customer funds and other loans	**(19,272,343)**	(27,876,481)	-31%
Deposits from central banks and other credit institutions	**(2,130,562)**	**(334,799)**	**536%**
Subordinated liabilities	**(1,384,242)**	(2,249,412)	-38%
Lease liabilities	**(115,110)**	(131,418)	-12%
Other liabilities	**-**	(2,030,759)	-100%
Total	**(22,902,257)**	**(32,622,869)**	**-30%**
Net Interest Income	**(9,823,665)**	**(19,487,274)**	**-50%**

Net Fees and Commissions by Type



Developments in Fees and Commissions

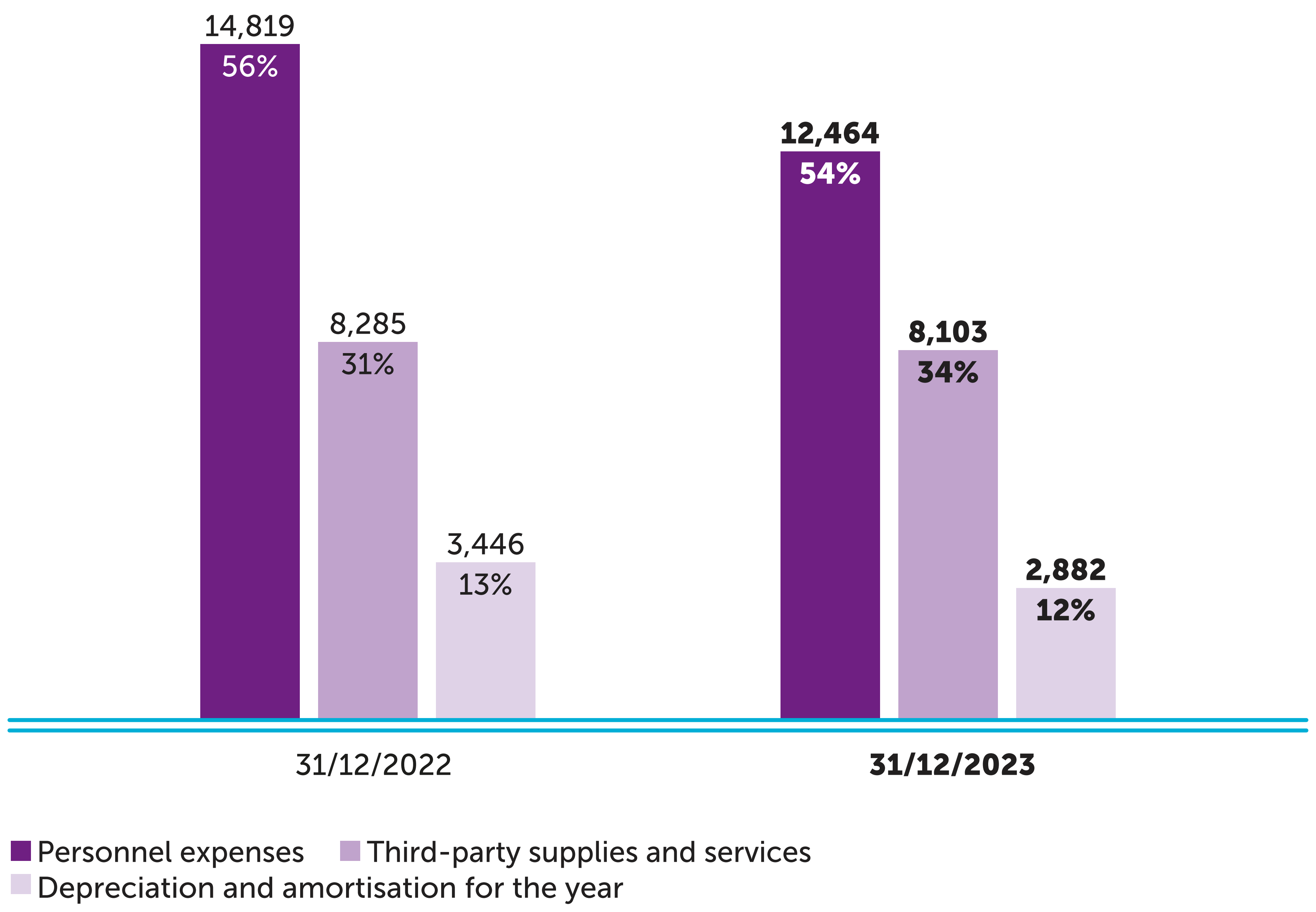
During 2023, there was a significant decrease of around 50% in income associated with account management fees, management of means of payment and other services, essentially due to the restrictions implemented by the Bank on liquidity management, which has affected the transactionality of services in all payment channels, impacting the fees collected. In turn, charges for services and fees show an increase in relation to charges for services and fees for using cards compared to the previous period.

Structural Costs

As a result of management's ongoing efforts to achieve efficiencies and savings in the Bank's cost structure, although it is a very challenging process, we can see that in 2023 there were nominal reductions in "Staff costs" and "Third-party supplies and services" of around 15% and 3% respectively, due to cost containment measures, through optimisation of the staff and branch network. In addition, the reduction in 'Third party supplies and services' is also due to the effects of the Bank's policy of renegotiating contracts for specialised services, while maintaining crucial support for the development of its business, particularly in terms of implementing processes that support compliance with new regulatory requirements and technological support for its core and peripheral systems.

Increasing efficiency in the cost structure.

Structural Costs



07

Strategy and Outlook for 2024

7.1. Our Strategy

Banco Económico's Board of Directors upheld its commitment to the implementation of the Strategic Recapitalisation and Restructuring Plan (RRP), creating conditions to achieve synergies between its teams and increase operational efficiency, aimed at attaining its ambition, in the short term, to bolster the Bank's robustness and serve its Customers increasingly better.

According to the Plan, a significant part of the measures were completed in 2023 and the remainder are expected to be concluded in 2024, in order to create the conditions for the Bank to resume its full activity, taking into account its acquired experience, its commercial team strongly committed to its Customers, as well as specialised support and control areas.

The Bank's strategy maintained the primary objectives of consolidating its balance sheet, reversing the negative trend in net interest income and reviewing its positioning to adapt to new banking and Customer trends, focussing activity on the segments with the greatest potential, reducing the risk profile and adjusting the cost structure to the new dimension, making it more efficient.

From the point of view of Human Capital, Banco Económico focussed on retaining talent and readjusted its Training Plan to meet the new context and challenges of improving operational efficiency, the practical application of which is scheduled to take place in 2024.

Main Strategic and Business Goals

Banco Económico's main strategic business goals are to:

- Focus on segments with greater potential for value creation;
- Reduce the risk profile;
- Strengthen internal processes (Risk/Credit, Operations, Systems);
- Strengthen credibility and image.

To ensure the solidity of the Recapitalisation Plan, Banco Económico is also committed to implementing the Restructuring Plan, which now includes an addition, with extra measures of the Emergency Action Plan to boost the Bank's financial performance and focus more sharply on specific segments, reducing exposure to risk and enhancing operational efficiency.

The Emergency Action Plan (EAP) is based on four pillars, broken down into 18 initiatives, which include various activities and milestones, which the BE monitors closely and reports on regularly to its supervisor:

Emergency Action Plan

Optimisation of the Real Estate Assets

1. Reversal of the INVESTPAR operation;
2. Sale of BE/INVESTPAR real estate assets;
3. Sale of the head office building, with a profit of Kz 28.5 bn;
4. Design of a strategy to sell real estate properties.

86%

Credit Recovery

100%

1. Implementation of a credit recovery promotional campaign;
2. Strengthening of credit monitoring and recovery actions, the aim of which is to recover at least 10% of overdue loans (80% through restructuring and 20% by effective recovery in the first year);
3. Intensification of credit recovery actions via litigation, with an emphasis on the INVESTPAR portfolio.

Cost Containment

1. Optimisation of personnel to guarantee a cost reduction of around 30%;
2. Provisional reduction of benefits for governing bodies in addition to the 40% already made;
3. Closure of 19 branches (14 in 2023 and 5 in 2024);
4. Write-off of vehicle fleet older than its useful life;
5. Closure of the office in Portugal;
6. Reduction of third-party supplies and services;
7. Organisational restructuring, from 31 o.u. to 20 o.u., with an impact on reducing the management body and on hierarchical simplification.

93%

Negotiation with Counterparties

86%

1. Debt regularisation with the BNA in the amount of Kz 257 bn through the donation of real estate, on favourable terms for BE;
2. Reduction of interest on liabilities due to deposits in foreign currency;
3. Replacement of 24-year securities with 5-year securities (Kz 47 bn);
4. Issue of convertible bonds with a maturity of 10 years (Kz 50 bn), for subscription by current Shareholders and BNA (Kz 30 bn – Shareholders and Kz 20 bn – BNA debt).

Of the measures detailed in the Emergency Action Plan, and in line with the 2023-26 Business Plan, Optimisation of Real Estate Assets serves as the main source of funding for improving the Bank's profitability, by allocating the liquidity raised by the sale of real estate to financial instruments with higher profitability and lower funding costs.

With a lesser impact on liquidity, but with the same impact on the equity situation, we would also highlight the reinforcement of efforts to recover loans and debtors of various kinds, with the extension of the "BE Vida Nova" campaign, which allows for the settlement of defaulted loans and restructuring under more advantageous conditions, as well as the hiring of specialised collection services and the sending of cases to litigation.

For 2024, the strategy is to maintain and reinforce the monitoring of these measures, as well as to place the properties in a Real Estate Fund with professionalised management and tax benefits for the Bank, in order to allow the Bank to remain focused on its core.

Business Model

Banco Económico is a universal bank with a business model that offers a wide range of financial products and services.

The Bank inherited from BESA a strong "Premium" positioning, in which the Corporate, Institutional and Private segments stand out. These segments accounted for more than 75% of resources in December 2023, as well as the majority of income. It is precisely in these business segments that Banco Económico's value proposition of products and services stands out.

Banco Económico's presence is well-established through a combination of branches, corporate centres, service offices, Umoxi (Affluent), Private, Institutional and Top Corporate and Oil & Gas centres in 17 provinces across the country.

In addition, the Bank maintains its commitment to the continuous digitalisation of processes, which will make it possible to achieve efficiency gains and cost reductions, above all guaranteeing improvements in service levels for both external and internal Customers.

Strategic Goals of the Operational Support, Accounting, Technological and Internal Control Areas

Banco Económico believes that it critical to become a reference in Angolan banking, namely in Corporate Governance and Credit Risk Management, contributing to the solidity of the banking system.

Moreover, the strengthening of governance and risk functions brings advantages at various levels, particularly:

- Increased levels of transparency and quality of the Bank;
- Increased investor confidence;
- Increased operational efficiency.

BE wants to be a reference in banking in Angola.

08

Approval of the Board of Directors

8.1. Proposed appropriation of net income

The Board of Directors is responsible for the preparation, integrity and objectivity of the Separate and Consolidated Financial Statements and other information contained in this report. Within the framework of good corporate governance practices, the Board of Directors declares that it is not aware of any aspects that would detract from its conviction that:

- The Bank and its subsidiaries have internal accounting and administrative control systems to ensure that their assets are safeguarded and that their operations and transactions are carried out and recorded in accordance with the rules and procedures adopted;

- The Individual Financial Statements for the years ended 31 December 2023 and 2022, audited and prepared in accordance with the regulations in force in Angola, give a true and fair view of the Assets, Liabilities, Own Funds, Results and Cash Flows on an individual basis;

- The Management Report faithfully sets out the business evolution, performance and financial position in individual terms for the financial years 2023 and 2022.

Under the terms of its statutory powers, the Board of Directors presents to the General Meeting a proposal for the appropriation of the net loss for the 2023 financial year, totalling Kz 297,884,051 thousand, for incorporation under Retained Earnings.

Luanda, 08 July 2024.

The Board of Directors

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Separate Financial Statements and Opinions as at 31 December 2023

Contents

We are Future

Separate Financial Statements

Separate Statements of Financial Position as at 31 December 2023 and 2022

Values expressed in thousand Kz

Description	Notes	**31/12/2023**	31/12/2022 (Restated)
Cash and balances with central banks	4	70,432,912	44,754,420
Balances with other credit institutions	5	8,813,604	28,707,596
Investments at central banks and other credit institutions		-	-
Financial assets at fair value through profit or loss	6	-	637,328
Financial assets at fair value through other comprehensive income	7	51,875,326	150,188
Investments at amortised cost	8	58,027,433	68,416,576
Loans and advances to Customers	9	72,661,363	63,305,755
Non-current assets held for sale	10	157,586,932	3,328
Other tangible assets	11	10,056,587	40,260,556
Intangible assets	12	7,422,749	8,184,587
Investments in subsidiaries, associates and joint ventures	13	5,131,861	2,448,343
Current tax assets	14	1,999,003	1,990,496
Other assets	15	281,193,119	558,170,468
Total assets		**725,200,889**	**817,029,641**
Resources from central banks and other credit institutions	16	272,992,129	261,926,159
Customer resources and other loans	17	1,006,663,603	776,588,133
Provisions	18	4,571,021	5,246,980
Current tax liabilities	14	29,211	19,720
Subordinated liabilities	19	-	32,613,458
Other liabilities	20	68,898,356	104,618,623
Total liabilities		**1,353,154,320**	**1,181,013,073**
Share capital	21	271,500,000	271,500,000
Other equity instruments	21	153,329,000	121,196,000
Revaluation reserves	22	(737,472)	29,700
Other reserves and retained earnings	22	(754,160,908)	(718,755,790)
Separate net income for the year		(297,884,051)	(37,953,342)
Total equity		**(627,953,431)**	**(363,983,432)**
Total liabilities and equity		**725,200,889**	**817,029,641**

These Notes are an integral part of the financial statements.

Separate Income Statements for the years ended 31 December 2023 and 2022

Values expressed in thousand Kz

Description	Notes	**31/12/2023**	31/12/2022 (Restated)
Interest and similar income	23	**13,078,592**	13,135,595
Interest and similar expenses	23	**(22,902,257)**	(32,622,869)
Net interest income		**(9,823,665)**	**(19,487,274)**
Service, fee and commission income	24	**4,033,911**	8,326,077
Service, fee and commission expenses	24	**(1,992,760)**	(1,476,556)
Net gain (loss) from financial assets and liabilities at fair value through profit or loss	25	**-**	58,252
Net gain (loss) from financial assets at fair value through other comprehensive income	26	**238,919**	-
Net gain (loss) from investments at amortised cost	27	**22,222,601**	-
Net gain (loss) from foreign exchange	28	**(254,695,264)**	30,301,903
Net gain (loss) from disposal of other assets	29	**54,431,383**	-
Other operating income	30	**(3,327,552)**	(5,728,951)
Operating income		**(188,912,427)**	**11,993,451**
Personnel expenses	31	**(12,646,323)**	(14,819,142)
Third-party supplies and services	32	**(8,058,618)**	(8,285,384)
Depreciation and amortisation for the year	11 e 12	**(3,299,303)**	(3,446,414)
Provisions net of cancellations	33	**785,175**	(1,061,883)
Impairment on loans and advances to Customers, net of reversals and recoveries	33	**(7,232,703)**	(20,047,913)
Impairment on other financial assets, net of reversals and recoveries	33	**(95,346)**	2,512,355
Impairment on other assets, net of reversals and recoveries	33	**(79,216,564)**	(5,176,387)
Net gain (loss) from subsidiaries, associates and joint ventures (equity method)	13	**792,058**	377,975
Profit or loss before tax of ongoing operations		**(297,884,051)**	**(37,953,342)**
Current income taxes	14	**-**	-
Deferred income taxes	14	**-**	-
Separate net income for the year		**(297,884,051)**	**(37,953,342)**
Average number of ordinary shares issued		**282,812,500**	157,480,137
Basic earnings per share (kwanzas)	34	**(1,053,29)**	(241,00)
Diluted earnings per share (kwanzas)	34	**(1,053,29)**	(241,00)

These Notes are an integral part of the financial statements.

Separate Statements of Other Comprehensive Income for the years ended 31 December 2023 and 2022

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Separate net income for the year	**(297,884,051)**	**(37,953,342)**
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss for the year		
Debt instruments at fair value through other comprehensive income		
Fair value changes	(1,562,354)	-
Transfer to profit or loss due to impairment recognised in the year	795,182	-
Separate comprehensive income for the year	**(298,651,223)**	**(37,953,342)**

These Notes are an integral part of the financial statements.

Separate Statements of Changes in Equity for the years ended 31 December 2023 and 2022

Values expressed in thousand Kz

Description	Notes	Share capital	Other equity instruments	Revaluation reserves	Other reserves and retained earnings			Separate net income for the year	Total equity
					Legal reserve	Retained earnings	Subtotal		
Balance as at 31 December 2021		**72,000,000**	**-**	**29,700**	**28,141,757**	**(784,917,374)**	**(756,775,617)**	**174,247,821**	**(510,498,096)**
Restatement adjustment	2.2	-	-	-	-	(208,000,000)	(208,000,000)	-	(208,000,000)
Appropriation of separate net income for 2021									
Transfer to the legal reserve		-	-	-	17,330,886	-	17,330,886	(17,330,886)	-
Transfer to retained earnings		-	-	-	-	156,916,935	156,916,935	(156,916,935)	-
Balance as at 1 January 2022 (Restated)		**72,000,000**	**-**	**29,700**	**45,472,643**	**(836,000,439)**	**(790,527,796)**	**-**	**(718,498,096)**
Share capital reduction to cover retained earnings	21	(72,000,000)	-	-	-	72,000,000	72,000,000	-	-
Share capital increase by partial conversion of deposits	21	271,500,000	-	-	-	-	-	-	271,500,000
Issue of perpetual participation securities	21	-	121,196,000	-	-	-	-	-	121,196,000
Other		-	-	-	-	(227,994)	(227,994)	-	(227,994)
Separate comprehensive income for the year									
Separate net income for the year		-	-	-	-	-	-	(37,953,342)	(37,953,342)
Balance as at 31 December 2022 (Restated)		**271,500,000**	**121,196,000**	**29,700**	**45,472,643**	**(764,228,433)**	**(718,755,790)**	**(37,953,342)**	**(363,983,432)**
Appropriation of separate net income for 2022									
Transfer to retained earnings		-	-	-	-	(37,953,342)	(37,953,342)	37,953,342	-
Issue of perpetual participation securities and bonds convertible into shares	21	-	32,133,000	-	-	-	-	-	32,133,000
Other		-	-	-	-	2,548,224	2,548,224	-	2,548,224
Separate comprehensive income for the year									
Separate net income for the year		-	-	-	-	-	-	(297,884,051)	(297,884,051)
Other comprehensive income		-	-	(767,172)	-	-	-	-	(767,172)
Balance as at 31 December 2023		**271,500,000**	**153,329,000**	**(737,472)**	**45,472,643**	**(799,633,551)**	**(754,160,908)**	**(297,884,051)**	**(627,953,431)**

These Notes are an integral part of the financial statements.

Separate Statements of Cash Flows for the years ended 31 December 2023 and 2022

Values expressed in thousand Kz

Description	Notes	31/12/2023	31/12/2022 (Restated)
Cash flows from operating activities			
Interest, fees and commissions, and similar income		13,724,533	28,793,119
Interest, fees and commissions, and other similar expenses paid		(25,111,863)	(32,898,979)
Payments to employees and suppliers		(20,627,702)	(22,395,920)
Payments and contributions to pension funds and other benefits		(165,510)	(255,370)
Cash flows before changes in operating assets and liabilities		(32,180,542)	(26,757,150)
(Increases)/reductions of operating assets			
Investments at central banks and other credit institutions		-	43,289,243
Financial assets at fair value through profit or loss		304,800	893,704
Financial assets at fair value through other comprehensive income		(24,632,742)	-
Investments at amortised cost		61,973,406	65,879,593
Loans and advances to Customers		3,498,187	(4,882,764)
Other assets		(1,570,631)	2,323,113
Net flow from operating assets		39,573,020	107,502,889
(Increases)/reductions of operating liabilities			
Resources from central banks and other credit institutions		9,865,566	2,532,075
Customer resources and other loans		(15,527,485)	(77,695,238)
Other liabilities		6,929,246	(5,756,398)
Net flow from operating liabilities		1,267,327	(80,919,561)
Net cash of operating activities before income taxes		8,659,805	(173,822)
Net cash used in operating activities		8,659,805	(173,822)
Cash flow from investment activities			
Acquisition of other tangible assets, net of disposals		48,114,212	(493,463)
Acquisition of intangible assets, net of disposals		(506,273)	(1,015,778)
Net cash used in investing activities		47,607,939	(1,509,241)
Cash flow from financing activities			
Payments related to lease liabilities		(115,110)	(797,902)
Issue of subordinated liabilities, net of repayments and acquisitions		(32,099,752)	(28,294,424)
Remuneration paid for subordinated liabilities		(1,897,948)	(1,718,275)
Net cash used in financing activities		(34,112,810)	(30,810,601)
Change in cash and cash equivalents		22,154,934	(32,493,664)
Cash and cash equivalents at beginning of period		73,473,871	112,115,358
Effects of exchange rate changes on cash and cash equivalents		(16,381,888)	(6,147,823)
Cash and cash equivalents at end of period		79,246,917	73,473,871
Cash and cash equivalents comprise			
Cash and balances with central banks	4	70,432,912	44,754,420
Balances with other credit institutions	5	8,814,005	28,719,451
Total		79,246,917	73,473,871

These Notes are an integral part of the financial statements.

Notes to the Separate Financial Statements

Note 1
Introduction

Banco Económico, S.A. (hereinafter also referred to as Bank, Banco Económico or BE) is a universal commercial bank which operates and has its registered office in Angola, at Rua 1.º Congresso do MPLA n.º 8, Ingombota, Luanda. To this end, it has all the necessary authorisations from the competent Angolan authorities, including that granted by Banco Nacional de Angola (BNA or Central Bank).

Banco Económico assumed its new name on 28 October 2014, following the reorganisation measures applied by Banco Nacional de Angola. Banco Económico emerged from the renaming of Banco Espírito Santo Angola S.A., which was originally founded in August 2001 and began operations on 24 January 2002, with its corporate purpose being universal banking under the terms and to the extent permitted by law. From its inception up to 19 July 2019, Banco Económico established itself as a privately-owned banking institution under Angolan law. However, after July 2019, Banco Económico became a majority publicly owned institution by virtue of Lektron Capital's equity investment through the Sonangol Group. In August 2022, in the context of the Recapitalisation and Restructuring Plan (PRR), Banco Económico became an institution whose capital is held by an institution of private funds (Económico – Fundo de Capital de Risco de Subscrição Particular) (Económico FCR) (Note 39).

Note 2
Basis of presentation and main accounting policies

2.1. Basis of presentation

In accordance with Banco Nacional de Angola Notice 5/2019 of 30 August, Banco Económico S.A.'s financial statements are prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS). These financial statements report on the Bank's separate business as at 31 December 2023.

The IAS/IFRS require these statements to be disclosed in conjunction with the consolidated financial statements.

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

The financial statements are expressed in thousands of kwanzas, rounded to the nearest thousand, except where another unit is indicated, and have been prepared in accordance with the historical cost principle, except for assets and liabilities recorded at fair value, namely financial instruments, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income. Despite the material uncertainty disclosed in Note 39, related to the implementation of the restructuring and recapitalisation measures, these financial statements were prepared on a going concern basis, considering the efforts being implemented by the Bank's Board of Directors and the expectation that these will materialise.

The preparation of financial statements in accordance with IAS/IFRS requires the Bank to make judgements, estimates and assumptions that affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Changes in these assumptions or any differences between these assumptions and reality may have an impact on the actual estimates and judgements. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Bank's financial statements as at 31 December 2023 were approved by the Board of Directors on 27 June 2024. On 5 July 2024, the Board of Directors made a change to the disclosure included in Note 39, related to the ascertainment of the need to increase share capital. These financial statements were approved by the Board of Directors on 8 July 2024. Their final approval is still subject to ratification at the General Meeting, and it is the Board of Directors' expectation that these will be approved without significant amendments.

The accounting policies used by the Bank in their preparation are consistent with those reported in previous years. In accordance with the requirements of IAS 29 – Financial reporting in hyperinflationary economies (IAS 29), in the financial years ended 31 December 2017 and 2018, the functional currency of the Bank's individual financial statements corresponded to the currency of a hyperinflationary economy, and will no longer have this classification in the financial years beginning in 2019, essentially due to the reduction in the inflation rate in Angola. With reference to those financial years, the Angolan Banking Association (ABANC) and Banco Nacional de Angola expressed their interpretation that all the requirements laid down in IAS 29 for the Angolan economy to be considered hyperinflationary had not been met. Consequently, the Bank's Board of Directors decided not to apply the provisions of IAS 29 in its separate financial statements on those dates and, also, not to make the necessary adjustments in the separate financial statements for subsequent years, regarding opening balances and the adjustments arising from applying the provisions of IAS 29 when an economy ceases to be hyperinflationary.

2.2. Comparability of information and restatement

In the year ended 31 December 2023, the Bank's Board of Directors retrospectively corrected the financial statements, restating the comparative financial information, in accordance with the requirements of IAS 8 – Accounting policies, changes in accounting estimates and errors (IAS 8), as presented below.

Separate statement of financial position as at 1 January 2022

Values expressed in thousand Kz

Assets	Notes	01/01/2022 (Restated)	01/01/2022	Difference	Adjustment
Cash and balances with central banks	4	91,117,804	91,117,804	-	
Balances with other credit institutions	5	20,858,571	20,858,571	-	
Investments at central banks and other credit institutions		42,453,933	42,453,933	-	
Financial assets at fair value through profit or loss	6	1,531,032	1,531,032	-	
Financial assets at fair value through other comprehensive income	7	152,751	152,751	-	
Investments at amortised cost	8	129,013,362	129,013,362	-	
Loans and advances to Customers	9	68,067,530	68,067,530	-	
Non-current assets held for sale	10	3,328	3,328	-	
Other tangible assets	11	41,812,682	41,812,682	-	
Intangible assets	12	8,424,240	8,424,240	-	
Investments in subsidiaries, associates and joint ventures	13	2,252,199	2,252,199	-	
Current tax assets	14	1,511,061	1,511,061	-	
Other assets	15	611,086,369	819,086,369	(208,000,000)	a)
Total assets		**1,018,284,862**	**1,226,284,862**	**(208,000,000)**	
Resources from central banks and other credit institutions	16	262,316,318	262,316,318	-	
Customer resources and other loans	17	1,303,985,454	1,303,985,454	-	
Provisions	18	3,728,463	3,728,463	-	
Subordinated liabilities	19	63,698,032	63,698,032	-	
Other liabilities	20	103,054,691	103,054,691	-	
Total liabilities		**1,736,782,958**	**1,736,782,958**	**-**	
Share capital	21	72,000,000	72,000,000	-	
Revaluation reserves	22	29,700	29,700	-	
Other reserves and retained earnings	22	(964,775,617)	(756,775,617)	(208,000,000)	a)
Separate net income for the year		174,247,821	174,247,821	-	
Total equity		**(718,498,096)**	**(510,498,096)**	**(208,000,000)**	
Total liabilities and equity		**1,018,284,862**	**1,226,284,862**	**(208,000,000)**	

Separate statement of financial position as at 31 December 2022

Values expressed in thousand Kz

	Notes	31/12/2022 (Restated)	31/12/2022	Difference	Adjustment
Cash and balances with central banks	4	44,754,420	44,754,420	-	
Balances with other credit institutions	5	28,707,596	28,707,596	-	
Financial assets at fair value through profit or loss	6	637,328	637,328	-	
Financial assets at fair value through other comprehensive income	7	150,188	150,188	-	
Investments at amortised cost	8	68,416,576	68,416,576	-	
Loans and advances to Customers	9	63,305,755	63,305,755	-	
Non-current assets held for sale	10	3,328	3,328	-	
Other tangible assets	11	40,260,556	40,260,556	-	
Intangible assets	12	8,184,587	8,184,587	-	
Investments in subsidiaries, associates and joint ventures	13	2,448,343	2,448,343	-	
Current tax assets	14	1,990,496	1,990,496	-	
Other assets	15	558,170,468	766,170,468	(208,000,000)	a)
Total assets		**817,029,641**	**1,025,029,641**	**(208,000,000)**	
Resources from central banks and other credit institutions	16	261,926,159	261,926,159	-	
Customer resources and other loans	17	776,588,133	776,588,133	-	
Provisions	18	5,246,980	5,246,980	-	
Current tax liabilities	14	19,720	19,720	-	
Subordinated liabilities	19	32,613,458	32,613,458	-	
Other liabilities	20	104,618,623	104,618,623	-	
Total liabilities		**1,181,013,073**	**1,181,013,073**	**-**	
Share capital	21	271,500,000	271,500,000	-	
Other equity instruments	21	121,196,000	121,196,000	-	
Revaluation reserves	22	29,700	29,700	-	
Other reserves and retained earnings	22	(718,755,790)	(510,755,790)	(208,000,000)	a)
Separate net income for the year		(37,953,342)	(37,953,342)	-	
Total equity		**(363,983,432)**	**(155,983,432)**	**(208,000,000)**	
Total liabilities and equity		**817,029,641**	**1,025,029,641**	**(208,000,000)**	

Reconciliation of equity as at 31 December 2022 and 1 January

Values expressed in thousand Kz

Description	31/12/2022	01/01/2022
Equity before restatement	**(155,983,432)**	**(510,498,096)**
Adjustment a)	(208,000,000)	(208,000,000)
Equity after restatement	**(363,983,432)**	**(718,498,096)**

a) Recognition as a cost of Kz 208,000,000 thousand relating to the deferral of impairment losses previously recorded under "Other assets"

As mentioned in Note 39, in 2020 the Bank recognised, under "Other assets", the amount of Kz 260,000,000 related to the deferral of impairment losses, as provided for in the Recapitalisation and Restructuring Plan approved in December 2021 by Banco Nacional de Angola. According to the Recapitalisation and Restructuring Plan, this deferral should be recognised on a straight-line basis over the subsequent five-year period. Given the prudential nature of this instrument, which does not fulfil the conditions for recognition in the Bank's assets, in 2023 the Board of Directors recognised the remaining amount retrospectively.

Separate statement of profit or loss as at 31 December 2022

Values expressed in thousand Kz

Description	Notes	31/12/2022 (Restated)	31/12/2022	Difference
Interest and similar income	23	13,135,595	13,135,595	-
Interest and similar expenses	23	(32,622,869)	(32,622,869)	-
Net interest income		**(19,487,274)**	**(19,487,274)**	**-**
Service, fee and commission income	24	8,326,077	8,326,077	-
Service, fee and commission expenses	24	(1,476,556)	(1,476,556)	-
Net gain (loss) from financial assets and liabilities at fair value through profit or loss	25	58,252	58,252	-
Net gain (loss) from foreign exchange	28	30,301,903	30,301,903	-
Other operating income	30	(5,728,951)	(5,728,951)	-
Operating income		**11,993,451**	**11,993,451**	**-**
Personnel expenses	31	(14,819,142)	(14,819,142)	-
Third-party supplies and services	32	(8,285,384)	(8,285,384)	-
Depreciation and amortisation for the year	11 e 12	(3,446,414)	(3,446,414)	-
Provisions net of cancellations	33	(1,061,883)	(1,061,883)	-
Impairment on loans and advances to Customers, net of reversals and recoveries	33	(20,047,913)	(20,047,913)	-
Impairment on other financial assets, net of reversals and recoveries	33	2,512,355	2,512,355	-
Impairment on other assets, net of reversals and recoveries	33	(5,176,387)	(5,176,387)	-
Net gain (loss) from subsidiaries, associates and joint ventures (equity method)	13	377,975	377,975	-
Profit or loss before tax of ongoing operations		**(37,953,342)**	**(37,953,342)**	**-**
Current income taxes	14	-	-	-
Deferred income taxes	14	-	-	-
Separate net income for the year		**(37,953,342)**	**(37,953,342)**	**-**

2.3. Foreign currency transactions

Foreign currency transactions are translated into the functional currency (Kwanza) using the exchange rate in force on the date of the transaction. The monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the average exchange rate published by Banco Nacional de Angola in force at the date of the statement of the financial position. Costs and income relating to realised or potential exchange differences resulting from translation are recognised in profit or loss.

The exchange differences that result from translation are recognised in "Net gain (loss) from foreign exchange" (Note 28). The non-monetary assets and liabilities denominated in foreign currency and recorded at historical cost are translated into the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities recorded at fair value are translated into the functional currency at the exchange rate at the date on which the fair value is determined and recognised against profit or loss, except for those recognised in financial assets at fair value through other comprehensive income.

As at 31 December 2023 and 2022, the exchange rates of the Kwanza to the currencies relevant to the Bank's business are detailed as follows:

Exchange rate	31/12/2023	31/12/2022
1 USD	**828.800**	503.691
1 EUR	**915.990**	537.438

2.4. Loans and advances to customers

Loans and advances to Customers include loans originated by the Bank which are not intended to be sold in the short term and which are recognised on the date the amount of the loan is advanced to the Customer. Loans and advances to Customers are initially recorded at fair value and subsequently at amortised cost net of impairment. The associated transaction costs or income are part of the effective interest rate of these financial instruments recognised in net interest income. The interest component is recognised separately in the respective accounts of the separate statement of financial position, with the respective income being accrued at the effective interest rate, except in situations of default exceeding 90 days, in which case the recognition of interest is suspended until its regularisation.

In addition, commissions charged in connection with credit operations are recognised in the credit spread over the life of the operations.

Loans and advances to Customers are derecognised from the statement of financial position when: (i) the contractual rights of the Bank relating to the respective cash flows have expired, (ii) the Bank has transferred substantially all risks and rewards of ownership, (iii) although the Bank has retained part, but not substantially all the risks and benefits associated with holding them, control over the assets has been transferred, or (iv) when there are no realistic prospects of recovering the loans, and for collateralised loans, when the funds from calling in the collateral have already been received and are written off against assets.

2.5. Financial instruments

i. Classification of financial assets

IFRS 9 – Financial Instruments (IFRS 9) contains a new classification and measurement approach for financial assets that reflects the business model used to manage assets and their cash flow characteristics.

IFRS 9 includes three main categories of financial asset classification: measured at amortised cost; measured at fair value through other comprehensive income and measured at fair value through profit or loss. The Bank recognises accounts receivable and payable, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments are recognised on the transaction date, which is the moment from which the Bank becomes an integral part of the contract, and are classified considering their underlying intention in accordance with the categories described below.

The classification of financial assets is based on two determination criteria, namely: (i) the contractual cash flow characteristics of the financial asset and (ii) the entity's business model for managing its financial assets.

A financial asset or liability is initially measured in the statement of financial position at fair value plus transaction costs directly attributable to the acquisition or issue, except if they are items recorded at fair value through profit or loss in which the transaction costs are immediately recognised as costs for the year.

In accordance with IFRS 13 – Measurement at fair value (IFRS 13) value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. At the date of contracting or commencement of a transaction the fair value is generally the value of the transaction.

Business model assessment

The business model reflects the way the Bank manages its assets from a cash flow generation perspective, i.e. whether the assets are managed for the purpose of (i) receiving the contractual cash flows (Hold to collect); or (ii) receiving the contractual cash flows from the asset through its sale (Hold to collect and sell). For these two types of portfolios, the Bank must assess and test whether the cash flows of the financial instrument correspond solely to payments of principal and interest, i.e. whether the contractual cash flows are consistent with a basic loan contract, in which interest is generally the consideration for the time value of money. However, in such a contract, interest may also include consideration for other basic lending risks, for example liquidity risk, and other costs, namely administrative costs, associated with holding a financial asset for a specified period. In addition, interest may include a profit margin that is consistent with a basic credit agreement, if the contractual terms introduce or present an exposure to risk or volatilities inconsistent with a basic credit agreement, a situation that determines that the financial instrument should be classified and measured at fair value through profit or loss.

If none of the above situations are met, financial assets are recognised at fair value through profit or loss, as is the case of securities held for trading, which are managed with the objective of being sold in the short term.

The information to be considered in this assessment includes: (i) The policies and objectives established for the portfolio and the practical operation of these policies, including the way in which the management strategy focuses on receiving contractual interest, maintaining a specific interest rate profile, adjusting the duration between the assets and the liabilities that finance them or realising cash flows through the sale of assets; (ii) The way in which the performance of the portfolio is assessed and reported to the Bank's management bodies; (iii) The assessment of the risks affecting the performance of the business model (and of the financial assets managed within the scope of that business model) and the way in which these risks are managed; (iv) The way in which the remuneration of the business managers depends on the fair value of the assets under management or on the contractual cash flows received; (v) The frequency, volume and periodicity of sales in previous financial years, the reasons for said sales and expectations about future sales. However, information on sales should not be considered in isolation but as part of an overall assessment of how the Bank establishes objectives for managing financial assets and how cash flows are obtained.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

In this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, other risks and costs associated with the business (for example, liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This assessment included an analysis of the existence of situations in which the contractual terms may change the timing or amount of contractual cash flows so that they do not meet the SPPI condition. During the assessment process, the Bank takes into consideration: (i) Contingent events that may change the timing or amount of cash flows; (ii) Characteristics resulting in leverage; (iii) Prepayment and maturity extension clauses; (iv) Clauses that may limit the right to claim cash flows from specific assets (e.g. contracts with clauses that prevent access to assets in the event of default); (v) Characteristics that may change the consideration for the time value of money (e.g. periodic resetting of interest rates).

A contract with the possibility of prepayment is consistent with the Solely Payments of Principal and Interest (SPPI) criterion if the prepayment amount represents unpaid principal and interest of the principal amount outstanding, which may include reasonable compensation for the prepayment. In addition, a prepayment is consistent with the SPPI criterion if the financial asset is acquired or originated with a premium or discount to its nominal value or the prepayment represents the nominal value plus the interest that is accrued (but unpaid, which may include reasonable compensation for the prepayment), and the fair value of the prepayment is insignificant at initial recognition.

The Bank classifies and values its debt instruments at:

a. Investments at amortised cost

A financial asset will be measured at amortised cost if it is held within the scope of the business model whose objective is solely to collect contractual cash flows and which give rise, on defined dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These financial assets are recognised at fair value upon initial recognition and subsequently measured at amortised cost, using the effective interest rate method. Interest is calculated using the effective interest rate method and recognised in net interest income. Impairment losses are recognised in profit or loss when identified.

b. Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset will be measured at fair value through other comprehensive income if it is held within the scope of the business model whose objective is to earn contractual cash flows and dispose of financial assets and the contractual cash flows fall within the scope of SPPI.

Financial assets at fair value through other comprehensive income are initially recognised at fair value including the costs or income associated with the transactions, and subsequently measured at fair value. Changes in fair value are accounted for against other comprehensive income until the assets are sold or impairment losses are recognised, when they are recognised in the income statement.

On disposal of the financial assets at fair value through other comprehensive income, the accumulated gains or losses recognised in other comprehensive income are recognised under "Net gains / (losses) from financial assets at fair value through other comprehensive income" in the statement of profit and loss.

Equity instruments are instruments that meet the definition of capital from the perspective of the issuer, i.e. they are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the net assets of the issuer, such as shares. Investments in equity instruments are normally classified as held for trading and accounted for at fair value through profit or loss. If the business model and consequently the purpose of acquiring the set of investments is to hold them in the portfolio indefinitely for appreciation, they should be recognised in the category of financial assets at fair value through other comprehensive income and cannot be reclassified subsequently to the trading portfolio (irrevocable condition). Changes in fair value and the result of the sale of these securities are accounted for in other comprehensive income and are not subsequently recognised in profit or loss.

c. Financial assets at fair value through profit or loss (FVPL)

A financial asset will be measured at fair value through profit or loss if it does not fall into the above categories. These assets are valued daily based on fair value, taking into account the credit risk of both themselves and the counterparties to the transactions. In the case of bonds and other fixed income securities, the carrying amount of the statement of financial position includes the amount of accrued and uncollected interest. Gains and losses resulting from changes in fair value are recognised under "Net gains/(losses) from financial assets and liabilities at fair value through profit or loss" (Note 25) in the statement of profit and loss.

d. Financial liabilities

A financial instrument is classified as a financial liability when there is a contractual obligation for settlement to be made by delivering cash or another financial asset, independently from its legal form.

Non-derivative financial liabilities include deposits from credit institutions and Customers, loans, debt securities and other subordinated liabilities.

Financial liabilities are initially recognised at fair value and subsequently at amortised cost. Interest is accrued over the period of the transactions and recognised in net interest income. Gains and losses calculated on the repurchase of other financial liabilities are recognised under net gains (losses) from assets and liabilities at fair value through profit or loss when they occur.

The Bank classifies its financial liabilities as measured at amortised cost, and the determination of the fair value of these liabilities is disclosed in these notes to the financial statements.

IFRS 9 introduced a requirement applicable to financial liabilities designated at fair value, by option, requiring the separation of the component of the change in fair value that is attributable to the entity's credit risk and its presentation in other comprehensive income (OCI), instead of profit or loss.

ii. Initial recognition and subsequent measurement

a. Recognition and measurement at amortised cost

The amortised cost of a financial asset or liability is the amount at which a financial asset or liability is initially recognised, less capital receipts, plus or minus accumulated amortisation, arising from the difference between the amount initially recognised and the amount at maturity, less reductions arising from impairment losses.

b. Recognition and measurement at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a current transaction between market participants on the measurement date or, in its absence, the most favourable market to which the Bank has access to carry out the transaction on that date. The fair value of a liability also reflects the Bank's own credit risk. When available, the fair value of an investment is measured using its quoted market price in an active market for that instrument. A market is considered active if there is sufficient frequency and volume of transactions to provide a price quotation on a constant basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction..

c. Identification and measurement of impairment

In addition to analysing impairment on loans and advances to Customers, at each statement of financial position date an assessment is made of whether there is objective evidence of impairment for all other financial assets that are not recognised at fair value through profit or loss.

In accordance with IFRS 9, the Bank regularly assesses whether there is objective evidence that a financial asset or group of financial assets shows signs of impairment. A financial asset, or group of financial assets, is considered to be impaired whenever there is objective evidence of impairment resulting from one or more events that occurred after its initial recognition. For debt securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reasonably estimated.

Regarding investments at amortised cost, impairment losses correspond to the difference between the asset's carrying amount and the present value of estimated future cash flows (considering the recovery period) discounted at the financial asset's original effective interest rate and are recorded against profit or loss. These assets are presented in the statement of financial position net of impairment. If we are dealing with an asset with a variable interest rate, the discount rate to be used to determine the respective impairment loss is the current effective interest rate, determined on the basis of the rules of each contract. Also in relation to investments at amortised cost, if in a subsequent period the amount of the impairment loss decreases, and this decrease can be objectively related to an event that occurred after the impairment was recognised, it is reversed against profit or loss for the year.

When there is evidence of impairment of financial assets at fair value through other comprehensive income, the potential loss accumulated in reserves, corresponding to the difference between the acquisition cost and the current fair value, less any impairment loss on the asset previously recognised in profit or loss, is transferred to profit or loss. If in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed against profit or loss for the year until the acquisition cost is reinstated, if the increase is objectively related to an event occurring after the impairment loss was recognised.

iii. Reclassification between categories

The Bank will only reclassify financial assets if there is a change in the entity's business model for managing its financial assets. These reclassifications are made on the basis of the fair value of the assets transferred, determined on the date of the reclassification. The difference between this fair value and the respective nominal value is recognised in the statement of profit and loss until the asset matures, based on the effective interest rate method. The amount in other comprehensive income existing at the reclassification date is also recognised in the statement of profit and loss based on the effective interest rate method. Under IFRS 9, changes in business model are not expected to occur frequently.

iv. Derecognition

Financial assets are derecognised from the statement of financial position when: (i) the contractual rights to receive their cash flows have expired, (ii) the Bank has transferred substantially all risks and rewards of ownership or (iii) although the Bank has retained part but not substantially all the risks and rewards of ownership, control over the assets has been transferred.

2.6. Impairment losses

IFRS 9 introduced the concept of expected credit losses, thus bringing forward the recognition of credit losses in institutions' financial statements. In this way, in determining Expected Credit Loss (ECL), macroeconomic factors are taken into consideration, the changes of which impact expected losses. This concept of expected losses must be applied to all financial assets, except financial assets measured at fair value through profit or loss.

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

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

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

The assessment of the existence of impairment losses in individual terms is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses, at each statement of financial position date, the existence of objective evidence of impairment. It should be noted that given the high concentration of the portfolio and the low level of own funds with reference to 31 December 2023, the Bank has established the criterion of individually analysing the Customers with the highest volume of gross exposure, guaranteeing a coverage rate of at least 80% of the loan portfolio. For the remaining segments of the loan portfolio, the Bank performs a collective analysis for the calculation of impairment losses. The collective impairment model is currently being consolidated, as its implementation was finalised by the Bank with some weaknesses, which are being improved by the Bank.

The main weaknesses in determining the amount of impairment losses, on a collective basis, for the loan portfolio as at 31 December 2023 and 2022 were as follows:

i. History recovery: considering the new requirements for marking stages defined by the Bank, a process of historical marking was developed based on the information and quality of data from January 2015 to December 2020, having excluded from the Bank's historical credit portfolios the credit operations that were sold, since they are operations with a different credit risk profile from the remaining current composition of the credit portfolio;

ii. Guarantees: the Bank is in the process of verifying and validating the information on guarantees/collateral considered active by the Bank in that module, and in the calculation of impairment the information reported by the Bank was used as the most reliable information on guarantees/collateral associated with the loan portfolio. The updating of the information will allow the Bank to significantly improve the quality of information on guarantees and their management;

iii. Staging: the Bank presents an additional risk in the model arising from some triggers being manually scheduled by the analyst;

iv. Loss Given Default (LGD): the Bank is not yet including the effect of recovery costs incurred in the recovery process. Information on restructured operations is limited, so the model does not include recoveries of guarantees (they are deducted directly from Exposure at Default – EAD – following an internal haircut).

It should be noted that, as a result of the aforesaid weaknesses, the Bank is currently developing a project to resolve them. As a result, the Bank did not update the risk parameters as at 31 December 2023, maintaining the data since the update with reference to 31 December 2020.

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

Stage 1: no significant increase in credit risk since initial recognition. In this case, impairment will reflect expected credit losses resulting from default events that may occur in the 12 months following the reporting date;

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

Stage 3: instruments for which there is objective evidence of impairment due to events that have resulted in losses. In this case, the amount of impairment will reflect the expected credit losses over the expected residual life of the instrument.

Except for financial assets acquired or originated with impairment (referred to as POCI), impairment losses, depending on the classification of the operation's stage, must be estimated considering:

- 12-month expected credit risk loss, i.e. estimated total loss resulting from default events of the financial instrument that are possible within 12 months after the reporting date (called Stage 1);
- Expected credit risk loss to maturity, i.e. total estimated loss resulting from all possible default events over the life of the financial instrument (referred to as stage 2 and stage 3). A provision for an expected credit risk loss to maturity is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition or if the financial instrument is impaired.

Although the standard does not define a concept of default, the Bank, in its Impairment Policy, opted to update its internal definition of default, introducing a set of criteria to reflect a more forward-looking model for recognising expected losses on financial assets, with only one of the criteria needing to be met for an operation to be classified as in default. Any given transaction/Customer will no longer be marked in default if it no longer meets the respective entry criteria and after the respective quarantine period has elapsed.

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

- Assessment of the existence of a significant increase in risk since initial recognition; and
- Incorporation of forward-looking information in the calculation of expected credit loss (ECL).

Calculation of expected credit loss (ECL)

Expected credit losses are weighted estimates of credit losses determined as follows:

- Financial assets with no sign of impairment at the reporting date: the present value of the difference of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- Financial assets with signs of impairment at the reporting date: the difference between the gross carrying amount and the present value of the estimated cash flows;
- Guarantees given and unused credit commitments: the present value of the difference between the contractual cash flows that are due to the Bank should the commitment be realised and the cash flows the Bank expects to receive.

The Bank's approach to determining impairment losses for loans subject to collective analysis has as an inherent concept the definition of homogeneous segments based on the quality of its assets and the credit/Customer risk characteristics. In this way, the Bank ensures that for the purposes of analysing these exposures and determining the risk parameters (Probability of Default (PD) and LGD), they present similar risk characteristics. The development of these segments is based on the assumptions of statistical materiality for each segment (in order to estimate the respective risk profile) and the relevance or adequacy of this segmentation to the various processes related to credit risk management in the Bank.

The Bank, in accordance with IFRS 9, has developed the lifetime ECL for financial assets as the present value of the difference between the cash flows to which the entity is entitled under the contract, and the cash flows that the entity expects to receive. For assets that are not in default, this principle is equivalent.

The Bank has set the 12-month ECL as the part of the lifetime ECL that represents the expected credit losses that result from default events that may occur in the 12 months after the reporting date. For assets in default, the lifetime ECL is obtained through the loss amount given default, depending on the time that has passed since the asset went into default.

For the balances of the headings of "Cash and balances with central banks" (Note 4), "Balances with other credit institutions" (Note 5), "Investments at central banks and other credit institutions" and "Investments at amortised cost" (Note 8), the Bank applies the guidelines of Banco Nacional de Angola Directive No. 13/DSB/DRO/2019 of 27 December, with no subsequent guidelines having been issued, verifying the entity's rating, or if not available, the rating of the country in which it is based. The Moody's study "Sovereign default and recovery rates, 1983-2022" was used to obtain the risk factors to be considered:

- For deposits with other credit institutions, the PD equivalent to 1/12 (one twelfth) of the 12-month PD for companies is considered, taking into account the rating and LGD of 60% for all counterparties that have not seen a significant increase in credit risk (stage 1);

- For investments in other credit institutions, the 12-month PD for companies is considered, taking into account the rating and LGD of 60% for all counterparties that have not seen a significant increase in credit risk (stage 1);

- For investments at amortised cost, the 12-month PD for sovereign issuers is considered, taking into account the rating and LGD associated with verified sovereign default events, indicated in the study (61%) for all operations that have not seen a significant increase in credit risk (stage 1).

For the balances of cash and cash equivalents at central banks and investments at central banks, the LGD is considered to be zero as there is no risk of recovery and no impairment is estimated, in accordance with Banco Nacional de Angola Directive No. 13/DSB/DRO/2019.

Significant increase in credit risk

The stage 2 classification is based on the observation of a significant increase in the level of credit risk, since the standard does not determine how this significant increase should be measured.

The Bank does not yet have rating and scoring models with the necessary maturity, so the stage 2 classification is based on objective triggers observed on the basis of available information.

The triggers for a significant increase in credit risk are mostly detected through automatic processes, based on information resident in the Bank's information systems. However, some of the cases are identified manually, particularly with regard to restructured cases and the criterion of insolvency declared (BNA CIRC), insolvency request by the debtor or Bank.

Financial assets impaired

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

Inputs in measuring ECL

The main inputs used for measuring ECL on a collective basis include the following variables:

- Probability of default;

- Loss given default;

- Exposure at default;

- Discount rate (DR); and

- Credit Conversion Factors (CCF);

These parameters are obtained through internal statistical models and other relevant historical data, adjusted to reflect forward-looking information.

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

The degrees of risk are a highly relevant input for determining the PD associated with each exposure. The Bank collects performance and default indicators on its credit risk exposures with analysis by type of Customer and product.

LGD is the magnitude of loss expected to occur if the exposure goes into default. The Bank estimates LGD parameters based on historical recovery rates after counterparties have defaulted. The LGD models consider the associated collateral and time in default.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in exposure after the reporting date. The Bank derives the EAD values from the counterparty's current exposure and potential changes to the current value allowed under contractual terms. For financial commitments and guarantees, the value of the EAD accounts for both the amount of credit drawn down and the expectation of the potential future amount that may be drawn down in accordance with the credit conversion factor (CCF).

Forward-looking information

According to this new model set out in IFRS 9, the measurement of expected losses also requires the inclusion of forward-looking information, including future trends and scenarios, namely macroeconomic data. Forward-looking information has not been considered in all risk parameters of the expected loss calculation (LGD and EAD). In this context, the estimates of expected credit impairment losses now include multiple macroeconomic scenarios whose probability will be assessed considering past events, the current situation and future macroeconomic trends.

Within this framework, the Bank used a linear regression model to capture the impact of macroeconomic factors with significant influence on the probability of default.

Purchased or originated credit impaired (POCI) financial assets

Financial assets classified as POCI are treated differently since they are in an impaired condition. For these assets, the Bank at the time of their initial recognition in Stage 3, records the asset at the net value of the expected loss.

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

As at 31 December 2023, financial assets amounting to Kz 25,732,553 thousand are classified as POCI (Note 9).

Recognition of impairment losses

The Bank recognises impairment losses for expected credit losses on financial instruments as follows:

- Financial assets at amortised cost: impairment losses on financial assets at amortised cost reduce the carrying amount of those financial assets against the corresponding entry in profit or loss;

- Debt instruments at fair value through other comprehensive income: impairment losses for these instruments are recognised in profit or loss against other comprehensive income (they do not reduce the carrying amount of the statement of financial position for these financial assets);

- Subscription Credit Facility: impairment losses associated with subscription credit facilities are recognised in liabilities, under Provisions (Note 18) for subscription credit facility against profit or loss.

Reversal of impairment

The analysis and subsequent determination of individual impairment of a Customer with impairment recorded in previous periods may only result in a reversal if the impairment is related to the occurrence of an event after initial recognition (e.g. improvement in the quality of the Customer's rating or reinforcement of guarantees). The amount of the reversal cannot be greater than the accumulated impairment amounts previously recorded.

Write-off of financial instruments

Considering the economic nature of the impairment model, which is based on the requirements of the International Accounting Standards and the requirements set out in Banco Nacional de Angola Notice No. 11/2014 of 17 December 2014, loans may be transferred to an off-balance sheet account when the institution considers that, based on available information, the loan in question will be unrecoverable.

As such, the Bank has defined a set of criteria that will be used to identify Customers who, according to this perspective, should be subject to write-offs. Write-off is defined as the derecognition of a financial asset from the Bank's balance sheet. It should be noted that State risk contracts and contracts with the Bank's Employees are not subject to write-off.

2.7. Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be carried out by delivering cash or another financial asset to another party, regardless of its legal form, showing a residual interest in the assets of an entity after deducting all its liabilities.

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

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

2.8. Other tangible assets, excluding leases

Recognition and measurement

Other tangible assets are recorded at acquisition cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the goods.

Subsequent costs

Subsequent costs are recognised as a separate asset only if it is probable that future economic benefits will flow from them. Expenditure on maintenance and repair is recognised as a cost as it is incurred, in accordance with the accrual principle.

Depreciation

Depreciation of tangible assets is calculated on a straight-line basis, over the following periods of expected useful life:

Description	Years of useful life
Own buildings	8 a 50
Transport	3 a 5
Furniture and materials	4 a 8
Machinery and tools	4 a 5
Computer equipment	4 a 8
Indoor facilities	1 a 10
Security equipment	1 a 8
Improvements to owned and rented buildings	5 a 8

When there is indication that an asset may be impaired, IAS 36 – Impairment of Assets (IAS 36) requires its recoverable value to be estimated and an impairment loss recognised whenever the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the statement of profit and loss, and are reversed when the facts that gave rise to them cease to exist.

The recoverable value is determined as the greater of its net selling price and value in use which is based on the net present value of future cash flows arising from the continuing use and ultimate disposal of the asset.

As mentioned in Note 2.13., this heading includes right-of-use assets arising from lease contracts.

Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised;

a) On disposal; or

b) When no future economic benefits are expected from its use or disposal.

Gains or losses arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised.

2.9. Intangible assets

Software

Costs incurred with the acquisition of software from third parties are capitalised well as the additional expenses borne by the Bank necessary for its implementation. These costs are amortised on a straight-line basis over the estimated useful life of the software, which is between 6 and 12 years.

Expenditure on research and development projects

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

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

Impairment losses

The recoverable value of intangible assets is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable value and the carrying amount. Identified impairment losses are recognised against profit or loss and subsequently reversed through profit or loss if there is a reduction in the value of the estimated loss in a subsequent period.

2.10. Repurchase and reverse repurchase agreements

Securities sold with a repurchase agreement (repos) at a fixed price or at a price equal to the sale price plus interest over the term of the transaction are not derecognised from the statement of financial position. The corresponding liability is recorded under amounts payable to other credit institutions or to Customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

Securities purchased with a resale agreement (reverse repos) at a fixed price or at a price equal to the purchase price, plus interest over the term of the transaction, are not recognised in the statement of financial position, with the purchase price recorded as loans to other credit institutions or Customers, as appropriate. The difference between purchase and resale price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

Securities lent under borrowing agreements are not derecognised from the statement of financial position but are classified and valued in accordance with the accounting policy described in Note 2.5. Securities received under borrowing agreements are not recognised in the statement of financial position.

2.11. Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for in the Bank's individual financial statements using the equity method of accounting less any impairment losses.

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to variability of returns from its involvement with this entity and can take possession of them through the power it holds over the relevant activities of that entity (de facto control).

Associates are entities over which the Bank has significant influence, but not control over its financial and operating policies. The Bank is presumed to have significant influence when it holds the power to exercise more than 20% of the associate's voting rights. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is presumed that the Bank does not have significant influence, except where such influence can be clearly demonstrated.

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

a) Representation on the Board of Directors or equivalent governing body;

b) Participation in policy-making processes, including participation in decisions about dividends or other distributions;

c) Material transactions between the Bank and the subsidiary;

d) Exchange of management personnel; and

e) Provision of essential technical information.

Impairment losses

The recoverable value of investments in subsidiaries and associates is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable value of the investments in subsidiaries or associates and their carrying amount. Identified impairment losses are recognised against profit or loss and subsequently reversed through profit or loss if there is a reduction in the value of the estimated loss in a subsequent period.

The recoverable value is determined based on the higher of the value in use of the assets and the fair value less costs to sell. It is calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value and business risks.

2.12. Non-current assets held for sale and discontinued operations

Non-current assets, groups of non-current assets held for sale (groups of assets together with their respective liabilities that include at least a non-current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities and the assets or groups of assets are available for immediate sale and its sale is highly probable (within a year).

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

Immediately before classification as held for sale, the measurement of all non-current assets and all assets and liabilities included in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or groups of assets are measured at the lower of their carrying amount and their fair value less costs to sell, in accordance with the requirements of IFRS 5 – Non-current assets held for sale and discontinued operations (IFRS 5).

Discontinued operations and subsidiaries acquired exclusively for the purpose of selling in the short term are consolidated until they are sold.

The Bank also classifies as non-current assets held for sale, properties held for credit recovery, which are initially measured at the lower of their fair value net of selling costs and the carrying amount of the loan at the date when the property was given away or judicially auctioned.

The assets recorded under this heading are not amortised. The fair value of these assets is determined on the basis of periodic valuations carried out by independent experts registered with the Capital Markets Commission (CMC). In addition, and in accordance with Directive No. 13/DSB/DRO/2019, this valuation is adjusted by applying a 20% haircut to reflect the immediate sale value, 5% sales costs and based on specific discount rates depending on the age of the valuation. Whenever the value resulting from these valuations (net of selling costs) is lower than the carrying amount, impairment losses are recognised under "Impairment for other assets net of reversals and recoveries". Once the expected time of sale has passed (one year) assets are reclassified to "Other assets", maintaining the measurement criteria.

Valuations of these properties are carried out according to one of the following methodologies, applied according to the specific situation of the property:

i. Comparative/market method

The comparative/market method is based on the transaction values of properties that are similar and comparable to the property under study, and is obtained through market research.

ii. Income method

The purpose of the income method is to estimate the value of the property based on the capitalisation of its net income, updated to the present time, using the discounted cash flow method.

iii. Cost method

The purpose of the cost method is to reflect the amount that would currently be required to replace the asset in its current condition, by breaking down the value of the property into its fundamental components.

The valuations obtained are analysed internally to validate the consistency of the data and assumptions considered by the independent experts for the same asset (when more than one valuation report is obtained) or for assets with similar characteristics.

The subsequent measurement of these assets is made at the lower of their carrying amount and the corresponding fair value, net of selling costs, and they are not subject to depreciation. If there are unrealised losses, these are recorded as impairment losses against profit or loss for the year. The assets recorded under this heading are not amortised.

2.13. Leases

In accordance with IFRS 16 – Leases (IFRS 16): (i) as a lessee, the standard introduces a single model for accounting, with the recognition of right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments; (ii) as a lessor, the accounting remains identical to existing accounting policies, and leases can be classified as finance leases or operating leases.

Lease definition

The Bank assesses whether a contract is, or contains, a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to use an identified asset (the underlying asset) for a certain period in exchange for retribution.

At the inception or revaluation date of a contract containing a lease component, the Bank allocates the consideration in the contract to each lease and non-lease component based on their individual relative price. However, for leases in which the entity is a lessee, it has elected not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

Lessee

From the lessee's perspective, the Bank leases a number of properties used for the Bank's branches and central services. As a lessee, the Bank previously classified leases as either operating leases or finance leases, based on the overall assessment of whether the lease transfers substantially all the risks and rewards associated with ownership of the underlying assets.

The Bank presents right-of-use assets under "Other tangible assets" (Note 11), i.e. in the same line item as the underlying assets of the same nature it owns, presenting the lease liabilities under "Other liabilities" (Note 20) in the statement of financial position.

The Bank recognises a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use assets

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

Lease liabilities

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

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

Determining the lease term of contracts

The Bank has applied judgement to determine the lease term of certain contracts, in which it is in the position of lessee, and which include renewal and termination options. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if reasonably certain to be exercised, or any periods covered by an option to terminate the lease if reasonably certain not to be exercised. This assessment will impact the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognised.

Lessor

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

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset, it is classified as a finance lease; if not, it is classified as an operating lease. As part of this evaluation, the Bank considers several indicators, such as whether the lease is for the greater part of the economic life of the asset.

Finance leases

Financial leasing contracts are recorded in the statement of financial position as loans granted for the value equivalent to the net investment made in the leased assets, together with any estimated non-guaranteed residual value. Interest included in rents charged to Customers is recorded as income while repayments of principal, also included in the rents, are deducted from the value of the loan granted to Customers. The recognition of interest reflects a constant periodic rate of return on the lessor's remaining net investment.

If a contract contains lease and non-lease components, the Bank will apply IFRS 15 – Revenue from contracts with Customers (IFRS 15) to allocate the contractual amounts.

Operating leases

Banco Económico recognises that payments made by the Bank under operating lease contracts are recorded as costs in the periods to which they relate, when applicable.

2.14. Taxes

Income tax recorded in profit or loss includes the effect of current and deferred taxes. Income tax is recognised in profit or loss, except when related to items recognised in equity, which implies its recognition in that item. Deferred taxes recognised under equity stemming from the revaluation of assets at fair value through other comprehensive income and cash flow hedging derivatives are subsequently recognised in profit or loss when the gains and losses that originated them are recognised in profit or loss.

Current taxes

Current taxes correspond to the amount determined in relation to taxable income for the period, using the tax rate in force or substantially approved by the authorities on the statement of financial position date, and any tax adjustments from previous years.

Current taxes for current and prior periods shall, to the extent that it has not been paid, be recognised as liabilities. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

With the publication of Law No. 19/14 of 22 October, which came into force on 1 January 2015, amended by Law No. 26/20 of 20 July, Industrial Tax is subject to provisional assessment in a single instalment to be made in the month of August, calculated by applying a rate of 2% on the result derived from financial intermediation operations, ascertained in the first six months of the previous tax year, excluding income subject to Capital Gains Tax (IAC), unless a loss was recorded in the previous year.

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

Law No. 26/20 of 20 July has increased the rate of Industrial Tax for activities in the banking sector from 30% to 35%. On the other hand, the referred Law creates rules with relevant impacts on the determination of taxable profit, such as: (i) exclusion from the tax relevance in the calculation of taxable profit of income and costs with unrealised exchange differences; (ii) provisions constituted on guaranteed loans, except in the uncovered part, will no longer be accepted as deductible costs, and (iii) property tax will not be accepted as a deductible cost.

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

Deferred taxes

Deferred taxes are calculated, in accordance with the liability method based on the statement of financial position, on the temporary differences between the carrying amounts of the assets and liabilities and their tax base, using the tax rates approved or substantially approved on the statement of financial position date and which are expected to be applied when the temporary differences are reversed.

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

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

In accordance with IAS 12 – Income Taxes (IAS 12), the Bank offsets deferred tax assets and liabilities whenever: (i) it has a legally enforceable right to set off current tax assets and current tax liabilities; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which the deferred tax liabilities or assets are expected to be settled or recovered.

Capital Gains Tax (IAC)

The Presidential Legislative Decree No. 2/14 of 20 October, in force since 19 November 2014, revised and introduced several legislative amendments to the CIT Code, following the Tax Reform project. The CIT is generally levied on income from the Bank's financial investments, with the rate varying between 5% and 15%.

In addition, under the terms of the Industrial Tax Code, the CIT itself is not accepted as a deductible cost for the purposes of calculating taxable income (article 18) and, on the other hand, income subject to the CIT will be deducted from taxable income, in accordance with article 47 of the Industrial Tax Code.

Taxes on wealth

Property Tax (PT)

The new Property Tax Code (CIP) entered into force on 9 August 2020, applicable to the holding of own properties, rents and the onerous transfer of real estate properties, was approved by Law No. 20/20 of 9 July. With the entry into force of the Property Tax Code, there are three tax brackets for urban buildings: (i) 0.1% for properties with an asset value of up to and including Kz 5,000 thousand; (ii) Kz 5,000 for properties with an asset value of between Kz 5,000 thousand and Kz 6,000 thousand; and (iii) 0.5% for properties with an asset value of over Kz 6,000 thousand (applicable to the excess of Kz 5,000 thousand). Specific rates apply to building land (0.6%) and rural properties (sum of hectares). In addition, a property tax surcharge applies to empty urban buildings.

For properties leased by Banco Económico, as a lessee, the Bank withholds the tax due, at the effective rate of 15%, on the payment or delivery of rents for leased properties

Property Tax on Gratuitous or Onerous Transfers of Real Estate Assets

Pursuant to the Property Tax Code, approved by Law No. 20/20 of 9 July, Property Tax on the free or onerous transfer of immovable property is levied at a rate of 2% on the free or onerous transfer of the right of ownership or parcels of this right, namely the usufruct, surface right and easement, including acquisitions by usucapion, on immovable property.

Other taxes

Value Added Tax (VAT)

The Value Added Tax (VAT) Code, approved by Law No. 7/19 of 24 April, and amended by Law No. 17/19 of 13 August introduced a new excise duty into Angolan legislation, which entered into force on 1 October 2019. Effectively, VAT repealed and replaced the Excise Duty that had been in force up to then in the Angolan legal system.

The Bank, as a taxpayer registered with the Tax Department of Large Contributors, has been subject to the general VAT system since the introduction of VAT, and is obliged to comply with all the rules and reporting obligations laid down in this area.

As a rule, commissions and expenses charged for services provided by the Bank (in lieu of Stamp Duty) are subject to VAT at a rate of 14%. The remaining financial intermediation operations are exempt from VAT, to which Stamp Duty will continue to be applicable, when due.

Accordingly, as the Bank is a taxpayer that carries out both VAT subject and exempt transactions, it also has restrictions on the right to deduct VAT paid to suppliers. Therefore, the Bank deducts the tax by applying the methods provided for in current legislation – except for VAT on expenses expressly excluded from the right to deduction.

According to the current legislation, periodic VAT returns may be subject to review and correction by the tax authorities in the five years following the financial year to which they refer.

Tax substitution

As part of its activity, the Bank acts as a tax surrogate, withholding taxes from third parties, which it then pays to the State.

Capital Gains Tax (IAC)

In accordance with Presidential Legislative Decree No. 2/14 of 20 October, the Bank withholds Capital Gains Tax at the rate of 10% on interest on term deposits paid to Customers.

Stamp Duty

In accordance with Presidential Legislative Decree No. 3/14 of 21 October, the Bank is responsible for the payment and delivery of Stamp Duty due by its Customers on most banking operations, such as financing, collection of interest on financing, among others, and the Bank proceeds with the payment of the tax, in accordance with the rates established in the Stamp Duty Table.

Industrial Tax

In accordance with the provisions of Article 67 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 with effective management or permanent establishment in Angola are subject to withholding tax at the rate of 6.5%.

In turn, pursuant to Articles 71 and following of Law No. 19/14 of 22 October, amended by Law No. 26/20 of 20 July, services of any nature rendered by taxpayers pursuing business without a registered office, effective management or permanent establishment in Angola are subject to Industrial Tax, by withholding at source, at a rate of 15%.

In the case of payments for services made to entities resident in Portugal and the United Arab Emirates, there is the possibility of applying Double Taxation Agreements (ADT) and, as such, it may be possible to apply a lower rate of withholding tax.

2.15. Employee benefits

Provision for annual leave pay and allowance

The General Labour Act, Law No. 7/15, of 15 June, amended by Law No. 12/23 of 27 December, stipulates that the amount of annual leave allowance payable to Employees in a given year is a right acquired by them in the immediately preceding year. Consequently, the Bank records, in the accounts for the year, the amounts relating to annual leave pay and allowance payable in the following year, as well as for untaken annual leave in the event of the Employee's departure.

Loans and advances to Employees

In accordance with IFRS 9 financial instruments should be recorded at fair value when they are recognised in the statement of financial position.

The Bank calculates the fair value of loans and advances to Employees and, for this purpose, determines the market interest rate when the loan was granted to the Employee. Since the market interest rate is higher than the one the Employee has, the fair value of his/her credit will be lower than its nominal value, so its value in the statement of financial position must be adjusted to reflect the fair value (at the granting date).

Considering the provisions of IAS 19 – Employee benefits IAS 19), this benefit (below-market interest rate) should be part of the Employee's remuneration. Therefore, the amount resulting from the difference between the nominal value (amount disbursed) and the fair value of the loan is recognised under "Other assets" (against "Loans and advances to Customers"), and is recognised through profit or loss under "Personnel expenses" (against "Interest and similar income") over the shorter period between: (i) the duration of the loan; or (ii) the number of years between the date the loan was granted and the legal date on which the Employee retires.

Short-term Employee benefits

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

Variable remuneration paid to Employees and directors

The Bank attributes variable remuneration to its Employees and Directors as a result of their performance (performance bonuses). The variable remuneration paid to Employees and Directors is recorded against profit or loss in the year to which it relates.

Pensions – Defined contribution plan

For defined contribution plans, the liability related to the benefit attributable to the Bank's Employees is recognised as a cost for the year when due. Prepaid contributions are recognised as an asset if a refund or reduction of future payments is available.

2.16. Provisions

Provisions are recognised when: (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities); (ii) it is probable that settlement will be required and (iii) a reliable estimate of the obligation can be made.

Provisions for guarantees and other commitments are measured according to the collective impairment model, as described in Note 2.6. The measurement of provisions takes into account the principles defined in IAS 37 – Provisions, contingent liabilities and contingent assets (IAS 37) regarding the best estimate of the expected cost, the most probable outcome of the actions in progress and taking into account the risks and uncertainties inherent in the process.

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

Provisions are derecognised through their use for the obligations for which they were initially set up or in cases where these are no longer observed.

2.17. Revenue

Recognition of interest

Interest income from financial instruments measured at amortised cost is recognised under "Interest and similar income" or "Interest and similar charges" (Note 23), using the effective interest rate method. Interest at the effective interest rate on financial assets at fair value through other comprehensive income is also recognised in net interest income, as well as on financial assets and liabilities at fair value through profit or loss.

The effective interest rate is the rate that discounts estimated future payments or receipts over the expected life of the financial instrument (or, where appropriate, for a shorter period) for the net present value in the statement of financial position of the financial asset or liability.

In determining the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (for example, prepayment options) not weighing possible impairment losses. The calculation includes all fees paid or received recognised as part of the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction, except for financial assets and liabilities at fair value through profit or loss.

For operations that are in default for more than 90 days, interest is suspended until its settlement. Interest and similar income include interest income arising from financial assets for which an impairment loss was recognised. Interest on financial assets classified in Stage 3 is calculated using the effective interest rate method applied to the net value of the statement of financial position. When the asset is no longer included in Stage 3, interest is calculated based on the gross value of the statement of financial position.

For purchased or originated credit-impaired financial assets, the effective interest rate reflects expected credit losses when determining the expected future cash flows receivable from the financial asset.

Recognition of fees and commissions income

Fees and commissions income is recognised as revenue from contracts with Customers to the extent that the performance obligations are met: (i) Fees and commissions earned on the execution of a significant act, such as loan syndication fees, are recognised in profit or loss when the significant act has been completed; (ii) Fees and commissions earned as services are rendered are recognised in profit or loss in the year to which they relate; (iii) Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recognised in profit or loss using the effective interest rate method.

Dividend recognition

Dividends (income from equity instruments) are recognised when the right to receive their payment is established.

2.18. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include the balances under "Cash and balances with central banks" and "Balances with other credit institutions" (Notes 4 and 5).

2.19. Financial guarantees and commitments

Financial guarantees are contracts that oblige the Bank to make specific payments to reimburse the holder for a loss incurred because a debtor fails to meet a payment. Commitments associated with credit operations aim to make credit available under predetermined conditions.

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

2.20. Earnings per share

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

For the diluted earnings per share, the average number of ordinary shares outstanding is adjusted to reflect the effect of all potential ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion to shares would decrease earnings per share.

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

Note 3
Main estimates and judgements used in preparing the financial statements

The IAS/IFRS establish a series of accounting treatments and require the Board of Directors to make judgements and estimates in order to decide on the most appropriate accounting treatment. The main accounting estimates and judgements used in the application of the accounting principles by the Bank are presented in this Note, with the purpose of improving the understanding of how their application affects the reported results of the Bank and its disclosure. A detailed description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Because in many cases there are alternatives to the accounting treatment chosen by the Board of Directors, the Bank's reported results would differ if a different treatment were 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 respects.

3.1. 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 (both 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, time value, yield curve and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair value. Consequently, the use of a different model or of different assumptions or judgements in applying a particular model may have produced different financial results from the ones reported.

3.2. Impairment losses on loans and advances to Customers and other assets.

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

The process of evaluating the loan portfolio to determine if an impairment loss should be recognised is subject to numerous estimates and judgements. This process includes factors such as probability of default, risk ratings, value of associated collateral, recovery rates and estimates of both the timing and future cash flows.

The calculation of impairment associated with loans and advances to Customers is based, among other factors and where applicable, on valuations of the collateral of credit operations, such as property mortgages. The valuations of the Bank's real estate collateral and real estate assets recorded in the headings of "Non-current assets held for sale", "Other tangible assets" and "Other assets" were made under the assumption that all the real estate conditions were remain unchanged throughout the useful life of the operations, and correspond to the best estimate of the properties' recoverable value on the reporting date. Property valuations are drawn up by independent appraisers registered with the Angolan Capital Markets Commission and imply a set of assumptions whose verification is uncertain given the current circumstances of the property market. Furthermore, the Bank also uses estimates as to the recovery and sale times of the real estate collateral.

The properties received in the context of the reversal of the asset transfer operation with INVESTPAR – Investimentos e Participações (SU), S.A. (INVESTPAR) were subject to updated valuations, with some properties having been partially appraised. The Bank estimated total values based on the available valuation reports (Notes 10 and 15).

The valuation criteria described in Note 2.12 are considered for the properties received through loan recovery.

The valuation methodology used for "Investments at amortised cost" (Note 2.6.) is applied to credit operations with public guarantees as collateral.

As at 31 December 2022, for the asset transfer operation with INVESTPAR, the Bank's Board of Directors considers the impairment calculation to be based on the difference between the carrying amount of the operation and its recoverable value. The recoverable value is calculated pursuant to an assessment made by an external consultant, under the Asset Quality Assessment programme, carried out with reference to 31 December 2018, based on the estimated valuation of the properties underlying the operation.

The use of alternative methodologies and other assumptions and estimates could result in different levels of recognised impairment losses, with the consequent impact on the Bank's results, and could be significantly impacted by the evolution of Angola's macroeconomic indicators.

3.3. Income taxes

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

Income tax is recognised in the profit and loss for the period, except where the transactions giving rise to it have been carried in other equity items. In these situations, the corresponding tax is also reflected against equity and does not affect profit or loss.

The calculation of the current tax estimate for the financial years ended 31 December 2023 and 2022 was calculated under the terms of Law No. 26/20 of 20 July, with the applicable tax rate being 35%. Tax returns are subject to review and correction by the tax authorities for a period of five years, which may extend to ten years, and may result in possible corrections to taxable income due to different interpretations of tax legislation. However, no corrections are expected for these financial years and, should they occur, no significant impacts are expected on the financial statements.

In turn, tax losses determined in a given year, as provided for in the Industrial Tax Code, may be deducted from the taxable profits of the following five years.

In order to determine the global amount of income tax, it was necessary to make certain interpretations and estimates. There are various transactions and calculations for which the determination of taxes payable is uncertain during the normal business cycle, with emphasis on the aspects set out in Note 2.14, arising from the new wording of Law No. 26/20 of 20 July, namely: (i) costs/income with potential/realised exchange rate valuations; (ii) costs with impairment losses on secured loans; and (iii) costs with Property Tax, as well as the assumptions made by the Bank in determining income tax for the year and deferred taxes, which are still subject to ratification by the General Tax Administration.

Deferred taxes are calculated based on the tax rates expected to be in force on the date of reversal of the temporary differences, which correspond to the rates approved or substantially approved on the statement of financial position date. Therefore, for the years ended 31 December 2023 and 2022, deferred tax was, in general terms, calculated based on a rate of 35%.

According to the understanding of the Board of Directors on the requirements set out in IAS 12, deferred tax liabilities should be recognised in full, whereas the recognition of a deferred tax asset should only be recognised if it is certain that future taxable income will be sufficient to allow the benefit of the loss to be realised. In this sense, the Bank calculated deferred tax assets up to the limit of the deferred tax liabilities, having these amounts been presented in the financial statements in an offsetting way.

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

With the amendment of the Industrial Tax Code, for the purposes of calculating the estimated tax, the following assumptions were adopted in accordance with the understanding and information available as at 31 December 2023:

Unrealised exchange rate variations:

- Potential variations associated with the headings "Investment at amortised cost", "Loans and advances to Customers" and "Other assets", denominated in foreign currency, excluding settlements during the year, considered as realised exchange rate variations;

- Potential variations associated with the heading of “Subordinated liabilities”, excluding settlements during the year, considered as realised exchange rate variations.

Impairment losses recognised during the year in the amount exceeding the net credit amount from real guarantees obtained the assumptions made by the Bank in determining income tax for the year and deferred taxes are still subject to confirmation by the General Tax Administration.

3.4. Leases

For contracts in which it is in the position of lessee and which include extension and termination options, the Bank determines the lease term as the non-cancellable period during which it has the right to use an underlying asset, together with the periods covered by an option to extend the lease if there is a reasonable certainty of exercising that option and the periods covered by a termination option if there is a reasonable certainty of not exercising that option. The assessment of whether the Bank will or not exercise such options will impact the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognised.

In measuring lease liabilities, the Bank discounts payments using its incremental borrowing rate. Accordingly, the Bank used as the discount rate, at the transition date, as an approximation the interest rate on 3-year non-adjustable Treasury Bonds (23%) for non-indexed rents, while for indexed rents it used the interest rate on 7-year indexed Treasury Bonds (5.50%).

3.5. Provisions

Provisions require a high level of judgement, both in their recognition (probability of outflow of resources) and in the determination of the best estimate of the amounts necessary to settle the corresponding liability. To this end, the Bank uses legal advisors and these estimates are reviewed regularly.

Estimates used are based on the best information available during the preparation of financial statements and are based on the best knowledge of past and present events. Although future events are neither controlled by the Company nor foreseeable, some could occur and have impact on the estimates. Changes to these estimates that occur after the date of the financial statements will be corrected prospectively in profit or loss, in accordance with IAS 8.

Note 4
Cash and balances with central banks

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Cash		
In domestic currency	**1,973,799**	3,211,894
In foreign currency	**853,970**	34,191
	2,827,769	3,246,085
Current deposits at Banco Nacional de Angola		
In domestic currency	**5,220,678**	3,445,533
In foreign currency	**62,384,465**	38,062,802
	67,605,143	41,508,335
Total	**70,432,912**	**44,754,420**

The heading of "Current deposits at Banco Nacional de Angola" correspond to the constitution of mandatory minimum reserves in force in Angola, on the reporting date, which are not remunerated.

As at 31 December 2023, the mandatory reserves are calculated in accordance with Banco Nacional de Angola Instruction No. 08/2021 of 14 May, Instruction No. 04/2023 of 30 March, Directive No. 06/DMA/DSP/2021 of 21 May and Directive No. 12/2023 of 28 November.

As at 31 December 2022, the mandatory minimum reserves are calculated in accordance with the provisions of Instruction No. 02/2021 of 10 February, Instruction No. 08/2021, of 14 May, Directive No. 06/DMA/DSP/2021, of 21 May, and Directive No. 11/2022 of 12 December.

The mandatory reserves are constituted in domestic currency and in foreign currency according to the respective denomination of the liabilities that form their basis of incidence.

As at 31 December 2023 and 2022, the requirement of mandatory minimum reserves in current deposits at Banco Nacional de Angola is calculated by applying the following quotients:

2023	Basis of incidence	Calculation	Domestic Currency	Foreign Currency
	Central Government	Daily	100%	100%
	Local Governments and Municipal Administrations	Daily	18%	100%
	Other Sectors	Fortnightly	18%	22%

2022	Basis of incidence	Calculation	Domestic Currency	Foreign Currency
	Central Government	Daily	100%	100%
	Local Governments and Municipal Administrations	Daily	17%	100%
	Other Sectors	Weekly	17%	22%

As at 31 December 2023 and 2022, the requirement in domestic currency may be deducted by the amounts up to 80% of the assets representing the value of loan disbursements, in domestic currency, in a regular situation, related to projects of the agriculture, animal husbandry, forestry and fisheries sectors, granted up to 14 April 2021, provided that they are of residual maturity equal to higher than 24 months, as well as the entirety of loans defined pursuant to the provisions in Article 8 of Notice No. 10/2022 of 6 April, concerning loans granted to the real economy, regardless of their residual maturity, and loans defined pursuant to the provisions in Article 11 of Notice No. 09/2023 of 3 August, of Banco Nacional de Angola, concerning mortgage loans, regardless of their residual maturity.

Pursuant to the regulations in force and, with Banco Nacional de Angola's authorisation, the Bank is currently deducting the sum of Kz 68,094,389 thousand for calculating the mandatory reserves in national currency, relating to agricultural sector loan claims, in accordance with Banco Nacional de Angola Directive No. 02/DSP/2017.

As at 31 December 2023 and 2022, the Bank was in breach of the regulatory requirements for mandatory minimum reserves in foreign currency, by USD 166,937 thousand and USD 173,146 thousand, respectively.

Note 5
Balances with other credit institutions

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Current deposits		
In foreign currency	**8,021,132**	28,688,622
Clearance of cheques and other paper	**27,115**	27,115
Other transactions pending settlement	**765,758**	3,714
Impairment losses (Note 33)	**(401)**	(11,855)
Total	**8,813,604**	**28,707,596**

As at 31 December 2022, the balance of current deposits includes the amount of USD 53,447 thousand (equivalent to Kz 27,402,744 thousand), held captive in the Novo Banco, S.A. accounts relating to the maturity, in 2022, of Treasury Bonds in foreign currency, remunerated at the interest rate of 4%, to cover the repayment of the subordinated loan of the total value of USD 63,729 thousand (equivalent to Kz 32,099,752 thousand), which matures on 31 August 2023 and was settled on that date (Note 19).

The methodology for calculating impairment losses is described in Note 2.6.

Note 6
Financial assets at fair value through profit or loss

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Public debt securities		
Acquisition cost	-	596,600
Income receivable	-	44,583
Fair value changes	-	(3,855)
Total	**-**	**637,328**

As at 31 December 2022, the financial assets at fair value through profit or loss by residual maturity are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to one year	-	325,050
One to three years	-	312,278
Total	**-**	**637,328**

As provided for in IFRS 13, financial assets at fair value through profit or loss are measured in accordance with the valuation levels described in Note 37. As at 31 December 2022, the financial assets at fair value through profit or loss are recorded according to level 2 criteria of the fair value hierarchy.

As at 31 December 2022, financial assets at fair value through profit or loss had the following characteristics:

Values expressed in thousand Kz

	31/12/2022 (Restated)							
	Quantity	Currency	Average interest rate	Nominal value	Acquisition cost	Income receivable	Fair value changes	Total value
Public debt securities								
Non-indexed treasury bonds in domestic currency	5,966	Kz	16.42%	596,600	596,600	44,583	(3,855)	637,328
Total	**5,966**			**596,600**	**596,600**	**44,583**	**(3,855)**	**637,328**

Note 7
Financial assets at fair value through other comprehensive income

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Public debt securities		
Acquisition cost	51,494,516	-
Income receivable	1,782,234	-
Fair value changes	(1,562,354)	-
	51,714,396	**-**
Equity instruments		
Acquisition cost	131,230	120,488
Fair value changes	29,700	29,700
	160,930	**150,188**
Total	**51,875,326**	**150,188**

As at 31 December 2023 and 2022, public debt securities that comply with Solely Payments of Principal and Interest (SPPI) requirements are classified under this heading. The associated business model consists of receiving the asset's contractual cash flows, or through its sale, and the equity instruments.

As at 31 December 2023, collateral had been constituted for public debt securities amounting to Kz 15,969,831 thousand to guarantee liquidity-providing operations on the part of Banco Nacional de Angola (Note 16).

As at 31 December 2023, the public debt securities by residual maturity periods are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to one year	291,362	-
One to three years	33,282,204	-
More than three years	18,140,830	-
Total	**51,714,396**	**-**

As at 31 December 2023, the public debt securities show the following characteristics:

Values expressed in thousand Kz

	31/12/2023								
	Quantity	Currency	Average interest rate	Nominal value in currency (thousand)	Nominal value	Acquisition cost	Income receivable	Fair value changes	Total value
Public debt securities									
Non-indexed treasury bonds in domestic currency	273,700	Kz	15.05%	27,370,000	27,370,000	27,370,000	1,469,478	(1,455,720)	27,383,758
Treasury bonds in foreign currency	30,000	USD	9.50%	30,000	24,124,516	24,124,516	312,756	(106,634)	24,330,638
Total	**303,700**				**51,494,516**	**51,494,516**	**1,782,234**	**(1,562,354)**	**51,714,396**

As at 31 December 2023 and 2022, the equity instruments show the following characteristics:

Values expressed in thousand Kz

	Currency	Capital %	Acquisition cost	Fair value changes	31/12/2023	31/12/2022 (Restated)
Equity instruments						
EMIS (Shares)	AOA	2.58%	98,298	29,700	**127,998**	127,998
EMIS (Supplementary payments)	AOA	n.a.	7,147	-	**7,147**	7,147
SWIFT (Shares)	EUR	n.a.	25,785	-	**25,785**	15,043
Total			**131,230**	**29,700**	**160,930**	**150,188**

In accordance with IFRS 13, financial assets measured at fair value through profit or loss are measured in accordance with the valuation levels described in Note 37. As at 31 December 2023, the public debt securities are recorded according to level 2 criteria of the fair value hierarchy.

Note 8
Investments at amortised cost

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Public debt securities		
Amortised cost	**58,193,159**	65,795,559
Income receivable	**717,363**	3,635,639
	58,910,522	69,431,198
Impairment losses (Note 33)	**(883,089)**	(1,014,622)
Total	**58,027,433**	**68,416,576**

As at 31 December 2023 and 2022, public debt securities that comply with Solely Payments of Principal and Interest (SPPI) requirements are classified under this heading, and the business model consists of receiving the contractual cash flows.

As at 31 December 2023 and 2022, the heading of "Investments at amortised cost" includes public debt securities of the net value of Kz 181,132 thousand and Kz 16,548,424 thousand, respectively, whose nominal value amounts to Kz 388,300 thousand and Kz 47,428,300 thousand, respectively. The difference in fair value at the initial moment results from the contractual conditions, namely the interest rate (5%) and the maturity (2040), which are different from the market on the date of their entry into the Bank's assets. The calculation of fair value at the initial moment was based on a model adopted in the Asset Quality Assessment (AQA) exercise, carried out for the financial year of 2018, corresponding to the future cash flows based on a risk-free interest rate (considering the United States of America's issues, bonds for the residual maturity closest to the residual maturity, source: U.S. Department of the Treasury), plus the Angola risk premium (information provided by the author Aswath Damodaran), adjusted for the difference of inflation between Angola and the United States of America (source: International Monetary Fund – World Economic Outlook).

The agreement with the Ministry of Finance to replace public debt securities with contractual conditions different to those of the market was carried out in April 2023. Hence, public debt securities with the nominal value of Kz 47,040,000 thousand were replaced by public debt securities with the nominal value of Kz 38,218,400 thousand, giving rise to a gain in relation to the carrying amount of Kz 22,222,601 thousand (Note 27).

As at 31 December 2023 and 2022, the investments at amortised cost by residual maturity periods are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to one year	-	52,637,360
One to three years	58,726,645	-
More than three years	183,877	16,793,838
Total	**58,910,522**	**69,431,198**

As at 31 December 2023 and 2022, Investments at amortised cost present the following characteristics:

Values expressed in thousand Kz

	31/12/2023								
	Quantity	Currency	Average interest rate	Nominal value in currency	Nominal value	Amortised cost	Income receivable	Impairment losses	Total value
Public debt securities									
Treasury bonds in foreign currency	7,000	USD	4.50%	70,000	58,015,930	58,015,930	710,715	(880,344)	57,846,301
Non-indexed treasury bonds in domestic currency	3,883	Kz	5.00%	388,300	388,300	177,229	6,648	(2,745)	181,132
Total	**10,883**				**58,404,230**	**58,193,159**	**717,363**	**(883,089)**	**58,027,433**

Values expressed in thousand Kz

	31/12/ 2022 (Restated)								
	Quantity	Currency	Average interest rate	Nominal value in currency	Nominal value	Amortised cost	Income receivable	Impairment losses	Total value
Public debt securities									
Treasury bonds in foreign currency	10,000	USD	5.90%	100,000	50,369,100	50,369,100	1,102,517	(752,117)	50,719,500
Non-indexed treasury bonds in domestic currency	486,160	Kz	5.17%	48,804,400	48,804,400	15,426,459	2,533,122	(262,505)	17,697,076
Total	**496,160**				**99,173,500**	**65,795,559**	**3,635,639**	**(1,014,622)**	**68,416,576**

The methodology for calculating impairment losses is described in Note 2.6.

Nota 9
Loans and advances to Customers

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Outstanding loans and advances		
To corporate Customers		
Loans	**144,378,393**	138,305,911
Current account loans and advances	**295,678**	2,082,293
Finance lease	**121,840**	422,698
Overdrafts	**8,507**	4,511,237
To individual Customers		
Mortgage	**4,594,980**	6,169,907
Consumer and other	**517,270**	1,168,000
	149,916,668	**152,660,046**
Loans and advances overdue		
To corporate Customers		
Loans	**68,391,137**	60,655,604
Current account loans and advances	**1,665,448**	1,597,309
Overdrafts	**1,409,476**	607,005
Finance lease	**1,344,628**	1,228,904
To individual Customers		
Consumer and other	**13,155,872**	6,004,313
Mortgage	**4,073,545**	4,879,051
	90,040,106	**74,972,186**
Gross loans and advances	**239,956,774**	**227,632,232**
Impairment losses (Note 33)	(193,027,964)	(164,326,477)
Purchased or originated credit impaired (POCI)	25,732,553	-
Total	**72,661,363**	**63,305,755**

As at 31 December 2023 and 2022, the amount of income receivable corresponds to Kz 29,616,892 thousand and Kz 31,147,807 thousand, respectively.

As at 31 December 2023, the exposure to purchased or originated credit-impaired (POCI) loans refer to operations of loans to Customers received in the context of the reversal of the asset transfer operation with INVESTPAR (Note 15), corresponding to an exposure of Kz 265,325,036 thousand, with the respective fair value calculated by considering the valuation of the discounted real estate collateral, according to the available valuation reports and Land Register Certificates, pursuant to the criteria established in Banco Nacional de Angola's guidelines. Additionally, loan operations were received with an exposure of approximately Kz 3,300 billion, for which no expectation whatsoever of recovery was considered, being recognised under off-balance sheet account.

The disclosures presented below do not consider purchased or originated credit impaired (POCI) loans.

As at 31 December 2023 and 2022, the breakdown of loans and advances outstanding in-house by residual maturity periods is detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to three months	**274,443**	662,368
Three months to one year	**513,133**	2,174,340
One to five years	**8,937,013**	3,693,679
More than 5 years	**140,192,079**	146,129,659
Total	**149,916,668**	**152,660,046**

As at 31 December 2023 and 2022, the loans and advances to Customers were entirely granted to entities based in Angola.

As at 31 December 2023 and 2022, the distribution of gross loans and advances by type of rate is detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Fixed rate	**198,632,299**	188,373,105
Variable rate	**41,324,475**	39,259,127
Total	**239,956,774**	**227,632,232**

As at 31 December 2023 and 2022, the distribution of gross loans and advances by currency is detailed as follows:

Values expressed in thousand Kz

	31/12/2023	
	Currency value	Kwanza value
In kwanzas	211,899,002	225,025,312
In US dollars	18,014	14,929,922
In euros	2	1,420
In South African rand	3	120
Total		**239,956,774**

Values expressed in thousand Kz

	31/12/2022	
	Currency value	Kwanza value
In kwanzas	211,650,410	211,650,410
In US dollars	31,730	15,981,822
Total		**227,632,232**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by stage and segment is detailed as follows:

Values expressed in thousand Kz

Segment	Exposure as at 31/12/2023							Impairment as at 31/12/2023			
	Loans at stage 1	Of which restructured	Loans at stage 2	Of which restructured	Loans at stage 3	Of which restructured	Total exposure	Loans at stage 1	Loans at stage 2	Loans at stage 3	Total impairment
Corporate Customers	7,152,682	-	329,578	46,425	206,354,079	179,170,582	213,836,339		(12,990)	(172,001,377)	(173,478,417)
Individual Customers	996,206	-	451,605	222,919	16,763,963	1,691,753	18,211,774	(53,860)	(117,731)	(16,374,561)	(16,546,152)
Employees	3,989,265	-	95,232	-	45,396	-	4,129,893	(89,476)	(20,199)	(43,101)	(152,776)
State	-	-	-	-	3,778,768	2,986,373	3,778,768	-	-	(2,850,619)	(2,850,619)
Total	**12,138,153**	**-**	**876,415**	**269,344**	**226,942,206**	**183,848,708**	**239,956,774**	**(1,607,386)**	**(150,920)**	**(191,269,658)**	**(193,027,964)**

Values expressed in thousand Kz

Segment	Exposure as at 31/12/2022 (Restated)							Impairment as at 31/12/2022 (Restated)			
	Loans at stage 1	Of which restructured	Loans at stage 2	Of which restructured	Loans at stage 3	Of which restructured	Total exposure	Loans at stage 1	Loans at stage 2	Loans at stage 3	Total impairment
Corporate Customers	12,120,195	-	1,433,917	948,151	192,032,071	171,519,875	205,586,183	(2,160,140)	(117,573)	(147,614,705)	(149,892,418)
Individual Customers	1,141,207	-	709,250	402,664	11,396,260	1,072,053	13,246,717	(83,672)	(171,921)	(10,981,963)	(11,237,556)
Employees	4,644,272	-	330,282	-	-	-	4,974,554	(106,645)	(69,502)	-	(176,147)
State	-	-	-	-	3,824,778	2,986,373	3,824,778	-	-	(3,020,356)	(3,020,356)
Total	**17,905,674**	**-**	**2,473,449**	**1,350,815**	**207,253,109**	**175,578,301**	**227,632,232**	**(2,350,457)**	**(358,996)**	**(161,617,024)**	**(164,326,477)**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by range of days in arrears and segment is detailed as follows:

Values expressed in thousand Kz

	Exposure as at 31/12/2023									Impairment as at 31/12/2023								
	Stage 1			Stage 2			Stage 3			Stage 1			Stage 2			Stage 3		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Corporate Customers	7,152,682	-	-	177,459	2,027	150,092	141,548,074	2,230,953	62,575,052	(1,464,050)	-	-	(6,708)	(2,069)	(4,214)	(126,650,686)	(1,200,975)	(44,149,715)
Individual Customers	996,206	-	-	391,674	57,713	2,218	232,336	87,289	16,444,338	(53,860)	-	-	(104,254)	(12,936)	(541)	(214,859)	(56,670)	(16,103,032)
Employees	3,989,265	-	-	42,620	35,943	16,669	4	-	45,392	(89,476)	-	-	(7,509)	(8,820)	(3,869)	(4)	-	(43,098)
State	-	-	-	-	-	-	11,615	-	3,767,153	-	-	-	-	-	-	(5,227)	-	(2,845,392)
Total	**12,138,153**	**-**	**-**	**611,753**	**95,683**	**168,979**	**141,792,029**	**2,318,242**	**82,831,935**	**(1,607,386)**	**-**	**-**	**(118,471)**	**(23,825)**	**(8,624)**	**(126,870,776)**	**(1,257,645)**	**(63,141,237)**

Values expressed in thousand Kz

	Exposure as at 31/12/2022 (Restated)									Impairment as at 31/12/2023								
	Stage 1			Stage 2			Stage 3			Stage 1			Stage 2			Stage 3		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Corporate Customers	12,120,195	-	-	995,718	142,049	296,150	127,629,229	251,948	64,150,894	(2,160,140)	-	-	(48,583)	(32,926)	(36,063)	(100,748,843)	(169,879)	(46,695,984)
Individual Customers	1,141,207	-	-	696,457	12,131	662	236,550	32,518	11,127,192	(83,672)	-	-	(155,146)	(16,622)	(154)	(286,338)	(30,847)	(10,664,777)
Employees	4,644,272	-	-	329,703	579	-	-	-	-	(106,645)	-	-	(69,432)	(70)	-	-	-	-
State	-	-	-	-	-	-	9,334	4,616	3,810,828	-	-	-	-	-	-	(4,201)	(2,077)	(3,014,078)
Total	**17,905,674**	**-**	**-**	**2,021,878**	**154,759**	**296,812**	**127,875,113**	**289,082**	**79,088,914**	**(2,350,457)**	**-**	**-**	**(273,161)**	**(49,618)**	**(36,217)**	**(101,039,382)**	**(202,803)**	**(60,374,839)**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by year of granting the operation and segment is detailed as follows:

Values expressed in thousand Kz

	Corporate Customers			Individual Customers			Employees			State			Total		
Year granted	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment
Previous years	989	20,562,735	(14,764,355)	1,300	16,632,112	(15,508,502)	248	3,354,362	(125,950)	18	3,261,374	(2,616,613)	2,555	43,810,583	(33,015,420)
2019	267	24,134,903	(21,268,495)	325	174,725	(77,262)	22	321,385	(9,148)	4	5,318	(2,393)	618	24,636,331	(21,357,298)
2020	356	9,228,190	(2,873,745)	325	791,553	(655,847)	48	326,900	(15,626)	1	512,076	(231,613)	730	10,858,719	(3,776,831)
2021	292	13,216,684	(2,112,564)	259	222,153	(109,993)	10	64,669	(269)	-	-	-	561	13,503,506	(2,222,826)
2022	159	144,451,176	(131,272,246)	251	298,461	(154,652)	14	60,230	(1,724)	-	-	-	424	144,809,867	(131,428,622)
2023	33	2,242,651	(1,187,012)	43	92,770	(39,896)	1	2,347	(59)	-	-	-	77	2,337,768	(1,226,967)
Total	**2,096**	**213,836,339**	**(173,478,417)**	**2,503**	**18,211,774**	**(16,546,152)**	**343**	**4,129,893**	**(152,776)**	**23**	**3,778,768**	**(2,850,619)**	**4,965**	**239,956,774**	**(193,027,964)**

Values expressed in thousand Kz

	Corporate Customers			Individual Customers			Employees			State			Total		
Year granted	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment
Previous years	707	21,101,784	(14,260,038)	1,003	11,298,526	(10,424,660)	281	3,348,315	(140,400)	24	3,285,193	(2,706,243)	2,015	39,033,817	(27,531,341)
2018	193	2,791,869	(1,068,681)	216	213,432	(54,706)	28	478,356	(9,534)	-	-	-	437	3,483,657	(1,132,921)
2019	239	25,779,954	(21,293,621)	332	251,167	(103,219)	102	476,768	(8,519)	3	23,687	(10,659)	676	26,531,576	(21,416,018)
2020	311	10,876,107	(3,030,423)	382	766,595	(464,800)	59	471,086	(12,901)	1	515,898	(303,454)	753	12,629,687	(3,811,578)
2021	220	14,124,383	(4,538,703)	246	409,847	(107,262)	14	80,527	(1,762)	1	-	-	481	14,614,757	(4,647,727)
2022	1,780	130,912,086	(105,700,952)	147	307,150	(82,909)	15	119,502	(3,031)	-	-	-	272	131,338,738	(105,786,892)
Total	**3,450**	**205,586,183**	**(149,892,418)**	**2,326**	**13,246,717**	**(11,237,556)**	**499**	**4,974,554**	**(176,147)**	**29**	**3,824,778**	**(3,020,356)**	**4,634**	**227,632,232**	**(164,326,477)**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by type of analysis and segment is detailed as follows:

Values expressed in thousand Kz

	Individual impairment		Collective impairment		Total	
2023	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Corporate Customers	187,549,579	(154,085,901)	26,286,760	(19,392,516)	213,836,339	(173,478,417)
Individual Customers	6,048,357	(6,048,357)	12,163,417	(10,497,795)	18,211,774	(16,546,152)
Employees	-	-	4,129,893	(152,776)	4,129,893	(152,776)
State	2,986,372	(2,492,862)	792,396	(357,757)	3,778,768	(2,850,619)
Total	**196,584,308**	**(162,627,120)**	**43,372,466**	**(30,400,844)**	**239,956,774**	**(193,027,964)**

Values expressed in thousand Kz

	Individual impairment		Collective impairment		Total	
2022 (Restated)	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Corporate Customers	176,938,804	(132,310,423)	28,647,379	(17,581,995)	205,586,183	(149,892,418)
Individual Customers	9,505,073	(7,495,912)	3,741,644	(3,741,644)	13,246,717	(11,237,556)
Employees	-	-	4,974,554	(176,147)	4,974,554	(176,147)
State	2,986,373	(2,571,774)	838,405	(448,582)	3,824,778	(3,020,356)
Total	**189,430,250**	**(142,378,109)**	**38,201,982**	**(21,948,368)**	**227,632,232**	**(164,326,477)**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by type of analysis and activity sector is detailed as follows:

Values expressed in thousand Kz

	Individual impairment		Collective impairment		Total	
2023	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Agriculture, livestock, hunting, forestry and fisheries	138,036,790	(116,379,469)	847,756	(820,902)	138,884,546	(117,200,371)
Wholesale and retail trade; repair of motor vehicles and motorcycles	33,264,945	(26,125,323)	3,414,388	(1,968,577)	36,679,333	(28,093,900)
Individual Customers	6,048,357	(6,048,357)	18,478,066	(17,767,064)	24,526,423	(23,815,421)
Other service activities	5,000,900	(3,748,803)	13,890,302	(6,525,696)	18,891,202	(10,274,499)
Accommodation, catering (restaurants and similar)	7,392,533	(3,977,896)	43,039	(13,667)	7,435,572	(3,991,563)
Administrative and supporting service activities	3,854,410	(3,854,410)	377,864	(283,138)	4,232,274	(4,137,548)
Financial and insurance activities	2,986,373	(2,492,862)	4,446	(22,988)	2,990,819	(2,515,850)
Manufacturing industries	-	-	2,324,755	(365,282)	2,324,755	(365,282)
Construction	-	-	1,069,133	(828,669)	1,069,133	(828,669)
Consulting, scientific, technical and similar activities	-	-	1,021,778	(697,480)	1,021,778	(697,480)
Transport and storage	-	-	852,429	(763,925)	852,429	(763,925)
Information and communication activities	-	-	329,399	(55,458)	329,399	(55,458)
Public administration and defence; mandatory social security	-	-	275,521	(124,180)	275,521	(124,180)
Water capture, treatment and distribution, sanitation, public health and similar activities	-	-	76,067	(69,702)	76,067	(69,702)
Education	-	-	7,783	(4,570)	7,783	(4,570)
Other	-	-	359,740	(89,546)	359,740	(89,546)
Total	**196,584,308**	**(162,627,120)**	**43,372,466**	**(30,400,844)**	**239,956,774**	**(193,027,964)**

Values expressed in thousand Kz

2022 (Restated)	Individual impairment		Collective impairment		Total	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Agriculture, livestock, hunting, forestry and fisheries	131,444,701	(94,562,925)	581,144	(534,128)	132,025,845	(95,097,053)
Individual Customers	7,640,672	(1,511,625)	14,277,046	(1,319,631)	21,917,718	(2,831,256)
Wholesale and retail trade; repair of motor vehicles and motorcycles	23,797,960	(22,763,317)	6,096,330	(3,963,733)	29,894,290	(26,727,050)
Other service activities	8,043,492	(5,872,234)	14,105,698	(13,577,425)	22,149,190	(19,449,659)
Accommodation, catering (restaurants and similar)	7,392,677	(4,476,207)	21,732	(8,152)	7,414,409	(4,484,359)
Real estate activities	2,891,992	(1,026,807)	841,015	(616,098)	3,733,007	(1,642,905)
Human health and social action activities	-	-	5,462	(2,663)	5,462	(2,663)
Other	8,218,756	(12,164,994)	2,273,555	(1,926,538)	10,492,311	(14,091,532)
Total	**189,430,250**	**(142,378,109)**	**38,201,982**	**(21,948,368)**	**227,632,232**	**(164,326,477)**

As at 31 December 2023 and 2022, the distribution of restructured loans by restructuring measure is detailed as follows:

Values expressed in thousand Kz

	2023											
	Stage 1			Stage 2			Stage 3			Total		
Measure applied	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Capitalisation of interest	-	-	-	1	-	-	15	135,842,400	(116,457,998)	16	135,842,400	(116,457,998)
Overdraft settlement	-	-	-	-	-	-	3	19,055,354	(19,031,560)	3	19,055,354	(19,031,560)
Aggregation of loans	-	-	-	2	194,723	(27,428)	20	17,928,083	(14,493,399)	22	18,122,806	(14,520,827)
Extension of period	-	-	-	2	10,006	(1,995)	4	7,521,578	(4,084,317)	6	7,531,584	(4,086,312)
Renewal of period	-	-	-	-	-	-	12	1,383,438	(1,213,149)	12	1,383,438	(1,213,149)
Currency conversion	-	-	-	1	37,855	(24,788)	3	1,233,379	(1,224,831)	4	1,271,234	(1,249,619)
Transformation of escrow current account into escrow loan account	-	-	-	-	-	-	2	512,400	(469,518)	2	512,400	(469,518)
Limit reduction	-	-	-	1	26,760	(135)	2	221,308	(202,787)	3	248,068	(202,922)
Transformation of escrow current account	-	-	-	-	-	-	2	78,993	-	2	78,993	-
Limit strengthening	-	-	-	-	-	-	2	45,413	(8,927)	2	45,413	(8,927)
Escrow current account settlement	-	-	-	-	-	-	1	26,362	(15,428)	1	26,362	(15,428)
Total	**-**	**-**	**-**	**7**	**269,344**	**(54,346)**	**66**	**183,848,708**	**(157,201,914)**	**73**	**184,118,052**	**(157,256,260)**

Values expressed in thousand Kz

	2022 Restated											
	Stage 1			Stage 2			Stage 3			Total		
Measure applied	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Capitalisation of interest	-	-	-	1	13,554	(3,029)	13	128,692,007	(98,389,217)	14	128,705,561	(98,392,246)
Overdraft settlement	-	-	-	-	-	-	1	15,558,969	(15,558,969)	1	15,558,969	(15,558,969)
Extension of period	-	-	-	3	874,168	(28,456)	7	8,741,154	(5,635,288)	10	9,615,322	(5,663,744)
Period of grace	-	-	-	-	-	-	5	6,383,705	(4,953,868)	5	6,383,705	(4,953,868)
Limit strengthening	-	-	-	-	-	-	5	4,680,888	(3,193,649)	5	4,680,888	(3,193,649)
Debt assumption	-	-	-	-	-	-	1	3,899,028	(3,899,028)	1	3,899,028	(3,899,028)
Interest relief	-	-	-	-	-	-	1	2,798,577	(2,798,577)	1	2,798,577	(2,798,577)
Rate change	-	-	-	-	-	-	2	1,259,386	(1,259,386)	2	1,259,386	(1,259,386)
Renewal of period	-	-	-	-	-	-	4	916,996	(806,922)	4	916,996	(806,922)
Currency conversion	-	-	-	3	200,163	(53,797)	2	675,512	(681,732)	5	875,675	(735,529)
Aggregation of loans	-	-	-	1	174,714	(23,310)	3	479,200	(303,870)	4	653,914	(327,180)
Transformation of escrow current account into escrow loan account	-	-	-	1	27,478	-	2	512,400	(376,598)	3	539,878	(376,598)
Regularization of the overdraft	-	-	-	-	-	-	2	381,725	(291,714)	2	381,725	(291,714)
Currency change	-	-	-	-	-	-	1	334,346	(318,821)	1	334,346	(318,821)
Limit reduction	-	-	-	-	-	-	1	217,810	(180,197)	1	217,810	(180,197)
Settlement of escrow current account	-	-	-	1	32,838	(7,390)	1	3,753	(3,415)	2	36,591	(10,805)
Reduction of period	-	-	-	1	27,788	(216)	-	-	-	1	27,788	(216)
Default on escrow current account	-	-	-	-	-	-	1	24,181	(20,006)	1	24,181	(20,006)
Transformation of escrow current account	-	-	-	-	-	-	1	18,664	(15,441)	1	18,664	(15,441)
Transformation leasing into escrow loan account	-	-	-	1	112	(16)	-	-	-	1	112	(16)
Total	**-**	**-**	**-**	**12**	**1,350,815**	**(116,214)**	**53**	**175,578,301**	**(138,686,698)**	**65**	**176,929,116**	**(138,802,912)**

As at 31 December 2023 and 2022, the composition of restructured loans is detailed as follows:

Values expressed in thousand Kz

Restructured loans	Year 2023			
	Credit			Impairment
	Outstanding	Overdue	Total	
Corporate Customers	**126,126,080**	**53,090,927**	**179,217,007**	**(153,098,847)**
State	**-**	**2,986,373**	**2,986,373**	**(2,492,862)**
Individual Customers				
Mortgage	76,768	570,735	647,503	(553,207)
Consumer	-	9,673	9,673	(8,815)
Other purposes	190,582	1,066,914	1,257,496	(1,102,529)
	267,350	**1,647,322**	**1,914,672**	**(1,664,551)**
Total	**126,393,430**	**57,724,622**	**184,118,052**	**(157,256,260)**

Values expressed in thousand Kz

Restructured loans	Year 2022 (Restated)			
	Credit			Impairment
	Outstanding	Overdue	Total	
Corporate Customers	**135,661,294**	**36,806,732**	**172,468,026**	**(135,096,039)**
State	**2,239,247**	**747,126**	**2,986,373**	**(2,571,774)**
Individual Customers				
Mortgage	523,668	55,243	578,911	(414,158)
Consumer	186,226	2,983	189,209	(36,209)
Other purposes	526,368	180,229	706,597	(684,732)
	1,236,262	**238,455**	**1,474,717**	**(1,135,099)**
Total	**139,136,803**	**37,792,313**	**176,929,116**	**(138,802,912)**

As at 31 December 2023 and 2022, the composition of loans and advances to Customers and loans overdue without impairment, by stage, is detailed as follows:

Values expressed in thousand Kz

Loans and advances to Customers	31/12/2023				
	Outstanding loans associated with loans overdue	Stages of default			Total
		Stage 1	Stage 2	Stage 3	
Loans without impairment					
Based on individual analysis	4,173,539	-	-	-	4,173,539
Based on collective analysis	4,934,276	598,659	42,806	23	5,575,764
	9,107,815	**598,659**	**42,806**	**23**	**9,749,303**
With impairment assigned based on individual analysis					
Loans and interest overdue	138,260,863	-	-	54,149,906	192,410,769
Impairment	(115,403,577)	-	-	(47,223,543)	(162,627,120)
	22,857,286	**-**	**-**	**6,926,363**	**29,783,649**
With impairment assigned based on collective analysis					
Loans and interest overdue	4,113,256	79,729	350,774	33,252,943	37,796,702
Impairment	(716,915)	(2,109)	(44,724)	(29,637,096)	(30,400,844)
	3,396,341	**77,620**	**306,050**	**3,615,847**	**7,395,858**
Total	**35,361,442**	**676,279**	**348,856**	**10,542,233**	**46,928,810**

Values expressed in thousand Kz

Loans and advances to Customers	Year 2022 (Restated)				
	Outstanding loans associated with loans overdue	Stages of default			Total
		Stage 1	Stage 2	Stage 3	
Loans without impairment					
Based on individual analysis	3,494,557	-	6,096	2,587,674	6,088,327
Based on collective analysis	-	-	-	-	-
	3,494,557	**-**	**6,096**	**2,587,674**	**6,088,327**
With impairment assigned based on individual analysis					
Loans and interest overdue	163,098,455	-	-	20,243,468	183,341,923
Impairment	(126,233,400)	-	-	(16,144,709)	(142,378,109)
	36,865,055	**-**	**-**	**4,098,759**	**40,963,814**
With impairment assigned based on collective analysis					
Loans and interest overdue	27,674,590	109,124	46,797	10,371,471	38,201,982
Impairment	(14,937,366)	(23,843)	(23,614)	(6,963,545)	(21,948,368)
	12,737,224	**85,281**	**23,183**	**3,407,926**	**16,253,614**
Total	**53,096,836**	**85,281**	**29,279**	**10,094,359**	**63,305,755**

As at 31 December 2023 and 2022, the composition of loans by impairment stage is detailed as follows:

Values expressed in thousand Kz

Loans and advances to Customers	Year 2023			
	Stages of default			Total
	Stage 1	Stage 2	Stage 3	
Corporate Customers	**7,152,682**	**329,578**	**206,354,079**	**213,836,339**
Individual Customers				
Mortgage	681,813	183,475	3,791,303	4,656,591
Consumer	226,492	33,210	163,736	423,438
Other purposes	87,901	234,920	12,808,924	13,131,745
	996,206	**451,605**	**16,763,963**	**18,211,774**
Total	**8,148,888**	**781,183**	**223,118,042**	**232,048,113**

Values expressed in thousand Kz

Loans and advances to Customers	31/12/2022 (Restated)			
	Stages of default			Total
	Stage 1	Stage 2	Stage 3	
Corporate Customers	**12,120,195**	**1,433,917**	**192,032,071**	**205,586,183**
Individual Customers				
Mortgage	239,719	148,983	2,393,867	2,782,569
Consumer	301,190	187,187	3,007,727	3,496,104
Other purposes	600,298	373,080	5,994,666	6,968,044
	1,141,207	**709,250**	**11,396,260**	**13,246,717**
Total	**13,261,402**	**2,143,167**	**203,428,331**	**218,832,900**

As at 31 December 2023 and 2022, the fair value of the guarantees underlying the Customer loan portfolio of the corporate, construction, real estate development and residential segments is detailed as follows:

Values expressed in thousand Kz

Fair value	Year 2023											
	Corporate Customers				Property development construction				Mortgage			
	Real estate properties		Other asset-backed collateral		Real estate properties		Other asset-backed collateral		Real estate properties		Other asset-backed collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< Kz 50M	1	1,900	25	460,836	-	-	-	-	121	1,785,417	474	2,905,164
≥ Kz 50M & < KZ 100M	-	-	14	946,017	-	-	-	-	12	900,753	11	730,632
≥ Kz 100M & < KZ 500M	47	12,125,474	36	8,310,984	29	9,424,648	1	311,874	23	6,305,468	10	2,891,858
≥ Kz 500M & < KZ 1000M	7	5,223,812	17	11,667,468	-	-	1	639,978	-	-	4	2,577,448
≥ Kz 1000M & < KZ 200M	1	1,311,500	10	13,633,890	-	-	-	-	-	-	-	-
≥ Kz 2000M & < KZ 5000M	3	9,947,540	9	24,862,629	-	-	3	12,178,986	-	-	1	3,245,195
≥ Kz 5000M	2	21,036,418	8	368,744,400	5	164,980,445	2	29,309,365	1	20,734,425	1	5,962,030
Total	**61**	**49,646,644**	**119**	**428,626,224**	**34**	**174,405,093**	**7**	**42,440,203**	**157**	**29,726,063**	**501**	**18,312,327**

Values expressed in thousand Kz

Fair value	31/12/2022 (Restated)											
	Corporate Customers				Property development construction				Mortgage			
	Real estate properties		Other asset-backed collateral		Real estate properties		Other asset-backed collateral		Real estate properties		Other asset-backed collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< Kz 50M	3	26,627	74	363,445	3	39,091	11	21,556	142	2,271,334	500	4,122,903
≥ Kz 50M & < KZ 100M	-	-	11	764,046	1	56,165	-	-	10	763,549	16	1,104,798
≥ Kz 100M & < KZ 500M	54	11,082,546	56	13,634,614	45	14,744,578	-	-	9	1,941,973	13	3,133,000
≥ Kz 500M & < KZ 1000M	16	10,917,073	13	8,131,847	1	502,944	2	1,279,955	-	-	8	6,097,412
≥ Kz 1000M & < KZ 200M	-	-	10	14,506,121	-	-	1	1,071,135	-	-	2	3,369,158
≥ Kz 2000M & < KZ 5000M	1	2,694,173	5	14,670,421	-	-	4	15,931,637	-	-	2	6,873,863
≥ Kz 5000M	2	36,283,240	8	114,624,873	8	146,239,455	4	48,358,474	-	-	-	-
Total	**76**	**61,003,659**	**177**	**166,695,367**	**58**	**161,582,233**	**22**	**66,662,757**	**161**	**4,976,857**	**541**	**24,701,134**

As at 31 December 2023 and 2022, the loan to guarantee ratio of the corporate, construction, real estate development and residential segments is detailed as follows:

Values expressed in thousand Kz

Segment/Ratio	Year 2023 Loans at stage 1	Loans at stage 2	Loans at stage 3	Impairment
No associated guarantee	104,589	46,271	19,540,816	(18,296,887)
< 50%	118	-	136,762,625	(126,824,206)
≥ 50% & < 75%	5,592,495	-	12,455,211	(8,005,424)
≥ 75% & < 100%	295,444	119,952	8,273,968	(4,410,241)
≥ 100%	1,163,940	173,100	4,511,945	(1,811,651)
Corporate Customers	**7,156,586**	**339,323**	**181,544,565**	**(159,348,409)**
No associated guarantee	15,824	579	1,504,782	(1,237,101)
< 50%	-	-	563,350	(464,583)
≥ 50% & < 75%	-	-	-	-
≥ 75% & < 100%	-	-	-	-
≥ 100%	-	-	14,026,454	(15,262,178)
Construction and real estate development	**15,824**	**579**	**16,094,586**	**(16,963,862)**
No associated guarantee	2,347,561	188,545	2,570,349	(2,686,851)
< 50%	1,930,320	29,406	1,140,337	(1,015,616)
≥ 50% & < 75%	93,862	-	66,349	(32,699)
≥ 75% & < 100%	181,189	-	-	(646)
≥ 100%	62,415	6,074	52,118	(669)
Mortgage	**4,615,347**	**224,025**	**3,829,153**	**(3,736,481)**
Total	**11,787,757**	**563,927**	**201,468,304**	**(180,048,752)**

Values expressed in thousand Kz

Segment/Ratio	Year 2022 (Restated) Loans at stage 1	Loans at stage 2	Loans at stage 3	Impairment
No associated guarantee	2,105,998	251,541	131,535,200	(107,283,178)
< 50%	6,711,111	176,550	27,186,430	(22,390,085)
≥ 50% & < 75%	1,106,650	-	5,007,092	(4,539,167)
≥ 75% & < 100%	1,070,295	874,168	15,199,919	(7,032,812)
≥ 100%	870,918	129,277	1,521,360	(435,345)
Corporate Customers	**11,864,972**	**1,431,536**	**180,450,001**	**(141,680,587)**
No associated guarantee	371	2,381	1,012,225	(785,188)
< 50%	-	-	475,238	(353,854)
≥ 50% & < 75%	-	-	-	-
≥ 75% & < 100%	-	-	1,579,117	(443,429)
≥ 100%	-	-	-	-
Construction and real estate development	**371**	**2,381**	**3,066,580**	**(1,582,471)**
No associated guarantee	2,511,205	290,174	1,944,649	(2,115,382)
< 50%	2,072,612	141,970	746,597	(755,326)
≥ 50% & < 75%	272,516	160,504	49,855	(53,653)
≥ 75% & < 100%	191,804	4,969	41,468	(42,682)
≥ 100%	-	-	-	-
Mortgage	**5,048,137**	**597,617**	**2,782,569**	**(2,967,043)**
Total	**16,913,480**	**2,031,534**	**186,299,150**	**(146,230,101)**

As at 31 December 2023 and 2022, the fair value and net carrying amount of the properties received in lieu of repayment or foreclosure, by type of property, are detailed as follows:

Values expressed in thousand Kz

Type of property	31/12/2023			31/12/2022 (Restated)		
	Number of properties	**Fair value of the asset**	**Net carrying amount**	Number of properties	Fair value of the asset	Net carrying amount
Land						
Urban	**4**	**8,180,656**	**2,071,291**	4	8,332,360	3,546,802
Rural	**1**	**5,081,162**	**1,533,217**	1	969,065	465,816
Buildings under construction						
Mortgage	**1**	**2,248,847**	**791,278**	1	6,287,911	6,287,911
Constructed buildings						
Mortgage	**97**	**19,477,235**	**12,745,151**	5	7,491,854	5,682,880
Total	**103**	**34,987,900**	**17,140,937**	**11**	**23,081,190**	**15,983,409**

As at 31 December 2023 and 2022, the net carrying amount of the properties received in lieu of repayment or foreclosure, by type of property and type of property, is detailed as follows:

Values expressed in thousand Kz

Time elapsed since received in lieu of repayment/foreclosure	31/12/2023				
	< 1 year	≥ 1 year e < 2,5 years	≥ 2,5 years e < 5 years	≥ 5 years	Total
Land					
Urban	-	-	-	2,071,292	2,071,292
Rural	-	-	-	1,533,217	1,533,217
Buildings under construction					
Mortgage	-	-	1,127,446	-	1,127,446
Constructed buildings					
Mortgage	-	-	12,408,982	-	12,408,982
Total	**-**	**-**	**13,536,428**	**3,604,509**	**17,140,937**

Values expressed in thousand Kz

Time elapsed since received in lieu of repayment/foreclosure	31/12/2022 (Restated)				
	< 1 year	≥ 1 year e < 2,5 years	≥ 2,5 years e < 5 years	≥ 5 years	Total
Land					
Urban	-	3,546,802	-	-	3,546,802
Rural	-	465,816	-	-	465,816
Buildings under construction					
Mortgage	6,287,911	-	-	-	6,287,911
Constructed buildings					
Mortgage	5,682,880	-	-	-	5,682,880
Total	**11,970,791**	**4,012,618**	**-**	**-**	**15,983,409**

As at 31 December 2023 and 2022, the distribution of loans by internal risk levels is detailed as follows:

Values expressed in thousand Kz

Segment	31/12/2023		
	Low risk level	Medium risk level	High risk level
Corporate Customers	**136,859,152**	**1,704,555**	**75,272,632**
Employees	4,014,494	70,054	45,345
State	280,320	-	3,498,448
Individual Customers	1,496,157	146,409	16,569,208
Total	**142,650,123**	**1,921,018**	**95,385,633**

Values expressed in thousand Kz

Segment	31/12/2022 (Restated)		
	Low risk level	Medium risk level	High risk level
Corporate Customers	**143,157,093**	**3,267,381**	**59,161,709**
Employees	2,275,988	362,009	10,608,720
State	4,764,967	120,713	88,874
Individual Customers	848,508	-	2,976,270
Total	**151,046,556**	**3,750,103**	**72,835,573**

As at 31 December 2023 and 2022, the disclosure of the risk factors associated with the impairment model by segment is detailed as follows:

Segment	31/12/2023				31/12/2022 (Restated)			
	Probability of default (%)			Loss given default (%)	Probability of default (%)			Loss given default (%)
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Corporate Customers	8.59%	27.95%	100.00%	66%	8.60%	27.96%	100.00%	59.00%
Employees	2.93%	17.22%	100.00%	91%	2.76%	13.30%	100.00%	91.01%
State	0.00%	0.00%	100.00%	45%	1.64%	1.64%	100.00%	45.00%
Individual Customers	7.31%	25.29%	99.92%	93%	7.79%	25.50%	100.00%	91.01%
Average	**4.71%**	**17.61%**	**99.98%**	**73.79%**	**5.20%**	**17.10%**	**100.00%**	**71.50%**

The incorporation of forward-looking information presents the following details:

	2022	**2023**	2024	2025	2026
Inflation Rate Lag 2 Y					
Baseline scenario	16.90%	**15.00%**	9.78%	6.90%	6.90%
LUIBOR Rate Overnight Lag 1 Y					
Baseline scenario	22.48%	**22.48%**	22.48%	22.48%	22.48%
Year-on-Year Change of USD/AOA Exchange Rate Lag 1 Y					
Baseline scenario	2.81%	**0.00%**	0.00%	0.00%	0.00%
Consumer Price Index Log					
Baseline scenario	5.84	**5.90**	5.96	6.02	6.08
MA 12M Oil Prices USD					
Baseline scenario	58.55	**59.65**	60.80	61.95	63.1

Note 10
Non-current assets held for sale

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Real estate associated with the INVESTPAR operation reversal	138,913,572	-
Other real estate properties	18,673,360	3,328
Total	**157,586,932**	**3,328**

As at 31 December 2023, the heading of "Real estate associated with the INVESTPAR operation reversal" corresponds to the properties received in the context of the reversal of the asset transfer operation with INVESTPAR (Note 15). This heading includes the sum of Kz 6,009,776 thousand calculated by the Bank, pursuant to the valuation benchmarks of the independent experts' valuation reports obtained for similar properties, considering that some properties were partially appraised. The property registration procedures have not yet been completed for most of the properties.

As at 31 December 2023, the heading of "Other real estate properties" corresponds to properties previously held by the Bank and classified under the heading of "Other assets", originating from processes of assets given in lieu of repayment underway for settlement of loans to Customers and properties that are no longer assigned to the business, which are classified under this heading following the definition of a plan for their disposal in the short-term. The presented balance includes impairment losses amounting to Kz 1,092,508 thousand (Note 33). The property registration procedures have not yet been completed for properties amounting to Kz 4,385,100 thousand.

No valuation adjustments are expected for the properties associated with property registration procedures that have not yet been completed.

The valuation methodology is described in Note 2.12.

Note 11
Other tangible assets

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Gross value		
Real estate properties		
For own use	**9,005,308**	44,916,492
Works in rented buildings	**1,447,418**	2,349,829
	10,452,726	**47,266,321**
Equipment		
Computer equipment	**4,706,082**	4,543,901
Security equipment	**2,037,854**	2,037,720
Furniture and materials	**1,859,612**	1,859,612
Indoor facilities	**1,713,380**	1,714,262
Transport equipment	**1,166,526**	1,523,675
Machinery and tools	**854,120**	854,120
	12,337,574	**12,533,290**
Tangible assets in progress		
Equipment	**1,144,587**	492,780
Real estate properties	**642,344**	-
	1,786,931	**492,780**
Right-of-use assets		
Real estate properties	**814,429**	2,626,396
	814,429	**2,626,396**
Impairment losses (Note 33)	**(343,680)**	(343,680)
	25,047,980	**62,575,107**
Accumulated depreciation		
Relative to transferred assets	**-**	(96,732)
Relative to previous years	**(13,332,016)**	(19,811,645)
Relative to the current year	**(1,659,377)**	(2,406,174)
	(14,991,393)	**(22,314,551)**
Total	**10,056,587**	**40,260,556**

The promissory purchase and sale agreement for the Bank's former head office was signed on 21 April 2023, for the total value of USD 100,000 thousand, with the agreement's first instalment (60% of the transaction value) having been received during the month of August 2023, after the Bank's settlement of the tax associated with the transaction, with the asset's derecognition on that date and recording of the corresponding capital gain amounting to Kz 53,979,218 thousand (Note 29). The heading of "Other assets" includes the value receivable associated with that agreement (40% of the transaction value) (Note 15).

As at 31 December 2023 and 2022, the heading of "Real estate properties for own use" includes properties amounting to Kz 1,686,280 thousand and Kz 2,335,767 thousand, for which the property registration procedures have not yet been completed. No valuation adjustments are expected for the properties associated with property registration procedures that have not yet been completed.

As at 31 December 2023 and 2022, the heading of "Right-of-use assets" corresponds to operating leases pursuant to the requirements of IFRS 16 (Note 2.13.).

Former BE Head Office sold for a total of USD 100,000 thousand.

The movement in this heading is as follows:

Values expressed in thousand Kz

Description	31/12/2022 (Restated)	Acquisitions/ Allocations	Disposals/ Write-offs	Transfers	31/12/2023
Gross value					
Real estate properties					
For own use	44,916,492	-	(35,911,184)	-	**9,005,308**
Works in rented buildings	2,349,829	-	(902,411)	-	**1,447,418**
	47,266,321	**-**	**(36,813,595)**	**-**	**10,452,726**
Equipment					
Computer equipment	4,543,901	162,181	-	-	**4,706,082**
Security equipment	2,037,720	134	-	-	**2,037,854**
Furniture and materials	1,859,612	-	-	-	**1,859,612**
Indoor facilities	1,714,262	4,633	(5,515)	-	**1,713,380**
Transport equipment	1,523,675	-	(357,149)	-	**1,166,526**
Machinery and tools	854,120	-	-	-	**854,120**
	12,533,290	**166,948**	**(362,664)**	**-**	**12,337,574**
Tangible assets in progress					
Equipment	492,780	651,807	-	-	**1,144,587**
Real estate properties	-	642,344	-	-	**642,344**
	492,780	**1,294,151**	**-**	**-**	**1,786,931**
Right-of-use assets					
Real estate properties	2,626,396	-	(1,811,967)	-	**814,429**
	2,626,396	**-**	**(1,811,967)**	**-**	**814,429**
	62,918,787	**1,461,099**	**(38,988,226)**	**-**	**25,391,660**
Impairment losses (Note 33)	**(343,680)**	**-**	**-**	**-**	**(343,680)**
Accumulated depreciation					
Real estate properties					
For own use	(7,786,947)	(610,274)	6,746,898	-	**(1,650,323)**
Works in rented buildings	(2,243,393)	(102,494)	289,124	-	**(2,056,763)**
	(10,030,340)	**(712,768)**	**7,036,022**	**-**	**(3,707,086)**
Equipment					
Computer equipment	(3,170,451)	(513,243)	-	-	**(3,683,694)**
Security equipment	(1,896,440)	(32,292)	-	-	**(1,928,732)**
Furniture and materials	(1,728,556)	(84,086)	-	-	**(1,812,642)**
Indoor facilities	(1,560,222)	(53,467)	-	-	**(1,613,689)**
Transport equipment	(1,823,969)	(201,214)	1,044,661	-	**(980,522)**
Machinery and tools	(667,836)	(62,307)	-	-	**(730,143)**
	(10,847,474)	**(946,609)**	**1,044,661**	**-**	**(10,749,422)**
Right-of-use assets					
Real estate properties	(1,436,737)	(371,815)	1,273,667	-	**(534,885)**
	(1,436,737)	**(371,815)**	**1,273,667**	**-**	**(534,885)**
	(22,314,551)	**(2,031,192)**	**9,354,350**	**-**	**(14,991,393)**
Total	**40,260,556**	**(570,093)**	**(29,633,876)**	**-**	**10,056,587**

Values expressed in thousand Kz

Description	31/12/2021 (Restated)	Acquisitions/ Allocations	Disposals/ Write-offs	Transfers	31/12/2022 (Restated)
Gross value					
Real estate properties					
For own use	45,016,770	165,695	(265,973)	-	44,916,492
Works in rented buildings	2,347,430	2,399	-	-	2,349,829
	47,364,200	**168,094**	**(265,973)**	**-**	**47,266,321**
Equipment					
Computer equipment	4,208,201	238,320	(461)	97,841	4,543,901
Security equipment	2,004,552	33,168	-	-	2,037,720
Furniture and materials	1,857,232	2,380	-	-	1,859,612
Indoor facilities	1,707,324	6,938	-	-	1,714,262
Transport equipment	1,477,145	46,530	-	-	1,523,675
Machinery and tools	823,248	30,872	-	-	854,120
	12,077,702	**358,208**	**(461)**	**97,841**	**12,533,290**
Tangible assets in progress					
Equipment	417,821	172,800	-	(97,841)	492,780
Real estate properties	12,762	-	(12,762)	-	-
	430,583	**172,800**	**(12,762)**	**(97,841)**	**492,780**
Right-of-use assets					
Real estate properties	2,626,396	-	-	-	2,626,396
	2,626,396	**-**	**-**	**-**	**2,626,396**
	62,498,881	**699,102**	**(279,196)**	**-**	**62,918,787**
Impairment losses (Note 33)	**(609,504)**	**-**	**265,824**	**-**	**(343,680)**
Accumulated depreciation					
Real estate properties					
For own use	(7,435,588)	(351,359)	-	-	(7,786,947)
Works in rented buildings	(2,239,255)	(35,928)	31,790	-	(2,243,393)
	(9,674,843)	**(387,287)**	**31,790**	**-**	**(10,030,340)**
Equipment					
Computer equipment	(2,686,136)	(484,780)	465	-	(3,170,451)
Security equipment	(1,866,545)	(29,895)	-	-	(1,896,440)
Furniture and materials	(1,603,896)	(124,660)	-	-	(1,728,556)
Indoor facilities	(1,500,882)	(59,340)	-	-	(1,560,222)
Transport equipment	(1,009,059)	(817,642)	2,732	-	(1,823,969)
Machinery and tools	(595,429)	(72,407)	-	-	(667,836)
	(9,261,947)	**(1,588,724)**	**3,197**	**-**	**(10,847,474)**
Right-of-use assets					
Real estate properties	(1,139,905)	(296,832)	-	-	(1,436,737)
	(1,139,905)	**(296,832)**	**-**	**-**	**(1,436,737)**
	(20,076,695)	**(2,272,843)**	**34,987**	**-**	**(22,314,551)**
Total	**41,812,682**	**(1,573,741)**	**21,615**	**-**	**40,260,556**

Note 12
Intangible assets

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Gross value		
Automated data treatment system (software)	**12,293,652**	11,789,926
Other	**394,021**	391,474
	12,687,673	**12,181,400**
Accumulated amortisation		
Relative to previous years	**(3,996,813)**	(2,823,247)
Relative to the current year	**(1,268,111)**	(1,173,566)
	(5,264,924)	**(3,996,813)**
Total	**7,422,749**	**8,184,587**

The movement in this heading is as follows:

Values expressed in thousand Kz

Description	31/12/2022 (Restated)	Acquisitions/ Allocations	Transfers	31/12/2023
Gross value				
Automated data treatment system (software)	11,789,926	328,460	175,266	**12,293,652**
Other	391,474	177,813	(175,266)	**394,021**
	12,181,400	506,273	-	**12,687,673**
Accumulated amortisation				
Automated data treatment system (software)	(3,996,813)	(1,268,111)	-	**(5,264,924)**
	(3,996,813)	(1,268,111)	-	**(5,264,924)**
Total	**8,184,587**	**(761,838)**	**-**	**7,422,749**

Values expressed in thousand Kz

Description	31/12/2021 (Restated)	Acquisitions/ Allocations	Transfers	31/12/2022 (Restated)
Gross value				
Automated data treatment system (software)	10,595,538	707,396	486,992	11,789,926
Other	651,944	226,522	(486,992)	391,474
	11,247,482	933,918	-	12,181,400
Accumulated amortisation				
Automated data treatment system (software)	(2,823,242)	(1,173,571)	-	(3,996,813)
	(2,823,242)	(1,173,571)	-	(3,996,813)
Total	**8,424,240**	**(239,653)**	**-**	**8,184,587**

Note 13
Investments in subsidiaries, associates and joint ventures

This heading has the following composition:

Values expressed in thousand Kz

31/12/2023	Number of shares	Share capital	Direct equity holding	Nominal Value Kz	Cost of the holding	Reserves	Profit or loss attributable the Bank	Carrying amount
Tranquilidade - Companhia Angolana de Seguros, S.A.	1,050	747,790	21%	157,035	363,876	1,925,276	(9,093)	2,280,059
Económico Fundos de Pensões - SGFP, S.A.	10,000	1,000,000	96%	962,000	962,000	604,285	299,161	1,865,446
Económico Fundos de Investimento - SGOIC, S.A.	1,000	90,000	62%	55,800	55,800	702,051	228,505	986,356
Total	**12,050**	**1,837,790**		**1,174,835**	**1,381,676**	**3,231,612**	**518,573**	**5,131,861**

Values expressed in thousand Kz

31/12/2022 (Restated)	Number of shares	Share capital	Direct equity holding	Value in share capital	Cost of the holding	Reserves	Profit or loss attributable the Bank	Carrying amount
Económico Fundos de Pensões - SGFP, S.A.	10,000	1,000,000	96%	962,000	962,000	259,578	388,971	1,610,549
Económico Fundos de Investimento - SGOIC, S.A.	1,000	90,000	62%	55,800	55,800	855,944	(73,950)	837,794
Tranquilidade - Companhia Angolana de Seguros, S.A.	1,050	747,790	21%	157,035	363,876	(347,349)	695,838	712,365
	12,050	**1,837,790**		**1,174,835**	**1,381,676**	**768,173**	**1,010,859**	**3,160,708**
Impairment losses (Note 33)								(712,365)
Total	**12,050**	**1,837,790**		**1,174,835**	**1,381,676**	**768,173**	**1,010,859**	**2,448,343**

During the year ended 31 December 2023, the valuation of the holding in Tranquilidade – Companhia Angolana de Seguros, S.A. was updated after having received updated financial Information and because the Independent Auditor's Report no longer included material uncertainty on business continuity, following the clarification of the tax contingencies identified by the General Tax Administration on the financial years of 2015 and 2016.

As at 31 December 2023 and 2022, the key indicators of the financial statements of the Bank's holdings are detailed as followed:

Values expressed in thousand Kz

	Financial indicators of the investees				
31/12/2023	Assets	Liabilities	Share capital	Reserves	Net income
Tranquilidade - Companhia Angolana de Seguros, S.A.	28,066,748	16,391,287	747,790	9,668,662	1,259,009
Económico Fundos de Pensões - SGFP, S.A.	2,028,980	85,807	1,000,000	631,547	311,626
Económico Fundos de Investimento - SGOIC, S.A.	1,902,069	311,171	90,000	1,132,342	368,556
	31,997,797	**16,788,265**	**1,837,790**	**11,432,551**	**1,939,191**

Values expressed in thousand Kz

	Financial indicators of the investees				
31/12/2022	Assets	Liabilities	Share capital	Reserves	Net income
Tranquilidade - Companhia Angolana de Seguros, S.A.	24,389,864	14,389,762	747,790	5,938,797	3,313,515
Económico Fundos de Pensões - SGFP, S.A.	1,850,254	214,085	1,000,000	230,990	405,179
Económico Fundos de Investimento - SGOIC, S.A.	1,432,950	105,904	90,000	1,351,522	(114,476)
	27,673,068	**14,709,751**	**1,837,790**	**7,521,309**	**3,604,218**

Note 14
Taxes

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Current tax assets	**1,999,003**	1,990,496
Current tax liabilities	**(29,211)**	(19,720)

As at 31 December 2023 and 2022, current tax assets include the balance associated with the provisional settlement of income tax for 2019, amounting to Kz 1,450,599 thousand. Considering that there were no taxable profits, the allocation of a tax credit has been requested. Nonetheless, as this financial year has not yet been inspected, the Bank can only be reimbursed for this amount when the General Tax Administration has conducted its inspection for 2019.

As at 31 December 2023 and 2022, the reconciliation of the tax rate, as regards the amount recognised in profit or loss, is detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023		31/12/2022 (Restated)	
	%	**Value**	%	Value
Profit or loss before tax		**(297,884,051)**		**(37,953,342)**
Income excluded from taxation	-11%	**31,589,432**	19%	(7,187,273)
Unforeseen provisions	0%	**842,130**	-17%	6,451,164
Non-deductible expenses/ (income)	10%	**(28,476,094)**	68%	(25,767,315)
Taxable profit/(Tax loss)		**(293,928,583)**		(64,456,766)
Tax for the year		**-**		**-**

Income from public debt securities (Treasury Bonds and Treasury Bills) issued by the Angolan state after 31 December 2012 is subject to Capital Gains Tax, as stipulated in Article 9(1)(k) of Presidential Legislative Decree No. 2/2014 of 20 October. Income subject to Capital Gains Tax is not subject to Industrial Tax, in accordance with Article 47 of the Industrial Tax Code (Law No. 19/14 of 12 October). Taxable profit arises from the deduction of income from public debt securities and addition of expenses related to the settlement of Capital Gains Tax.

The publication of Law No. 26/20 of 20 July introduced new rules to determine taxable income, namely: (i) exclusion from tax relevance in the calculation of taxable profit of income and costs with unrealised exchange differences; ii) non-acceptance of provisions constituted on guaranteed loans as deductible for tax purposes, except in the unsecured part.

As at 31 December 2023, the Bank calculated deferred tax liabilities relating to potential exchange rate variations amounting to Kz 15,143,102 thousand, and deferred tax assets relating to impairment for the year not accepted, relative to loans with guarantees and tax losses generated, amounting to Kz 923,925 thousand and Kz 840,555,568 thousand, respectively. In view of the existence of sufficient taxable temporary differences related to the same tax authority, which are expected to reverse in the same period as the expected reversal of the deductible temporary difference, the Bank has offset these deferred tax assets and liabilities.

As at 31 December 2022, the Bank calculated deferred tax liabilities relating to potential exchange rate variations amounting to Kz 54,840,865 thousand, and deferred tax assets relating to impairment for the year not accepted, relative to loans with guarantees and tax losses generated, amounting to Kz 2,059,970 thousand and Kz 515,562,448 thousand, respectively. Since no financial projections are available, on a tax basis, to support the recoverability of the balances, the asset was not recognised.

Note 15
Other assets

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Real estate associated with the INVESTPAR operation reversal	236,894,678	-
Value receivable from the sale of the former head office (Note 11)	33,151,960	-
Ministry of the Economy and Planning value to be settled	7,723,983	7,120,957
Suspended account maintenance expenses	6,099,258	4,817,768
Miscellaneous receivables	6,187,117	4,037,039
Employee benefits	2,171,698	2,357,213
Other advances	1,681,391	1,764,817
Prepayments	940,621	1,160,445
INVESTPAR operation	-	1,453,443,000
Real estate properties	-	16,747,675
Other assets	46,905	137,587
	294,897,611	**1,491,586,501**
Impairment losses (Note 33)		
INVESTPAR operation	-	(921,641,135)
Other	(13,704,492)	(11,774,898)
	(13,704,492)	**(933,416,033)**
Total	**281,193,119**	**558,170,468**

An agreement to reverse the asset transfer operation with INVESTPAR was signed on 15 May 2023, with the consequent reincorporation of the assets previously transferred – loan operations recorded under "Loans and advances to Customers" (Note 9) and properties recorded under "Non-current assets held for sale" (Note 10) and "Other assets" – and derecognition of the receivables under "Other assets", of the payables under "Other liabilities" (Note 20), and appropriation of the INVESTPAR account balance under "Customer resources and other loans" (Note 17). The effect of the operation's reversal on profit or loss is reflected in the heading of "Impairment on other assets, net of reversals and recoveries" (Note 33).

As at 31 December 2023 and 2022, the balances of the asset transfer operation with INVESTPAR and the result of the reversal are detailed as follows:

Values expressed in thousand Kz

Description	Amount
INVESTPAR operation balances as at 31 December 2022 (*)	
Other assets	531,801,865
Customer resources and other loans	(13,263,601)
Other liabilities (Note 20)	(57,520,454)
	461,017,810
Assets arising from the reversal of the INVESTPAR operation as at 31 December 2023	
Loans and advances to Customers (Note 9)	**25,732,553**
Non-current assets held for sale - real estate properties (Note 10)	**138,913,572**
Other assets - real estate properties	**236,894,678**
	401,540,803
Impairment on other assets, net of reversals and recoveries (Note 33)	**(80,525,652)**

(*) Excludes the effect of the Kwanza's devaluation up to the reversal date considering that part of the balances is in USD.

As at 31 December 2023, the heading of "Real estate associated with the INVESTPAR operation reversal" corresponds to the properties received in the context of the reversal of the asset transfer operation with INVESTPAR which fulfil the conditions to be considered in share capital increases in kind to be carried out in 2024 in the real estate investment fund currently being set up, being valued according to the average value of the available valuation reports due to corresponding to the best estimated valuation that will be considered in said capital increases. This heading includes the sum of Kz 63,981,340 thousand calculated by the Bank, pursuant to the valuation benchmarks of the independent experts' valuation reports obtained for similar properties, considering that some properties were partially appraised. The property registration procedures have not yet been completed for most of the properties. No valuation adjustments are expected for the properties associated with property registration procedures that have not yet been completed.

As at 31 December 2023, the heading of "Value receivable from the sale of the former head office" corresponds to the amount receivable associated with the promissory purchase and sale agreement for the former head office (Note 11).

As at 31 December 2023 and 2022, the heading of "Ministry of the Economy and Planning value to be settled" corresponds to the values receivable associated with Stamp Duty on the use of loans submitted to the General Tax Administration and under the Angola Investe programme, with constituted impairment losses of Kz 6,111,231 thousand and Kz 5,870,932 thousand, respectively.

As at 31 December 2023 and 2022, the heading of "Suspended account maintenance expenses" corresponds to the recognition of values receivable of suspended account maintenance expenses for which, given the recoverability expectation, impairment losses were constituted on the full amount.

As at 31 December 2022, the heading of "Real estate properties" corresponds to properties originating from processes of assets given in lieu of repayment underway for settlement of loans to Customers and properties that are no longer assigned to the business, which were reclassified under the heading of "Non-current assets held for sale" in 2023 (Note 10). The presented balance includes impairment losses amounting to Kz 2,196,235 thousand (Note 33).

Share capital increases in kind to be carried out in 2024 in the real estate investment fund currently being set up.

Note 16
Resources from central banks and other credit institutions

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Interbank money market operations		
Banco Nacional de Angola		
Rediscount transactions	**256,962,619**	256,962,619
Liquidity-providing operations	**14,765,241**	4,000,041
Other credit institutions		
In foreign currency	**-**	3,668
	271,727,860	**260,966,328**
Interest payable	**1,204,590**	4,186
Other transactions pending settlement	**21,917**	917,883
Clearance of cheques and other paper	**37,762**	37,762
Total	**272,992,129**	**261,926,159**

As at 31 December 2023 and 2022, the heading of "Rediscount transactions" corresponds to the return, in 2020, of the Bank's payment-in-kind transaction in which the Bank settled the loan with Bank Nacional de Angola, in 2017, through the transfer of values receivable associated with the asset transfer operation with INVESTPAR.

As at 31 December 2023, the heading of "Liquidity-providing operations" and "Interest payable", of the total amount of Kz 15,969,831 thousand, corresponds to liquidity-providing operations remunerated at the interest rate applicable to overnight operations, that present public debt securities held by the Bank as collateral, recorded in the heading of "Financial assets at fair value through other comprehensive income" (Note 7).

As at 31 December 2023 and 2022, the resources from central banks and other credit institutions by residual maturity periods are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to three months	**272,992,129**	261,926,159
Total	**272,992,129**	**261,926,159**

Note 17
Customer resources and other loans

This heading has the following composition:

Values expressed in thousand Kz

Description	Moeda	31/12/2023	31/12/2022 (Restated)
Current deposits			
	In kwanzas	**146,654,872**	85,659,871
	In US dollars	**586,896,244**	230,945,124
	In euros	**5,542,791**	2,062,812
	In other currencies	**34,257**	21,131
		739,128,164	**318,688,938**
Term deposits			
	In kwanzas	**111,462,537**	145,229,378
	In US dollars	**146,682,127**	305,124,708
	In euros	**9,390,775**	7,545,109
		267,535,439	**457,899,195**
Total		**1,006,663,603**	**776,588,133**

As at 31 December 2023, the increase in the heading of "Customer resources and other loans" results from the significant devaluation of the Kwanza against the main foreign currencies, considering that the balances are mostly denominated in foreign currency (Notes 2.3. and 28).

As at 31 December 2023, the heading of "Customer resources and other loans" includes the sum of Kz 13,023,890 thousand associated with revenues recorded by the Bank relative to properties (sales and rentals) to be settled.

As at 31 December 2023 and 2022, Customer resources and other loans by residual maturity periods are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Payable on demand	**739,128,164**	**318,688,938**
Payable within a longer term		
Up to three months	**75,227,667**	202,753,276
Three months to one year	**189,334,299**	244,496,106
One to five years	**2,965,820**	10,643,167
More than five years	**7,653**	6,646
Total	**1,006,663,603**	**776,588,133**

As at 31 December 2023 and 2022, the average interest rates, by currency, of term deposits were detailed as follows:

Description	Moeda	31/12/2023	31/12/2022 (Restated)
Term deposits	AOA	**12.97%**	11.24%
	USD	**1.05%**	1.80%
	EUR	**0.10%**	0.66%

Note 18
Provisions

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Provisions for likely liabilities		
Likely liabilities of civil nature	**2,567,048**	2,404,494
Likely liabilities of tax nature	**1,246,593**	2,109,983
Likely liabilities of administrative and marketing nature	**578,105**	424,346
For miscellaneous risks	**160,407**	160,407
For indirect credit	**18,868**	147,750
Total	**4,571,021**	**5,246,980**

The balance of this heading is intended to cover certain duly identified contingencies arising from the Bank's activity, which are reviewed on each reporting date to reflect the best estimate of the amount and respective probability of payment.

As at 31 December 2023 and 2022, the heading of "Likely liabilities of civil nature" essentially corresponds to expenses related to notary fees, registry fees and taxes associated with the share capital reduction and increase operation amounting to Kz 1,403,207 thousand. The Bank's Board of Directors has been negotiating the terms of the balance's settlement, which should be settled through the submission of real estate properties, with the definitive record being expected to be completed during 2024.

As at 31 December 2023 and 2022, the heading of "Provisions for indirect loans" refers to the provision determined under the application of the loan impairment model used by the Bank on off-balance sheet liabilities related to loans taken out with Customers, as set out in Note 2.4 and whose breakdown is analysed in greater detail in Note 35.

The Bank has some ongoing legal proceedings with Customers with whom it no longer has a commercial relationship, for which the Board of Directors, supported by legal opinions, considers the probability of loss to be remote or low.

The movement in this heading is as follows:

Values expressed in thousand Kz

Description	Provisions for indirect credit	Other provisions for risks and expenses	Total
Balance as at 31 December 2021 (Restated)	**268,486**	**3,459,977**	**3,728,463**
Allocations	-	1,663,512	1,663,512
Reversals	(120,736)	(24,259)	(144,995)
Balance as at 31 December 2022 (Restated)	**147,750**	**5,099,230**	**5,246,980**
Reversals	(128,882)	(547,077)	(675,959)
Balance as at 31 December 2023	**18,868**	**4,552,153**	**4,571,021**

Note 19
Subordinated liabilities

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Subordinated loan from Novo Banco, S.A.		
Principal	-	32,099,752
Interest payable	-	513,706
Total	**-**	**32,613,458**

This loan, raised from Novo Banco, S.A., of the value of USD 496,358 thousand, with an interest rate of 5%, quarterly payments and maturity in 2024, stemmed from the imposition of Banco Nacional de Angola's resolution dated 4 August 2014. At the end of 2021 and under the implementation of Banco Económico's Recapitalisation and Restructuring Plan, an agreement was reached to restructure the subordinated loan, considering a 75% forgiveness on the outstanding debt. After the restructuring, the subordinated debt was worth USD 114,712 thousand, maintaining the interest rate of 5% and with a maturity date of 31 August 2023, on which date it was settled.

Note 20
Other liabilities

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Liabilities associated with guarantees provided	**38,690,820**	-
Promissory purchase and sale agreements for real estate properties	**10,247,308**	-
Liabilities due to credit cards	**5,105,735**	2,978,714
Visa Credit	**5,091,051**	5,513,903
Santa Clara branch tax collection	**2,918,761**	2,918,761
Tax expenses payable	**2,552,780**	2,875,041
Lease liabilities	**1,875,985**	2,161,611
Accrued Employees benefit expenses	**1,289,647**	1,217,143
Suppliers	**1,039,941**	3,225,831
INVESTPAR operation	**-**	83,268,230
Other liabilities	**86,328**	459,389
Total	**68,898,356**	**104,618,623**

As at 31 December 2023, the heading of "Liabilities associated with guarantees provided" corresponds to guarantees provided associated with transferred loan operations in the context of the contracts previously concluded with INVESTPAR (Notes 15 and 39) which were called upon by the respective beneficiaries. As at 31 December 2022, these balances are presented in the heading of "INVESTPAR Operation" amounting to Kz 25,747,776 thousand.

As at 31 December 2023, the heading of "Promissory purchase and sale agreements for real estate properties" corresponds to the recognition of the down payments received under promissory purchase and sale agreements for real estate properties concluded with Customers.

As at 31 December 2023 and 2022, the heading of "Liabilities due to credit cards" corresponds to the values payable for credit cards, amounting to EUR 5,542 thousand.

As at 31 December 2023 and 2022, the heading of "Visa Credit" corresponds to the balance of Visa prepaid cards.

As at 31 December 2023 and 2022, the heading of "Santa Clara branch tax collection" corresponds to the tax collected from the Santa Clara Agency for the period from March 2021 to August 2022, which has not yet been transferred to the Treasury's single account with Banco Nacional de Angola.

As at 31 December 2023 and 2022, the heading of "Accrued Employees benefit expenses" corresponds to the accrued remuneration earned by the Employees in the financial year which will be benefited from in the following year (remuneration of one month of annual leave and annual leave allowance).

As at 31 December 2023 and 2022, the breakdown of lease liabilities by residual maturity periods is detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to one year	**16,260**	296,509
One to five years	**-**	387,518
More than five years	**1,859,725**	1,477,584
Total	**1,875,985**	**2,161,611**

Note 21
Share capital and other equity instruments

In August 2022, in order to guarantee the implementation of its Recapitalisation and Restructuring Plan, Banco Económico reduced its share capital (Kz 72,000,000 thousand) by fully incorporating losses, followed by a capital increase operation (Kz 271,500,000 thousand), fully carried out by the Collective Investment Body (Económico – Fundo de Capital de Risco de Subscrição Particular) created in the meantime, bringing together a group of the Bank's depositors who agreed to convert part of their deposits into Fund participation units.

Under the Recapitalisation and Restructuring Plan, depositors were identified who signed a memorandum of understanding with the Bank in which they accepted the partial conversion of their deposits (with reference to 30 September 2021) into capital (through the subscription of Económico – Fundo de Capital de Risco de Subscrição Particular participation units) and into equivalent instruments (perpetual participation certificates and bonds convertible into shares), of the following minimum amounts:

- 45% of deposits subscribing to Fund participation units;
- 20% of deposits by subscribing to perpetual participation securities;
- 5% of deposits subscribing to bonds convertible into shares.

The conversion of the deposits into foreign currency was based on the exchange rates in force as at 31 December 2021.

Ordinary shares

The reduction in Banco Económico's share capital, by full incorporation of losses of Kz 72,000,000 thousand, was followed by an increase of Kz 271,500,000 thousand, represented by 282,812,500 ordinary shares with a unit value of Kz 960, fully subscribed and paid-up by Económico – Fundo de Capital de Risco de Subscrição Particular, which became the Bank's sole shareholder (Note 39).

The shareholder structure as at 31 December 2023 and 2022 is as follows:

Values expressed in thousand Kz

Description	Number of shares	31/12/2023 Holding %	Number of shares	31/12/2022 (Restated) Holding %
Económico FCR	282,812,500	**100%**	282,812,500	100%
Total	**282,812,500**	**100%**	**282,812,500**	**100%**

This capital reduction and increase operation is pending registration with the Commercial Registry Office (Note 18).

Perpetual participation securities

In August 2022, under the Recapitalisation and Restructuring Plan, the Bank's Board of Directors approved the issue of mixed capitalisation instruments, in particular perpetual participation securities, resulting from the conversion of 20% of the deposits covered by the Recapitalisation and Restructuring Plan, amounting to a total subscription of Kz 121,196,000 thousand.

The perpetual participation securities entitle the holder to a remuneration, from the 5th anniversary, comprising a fixed component calculated by reference to 80% of the nominal value of the securities (fixed component) and a variable component calculated by reference to 20% of the nominal value of the securities (variable component). The fixed component will be calculated at an annual rate of 5%, based on months with the actual number of calendar days and a 365-day year, and the variable component will be calculated annually according to the Bank's net income attributable to Shareholders.

From the issue date's fifth anniversary onwards, the perpetual participation securities may be converted into shares representing the Bank's share capital, by means of a decision taken at the General Meeting, on a proposal from the Board of Directors, accompanied by an opinion from the Supervisory Board, and the resolution must be passed by the majority required to amend the articles of association.

Repayment may occur: (i) in the event of the Bank's liquidation, only after all other creditors have been paid, under the terms of Article 13(2) of the Legal Framework for Participation Bonds, or (ii) on the Bank's own initiative, as from the 10th anniversary of the issue.

An additional memorandum of understanding was signed in February 2023, giving rise to the additional subscription of perpetual participation securities amounting to Kz 3,449,000 thousand.

Bonds convertible into shares

In August 2022, under the Recapitalisation and Restructuring Plan, the Bank's Board of Directors approved the issue of mixed capitalisation instruments, in particular bonds convertible into shares, resulting from the conversion of 5% of the deposits covered by the Recapitalisation and Restructuring Plan, with their subscription having taken place in January 2023, for the total amount of Kz 27,822,000 thousand.

The bonds convertible into shares entitle the holder to a fixed remuneration, calculated at the annual rate of 5%, based on months with the actual number of calendar days and a 365-day year.

Between the issue date and the fifth anniversary of the issue (Restructuring Period), the bonds convertible into shares will not be remunerated, with their fixed remuneration being considered zero during that period.

From the issue date's fifth anniversary onwards, the bonds may be converted into shares representing the Bank's share capital, in each interest payment period, subject to compliance with the regulatory applicable minimum capital ratios, with a 10% margin, after repayment, by means of a decision taken at the General Meeting, on a proposal from the Board of Directors, accompanied by an opinion from the Supervisory Board, and the resolution must be passed by the majority required to amend the articles of association.

Repayment may occur: (i) in the event of the Bank's liquidation, only after all other creditors have been paid, pursuant to the applicable legislation; or (ii) on the Bank's own initiative, from the fifth anniversary of the issue onwards.

An additional memorandum of understanding was signed in February 2023, giving rise to the additional subscription of bonds convertible into shares amounting to Kz 862,000 thousand.

OFAC deposits

These represent the amounts that remain captive under the heading of "Customer resources and other loans", as they belong to entities that joined the Recapitalisation and Restructuring Plan and signed the memorandum of understanding, but which, in December 2021, were identified by the Office of Foreign Assets (OFAC) of the U.S. Department of the Treasury and are awaiting their regularisation for the subscription of the financial equity instruments covered by the Recapitalisation and Restructuring Plan.

Pursuant to Banco Nacional de Angola letter No. 610/DSB/2022 of 15 August 2022, these deposits are recorded for purposes of calculating regulatory own funds ratios.

The amounts distributed by financial instrument are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023
Deposits of OFAC designated entities	
Deposits for subscription of FCR participation units	60,629,838
Deposits for subscription of perpetual participation securities	26,946,594
Deposits for subscription of bonds convertible into shares	6,736,649
Total	**94,313,081**

Note 22
Revaluation reserves and other reserves and retained earnings

Revaluation reserves
Revaluation reserves represent gains and losses relating to changes in the fair value of financial assets at fair value through other comprehensive income.

Legal reserve
This account is fully constituted by the legal reserve, which may only be used to cover accrued losses or for share capital increases.

The applicable Angolan legislation requires that the legal reserve be credited annually with at least 10% of the annual net profit until it equals the share capital.

The movement in this heading is as follows:

Values expressed in thousand Kz

	Revaluation reserves	Other reserves and retained earnings		
Description	Financial assets at fair value through other comprehensive income	Legal reserve	Retained earnings	Total
Balance as at 31 December 2021	**29,700**	**28,141,757**	**(784,917,374)**	**(756,775,617)**
Restatement adjustment	-	-	(208,000,000)	(208,000,000)
Appropriation of separate net income for 2021	-	17,330,886	156,916,935	174,247,821
Balance as at 1 January 2022 (Restated)	**29,700**	**45,472,643**	**(836,000,439)**	**(790,527,796)**
Share capital reduction to cover retained earnings	-	-	72,000,000	72,000,000
Other	-	-	(227,994)	(227,994)
Balance as at 31 December 2022 (Restated)	**29,700**	**45,472,643**	**(764,228,433)**	**(718,755,790)**
Appropriation of separate net income for 2022	-	-	(37,953,342)	(37,953,342)
Other	-	-	2,548,224	2,548,224
Other comprehensive income	(767,172)	-	-	-
Balance as at 31 December 2023	**(737,472)**	**45,472,643**	**(799,633,551)**	**(754,160,908)**

The General Meeting held on 6 March 2024 decided to approve the financial statements for the year ended 31 December 2022.

The General Meeting held on 5 August 2022 decided to approve the financial statements for the year ended 31 December 2021.

Note 23
Net interest income

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Interest and similar income		
Public debt securities	**7,187,568**	6,943,019
Loans and advances to Customers	**4,154,108**	6,054,953
Investments at central banks and other credit institutions	**1,608,057**	117,668
Other assets	**128,859**	19,955
Total	**13,078,592**	**13,135,595**
Interest and similar expenses		
Customer resources and other loans	**(19,272,343)**	(27,876,481)
Resources from central banks and other credit institutions	**(2,130,562)**	(334,799)
Subordinated liabilities	**(1,384,242)**	(2,249,412)
Lease liabilities	**(115,110)**	(131,418)
Other liabilities	**-**	(2,030,759)
Total	**(22,902,257)**	**(32,622,869)**
Net Interest Income	**(9,823,665)**	**(19,487,274)**

As at 31 December 2023 and 2022, the heading of "Loans and advances to Customers" corresponds to the income from loans and advances to Customers. For loans and advances to Customers at stage 3, the recognised interest corresponds to the net value of impairment losses, in accordance with the requirements of IFRS 9.

As at 31 December 2023, the heading of "Investments at central banks and other credit institutions" includes the remuneration of the captive balances for settlement of the subordinated loan (Note 5).

As at 31 December 2023, the heading of "Customer resources and other loans" arises from the reduction of term deposits and the negotiation to lower their interest rates.

As at 31 December 2023, the heading of "Resources from central banks and other credit institutions" includes the remuneration of liquidity-providing operations with Banco Nacional de Angola (Note 16).

As at 31 December 2023 and 2022, the heading of "Lease liabilities" corresponds to interest expenses related to lease liabilities recognised under IFRS 16 (Note 2.13.).

As at 31 December 2022, the heading of "Other liabilities" corresponds to interest expenses associated with the liability balance of the asset transfer operation with INVESTPAR (Note 15).

Note 24
Net gain (loss) from fees and commissions

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Service, fee and commission income		
Cards	1,996,544	3,347,935
Account management	843,367	2,817,992
Means of payment management	785,170	1,070,470
Fees and commissions on loans and similar	185,389	378,510
Securities transactions	109,713	245,733
Guarantees provided	57,594	134,595
Documentary credit	7,136	68,766
Income from services rendered to the State	59	4,729
Bancassurance	-	51,023
Other services	48,939	206,324
Total	**4,033,911**	**8,326,077**
Service, fee and commission expenses		
Cards	(1,400,517)	(1,287,636)
Means of payment management	(505,379)	(145,725)
Other services	(86,864)	(43,195)
Total	**(1,992,760)**	**(1,476,556)**
	2,041,151	**6,849,521**

Note 25
Net gain (loss) from financial assets and liabilities at fair value through profit or loss

As at 31 December 2022, this heading corresponds to fair value changes and the result of disposals of public debt securities recorded under financial assets at fair value through profit or loss.

Note 26
Net gain (loss) from financial assets at fair value through other comprehensive income

As at 31 December 2023, this heading corresponds to the result of disposals of public debt securities recorded under financial assets at fair value through other comprehensive income.

Note 27
Net gain (loss) from investments at amortised cost

As at 31 December 2023, this heading corresponds to the capital gain, amounting to Kz 22,222,601 thousand, associated with the agreement with the Ministry of Finance's to replace public debt securities with contractual conditions different to those of the market (Note 8).

Note 28
Net gain (loss) from foreign exchange

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Exchange rate revaluation and foreign exchange transactions	(254,695,264)	30,301,903
Total	**(254,695,264)**	**30,301,903**

As at 31 December 2023 and 2022, this heading corresponds to the results arising from the exchange revaluation of monetary assets and liabilities expressed in foreign currency (Note 2.3).

As at 31 December 2023, this heading's balance is essentially explained by the effect of the significant devaluation of the Kwanza against the main foreign currencies, considering that the liabilities are higher than the assets in foreign currency (Notes 2.3 and 38).

Note 29
Net gain (loss) from disposal of other assets

As at 31 December 2023, this heading primarily corresponds to the capital gain, amounting to Kz 53,979,218 thousand, associated with the sale of the Bank's former head office (Note 11).

Note 30
Other operating income

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Real estate properties		
Income from real estate properties	2,008,445	-
Costs related to real estate properties	(1,521,985)	-
	486,460	**-**
Taxes and rates not incident on profit		
Value Added Tax	(1,194,657)	(1,011,338)
Capital Investment Tax	(540,695)	(500,031)
Other taxes	(242,817)	(156,953)
	(1,978,169)	**(1,668,322)**
Deposit Guarantee Fund Contribution	(285,782)	(811,006)
Other	(1,550,061)	(3,249,623)
Total	**(3,327,552)**	**(5,728,951)**

Note 31
Personnel expenses

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Wages and salaries		
Remunerations	**8,631,562**	10,668,594
Annual leave allowance	**615,646**	607,796
Lunch allowance	**430,136**	508,541
Christmas allowance	**424,823**	489,355
Variable remuneration	**149,798**	152,110
	10,251,965	**12,426,396**
Other charges		
Mandatory social charges	**707,260**	776,002
Other expenses	**1,687,098**	1,616,744
	2,394,358	**2,392,746**
Total	**12,646,323**	**14,819,142**

As at 31 December 2023 and 2022, the number of Bank Employees, including permanent and fixed-term contracts, is broken down by professional category as follows:

Description	31/12/2023	31/12/2022 (Restated)
Number of Employees		
Senior management positions	**40**	67
Middle management positions	**128**	157
Specific positions	**213**	248
Administrative and other positions	**250**	373
Total	**631**	**845**

The Bank has a defined contribution plan, i.e. it allocates a fixed percentage or amount to all participants included in the plan, which will be capitalised until the time of redemption established by law, being recognised as a personnel expense. Given the nature of this benefit, it does not require an actuarial study.

As at 31 December 2023 and 2022, there are 581 and 774 active participants in the Bank's pension plan, respectively, no retired Employees, with the Bank having contributed to this fund with Kz 325,162 thousand and Kz 165,510 thousand, respectively.

Note 32
Third-party supplies and services

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
IT services	**2,396,501**	1,832,592
Insurance	**1,415,335**	1,607,177
Communication and postage	**941,833**	995,532
Consulting and audit	**592,162**	689,847
Transportation of values	**404,427**	384,794
Security and surveillance	**353,550**	453,682
Consumables	**326,712**	443,900
Maintenance and repair	**280,901**	379,630
Water, energy and fuel	**177,925**	227,001
Advertising and publications	**169,517**	72,501
Cleaning services	**114,088**	136,145
Hire and rental charges	**72,855**	227,412
Legal, litigation and notary	**75,597**	78,799
Travel and representation	**57,081**	130,119
Other expenses	**680,134**	626,253
Total	**8,058,618**	**8,285,384**

Note 33
Impairment and provisions

The movement in impairment and provisions is detailed as follows:

Values expressed in thousand Kz

Description	Notes	31/12/2022 (Restated)	Allocations	Reversals	Uses	Settlements	Foreign exchange change	31/12/2023
Balances with other credit institutions	5	(11,855)	-	11,454	-	-	-	**(401)**
Investments at amortised cost	8	(1,014,622)	(106,800)	-	-	647,203	(408,870)	**(883,089)**
Impairment on other financial assets, net of reversals and recoveries		**(1,026,477)**	**(106,800)**	**11,454**	**-**	**647,203**	**(408,870)**	**(883,490)**
Loans and advances to Customers	9	(164,326,477)	(7,232,703)	-	-	-	(7,645,522)	**(193,027,964)**
Stage 3 interest effect			(13,823,262)					
Impairment on loans and advances to Customers, net of reversals and recoveries		**(164,326,477)**	**(21,055,965)**	**-**	**-**	**-**	**(7,645,522)**	**(193,027,964)**
Non-current assets held for sale	10	-	-	1,103,727	-	(2,196,235)	-	**(1,092,508)**
Other tangible assets	11	(343,680)	-	-	-	-	-	**(343,680)**
Investments in subsidiaries, associates and joint ventures	13	(712,365)	-	712,365	-	-	-	**-**
Other assets - INVESTPAR Operation	15	(921,641,135)	(80,525,652)	-	1,002,166,787	-	-	**-**
Other assets - real estate properties	15	(2,196,235)	-	-	-	2,196,235	-	**-**
Other assets - Other	15	(11,774,898)	(507,004)	-	-	-	(1,422,590)	**(13,704,492)**
Impairment on other assets, net of reversals and recoveries		**(936,668,313)**	**(81,032,656)**	**1,816,092**	**1,002,166,787**	**-**	**(1,422,590)**	**(15,140,680)**
Provisions for other risks and expenses	18	(5,099,230)	-	649,497	-	57,987	-	**(4,391,746)**
Provisions for guarantees and other commitments	18	(147,750)	-	135,678	-	-	(6,796)	**(18,868)**
Provisions net of cancellations		**(5,246,980)**	**-**	**785,175**	**-**	**57,987**	**(6,796)**	**(4,410,614)**

Values expressed in thousand Kz

Description	Notes	31/12/2021 (Restated)	Allocations	Reversals	Uses	Settlements	Foreign exchange change	31/12/2022 (Restated)
Cash and balances with central banks	4	(107,276)	-	107,276	-	-	-	-
Balances with other credit institutions	5	(31,707)	-	19,852	-	-	-	(11,855)
Investments at central banks and other credit institutions		(835,310)	-	835,310	-	-	-	-
Investments at amortised cost	8	(1,943,132)	-	1,549,917	-	(776,848)	155,441	(1,014,622)
Impairment on other financial assets, net of reversals and recoveries		**(2,917,425)**	**-**	**2,512,355**	**-**	**(776,848)**	**155,441**	**(1,026,477)**
Loans and advances to Customers	9	(148,661,533)	(20,047,913)	-	-	16,507,453	1,354,804	(164,326,477)
Stage 3 interest effect			(13,479,288)					
Impairment on loans and advances to Customers, net of reversals and recoveries		**(148,661,533)**	**(33,527,201)**	**-**	**-**	**16,507,453**	**1,354,804**	**(164,326,477)**
Other tangible assets	11	(609,504)	-	265,824	-		-	(343,680)
Investments in subsidiaries, associates and joint ventures	13	(712,365)	-	-	-	-	-	(712,365)
Other assets - INVESTPAR operation	15	(999,819,035)	(4,954,278)	-	-	6,230,146	76,902,032	(921,641,135)
Other assets - real estate properties	15	(1,460,244)	(735,991)	-	-	-	-	(2,196,235)
Other assets - Other	15	(12,093,174)	-	248,058	-	-	70,218	(11,774,898)
Impairment on other assets, net of reversals and recoveries		**(1,014,694,322)**	**(5,690,269)**	**513,882**	**-**	**6,230,146**	**76,972,250**	**(936,668,313)**
Provisions for other risks and expenses	18	(3,459,977)	(1,182,619)	-	-	(480,891)	24,257	(5,099,230)
Provisions for guarantees and other commitments	18	(268,486)	-	120,736	-	-	-	(147,750)
Provisions net of cancellations		**(3,728,463)**	**(1,182,619)**	**120,736**	**-**	**(480,891)**	**24,257**	**(5,246,980)**

Note 34
Earnings per share

Basic earnings per share correspond to the ratio between the separate net income attributable to the Bank's Shareholders and the average number of ordinary shares in circulation, and are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Net income attributable to the Bank's Shareholders	**(297,884,051)**	**(37,953,342)**
Average number of ordinary shares issued	**282,812,500**	157,480,137
Average number of ordinary shares in circulation	**282,812,500**	157,480,137
Basic earnings per share attributable to the Bank's Shareholders (in kwanzas)	**(1,053,29)**	**(241,00)**

As at 31 December 2023 and 2022, diluted earnings per share are equal to basic earnings per share.

Note 35
Guarantees and other commitments

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Irrevocable credit lines	**282,554,378**	217,627,119
Revocable commitments	**23,829,184**	17,527,320
Documentary credit	**13,813,410**	8,413,002
Other possible liabilities	**7,201,749**	7,201,749
Guarantees and sureties provided	**1,688,671**	5,664,454
Unused credit –– Financing	**1,806,346**	1,988,465
Total	**330,893,738**	**258,422,109**

Guarantees and other commitments correspond to off-balance sheet liabilities associated with loans and advances to Customers which do not result in the Bank's mobilisation of funds.

In October 2020, the Bank's core banking system migrated to a new version, which now supports the accounting of liabilities represented by the unused amounts of credit limits granted to Customers, since in the previous version of the respective core system the accounting of these liabilities was carried out manually.

However, there were some limitations arising from the migration of information, and it was found that, for the unused credit limits migrated to the new core system, these were not always being accounted for correctly, and that some of these limits were no longer in force at that time.

It has not been possible to correct the detected flaws up to the present date, with the review of all credit ceilings currently being underway to strengthen data reliability.

Commitments to third parties (revocable and irrevocable) are contractual agreements to grant loans to the Bank's Customers (for example, unused credit lines), which, in general, are contracted for fixed periods of time or with other expiry requirements, and usually require the payment of a fee. Substantially all credit granting commitments in force require that Customers maintain certain requirements verified at the time they were contracted.

Notwithstanding the particularities of these commitments, the assessment of these operations obeys the same basic principles as any other commercial operation, namely the solvency of the Customer and of the underlying business. In addition, the Bank requires these operations to be duly collateralised when necessary. As it is expected that most of these operations will expire without being used, the indicated amounts might not represent future cash requirements.

Documentary credit represents irrevocable commitments by the Bank, on behalf of its Customers, to pay/order the payment of a specified amount to the supplier of a particular good or service, within a stipulated period, with the presentation of documents relating to the dispatch of the good or provision of the service. The condition of irrevocability consists of the fact that its cancellation or alteration is not feasible without the express agreement of all the parties involved.

Guarantees and sureties are banking operations that do not involve the Bank's mobilisation of funds, while documentary credits are irrevocable commitments by the Bank, on behalf of its Customers, to pay/order the payment of a specified amount to the supplier of a particular good or service, within a stipulated period, with the presentation of documents relating to the dispatch of the good or provision of the service. The condition of irrevocability consists of the fact that its cancellation or alteration is not feasible without the express agreement of all parties involved.

As at 31 December 2023 and 2022, the off-balance sheet liabilities related to loans to Customers considered in the calculation of provisions are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023					
	Individual analysis		Collective analysis		Total	
	Total exposure	Provision	Total exposure	Provision	Total exposure	Provision
Guarantees and sureties provided	-	-	1,688,671	(18,868)	1,688,671	(18,868)
Total	**-**	**-**	**1,688,671**	**(18,868)**	**1,688,671**	**(18,868)**

Values expressed in thousand Kz

Description	31/12/2022 (Restated)					
	Individual analysis		Collective analysis		Total	
	Total exposure	Provision	Total exposure	Provision	Total exposure	Provision
Guarantees and sureties provided	-	-	5,670,430	(144,854)	5,670,430	(144,854)
Documentary credit	-	-	287,694	(2,896)	287,694	(2,896)
Total	**-**	**-**	**5,958,124**	**(147,750)**	**5,958,124**	**(147,750)**

Values expressed in thousand Kz

Description	31/12/2023							
	Stage 1		Stage 2		Stage 3		Total	
	Exposure	Provision	Exposure	Provision	Exposure	Provision	Exposure	Provision
Guarantees and sureties provided	1,688,671	(18,868)	-	-	-	-	1,688,671	(18,868)
Total	**1,688,671**	**(18,868)**	**-**	**-**	**-**	**-**	**1,688,671**	**(18,868)**

Values expressed in thousand Kz

Description	31/12/2022 (Restated)							
	Stage 1		Stage 2		Stage 3		Total	
	Exposure	Provision	Exposure	Provision	Exposure	Provision	Exposure	Provision
Guarantees and sureties provided	5,670,430	(144,854)	-	-	-	-	5,670,430	(144,854)
Documentary credit	287,694	(2,896)	-	-	-	-	287,694	(2,896)
Total	**5,958,124**	**(147,750)**	**-**	**-**	**-**	**-**	**5,958,124**	**(147,750)**

Note 36
Transactions with related parties

Related party is understood to mean:

a) A person or a close family member is related to a reporting entity if he or she has control or joint control of the reporting entity, has significant influence over the reporting entity or is a member of key management personnel of the reporting entity or of a parent company of that reporting entity;

b) An entity is related to a reporting entity if any of the following conditions are met:
(i) The entity and the reporting entity are members of the same group (which implies that parent, subsidiary and fellow subsidiaries are related to each other);
(ii) An entity is an associate or joint venture of the other entity (or is an associate or joint venture of a member of a group to which the other entity belongs);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity represents a joint venture of the third-party entity and the other entity is an associate of the third-party entity;
(v) The entity is a post-employment benefit plan in favour of Employees of the reporting entity or of an entity related to the reporting entity. If a reporting entity is itself such a plan, the sponsoring Employers are also related to the reporting entity;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

As at 31 December 2023 and 2022, the balances and transactions with subsidiaries and associates are detailed as follows:

Values expressed in thousand Kz

Description	Subsidiaries			Associates	Total
	Económico Investment Fund	Económico Pension Fund	Subtotal	Tranquilidade Angola	
31 December 2023					
Assets	66	127	193	(439)	**(246)**
Liabilities	(1,762,803)	(1,397,467)	(3,160,270)	(15,603,110)	**(18,763,380)**
Income	(127)	(61)	(188)	(856)	**(1,044)**
Expenses	10,795	87,917	98,712	1,597,754	**1,696,466**
31 December 2022 (Restated)					
Assets	31	61	92	(1,853)	**(1,761)**
Liabilities	(1,249,333)	(611,302)	(1,860,635)	(15,544,122)	**(17,404,757)**
Income	(187)	(148)	(335)	(27,637)	**(27,972)**
Expenses	27,468	(13,997)	13,471	1,341,876	**1,355,347**
Guarantees provided	-	-	-	(3,575,949)	**(3,575,949)**

As at 31 December 2023 and 2022, the balances and transactions with related parties are detailed as follows:

Values expressed in thousand Kz

31/12/2023 (Restated)	Económico FCR	Key management personnel			Total
		Board of Directors	Other personnel and relatives	Subtotal	
Assets	**-**	**5,715**	**362,841**	**368,556**	**368,556**
Loans and advances to Customers	-	5,715	362,841	368,556	368,556
Liabilities	**(53,697,016)**	**(5,505)**	**(18,873,182)**	**(18,878,687)**	**(72,575,703)**
Customer resources and other loans	(53,697,016)	(5,505)	(18,873,182)	(18,878,686)	(72,575,702)
Income	**466**	**2,514**	**28,033**	**30,547**	**31,013**
Net interest income	-	2,514	27,813	30,327	30,327
Fees and commissions	466	-	220	220	686
Expenses	**(2,389,234)**	**(1,247)**	**(275,425)**	**(276,672)**	**(2,665,906)**
Net interest income	(2,389,234)	(1,247)	(275,425)	(276,672)	(2,665,906)

Values expressed in thousand Kz

31/12/2022 (Restated)	Económico FCR	Key management personnel			Total
		Board of Directors	Other personnel and relatives	Subtotal	
Assets	**-**	**32,466**	**239,358**	**271,824**	**271,824**
Loans and advances to Customers	-	32,466	239,358	271,824	271,824
Liabilities	**(53,357,497)**	**(631,292)**	**(34,958,910)**	**(35,590,202)**	**(88,947,699)**
Customer resources and other loans	(53,357,497)	(631,292)	(34,958,910)	(35,590,202)	(88,947,699)
Income	**1,374**	**3,422**	**20,689**	**24,111**	**25,485**
Net interest income	82	3,313	19,999	23,312	23,394
Fees and commissions	1,292	109	690	799	2,091
Expenses	**(4,467,242)**	**(5,164)**	**(914,558)**	**(919,722)**	**(5,386,964)**
Net interest income	(4,467,242)	(5,164)	(914,558)	(919,722)	(5,386,964)

As at 31 December 2023, in addition to the balances and transactions presented above, the Bank also recorded promissory purchase and sale agreements for real estate properties to related parties, with the agreed price having been Kz 8,433,116 thousand, and no derecognition of the properties having been made. The Board of Directors has implemented procedures aimed at ensuring that these transactions take place under market conditions (arm's length) by considering the selling price as the average value of the property valuation reports produced by independent experts.

As at 31 December 2023 and 2022, the expenses related to remuneration and other benefits attributed to the Bank's key management personnel (short and long-term) are detailed as follows:

Values expressed in thousand Kz

	Governing Bodies	Other key management personnel	Total
31 December 2023			
Remuneration and other short-term benefits	1,957,775	2,204,568	4,162,343
Variable remuneration	-	393,258	393,258
	1,957,775	**2,597,826**	**4,555,601**
Long-term benefits and other social charges	145,846	260,014	405,860
	2,103,621	**2,857,840**	**4,961,461**
31 December 2022 (Restated)			
Remuneration and other short-term benefits	3,224,928	3,226,603	6,451,531
Variable remuneration	2,508	528,874	531,382
	3,227,436	**3,755,477**	**6,982,913**
Long-term benefits and other social charges	260,383	376,863	637,246
	3,487,819	**4,132,340**	**7,620,159**

Other key management personnel" means the Coordinating Directors and the Executive Directors.

All transactions with related parties are carried out at normal market prices, in accordance with the principle of fair value.

Note 37
Fair value of financial assets and liabilities

The fair value is based on market quotations, whenever these are available.

In this context and with the market information available, the fair value obtained is influenced by the parameters used in the evaluation model, which necessarily incorporate some degree of subjectivity, and exclusively reflect the value attributed to the different financial instruments.

As at 31 December 2023 and 2022, the carrying amount of the financial instruments is detailed as follows:

Values expressed in thousand Kz

	31/12/2023				
	Measured at fair value	Measured at amortised cost	Measured at historical cost	Impairment losses	Net value
Cash and balances with central banks	-	70,432,912	-	-	70,432,912
Balances with other credit institutions	-	8,814,005	-	(401)	8,813,604
Financial assets at fair value through other comprehensive income	51,714,396	-	160,930	-	51,875,326
Investments at amortised cost	-	58,910,522	-	(883,089)	58,027,433
Loans and advances to Customers	25,732,553	239,956,774	-	(193,027,964)	72,661,363
Investments in subsidiaries, associates and joint ventures	-	5,131,861	-	-	5,131,861
Other assets	-	294,897,611	-	(13,704,492)	281,193,119
Assets	**77,446,949**	**678,143,685**	**160,930**	**(207,615,946)**	**548,135,618**
Resources from central banks and other credit institutions	-	(272,992,129)	-	-	(272,992,129)
Customer resources and other loans	-	(1,006,663,603)	-	-	(1,006,663,603)
Other liabilities	-	(68,898,356)	-	-	(68,898,356)
Liabilities	**-**	**(1,348,554,088)**	**-**	**-**	**(1,348,554,088)**
Net Assets/(Liabilities)	**77,446,949**	**(670,410,403)**	**160,930**	**(207,615,946)**	**(800,418,470)**

Values expressed in thousand Kz

	31/12/2022 (Restated)				
	Measured at fair value	Measured at amortised cost	Measured at historical cost	Impairment losses	Net value
Cash and balances with central banks	-	44,754,420	-	-	44,754,420
Balances with other credit institutions	-	28,719,451	-	(11,855)	28,707,596
Financial assets at fair value through profit or loss	637,328	-	-	-	637,328
Financial assets at fair value through other comprehensive income	-	-	150,188	-	150,188
Investments at amortised cost	-	69,431,198	-	(1,014,622)	68,416,576
Loans and advances to Customers	-	227,632,232	-	(164,326,477)	63,305,755
Investments in subsidiaries, associates and joint ventures	-	3,160,708	-	(712,365)	2,448,343
Other assets	-	1,491,586,501	-	(933,416,033)	558,170,468
Assets	**637,328**	**1,865,284,510**	**150,188**	**(1,099,481,352)**	**766,590,674**
Resources from central banks and other credit institutions	-	(261,926,159)	-	-	(261,926,159)
Customer resources and other loans	-	(776,588,133)	-	-	(776,588,133)
Subordinated liabilities	-	(32,613,458)	-	-	(32,613,458)
Other liabilities	-	(104,618,623)	-	-	(104,618,623)
Liabilities	**-**	**(1,175,746,373)**	**-**	**-**	**(1,175,746,373)**
Net Assets/(Liabilities)	**637,328**	**689,538,137**	**150,188**	**(1,099,481,352)**	**(409,155,699)**

As at 31 December 2023 and 2022, there are no offset financial instruments or financial instruments that are not offset, but related.

As at 31 December 2023 and 2022, there was no reclassification of financial assets.

As at 31 December 2023 and 2022, there was no reclassification of derivative financial instruments.

The Bank uses the following three-level fair value hierarchy in the valuation of financial instruments (assets or liabilities), which reflects the level of judgement, the observation of the data used and the importance of the parameters used when assessing the fair value of instruments, in accordance with IFRS 13:

Level 1: Fair value is determined based on non-adjusted quoted prices observed in transactions in active markets involving financial instruments identical to those being valued. If there is more than one active market for the same financial instrument, the relevant price prevails in the instrument's main market, or the most advantageous market to which there is access;

Level 2: Fair value is determined using valuation techniques based on observable data in active markets. These may be direct data (prices, rates, spreads, among other information) or indirect data (derivatives), and valuation assumptions similar to those that an unrelated party would use to estimate the fair value of the same financial instrument. It also includes instruments whose valuation is obtained from prices disclosed by independent entities with less liquid markets; and

Level 3: Fair value is determined based on data not observable in active markets, using techniques and assumptions that market participants would use to value the same instruments, including hypotheses on the inherent risks, the valuation technique used, the inputs used, and considered processes to review the accuracy of the values thus obtained.

The Bank considers an active market for a given financial instrument, on the measurement date, depending on the volume of business and the liquidity of the operations carried out, the relative volatility of the prices quoted and the readiness and availability of information, and to this end it must fulfil the following minimum conditions:

a) There have been frequent daily trading prices in the past year;
b) The aforementioned prices change regularly; and
c) There are executable prices from more than one entity.

A parameter used in a valuation technique is considered observable data on the market if the following conditions are met:

a) If its value is determined on an active market;
b) There is an over-the-counter (OTC) market and it is reasonable to assume that it meets active market conditions, with the exception of the trading volume condition; and
c) The parameter value can be obtained by the reverse calculation of the prices of the financial instruments and/or derivatives where the remaining parameters necessary for the initial valuation are observable in a liquid market or in an OTC market that complies with the previous paragraphs.

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

Values expressed in thousand Kz

	Amortised cost/ acquisition cost	Measured at fair value			Carrying amount	Fair value	Fair value difference
		Quoted market prices (Level 1)	Valuation models with observable parameters in the market (Level 2)	Valuation models with non-observable parameters in the market (Level 3)			
31 December 2023							
Cash and balances with central banks	70,432,912	-	-	-	70,432,912	70,432,912	-
Balances with other credit institutions	8,813,604	-	-	-	8,813,604	8,813,604	-
Financial assets at fair value through other comprehensive income	160,930	-	51,714,396	-	51,875,326	51,875,326	-
Investments at amortised cost	58,027,433	-	-	-	58,027,433	58,027,433	-
Loans and advances to Customers	46,928,810	-	-	25,732,553	72,661,363	72,661,363	-
Other assets	281,193,119	-	-	-	281,193,119	281,193,119	-
Assets	**465,556,808**	**-**	**51,714,396**	**25,732,553**	**543,003,757**	**543,003,757**	**-**
Resources from central banks and other credit institutions	(272,992,129)	-	-	-	(272,992,129)	(272,992,129)	-
Customer resources and other loans	(1,006,663,603)	-	-	-	(1,006,663,603)	(1,006,663,603)	-
Other liabilities	(68,898,356)	-	-	-	(68,898,356)	(68,898,356)	-
Liabilities	**(1,348,554,088)**	**-**	**-**	**-**	**(1,348,554,088)**	**(1,348,554,088)**	**-**
Net Assets/(Liabilities)	**(882,997,280)**	**-**	**51,714,396**	**25,732,553**	**(805,550,331)**	**(805,550,331)**	**-**

Values expressed in thousand Kz

	Amortised cost/ acquisition cost	Measured at fair value: Quoted market prices (Level 1)	Measured at fair value: Valuation models with observable parameters in the market (Level 2)	Measured at fair value: Valuation models with non-observable parameters in the market (Level 3)	Carrying amount	Fair value	Fair value difference
31 December 2022 (Restated)							
Cash and balances with central banks	44,754,420	-	-	-	44,754,420	44,754,420	-
Balances with other credit institutions	28,707,596	-	-	-	28,707,596	28,707,596	-
Financial assets at fair value through profit or loss	-	-	637,328	-	637,328	637,328	-
Financial assets at fair value through other comprehensive income	150,188	-	-	-	150,188	150,188	-
Investments at amortised cost	68,416,576	-	-	-	68,416,576	68,416,576	-
Loans and advances to Customers	63,305,755	-	-	-	63,305,755	63,305,755	-
Other assets	558,170,468	-	-	-	558,170,468	558,170,468	-
Assets	**763,505,003**	**-**	**637,328**	**-**	**764,142,331**	**764,142,331**	**-**
Resources from central banks and other credit institutions	(261,926,159)	-	-	-	(261,926,159)	(261,926,159)	
Customer resources and other loans	(776,588,133)	-	-	-	(776,588,133)	(776,588,133)	-
Subordinated liabilities	(32,613,458)	-	-	-	(32,613,458)	(32,613,458)	-
Other liabilities	(104,618,623)	-	-	-	(104,618,623)	(104,618,623)	-
Liabilities	**(1,175,746,373)**	**-**	**-**	**-**	**(1,175,746,373)**	**(1,175,746,373)**	**-**
Net Assets/(Liabilities)	**(412,241,370)**	**-**	**637,328**	**-**	**(411,604,042)**	**(411,604,042)**	**-**

The main methodologies and assumptions used to estimate the fair value of financial assets and liabilities recorded in the statement of financial position at amortised cost are analysed as follows:

Cash and balances with central banks, balances with other credit institutions, and investments at central banks and other credit institutions

These are very short-term assets and, therefore, the carrying amount is a reasonable estimate of their fair value.

Financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income

These financial instruments are recognised at fair value. The fair value is based on market quotations (Bid-price) these are available. If not available, fair value is determined through numerical models based on discounted cash flow techniques, using market interest rate curves adjusted by associated factors, mainly credit risk and liquidity risk, determined according to market conditions and terms.

Market interest rates are calculated based on information disseminated by financial content providers (Reuters, Bloomberg or others), specifically those resulting from interest rate swaps quotations. The values regarding very short-term rates are obtained from a similar source, but referring to the interbank money market. The interest rates for the specific maturities of the cash flows are determined by suitable interpolation methods. The same interest rate curves are also used in the projection of non-deterministic cash flows such as indexing factors.

Investments at amortised cost

The Bank's investment portfolio at amortised cost includes a set of bonds in domestic and foreign currency that represent a significant value of its investments, aimed at capturing financial flows in the medium and long-term. However, for almost all the securities held in its portfolio, the Bank has not identified an active market that would allow it to determine their fair value, and considers the fair value to be equal to the value of the statement of financial position.

Loans and advances to customers

The Bank considers that the fair value of the loans and advances to Customers is equal to the value of the statement of financial position, considering that there are no new transactions and the particularity of the Bank's business. As shown in Note 9, a significant part of the portfolio is past due or refers to restructuring; therefore, the fair value effect would not be significant.

Resources from central banks and other credit institutions

The fair value of these liabilities is estimated based on the updates of expected cash flows from payment of the principal and interest, assuming that the instalments are paid on the contractually defined dates.

Considering that the applicable interest rates are renewed for periods of less than one year, and the maturities of these deposits, there are no materially relevant differences in fair value.

Customer resources and other loans

The fair value of these financial instruments is estimated based on the discounted expected cash flows of capital and interest. The discount rate used is the rate that reflects the rates practised for deposits with similar characteristics at the statement of financial position date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

Liabilities represented by subordinated securities and liabilities

Fair value is based on listed market prices when available. If these are not available, the calculation of fair value is based on the use of numerical models, based on discounted cash flow techniques which, in order to estimate fair value, use market interest rate curves adjusted for associated factors, mainly credit risk and trading margin, the latter only in the case of issues placed with the Bank's non-institutional Customers.

Note 38
Business risk management

The Bank is subject to various types of risk in the course of its business. Risk management is centralised in relation to the specific risks of each business.

The Bank's risk management policy aims to regularly maintain the adequacy of its equity to the activity carried out, as well as the corresponding assessment of the risk/return profile by business segment.

In this context, monitoring and controlling the main types of risk – strategic, credit, market, liquidity, property, operational and reputational – to which the Bank's activity is subjected is of particular importance.

Main risk categories

Strategic – The key factors of the strategy include outlining business growth areas, profitability goals, liquidity and capital management. The Bank's strategy is defined by the Executive Committee. "Strategic risk" means the risk of a current or potential impact on the Bank's earnings, capital, reputation or survival capacity as a result of changes in the environment, adverse strategic decisions, inadequate implementation of decisions or the inability to respond to social, economic or technological changes.

Credit – Credit risk is associated with the degree of uncertainty of recovering an investment and its respective return due to incapacity of the debtor (and their guarantor, if any), thereby causing a financial loss to the creditor. Credit risk occurs in debt securities or other receivables.

Market – The concept of market risk reflects the potential loss that can be registered by a certain portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the different financial instruments that comprise it, considering both the correlations that exist between them and their respective volatilities. Thus, market risk includes interest rate risk, exchange rate risk and other price risks.

Liquidity – Liquidity risk reflects the Bank's inability to fulfil its obligations associated with financial liabilities on each due date without incurring significant losses arising from a deterioration in conditions of access to financing (financing risk) and/or the sale of its assets at lower-than-market prices (market liquidity risk).

Property – Property risk is borne as a result of possible negative impacts on the Bank's profit or equity due to fluctuations in real estate market prices.

Operational – Operational risk is the potential loss resulting from flaws or shortcomings in internal processes, people and systems or those resulting from external events.

Reputational – Reputation plays an important role in the sustainability of any bank. Reputational risk management is, essentially, a way to protect the Bank from potential threats to its reputation and serves to warn of a possible crisis that could affect people's perception of the Bank and their expectations.

Internal organisation

In accordance with the regulatory framework set forth by Banco Nacional de Angola, Banco Económico has implemented a risk management system with integrated policies and processes, including procedures, thresholds, controls and systems to identify, assess and monitor information on different types of risks.

The Risk Department coordinates and provides supervises risk management policies and risk governance practices, and designs tools and models for risk management and portfolio analysis. The Risk Department's remit, therefore, includes different risk areas, such as: strategic risk, reputational risk, concentration risk and capital management.

It is incumbent upon the Risk Department to assist the Executive Committee with risk management policies and practices, by managing and monitoring said risks, and coordinating all risk management activities.

Risk assessment

Credit Risk

Credit risk models play an essential role in the loan decision process. Thus, decision-making in loan portfolio transactions is based on policies that use scoring models for private and business Customers, and ratings for the corporate segment.

Loan decisions depend on risk scores and compliance with various rules on the financial capacity and behaviour of the applicants. There are scoring models for the main loan portfolios of private Customers, namely home loans and personal loans, considering the required segmentation between Customers and non-customers (or recent customers).

The Bank uses internal rating models for medium-sized and large enterprises for loans to companies, distinguishing the construction and the tertiary sector from the other business sectors. A business credit scoring model is used for sole proprietorships (ENI) and micro-enterprises.
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As at 31 December 2023 and 2022, the exposure to credit risk is detailed as follows:

Values expressed in thousand Kz

	31/12/2023		
	Gross carrying amount	Impairment	Net carrying amount
Cash and balances with central banks	70,432,912	-	70,432,912
Balances with other credit institutions	8,814,005	(401)	8,813,604
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	51,875,326	-	51,875,326
Investments at amortised cost	58,910,522	(883,089)	58,027,433
Loans and advances to Customers	265,689,327	(193,027,964)	72,661,363
Investments in subsidiaries, associates and joint ventures	5,131,861	-	5,131,861
Other assets	294,897,611	(13,704,492)	281,193,119
On-balance Sheet	**755,751,564**	**(207,615,946)**	**548,135,618**
Guarantees and sureties provided	1,688,671	(18,868)	1,669,803
Documentary credit	-	-	-
Off-balance Sheet	**1,688,671**	**(18,868)**	**1,669,803**
Total	**757,440,235**	**(207,634,814)**	**549,805,421**

Values expressed in thousand Kz

	31/12/2022 (Restated)		
	Gross carrying amount	Impairment	Net carrying amount
Cash and balances with central banks	44,754,420	-	44,754,420
Balances with other credit institutions	28,719,451	(11,855)	28,707,596
Financial assets at fair value through profit or loss	637,328	-	637,328
Financial assets at fair value through other comprehensive income	150,188	-	150,188
Investments at amortised cost	69,431,198	(1,014,622)	68,416,576
Loans and advances to Customers	227,632,232	(164,326,477)	63,305,755
Investments in subsidiaries, associates and joint ventures	3,160,708	(712,365)	2,448,343
Other assets	1,491,586,501	(933,416,033)	558,170,468
On-balance Sheet	**1,866,072,026**	**(1,099,481,352)**	**766,590,674**
Guarantees and sureties provided	5,670,430	(144,854)	5,525,576
Documentary credit	287,694	(2,896)	284,798
Off-balance Sheet	**5,958,124**	**(147,750)**	**5,810,374**
Total	**1,872,030,150**	**(1,099,629,102)**	**772,401,048**

The amount indicated for guarantees and sureties provided and documentary credit is the contracted amount without applying conversion factors to balance sheet exposure.

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

Values expressed in thousand Kz

	Rating origin	Rating level	31/12/2023		
			Gross exposure	Impairment	Net exposure
Cash and balances with central banks	External rating	B-	2,827,769	-	2,827,769
		No Rating	67,605,143	-	67,605,143
Balances with other credit institutions	External rating	AA-	5,718	-	5,718
		A-	4,824,527	(122)	4,824,405
		BBB+	3,175,805	(270)	3,175,535
		BB	12,298	(5)	12,293
		B-	2,785	(4)	2,781
		No Rating	792,872	-	792,872
Financial assets at fair value through other comprehensive income	External rating	B-	51,714,396	-	51,714,396
		No Rating	160,930	-	160,930
Investments at amortised cost	External rating	B-	58,910,522	(883,089)	58,027,433
Loans and advances to Customers	Internal rating	Low	153,436,147	(129,579,252)	23,856,895
		Medium	6,492,127	(970,056)	5,522,071
		High	105,761,053	(62,478,656)	43,282,397
Investments in subsidiaries, associates and joint ventures					
	External rating	No Rating	5,131,861	-	5,131,861
Other assets	External rating	AA-	2,165,659		2,165,659
		B-	9,547,689	(7,726,495)	1,821,194
		No Rating	283,184,263	(5,977,997)	277,206,266
Total			**755,751,564**	**(207,615,946)**	**548,135,618**

Values expressed in thousand Kz

	Rating origin	Rating level	31/12/2022 (Restated)		
			Gross exposure	Impairment	Net exposure
Cash and balances with central banks	External rating	B-	44,754,420	-	44,754,420
Balances with other credit institutions	External rating	AAA	9,449	-	9,449
		AA+	45,063	-	45,063
		A+	41	-	41
		B+	133,521	(215)	133,306
		BBB+	607,938	(46)	607,892
		B-	30,829	-	30,829
		BB+	27,892,609	(11,593)	27,881,016
Financial assets at fair value through other comprehensive income	External rating	B-	637,328	-	637,328
	External rating	No Rating	150,188	-	150,188
Investments at amortised cost	External rating	B-	69,431,198	(1,014,622)	68,416,576
Loans and advances to Customers	External rating	Low	151,046,556	(110,646,776)	40,399,780
		Medium	3,750,103	(1,643,424)	2,106,679
		High	72,835,573	(52,036,277)	20,799,296
Investments in subsidiaries, associates and joint ventures					
	External rating	No Rating	3,160,708	(712,365)	2,448,343
Other assets	External rating	B-	1,453,449,000	(921,641,135)	531,807,865
		No Rating	38,137,502	(11,774,899)	26,362,603
Total			**1,866,072,026**	**(1,099,481,352)**	**766,590,674**

The risk levels were attributed primarily using Moody's and Fitch, which considered a B3 (Moody's) or B– (Fitch) rating for Angola at the end of 2023, with the remaining agencies being used when necessary. In addition, the nomenclature previously adopted by Banco Nacional de Angola's risk levels is used for internal rating, as follows: Low (letters A and B), Medium (letters C, D and E), High (letters F and G).

Internally, the rating was calculated based on the Bank's internal model.

As at 31 December 2023 and 2022, the loans and advances by activity sector is detailed as follows:

Values expressed in thousand Kz

	31/12/2023						
	Loans and advances to Customers		Guarantees provided	Total exposure	Relative weight	Impairment	
	Outstanding	Overdue				Value	Impairment/Total exposure
Agriculture, livestock, hunting and forestry	134,297,893	3,052,916	-	137,350,809	51.70%	(127,369,172)	92.73%
Other collective service activities	1,776,811	41,357,911	751,339	43,886,061	16.24%	(12,057,973)	27.48%
Wholesale and retail trade|repair	6,112,280	34,495,913	112,225	40,720,418	15.28%	(28,092,948)	68.99%
Accommodation and catering (restaurants and similar)	28,491	7,407,081	-	7,435,572	2.80%	(3,991,563)	53.68%
Construction	118	3,442,590	825,107	4,267,815	1.30%	(828,669)	19.42%
Financial activities	386	2,990,433	-	2,990,819	1.13%	(2,515,851)	84.12%
Food and beverage industries	2,321,826	2,682	-	2,324,508	0.87%	(365,049)	15.70%
Transport, storage and communications	-	1,181,828	-	1,181,828	0.44%	(819,382)	69.33%
Real estate activities, hire and rental, and services	-	908,719	-	908,719	0.34%	-	0.00%
Public administration, defence and security	9,334	266,187	-	275,521	0.10%	(124,180)	45.07%
Education	910	6,426	-	7,336	0.00%	(4,323)	58.93%
Other	256,369	2,507,624	-	2,763,993	1.04%	(159,926)	5.79%
Corporate Customers	**144,804,418**	**97,620,310**	**1,688,671**	**244,113,399**	**91.24%**	**(176,329,036)**	**72.23%**
Mortgage	4,594,980	4,073,545	-	8,668,525	3.26%	(3,735,918)	43.10%
Consumer	256,781	213,797	-	470,578	0.18%	(178,372)	37.90%
Other	1,183,421	12,942,075	-	14,125,496	5.32%	(12,784,638)	90.51%
Individual Customers	**6,035,182**	**17,229,417**	**-**	**23,264,599**	**8.76%**	**(16,698,928)**	**71.78%**
Total	**150,839,600**	**114,849,727**	**1,688,671**	**267,377,998**		**(193,027,964)**	**72.19%**

Values expressed in thousand Kz

	31/12/2022 (Restated)						
	Loans and advances to Customers		Guarantees provided	Total exposure	Relative weight	Impairment	
	Outstanding	Overdue				Value	Impairment/ Total exposure
Agriculture, livestock, hunting and forestry	123,774,302	1,150,911	-	124,925,213	53.48%	(103,844,882)	83.13%
Wholesale and retail trade|repair	18,556,793	9,289,103	243,016	28,088,912	12.02%	(24,527,329)	87.32%
Real estate activities, hire and rental, and services	13,880,548	4,064,285	-	17,944,833	7.68%	(7,867,776)	43.84%
Fishing	6,710,994	340	-	6,711,334	2.87%	(1,642,873)	24.48%
Financial activities	4,491,173	5,717	-	4,496,890	1.93%	-	0.00%
Other collective service activities	2,744,162	1,663,359	4,788,659	9,196,180	3.94%	(2,667,667)	29.01%
Food and beverage industries	2,635,069	22	-	2,635,091	1.13%	(505,107)	19.17%
Public administration, defence and security	2,504,430	770,503	-	3,274,933	1.40%	(2,706,243)	82.64%
Accommodation and catering (restaurants and similar)	2,375,971	7,399,554	-	9,775,525	4.18%	(6,090,360)	62.30%
Construction	1,587,131	985,867	824,542	3,397,540	1.45%	(1,581,340)	46.54%
Education	1,500,117	1,390	-	1,501,507	0.64%	(436,322)	29.06%
Transport, storage and communications	710,854	772,408	101,907	1,585,169	0.68%	(834,024)	52.61%
Other	771,787	969,264	-	1,741,051	0.75%	(209,008)	12.00%
Corporate Customers	**182,243,331**	**27,072,723**	**5,958,124**	**215,274,178**	**92.16%**	**(152,912,931)**	**71.03%**
Mortgage	7,736,765	713,661	-	8,450,426	3.62%	(2,967,169)	35.11%
Consumer	839,086	91,721	-	930,807	0.40%	(197,529)	21.22%
Other	3,283,934	5,651,011	-	8,934,945	3.83%	(8,248,848)	92.32%
Individual Customers	**11,859,785**	**6,456,393**	**-**	**18,316,178**	**7.84%**	**(11,413,546)**	**62.31%**
Total	**194,103,116**	**33,529,116**	**5,958,124**	**233,590,356**		**(164,326,477)**	**70.35%**

As at 31 December 2023 and 2022, the geographic concentration of credit risk and liabilities is detailed as follows:

Values expressed in thousand Kz

	31/12/2023				
	Geographic area				
	Angola	Other African countries	Europe	Other	Total
Cash and balances with central banks	70,432,912	-	-	-	70,432,912
Balances with other credit institutions	30,504	33,642	8,749,390	68	8,813,604
Financial assets at fair value through other comprehensive income	51,875,326	-	-	-	51,875,326
Investments at amortised cost	58,027,433	-	-	-	58,027,433
Loans and advances to Customers	72,661,363	-	-	-	72,661,363
Investments in subsidiaries, associates and joint ventures	5,131,861	-	-	-	5,131,861
Other assets	281,193,119	-	-	-	281,193,119
Assets	**539,352,518**	**33,642**	**8,749,390**	**68**	**548,135,618**
Resources from central banks and other credit institutions	(272,992,129)	-	-	-	(272,992,129)
Customer resources and other loans	(1,006,663,603)	-	-	-	(1,006,663,603)
Other liabilities	(68,898,356)	-	-	-	(68,898,356)
Liabilities	**(1,348,554,088)**	**-**	**-**	**-**	**(1,348,554,088)**
Net Assets/(Liabilities)	**(809,201,570)**	**33,642**	**8,749,390**	**68**	**(800,418,470)**

Values expressed in thousand Kz

	31/12/2022 (Restated)				
	Geographic area				
	Angola	Other African countries	Europe	Other	Total
Cash and balances with central banks	44,754,420	-	-	-	44,754,420
Balances with other credit institutions	30,840	172,256	28,504,459	41	28,707,596
Financial assets at fair value through profit or loss	637,328	-	-	-	637,328
Financial assets at fair value through other comprehensive income	150,188	-	-	-	150,188
Investments at amortised cost	68,416,576	-	-	-	68,416,576
Loans and advances to Customers	63,305,755	-	-	-	63,305,755
Investments in subsidiaries, associates and joint ventures	2,448,343	-	-	-	2,448,343
Other assets	558,170,468	-	-	-	558,170,468
Assets	**737,913,918**	**172,256**	**28,504,459**	**41**	**766,590,674**
Resources from central banks and other credit institutions	(261,926,159)	-	-	-	(261,926,159)
Customer resources and other loans	(776,588,133)	-	-	-	(776,588,133)
Subordinated liabilities	-	-	(32,613,458)	-	(32,613,458)
Other liabilities	(104,618,623)	-	-	-	(104,618,623)
Liabilities	**(1,143,132,915)**	**-**	**(32,613,458)**	**-**	**(1,175,746,373)**
Net Assets/(Liabilities)	**(405,218,997)**	**172,256**	**(4,108,999)**	**41**	**(409,155,699)**

Mortgage guarantees and financial collateral, enabling a direct reduction in the value of the position, are relevant for the purpose of reducing credit risk. Personal protection guarantees with substitution effect on the exposure are also considered.

In terms of direct reduction, credit operations collateralised by financial guarantees are included, namely deposits, Angolan government bonds, among other similar operations.

Asset valuation of real mortgage guarantees is carried out by independent experts or by an in-house team with no connection to the commercial department. Revaluation of the assets is carried out on-site by a technical appraiser, in accordance with best market practices.

The Bank's policy is to regularly assess whether there is any objective evidence of impairment in its loan portfolio, as described in Note 2.4.

Market Risk

The Bank's market risk management policy is in line with best risk management practices. In this context, the Bank strictly complies with Banco Nacional de Angola's legislation on risk, including its Notice 08/2021 of 5 July on the prudential rules of the Angolan financial system.

Regarding information and market risk analysis, regular reporting is conducted on the financial asset portfolios. In terms of the Bank's own portfolio, several risk limits have been defined, including exposure limits by Issuer/Counterparty and credit quality level (rating).

The assessment of interest rate risk arising from banking book operations is performed through risk sensitivity analysis.

Based on the financial characteristics of each contract, expected cash flows are projected in accordance with the interest rate reset dates and any performance assumptions.

Aggregation of expected cash flows, for each of the currencies analysed, at each of the time intervals allows interest rate gaps to be determined per reset date.

Following the recommendations of Banco Nacional de Angola Instruction No. 22/2021 of 27 October, to calculate the exposure to interest rate risk in the statement of financial position, the Bank's assets and liabilities were broken down by type of rate (fixed and variable) and by refixing (or repricing) terms or times.

At 31 December 2023 and 2022, the financial instruments by exposure to interest rate risk are detailed as follows:

Values expressed in thousand Kz

	31/12/2023				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Cash and balances with central banks	-	-	70,432,912	-	70,432,912
Balances with other credit institutions	-	-	8,813,604	-	8,813,604
Financial assets at fair value through other comprehensive income	51,714,396	-	160,930	-	51,875,326
Investments at amortised cost	58,027,433	-	-	-	58,027,433
Loans and advances to Customers	57,491,070	15,170,293	-	-	72,661,363
Investments in subsidiaries, associates and joint ventures	-	-	5,131,861	-	5,131,861
Other assets	-	-	281,193,119	-	281,193,119
Assets	**167,232,899**	**15,170,293**	**365,732,426**	**-**	**548,135,618**
Resources from central banks and other credit institutions	(15,969,831)	-	(257,022,298)	-	(272,992,129)
Customer resources and other loans	(267,535,439)	-	(739,128,164)	-	(1,006,663,603)
Other liabilities	-	-	(68,898,356)	-	(68,898,356)
Liabilities	**(283,505,270)**	**-**	**(1,065,048,818)**	**-**	**(1,348,554,088)**
Net Assets/(Liabilities)	**(116,272,371)**	**15,170,293**	**(699,316,392)**	**-**	**(800,418,470)**

Values expressed in thousand Kz

	31/12/2022 (Restated)				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Cash and balances with central banks	-	-	44,754,420	-	44,754,420
Balances with other credit institutions	-	-	28,707,596	-	28,707,596
Financial assets at fair value through profit or loss	637,328	-	-	-	637,328
Financial assets at fair value through other comprehensive income	-	-	150,188	-	150,188
Investments at amortised cost	68,416,576	-	-	-	68,416,576
Loans and advances to Customers	52,387,580	10,918,175	-	-	63,305,755
Investments in subsidiaries, associates and joint ventures	-	-	2,448,343	-	2,448,343
Other assets	531,801,865	-	26,368,603	-	558,170,468
Assets	**653,243,349**	**10,918,175**	**102,429,150**	**-**	**766,590,674**
Resources from central banks and other credit institutions	(4,004,227)	-	(257,921,932)	-	(261,926,159)
Customer resources and other loans	(457,899,195)	-	(318,688,938)	-	(776,588,133)
Subordinated liabilities	(32,613,458)	-	-	-	(32,613,458)
Other liabilities	(83,268,230)	-	(21,350,393)	-	(104,618,623)
Liabilities	**(577,785,110)**	**-**	**(597,961,263)**	**-**	**(1,175,746,373)**
Net Assets/(Liabilities)	**75,458,239**	**10,918,175**	**(495,532,113)**	**-**	**(409,155,699)**

As at 31 December 2023 and 2022, the financial instruments according to their maturity or repricing date are detailed as follows:

Values expressed in thousand Kz

	31/12/2023								
	Interest-fixing dates/Maturity dates								
	Up to one month	One to three months	Three to six months	Six months to one year	One to three years	Three to five years	More than five years	Indeterminate	Total
Financial assets at fair value through other comprehensive income	-	-	-	291,362	33,282,204	-	18,140,830	-	51,714,396
Investments at amortised cost	-	-	-	-	57,846,301	-	181,132	-	58,027,433
Loans and advances to Customers	39,905	93,112	99,870	149,804	3,032,104	1,299,473	56,379,727	11,567,368	72,661,363
Assets	**39,905**	**93,112**	**99,870**	**441,166**	**94,160,609**	**1,299,473**	**74,701,689**	**11,567,368**	**182,403,192**
Resources from central banks and other credit institutions	(15,969,831)	-	-	-	-	-	-	-	(15,969,831)
Customer resources and other loans	(20,519,879)	(48,210,045)	(55,263,173)	(137,372,834)	(5,985,966)	(178,542)	(5,000)	-	(267,535,439)
Liabilities	**(36,489,710)**	**(48,210,045)**	**(55,263,173)**	**(137,372,834)**	**(5,985,966)**	**(178,542)**	**(5,000)**	**-**	**(283,505,270)**
Net Assets/(Liabilities)	**36,529,615**	**48,303,157**	**55,363,043**	**137,814,000**	**100,146,575**	**1,478,015**	**74,706,689**	**11,567,368**	**465,908,462**

Values expressed in thousand Kz

	31/12/2022 (Restated)								
	Interest-fixing dates/Maturity dates								
	Up to one month	One to three months	Three to six months	Six months to one year	One to three years	Three to five years	More than five years	Indeterminate	Total
Financial assets at fair value through profit or loss	-	-	-	637,328	-	-	-	-	637,328
Investments at amortised cost	-	-	-	51,614,868	-	-	16,801,708	-	68,416,576
Loans and advances to Customers	-	-	-	74,286	2,245,046	1,366,974	29,339,168	30,280,281	63,305,755
Other assets	-	-	-	-	-	-	-	531,801,865	531,801,865
Assets	**-**	**-**	**-**	**52,326,482**	**2,245,046**	**1,366,974**	**46,140,876**	**562,082,146**	**664,161,524**
Resources from central banks and other credit institutions	(4,004,227)	-	-	-	-	-	-	-	(4,004,227)
Customer resources and other loans	(73,271,896)	(126,484,866)	(103,006,069)	(144,486,552)	(10,305,270)	(337,897)	(6,645)	-	(457,899,195)
Subordinated liabilities	-	-	-	(32,613,458)	-	-	-	-	(32,613,458)
Other liabilities	-	-	-	-	-	-	-	(83,268,230)	(83,268,230)
Liabilities	**(77,276,123)**	**(126,484,866)**	**(103,006,069)**	**(177,100,010)**	**(10,305,270)**	**(337,897)**	**(6,645)**	**(83,268,230)**	**(577,785,110)**
Net Assets/(Liabilities)	**77,276,123**	**126,484,866**	**103,006,069**	**229,426,492**	**12,550,316**	**1,704,871**	**46,147,521**	**645,350,376**	**1,241,946,634**

The statement of financial position's sensitivity to interest rate risk is calculated based on the difference between the current mismatch of interest rates discounted at market interest rates and the amount discounted from the same cash flows simulating parallel movements of the market interest rate curve.

As at 31 December 2023 and 2022, the sensitivity analysis of the value of the financial instruments to interest rate variations is detailed as follows:

Values expressed in thousand Kz

	31/12/2023					
	Interest rate change					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Financial assets at fair value through profit or loss	(351,727)	(175,864)	(87,932)	87,932	175,864	351,727
Financial assets at fair value through other comprehensive income	(4,188)	(2,094)	(1,047)	1,047	2,094	4,188
Investments at amortised cost	(17,655,755)	(8,827,877)	(4,413,939)	4,413,939	8,827,877	17,655,755
Loans and advances to Customers	(2,874,197)	(1,437,098)	(718,549)	718,549	1,437,098	2,874,197
Other assets	(4,046,951)	(2,023,476)	(1,011,738)	1,011,738	2,023,476	4,046,951
Assets	**(24,932,818)**	**(12,466,409)**	**(6,233,205)**	**6,233,205**	**12,466,409**	**24,932,818**
Resources from central banks and other credit institutions	(843,634)	(421,817)	(210,909)	210,909	421,817	843,634
Customer resources and other loans	(2,763,576)	(1,381,788)	(690,894)	690,894	1,381,788	2,763,576
Other liabilities	(1,639,940)	(819,970)	(409,985)	409,984	819,970	1,639,940
Liabilities	**(5,247,150)**	**(2,623,575)**	**(1,311,788)**	**1,311,787**	**2,623,575**	**5,247,150**
Net impact	**(19,685,668)**	**(9,842,834)**	**(4,921,417)**	**4,921,418**	**9,842,834**	**19,685,668**

Values expressed in thousand Kz

	31/12/2022 (Restated)					
	Interest rate change					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Financial assets at fair value through profit or loss	(39,375)	(4,556)	(2,278)	2,278	4,556	39,375
Financial assets at fair value through other comprehensive income	(3,294)	(1,647)	(824)	824	1,647	3,294
Investments at amortised cost	(5,083,653)	(5,993,760)	(2,996,880)	2,996,880	5,993,760	5,083,653
Loans and advances to Customers	(6,256,337)	(2,173,970)	(1,086,985)	1,086,985	2,173,970	6,256,337
Other assets	(147,329,156)	(10,395,835)	(5,197,917)	5,197,917	10,395,835	147,329,156
Assets	**(158,711,815)**	**(18,569,768)**	**(9,284,884)**	**9,284,884**	**18,569,768**	**158,711,815**
Resources from central banks and other credit institutions	(832,313)	(416,156)	(208,078)	208,078	416,156	832,313
Customer resources and other loans	(3,766,689)	(1,883,345)	(941,672)	941,672	1,883,345	3,766,689
Subordinated liabilities	(466,372)	(233,186)	(604,943)	604,943	233,186	466,372
Other liabilities	(2,419,772)	(1,209,886)	-	-	1,209,886	2,419,772
Liabilities	**(7,485,146)**	**(3,742,573)**	**(1,754,693)**	**1,754,693**	**3,742,573**	**7,485,146**
Net impact	**(151,226,669)**	**(14,827,194)**	**(7,530,191)**	**7,530,191**	**14,827,194**	**151,226,669**

The presented results are within the limits stipulated in Banco Nacional de Angola Instruction No. 14/2021 of 27 September.

Banco Económico must inform Banco Nacional de Angola whenever there is a potential reduction of equal economic value in its banking book or more than 20% of regulatory own funds. During the 2023 financial year, the Bank complied with this requirement.

Banco Económico's banking book has a considerable foreign currency component, which makes it imperative, in light of the regulations, to analyse the sensitivity of financial instruments by currency.

As at 31 December 2023 and 2022, the financial instruments by currency are detailed as follows:

Values expressed in thousand Kz

	31/12/2023				
	Kwanzas	US dollars	Euros	Other currencies	Total
Cash and balances with central banks	7,194,478	62,637,047	598,139	3,248	70,432,912
Balances with other credit institutions	792,507	6,488,925	1,295,657	236,515	8,813,604
Financial assets at fair value through other comprehensive income	27,518,903	24,330,638	25,785	-	51,875,326
Investments at amortised cost	131,947	57,895,486	-	-	58,027,433
Loans and advances to Customers	59,887,855	12,628,046	145,362	100	72,661,363
Investments in subsidiaries, associates and joint ventures	5,131,861	-	-	-	5,131,861
Other assets	245,612,182	35,518,357	62,028	552	281,193,119
Assets	**346,269,733**	**199,498,499**	**2,126,971**	**240,415**	**548,135,618**
Resources from central banks and other credit institutions	(272,992,127)	(2)	-	-	(272,992,129)
Customer resources and other loans	(258,117,410)	(733,578,370)	(14,933,566)	(34,257)	(1,006,663,603)
Other liabilities	(24,500,710)	(255,359)	(44,122,310)	(19,977)	(68,898,356)
Liabilities	**(555,610,247)**	**(733,833,731)**	**(59,055,876)**	**(54,234)**	**(1,348,554,088)**
Net Assets/(Liabilities)	**901,879,980**	**933,332,230**	**61,182,847**	**294,649**	**1,896,689,706**

Values expressed in thousand Kz

	31/12/2022 (Restated)				
	Kwanzas	US dollars	Euros	Other currencies	Total
Cash and balances with central banks	6,657,427	38,032,993	60,535	3,465	44,754,420
Balances with other credit institutions	18,974	27,567,887	967,422	153,313	28,707,596
Financial assets at fair value through profit or loss	637,328	-	-	-	637,328
Financial assets at fair value through other comprehensive income	135,145	-	15,043	-	150,188
Investments at amortised cost	17,697,076	50,719,500	-	-	68,416,576
Loans and advances to Customers	59,554,349	3,750,984	422	-	63,305,755
Investments in subsidiaries, associates and joint ventures	2,448,343	-	-	-	2,448,343
Other assets	25,000,757	533,109,670	39,196	20,845	558,170,468
Assets	**112,149,399**	**653,181,034**	**1,082,618**	**177,623**	**766,590,674**
Resources from central banks and other credit institutions	(261,922,491)	(1)	-	(3,667)	(261,926,159)
Customer resources and other loans	(230,889,249)	(536,069,832)	(9,607,921)	(21,131)	(776,588,133)
Subordinated liabilities	-	(32,613,458)	-	-	(32,613,458)
Other liabilities	(38,370,318)	(62,703,110)	(3,509,179)	(36,016)	(104,618,623)
Liabilities	**(531,182,058)**	**(631,386,401)**	**(13,117,100)**	**(60,814)**	**(1,175,746,373)**
Net Assets/(Liabilities)	**643,331,457**	**1,284,567,435**	**14,199,718**	**238,437**	**1,942,337,047**

As at 31 December 2023 and 2022, the sensitivity analysis of the value of the financial instruments to interest rate variations is detailed as follows:

Values expressed in thousand Kz

	31/12/2023							
	-40%	-20%	-10%	-5%	+5%	+10%	+20%	+40%
Currency								
US dollars	185,208,674	92,604,337	46,302,169	23,151,084	(23,151,084)	(46,302,169)	(92,604,337)	(185,208,674)
Euros	20,109,812	10,054,906	5,027,453	2,513,727	(2,513,727)	(5,027,453)	(10,054,906)	(20,109,812)
Impact	**205,318,486**	**102,659,243**	**51,329,622**	**25,664,811**	**(25,664,811)**	**(51,329,622)**	**(102,659,243)**	**(205,318,486)**

Values expressed in thousand Kz

	31/12/2022 (Restated)							
	-40%	-20%	-10%	-5%	+5%	+10%	+20%	+40%
Currency								
US dollars	(4,391,104)	(2,195,552)	(1,097,776)	(548,888)	548,888	1,097,776	2,195,552	4,391,104
Euros	2,587,115	1,293,558	646,779	323,389	(323,389)	(646,779)	(1,293,558)	(2,587,115)
Impact	**(1,803,989)**	**(901,994)**	**(450,997)**	**(225,499)**	**225,499**	**450,997**	**901,994**	**1,803,989**

Liquidity risk

Liquidity risk is assessed using internal metrics established by the Bank's management, including setting exposure limits. This control is reinforced by monthly monitoring of sensitivity analyses to adjust the Bank's risk profile to the demands of its business activity and ensure that its obligations are met in the event of a liquidity crisis.

The control of liquidity levels has the objective of maintaining a satisfactory level of cash to meet treasury needs in the short, medium and long-term. Liquidity risk is monitored daily and specific reports are prepared for control and supervision, and to inform decisions taken by the Financial Committee or the Executive Committee.

Liquidity analysis is particularly based on future cash flow estimated for different periods, taking into account the Bank's statement of financial position. However, for the purpose of simplicity, the table below shows an analysis based on residual maturity dates, instead of expected future cash flows. The liquidity position on the day of analysis and the amount of highly liquid assets in the portfolio available for liquidity operations are added to these amounts to determine the accumulated liquidity gap for different periods. Furthermore, the liquidity positions are monitored from a prudential point of view, calculated pursuant to the regulatory requirements (Banco Nacional de Angola Instruction No. 13/2021 of 27 September).

Due to information limitations, it is not possible to disclose the liquidity maturity tables based on the contracted cash flow dates, using for the effect the net accounting values of impairment.

As at 31 December 2023 and 2022, the entire contractual cash flows are detailed as follows:

Values expressed in thousand Kz

	31/12/2023									
	Residual periods									
	On demand	Up to one month	One to three months	Three to six months	Six months to one year	One to three years	Three to five years	More than five years	Indeterminate	Total
Cash and balances with central banks	70,432,912	-	-	-	-	-	-	-	-	70,432,912
Balances with other credit institutions	8,813,604	-	-	-	-	-	-	-	-	8,813,604
Financial assets at fair value through other comprehensive income	-	-	-	-	291,362	33,282,204	-	18,140,830	160,930	51,875,326
Investments at amortised cost	-	-	-	-	-	57,846,301	-	181,132	-	58,027,433
Loans and advances to Customers	-	39,905	93,112	99,870	149,804	3,032,104	1,299,473	56,379,727	11,567,368	72,661,363
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	5,131,861	5,131,861
Other assets	-	-	-	-	-	-	-	-	281,193,119	281,193,119
Assets	**79,246,516**	**39,905**	**93,112**	**99,870**	**441,166**	**94,160,609**	**1,299,473**	**74,701,689**	**298,053,278**	**548,135,618**
Resources from central banks and other credit institutions	(272,992,129)	-	-	-	-	-	-	-	-	(272,992,129)
Customer resources and other loans	(739,128,164)	(20,519,879)	(48,210,045)	(55,263,173)	(137,372,834)	(5,985,966)	(178,542)	(5,000)	-	(1,006,663,603)
Other liabilities	-	-	-	-	-	-	-	-	(68,898,356)	(68,898,356)
Liabilities	**(1,012,120,293)**	**(20,519,879)**	**(48,210,045)**	**(55,263,173)**	**(137,372,834)**	**(5,985,966)**	**(178,542)**	**(5,000)**	**(68,898,356)**	**(1,348,554,088)**
Liquidity gap	**1,091,366,809**	**20,559,784**	**48,303,157**	**55,363,043**	**137,814,000**	**100,146,575**	**1,478,015**	**74,706,689**	**366,951,634**	**1,896,689,706**
Accumulated liquidity gap	**1,091,366,809**	**1,111,926,593**	**1,160,229,750**	**1,215,592,793**	**1,353,406,793**	**1,453,553,368**	**1,455,031,383**	**1,529,738,072**	**1,896,689,706**	**1,896,689,706**

Values expressed in thousand Kz

	31/12/2022 (Restated)									
	Residual periods									
	On demand	Up to one month	One to three months	Three to six months	Six months to one year	One to three years	Three to five years	More than five years	Indeterminate	Total
Cash and balances with central banks	44,754,420	-	-	-	-	-	-	-	-	44,754,420
Balances with other credit institutions	28,707,596	-	-	-	-	-	-	-	-	28,707,596
Financial assets at fair value through profit or loss	-	-	-	-	637,328	-	-	-	-	637,328
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	150,188	150,188
Investments at amortised cost	-	-	-	-	51,614,868	-	-	16,801,708	-	68,416,576
Loans and advances to Customers	-	-	-	-	74,286	2,245,046	1,366,974	29,339,168	30,280,281	63,305,755
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	2,448,343	2,448,343
Other assets	-	-	-	-	-	-	-	558,170,468	-	558,170,468
Assets	**73,462,016**	**-**	**-**	**-**	**52,326,482**	**2,245,046**	**1,366,974**	**604,311,344**	**32,878,812**	**766,590,674**
Resources from central banks and other credit institutions	(261,926,159)	-	-	-	-	-	-	-	-	(261,926,159)
Customer resources and other loans	(318,688,938)	(73,271,896)	(126,484,866)	(103,006,069)	(144,486,552)	(10,305,270)	(337,897)	(6,645)	-	(776,588,133)
Subordinated liabilities	-	-	-	-	(32,613,458)	-	-	-	-	(32,613,458)
Other liabilities	(104,618,623)	-	-	-	-	-	-	-	-	(104,618,623)
Liabilities	(685,233,720)	(73,271,896)	(126,484,866)	(103,006,069)	(177,100,010)	(10,305,270)	(337,897)	(6,645)	-	(1,175,746,373)
Liquidity gap	**758,695,736**	**73,271,896**	**126,484,866**	**103,006,069**	**229,426,492**	**12,550,316**	**1,704,871**	**604,317,989**	**32,878,812**	**1,942,337,047**
Accumulated liquidity gap	**758,695,736**	**831,967,632**	**958,452,498**	**1,061,458,567**	**1,290,885,059**	**1,303,435,375**	**1,305,140,246**	**1,909,458,235**	**1,942,337,046**	**1,942,337,047**

Property Risk

Property risk arises as the result of property exposure (whether from credit recovery proceedings or investment properties) and the exposure of units in real estate funds in the securities portfolio.

These exposures are monitored regularly and scenario analyses are performed to estimate potential impacts of changes in the real estate market on the portfolios of real estate investment funds, investment properties, and properties given in lieu of repayment.

As at 31 December 2023 and 2022, the exposure to real estate risk is detailed as follows:

Values expressed in thousand Kz

	31/12/2023	31/12/2022 (Restated)
Real estate properties assigned to banking business	**6,074,653**	37,051,838
Real estate properties received in lieu of repayment of loans	**148,508,432**	15,983,407
Loans and advances for real estate development	**226,586,465**	17,944,833
Other real estate properties not assigned to banking business	**245,973,178**	764,268
Non-current assets held for sale - real estate properties	**-**	-
Total	**627,142,728**	**71,744,346**

Operational Risk

An operational risk management system has been implemented, based on identifying, assessing, monitoring, measuring, mitigating and reporting this type of risk.

The Bank's Risk Department performs the corporate operational risk management function of the Bank, which is supported by the existence of Interlocutors in different organic units that ensure the proper implementation of operational risk management. In addition, to ensure the management of operational risk inherent to the Bank's activity, a dynamic and continuous framework was defined that materialises the implementation of operational risk management based on the following elements: (i) Mapping of risks and controls; (ii) Analysis of the data collected in the assessment questionnaires (qualitative); (iii) Registration of events (quantitative); (iv) Monitoring of the activities of identification and management of risk; (v) Production of operational risk reports and mitigation techniques.

The Operational Risk Management tools include: (i) Operational Risk Management Tools; (ii) Matrix, Risks and Process Controls (MRC); (iii) RO Event Registration Database (LDC); and (iv) Key Risk Indicators (KRI). It should also be noted that the current management of operational risk is carried out daily through the identification, assessment, monitoring and control of operational risk events framed within the risk categories defined internationally by the Basel Committee.

Note 39
Relevant facts

I – Recapitalisation and Restructuring Plan

Banco Nacional de Angola decided on measures to reorganise Banco Económico in 2014, as detailed in section "III – Chronology of events, which culminated, on 15 July 2016, with the signing, with the Grupo ENSA – Investimentos e Participações, E.P. (GENSA), current INVESTPAR, of the following agreements: (i) transfer of the economic interests of a portfolio of loans and participation units; and (ii) sale of assets held by Banco Económico (INVESTPAR Operation), with reference to 31 December 2014.

However, there was a default on the first instalment, as at 31 December 2018 by INVESTPAR, thus compromising the agreed payment plan, which was renegotiated. Since that date, Banco Económico, together with Banco Nacional de Angola, embarked on a series of interactions to appraise the remedial alternatives (see section "III – Chronology of events"), while successive worsening of the Bank's economic, financial and operational conditions was observed, regardless of the agreements signed.

As a mitigating measure, on 21 December 2021, Banco Nacional de Angola determined a set of intervention measures that were an integral part of the new Restructuring and Recapitalisation Plan (PRR) proposed by the Bank's Board of Directors and approved by the Regulator, embodied in the following:

a) Total incorporation of losses in the Bank's share capital, with the shareholders' capital being reduced to zero;

b) Increase of the Bank's share capital, by a minimum of Kz 1,040,000 million, through:

(i) Restructuring of the subordinated loan from Novo Banco, S.A. (with a new amendment formalised on 27 December 2021);

(ii) Partial conversion into share capital, by negotiation, of the amounts of depositors with a balance equal to or greater than the equivalent of Kz 3,000 million, excluding public and equivalent entities (eligible depositors), in the following proportions:
- 45% subscribed in participation units of a Closed-end Securities Investment Fund to be established;
- 20% subscribed in perpetual participation securities, with an annual redemption option, at the initiative of the issuer (Banco Económico), beginning on the 10th year of issue.

(iii) Issue of bonds convertible into shares up to the amount of Kz 50,000 million, with a maturity of ten years, to be subscribed voluntarily by the eligible depositors or by other interested entities;

(iv) Deferral, using the straight-line method and in equal annual instalments, of the recognition of impairment losses amounting to Kz 260,000 million, for a period of five years, with reference to 31 December 2020;

(v) Financial contribution from other investors, in the estimated amount of Kz 260,000 million, to be made until the end of 2022;

(vi) Exchange of bonds received in payment by INVESTPAR, with a nominal value of Kz 47,428 million, for new bonds under current market conditions;

(vii) The return, to Banco Económico, of the assets received by INVESTPAR identified in section "IV – Operation with the INVESTPAR";

(viii) Measures to increase operational efficiency and reduce the Bank's costs.

Considering the above, Banco Económico's Board of Directors went ahead with the implementation of the measures contained in the Recapitalisation and Restructuring Plan, including some necessary adjustments, taking into account the results of the diagnosis made and the degree of feasibility of some measures.

It also accomplished the initiatives required for compliance with that Plan, including the holding of the General Meeting on 15 February 2022, which approved, among other items: i) the issue of perpetual participation securities; and ii) the issue of bonds convertible into shares.

It recognises, however, that this is a challenging, long and complex process, in which it identifies various risks, despite the implementation of some of the main recapitalisation measures identified below.

1. Obtaining Shareholder agreement on the Recapitalisation and Restructuring Plan

After the approval of the Recapitalisation and Restructuring Plan in December 2021, and in order to create the necessary conditions for its implementation, the Board of Directors engaged in several interactions with the Bank's Shareholders at the time and with the eligible depositors:

a) The Shareholders, registered as such as at 31 December 2021, approved the Recapitalisation and Restructuring Plan by resolution passed at the General Meeting of 15 February 2022;

b) The eligible depositors formally agreed to the Recapitalisation and Restructuring Plan, by endorsing the memoranda of understanding which demonstrated their commitment, to the Bank's Management and to Banco Nacional de Angola, to the recapitalisation of Banco Económico.

Although the Bank considers that there are risks in implementing this measure, it is at an advanced stage and with good prospects for completion, considering that 23 memoranda of understanding were formalised with eligible depositors, which has enabled deposits totalling Kz 519,142,081 thousand, for the subscription of the financial instruments of Banco Económico's capitalisation, as detailed in the table below:

Values expressed in thousand Kz

	31/12/2023	31/12/2022 (Restated)
Share capital	**271,500,000**	**271,500,000**
Other equity instruments		
Perpetual Participation Bonds	**124,645,000**	121,196,000
Bonds convertible into shares	**28,684,000**	-
	153,329,000	**121,196,000**
Deposits of OFAC designated entities		
Deposits for subscription of FCR participation units	**60,629,838**	60,629,838
Deposits for subscription of perpetual participation securities	**26,946,594**	26,946,594
Deposits for subscription of bonds convertible into shares	**6,736,649**	6,736,649
	94,313,081	**94,313,081**
Total	**519,142,081**	**487,009,081**

Pursuant to Banco Nacional de Angola letter No. 610/DSB/2022 of 15 August 2022, the deposits of OFAC designated entities are recorded for purposes of calculating regulatory own funds. This measure improves the Bank's ratio of own funds and, consequently, its solvency ratio. Share capital and other equity instruments contribute to the calculation of equity.

The General Meeting was held, on 5 August 2022, to decide on Banco Económico's share capital increase and the entrance of eligible depositors as Fund Participants, which now holds the Bank's entire share capital.

2. **Completion of the process of constitution of the Closed-end Securities Investment Fund with the Angolan Capital Markets Commission, including its Management Company**

The Fund's registration and constitution process provided for in the Recapitalisation and Restructuring Plan has been fully completed and, on 10 August 2022, the Angolan Capital Markets Commission issued the registration certificate for Económico – Fundo de Capital de Risco de Subscrição Particular (Económico FCR or Fund). The Fund was registered at the Angolan Capital Markets Commission under No. 03/FCR/CMC/08-2022, with its management entity being Independent Finance Advisors – Sociedade Gestora de Organismos de Investimento Colectivo, S.A., and depositary entity being Banco Angolano de Investimentos, S.A. (BAI).

The Fund is authorised to issue up to a maximum of 33,005,680 participation units, with a unit price of Kz 10,000, corresponding to the maximum total value of Kz 330,056,800 thousand.

Pursuant to Capital Markets Regulator's authorisation, and considering the depositors that endorsed the Recapitalisation and Restructuring Plan, minus those who have not yet subscribed to the memorandum of understanding and the depositors designated on the OFAC list, 27,269,106 participation units were issued, with a nominal unit value of Kz 10,000.00 and a total value of Kz 272,691,060 thousand.

Using the proceeds from the issue of the participation units, Económico FCR subscribed to Banco Económico's capital increase to the amount of Kz 271,500,000 thousand, with the remaining amount staying in the Fund's liquidity to cover its operating costs (annual audit, management commission, fees payable to the Angolan Capital Markets Commission, among others) during its planned duration (10 years).

Yet another memorandum of understanding was signed in January 2023 by a depositor that, up to the time, had not subscribed the Fund's participation units.

The capital reduction and increase operation is pending registration with the Commercial Registry Office (Note 18).

3. **Effective accomplishment of the issue of perpetual participation securities and bonds convertible into shares**

On 15 February 2022, the General Meeting approved the issue of the perpetual participation securities. On 1 April 2022, authorisation was obtained from the Ministry of Finance for the issue, amounting to up to Kz 171,460,000 thousand, subject to the presentation of Banco Económico's provisional Annual Report as at 31 December 2021. By Order No. 1554/22 of 18 April 2022, the funds obtained from the issue of perpetual participation securities were treated as the Bank's equity.

The Bank referred the process to the Capital Markets Commission for due consideration and approval, and on 24 June 2022, this regulator informed the Bank of its agreement with the issue of perpetual participation securities under the following conditions:

- As Angola has ratified the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, against Transnational Organised Crime and the United Nations Convention for the Suppression of the Financing of Terrorism, subscriptions from legal persons and individuals designated by OFAC are not eligible;

- Subscriptions are not permitted from entities that have not signed the memoranda of understanding under the Bank's Recapitalisation and Restructuring Plan. The transfer of perpetual participation securities to third parties who have not signed the memoranda of understanding is subject to a favourable opinion from the Angolan Capital Markets Commission.

The conditions laid down by the Angolan Capital Markets Commission were fully complied with by Banco Económico, with the subscription of the perpetual participation securities having taken place on 4 August 2022, by debiting the accounts of the eligible depositors who signed the memorandum of understanding with the Bank and under the conditions established above.

Accordingly, 121,196 perpetual participation securities were issued with a nominal unit value of Kz 1,000,000, corresponding to the total value of Kz 121,196,000 thousand, less than the maximum authorised value of Kz 171,460,000 thousand, since individuals and companies designated by OFAC (US Treasury) were not considered eligible to subscribe this financial instrument, as established by the Angolan Capital Markets Commission in the conditions for approving the issue.

Subsequently, having obtained prior authorisation from the Angolan Capital Markets Commission on 6 March 2023, a further 3,449 perpetual participation securities with a nominal unit value of Kz 1,000,000 were issued on 14 March, as the result of another eligible depositor having subscribed, increasing the total issued value of this financial instrument to Kz 124,645,000 thousand.

On 26 January 2023, 27,822 bonds convertible into shares were issued with a nominal unit value of Kz 1,000,000, corresponding to a total value of Kz 27,822,000 thousand, out of a maximum value of Kz 50,000,000 thousand provided for in the Recapitalisation and Restructuring Plan.

Subsequently, on 14 March 2023, a further 862 convertible bonds with a nominal unit value of Kz 1,000,000 were issued, as a result of another eligible depositor having subscribed, increasing the total issued value of this financial instrument to Kz 28,684,000 thousand.

The issue of the convertible bonds improves the calculation of the Bank's regulatory own funds and, consequently, the solvency ratio.

4. Restructuring of Novo Banco's subordinated loan

On 27 December 2021, the Bank entered into an amendment to the subordinated loan agreement with Novo Banco, providing for the following conditions:

- Payment of the instalment due in October 2021, in two instalments, 40% in cash and 60% by September 2022;
- Forgiveness of 75% of the remaining debt; and
- Payment of 25% restructured by September 2023.

The last repayment on the subordinated loan was made in September 2023.

5. Recovery of the asset receivable from INVESTPAR, as per section IV – "Operation with the INVESTPAR"

The reversal of the INVESTPAR Operation was completed on 15 May 2023, through an agreement with the counterparty INVESTPAR, which enables the Bank to prepare and implement a strategy for optimising real estate assets and recovering loans.

Among the measures to speed up the property disposal process are:

i) The creation of a unit, in its organisational structure, especially dedicated to the management of properties received by the Bank: the Real Estate Asset Disposal Department. This unit will then be spun off into a subsidiary that will guarantee the provision of these services, independently and separately from the Bank;
ii) Selection of specialised service providers (appraisers, mediators, consultants) to support the Bank in the valuation and marketing of real estate assets;
iii) Overall valuation of the real estate assets to support the accounting record of the operation and approval of the price lists for their sale;
iv) Creation of a specialised committee of the Executive Committee (Real Estate Asset Committee) to decide on proposals for the sale and commercial rental of real estate;
v) Considering the regulatory limitations on the permanence of real estate assets available for sale on its balance sheet, the Bank advanced with their securitisation through the creation of a Real Estate Investment Fund. This led to the constitution of IMOPROPERTIES – Fundo de Investimento Imobiliário Fechado por Subscrição Privada (IMOPROPERTIES – FIIF), registered at the Angolan Capital Markets Commission under No. 01/FIIF/CMC/10-2013. The Bank, the Fund's sole subscriber, delivered the first tranche of the capitalisation, in liquid resources (Kz 1,000 million) on 26 April 2024. This will be followed by capitalisation in kind, with the Bank's submission of the real estate properties not assigned to operating business, with the subscription's final value, in liquid resources and kind (and the consequent Fund value), being dependent on the final valuations of the properties and the completion of their integration in the Fund, within the time limit of six months since its constitution date;
vi) The reactivation of mortgage loans, which has no immediate effect on liquidity, will have a positive effect on the bank's profitability and will enable it to retain the loyalty of preferential Customers.

The process of marketing the properties has been pursued, as initially defined in the Real Estate Optimisation Plan, which includes general lines for the marketing strategy and benchmarks for negotiating with potential stakeholders, considering the property valuation reports produced by independent experts for base values. To this end, the marketing of the properties has been publicised since June 2023, and four auctions have been conducted targeting Customers with funds domiciled at the Bank, between January and June 2024. The property sale transactions have been carried out by capturing new resources (Customers who acquire by transferring funds previously deposited at other financial institutions) and with resources already domiciled at the Bank, in which case, priority is given to transactions involving deposits in foreign currency, including transactions with related parties (Note 36).

By the end of the month of May 2024, the total value of properties with promissory purchase and sale agreements concluded with Customers amounted to approximately Kz 62 billion (selling prices agreed with the Customers), of which Kz 24 billion with related parties; with Kz 51 billion having been received, of which Kz 22.5 billion with related parties.

The process of reversal of the operation is at a final stage, merely pending the transfer of the properties that will comprise IMOPROPERTIES – FIIF and the recording of the corresponding participation units in the Bank's balance sheet. The book entry of this operation was carried out in three components: Loans and advances to Customers, Non-fundable real estate properties (non-current assets held for sale) and Fundable real estate properties (other assets that will be replaced by IMOPROPERTIES – FIIF participation units).

In the field of loan recovery, the following measures are to be implemented:

i) Promotional campaign to recover loans (called "New Life"), through a policy of partial forgiveness of overdue interest and improvement of contractual terms and conditions, in order to adapt financial plans to the current financial conditions of debtors;
ii) Intensification of the recovery of non-performing loans, through the enforcement of judicial and extrajudicial recoveries, which includes the hiring of legal service providers to, together with the Bank's Legal and Litigation Department, increase collection pressure on the Bank's debtors;
iii) The use of specialised collection service providers for the more "retail" portfolio of non-performing operations with lower unit values (e.g. credit card debts, consumer loans, among others). A contract has been concluded with an entity specialised in collection services allocated a portfolio valued at Kz 26,300,000 thousand.

6. Exchange of bonds received as payment from INVESTPAR with a nominal value of Kz 47,428 million, for new bonds under market conditions

The Bank has already accomplished this measure, with an agreement having been reached with the Ministry of Finance to exchange the securities held in the portfolio from the first payment of the INVESTPAR Operation, maturing in 2040 and with a 5% remuneration rate, for securities with normal market conditions in terms of maturity and interest rate.

The agreement was concluded with a 20% haircut and made it possible to exchange long-maturity, low-remuneration securities for a portfolio of securities with residual maturities of 2, 4 and 10 years, with interest rates of 14.5%, 15% and 17%, respectively, as shown in the table below:

Values expressed in thousand Kz

ISIN	Issue date	Maturity date	Coupon rate	Residual maturity	Indexed (foreign currency)	Unit nominal value	Quantity	Nominal value
AOUGDOGI22A6	09/11/2022	09/05/2025	14.50%	2.0	No	100,000	114,656	11,465,600,000
AOUGDOIL22A6	10/07/2022	10/07/2027	15.00%	4.2	No	100,000	191,092	19,109,200,000
AOUGDONJ23A8	30/01/2023	30/01/2033	17.00%	9.7	No	100,000	57,792	5,779,200,000
Total							**363,540**	**36,354,000,000**

This operation made it possible to recover the losses recorded under the initial recognition of these assets at their fair value, resulting in capital gains of approximately Kz 22,222,601 thousand in the 2023 financial year, and to improve the Bank's profitability by making a positive contribution to net interest income.

7. Ensure compliance with the regulatory, legal and accounting framework

The Board of Directors affirms its full commitment to implementing the Bank's Recapitalisation and Restructuring Plan within the established deadlines, with the support of the Banking Sector Regulator (BNA), the Capital Markets Supervisor (CMC) and other institutional counterparties involved, ensuring the correct legal and regulatory framework to enable the successful implementation of the Recapitalisation and Restructuring Plan.

It should be noted that, in 2021, the Bank became entitled to benefited from a temporary exemption provided for in Banco Nacional de Angola letter 480/DSB/21 of 11 August, during the recapitalisation and restructuring process, having complied with the following regulatory limits:

i) Regulatory own funds;
ii) Foreign exchange position;
iii) Regulatory capital ratio;
iv) Limits of major risks;
v) Liquidity Ratio
vi) Increase of 5% of the mandatory reserves in foreign currency and the 2% previously fulfilled in kwanzas.

Despite this exemption, as at 31 December 2023, the Bank is in breach of said limit for mandatory reserves in foreign currency (17%). However, it is planned to implement measures in the short term that will allow the Bank to regularise this situation.

By letter dated 3 August 2022, Banco Nacional de Angola informed Banco Económico that it would be temporarily exempt from complying with the total own funds ratio required in the letter with the conclusions of the supervisory review and evaluation process (SREP) for 2022, with this exemption prevailing up to date.

In addition, by letter dated 15 August 2022, Banco Nacional de Angola informed Banco Económico of a provision regarding the process for calculating regulatory own funds ratios, provided for in Banco Nacional de Angola Notice No. 08/2021 of 5 July, namely that, as some of the eligible depositors that had signed the memorandum of understanding being included in the list of OFAC designated entities, since 9 December 2021, and for as long as they remain in this situation, for prudential purposes, and for this purpose only, Banco Económico should consider in its calculation of the: (i) Regulatory own funds ratio, (ii) Tier 1 capital ratio (Tier 1), and (iii) Common equity tier 1 ratio (CET 1, that these entities' deposit resources (i.e. 70%) are eligible as common equity tier 1 capital and, in this circumstance, must remain immovable. This measure is exceptional and will be in force temporarily until an opinion is expressed by OFAC or a resolution by the Angolan judicial bodies or a decision is made by Banco Nacional de Angola.

8. Ensure compliance with the business plan scheduled for 2022-2027: As noted in point 7, the Board of Directors reaffirms its commitment to the implementation of the Recapitalisation and Restructuring Plan, including all the measures and activities established therein, which were fully incorporated in the Bank's business plan for the period of 2022-2027.

Having already implemented the main measures of the Recapitalisation and Restructuring Plan and analysed their impact on the Bank's accounts, despite the positive effects on net interest income, the Board of Directors anticipates the need for complementary measures, with greater impact from the point of view of liquidity and capital, to ensure the Bank's economic and financial balance and its continuity. In addition, the exchange rate depreciation that occurred in 2023 also had a significant impact on the Bank's accounts.

Thus, the Board of Directors anticipates the need for an additional capital increase to ensure the Bank's compliance with regulatory ratios, through the contribution of fresh funds to solve the liquidity problem. As at 31 December 2023, the Bank has negative equity of Kz 627,580,141 thousand, after full recognition of the deferred impairment losses constituted in 2022, under the Recapitalisation and Restructuring Plan. Thus, to balance the Bank's equity, increase its liquidity levels and ensure compliance with the current regulatory requirements, the estimated capital requirement stands at Kz 805,648,515 thousand, considering the effect of the deposits of OFAC designated entities, amounting to Kz 94,313,081 thousand which are considered for calculation of regulatory own funds.

The Business Plan was pursued in 2023, in line with the Recapitalisation and Restructuring Plan, with the following measures being highlighted:

- Book entry of the reversal of the INVESTPAR Operation which, considering the effect of the significant devaluation of the Kwanza during 2023, gave rise to losses of approximately Kz 321,215 billion (Notes 28 and 33);
- Disposal of the real estate properties received from the reversal of the INVESTPAR Operation, which gave rise to sales of Kz 20,528,175 thousand up to 31 December 2023, of which the value of Kz 16,419,509 thousand was received (approximately 80%);
- Book entry of the disposal of the head office building with capital gains of Kz 53,979,218 thousand (Notes 11 and 29);
- Restructuring and recovery of loans overdue, with 21 operations having been restructured, of the value of Kz 49,492,086 thousand, and 66 operations settled, of the value of Kz 4,442,687 thousand;
- Turnaround of net interest income which, despite having been negative in annual accumulated figure, recorded a positive monthly variation of Kz 116 thousand, in December 2023;
- Reduction of Employees (-214) reflected in the reduction of personnel expenses by Kz 2,173 thousand (-15% in relation to 2022);
- Reduction of the branch network by 15 branches, throughout 2023.

The estimated capital requirement, presented above, may be constrained by the accomplishment of measures that are beyond the control of the Board of Directors, namely:

- The restructuring of the debt to Banco Nacional de Angola, of the value of Kz 257 billion which, should more favourable conditions arise for the Bank, may reduce the capital requirements referred to above, of this amount;
- The foreign exchange evolution, considering that the Bank has a negative position (short) as at 31 December 2023, of USD 711 million which, in a scenario of the national currency's devaluation, could be reflected in foreign exchange losses and, consequently, in additional capital needs.

It should be noted that if the aforesaid capital increase does not take place, capital requirements could increase in the coming years, mainly due to the Bank's current economic and financial situation and existing liquidity constraints, with the consequent impact on the Bank's profitability and operating results.

Under Banco Nacional de Angola's ongoing follow-up and monitoring of the implementation of the Recapitalisation and Restructuring Plan, the Board of Directors has shared with the Regulator all the information regarding the Bank's current and foreseeable situation, but so far this has not resulted in any concrete measures to meet the capital needs identified by the Board of Directors.

Furthermore, by indication of the Regulator under Article 254 of Law No. 14/21 of 19 May – Law on the General Framework of Financial Institutions, the Board of Directors hired the services of a specialised consultant.

Although these circumstances constitute material risks and uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern, the Board of Directors believes that it is appropriate to present the financial statements based on the going concern assumption, given the favourable evolution and significant progress made in implementing the Recapitalisation and Restructuring Plan and the expected support from the Regulator (BNA) for the implementation of the additional measures, to ensure the Bank's economic and financial sustainability.

II – Additional measures to the Recapitalisation and Restructuring Plan

In order to guarantee the success of the Bank's restructuring process, an addition was made to the Recapitalisation and Restructuring Plan with more urgent measures – the Emergency Action Plan – aimed at boosting financial performance and increasing operational efficiency.

The Emergency Action Plan is based on 4 pillars, broken down into 18 initiatives, which include various activities and milestones, the implementation of which is rigorously monitored by Banco Económico, of which the following are highlighted:

1. **Sale of Banco Económico's head office building to the National Oil and Gas Agency (NOGA)**

The Bank signed a promissory purchase and sale agreement on 21 April 2023 with ANPG for the sale of its head office building, located at Rua do 1.º Congresso, no. 8, in Luanda, for the sum of USD 100,000,000, payable in two instalments, one of which corresponds to 60% of the value, to be settled after the administrative approvals for the operation have been obtained, and the remaining 40% on the date the public deed is signed.

The authorisation from the Holder of Executive Power to carry out the operation was published in the Official Gazette (Diário da República) on 7 June 2023, and the first tranche (60% of the value) was received in August 2023, with the amount of the second tranche (40%) having been deposited by the buyer in February 2024, with the public deed having been registered on 25 June 2024 with the respective payment having been made.

2. **Ensure the optimisation of operating costs**

Over the course of 2023, Banco Económico's Board of Directors has been implementing structural measures aimed at scaling the institution to the sector's current challenges and ensuring rational cost management, operating in a more sustainable manner, in line with the digital transformation that has positively influenced the sector. These measures include:

i) Closure of 15 branches in May 2023 and a further four branches in February, with negotiations being underway for the rescission of the rental agreements;
ii) Closure of the Lisbon office in March 2023;
iii) Reduction of personnel with the payment of compensatory allowances and other benefits (loan forgiveness, maintenance of health insurance, among others). The first phase of this process is now complete via the extinction of 68 employment positions arising from the closure of branches, which culminated in the dismissal of 68 Employees. The second phase was completed in June 2023, covering 63 Employees. A total of 131 Employees were involved;
iv) Organisational restructuring, in February 2023, from 31 to 23 structural units, which reduced the number of managers and simplified the hierarchy;
v) Annual budget, approved in March 2023, with significant cost reductions in third party supplies and services due to branch closures, fleet write-offs and the renegotiation of contracts with suppliers.

These measures reduced operating costs to levels that are more in line with the Bank's capacity to generate income.

III – Chronology of events

Banco Económico results from the renaming of Banco Espírito Santo Angola, following the reorganisation measures decided by Banco Nacional de Angola on 20 October 2014 and by the General Meeting held on 29 October of the same year.

In retrospect, Banco Nacional de Angola decided to adopt extraordinary reorganisation measures for Banco Espírito Santo Angola on 4 August 2014, which took the form of a detailed assessment of its loan portfolio, of its component to be allocated to losses, the identification of the asset items subject to disposal and restructuring, and the concomitant revocation of the Sovereign Guarantee issued by the Republic of Angola on 31 December 2013, through Internal Presidential Order 7/2013 of 31 December, amounting to USD 5.7 billion (Kz 556.4 billion, at the exchange rate on that date), including USD 0.2 billion for other types of assets. According to said Presidential Order, the Sovereign Guarantee was issued considering that Banco Espírito Santo Angola, at that time, held and managed a portfolio of loans and operations relating to a set of Angolan corporate entities, comprising micro, small and large companies that corresponded to operations of paramount importance for the full implementation of the goals set in the National Development Plan 2013 – 2017 aimed at protecting the fundamental interests of the Angolan financial system. Following this, Banco Nacional de Angola appointed two interim directors to, together with the Board of Directors in office, conduct the Bank's current management.

On 20 October 2014, Banco Nacional de Angola released the results of the report on the Bank's financial situation prepared by the appointed provisional directors and the special purpose review report presented by the independent auditor expressly engaged for that purpose, which identified adjustment needs to Banco Espírito Santo Angola's equity of the total amount of Kz 488,780 million, with equity having become negative by Kz 383,886 million.

As a result, Banco Nacional de Angola decided to adopt the following reorganisation measures:

a) Capital increase by conversion of part of the senior interbank loan, amounting to Kz 360,768 million, followed by a reduction of the Shareholders' equity by absorption of all accumulated losses. This operation gave rise to the Bank's Shareholders at the time seeing their stakes in the share capital completely diluted;

b) Capital increase amounting to Kz 65,000 million, by the Shareholders or by entities invited and accepted by Banco Nacional de Angola, to be carried out in cash, with a view to reconstituting the share capital and ensuring compliance with the minimum prudential ratios;

c) Conversion of the amount of Kz 7,000 million of the senior interbank loan into the Bank's share capital, representing a 9.9% shareholding in the institution, whose conversion was subject to the authorisation to be obtained by the holder of the senior interbank loan from the competent entities for the subscription of said share capital;

d) Conversion of the Kz 41,596 million senior interbank loan into a common loan in US dollars and at market rates, repayable in 18 months, guaranteed by the Bank for 50% of its value, through the delivery of a pledge on public debt securities;

e) Conversion of the amount of Kz 41,595 million of the senior interbank loan into a subordinated loan in US dollars and at market rates, repayable in 10 years, with the possibility of future conversion into share capital, until the end of the repayment period, provided the loan holder's holding remains below 19.99%. This amount may be increased by 7 billion kwanzas in the event of non-conversion into capital of the provisions of paragraph c) above;

f) Placement in the market of additional subordinated instruments, amounting to Kz 50,000 million, until 31 December 2015, to ensure the maintenance of the regulatory ratios.

A Universal and Extraordinary General Meeting was held on 29 October 2014, at which the interim directors informed the Shareholders of the reorganisation measures to be adopted, and invited the then Shareholders to recapitalise the Bank under the presented conditions.

As the then Shareholders did not express any interest in capitalising the Bank under the conditions referred to, apart from GENI Novas Tecnologias S.A., the following operations were approved:

a) Capital increase in cash amounting to Kz 65,000 million, to be carried out by the following entities and in the proportions already approved by Banco Nacional de Angola:

- (i) The company **GENI Novas Tecnologias, S.A.:** a contribution of Kz 14,328 million, representing a 19.90% stake in the share capital;
- (ii) The company **Lektron Capital, S.A.:** a contribution of Kz 22,304 million, representing a 30.98% stake in the share capital;
- (iii) The company **Sonangol, E.P.:** a contribution of Kz 11,520 million, representing a 16.00% stake in the share capital;
- (iv) The company **Sonangol Vida, S.A.:** a contribution of Kz 11,520 million, representing a 16.00% stake in the share capital;
- (v) The company **Sonangol Holdings, Lda.:** a contribution of Kz 5,328 million, representing a 7.40% stake in the share capital.

b) Capital increase of Kz 7 billion, through the conversion of the senior loan held by Novo Banco, S.A., corresponding to a 9.72% stake in the share capital.

Banco Nacional de Angola's intervention ended with the holding of said General Meeting, in which the new governing bodies were appointed and the re-denomination to Banco Económico, S.A. was approved.

With reference to the common loan, constituted as a result of Banco Nacional de Angola's reorganisation measures, amounting to USD 424,860 thousand, the full repayment of the principal was scheduled for 30 April 2016. As a result of the current exchange restrictions, Banco Económico agreed with Novo Banco, S.A. to alter the loan's repayment conditions. As a result of the contractual amendment, dated 29 April 2016, the amount of USD 95 million was settled on 30 April 2016, the amount of USD 50 million was settled on 13 June 2016, and the amount of USD 73 million was settled on 30 September 2016. The remaining amount was settled in August 2018. In the referred contractual amendment, Banco Económico reinforced the guarantees in favour of Novo Banco, S.A. with a first-degree pledge, on 12,300 Treasury Bonds of the Republic of Angola, with a nominal value of USD 10,000 and maturity on 15 August 2018.

In replacement of the issue in the market of additional subordinated instruments, amounting to Kz 50,000 million, previously approved by Banco Nacional de Angola, the agreements for the transfer of the economic interests of a portfolio of loans, participation units and sale of assets held by Banco Económico were carried out, with reference to 31 December 2014, framed by Presidential Decrees 196/15 and 123/16, detailed as follows:

a) Transfer of economic rights on direct claims, by subscription and other values, amounting to Kz 111,886 million and USD 1,981 million. The Bank held a repurchase option on two credit operations amounting to Kz 10,286 million until 2018, for which non-exercise in 2018 was agreed with GENSA. Economic rights on loans written off from assets in the gross amount of Kz 88,716 thousand, fully provisioned, were also conveyed;

b) Sale of 49,191 participation units in the BESA Património Fund, corresponding to 50.2% of all units, amounting to Kz 5,975 million;

c) Transfer of economic rights relating to 50,000 units of the Fundo BESA Valorização, corresponding to all the units of that Fund, amounting to Kz 54,102 million;

d) Disposal of various assets not for own use and fixed assets in progress, amounting to Kz 4,975 million.

As these operations produced legal and economic effects retroactive to 31 December 2014, after approval by Banco Nacional de Angola on 31 October 2016, the Bank derecognised these assets on this date, to the total amount of Kz 380,743 million (Kz 176,940 million and USD 1,980 million), except for the direct loans over which the Bank maintains the repurchase option amounting to Kz 10,286 million, against "Other assets" (see Note 15), which were derecognised in 2018, following a non-exercise agreement with GENSA.

For payment of the price of the operations on the various assets the following schedule has been agreed:

a) With the signing of the contracts, the payment of Kz 47,428 million, made by delivery of Republic of Angola;

b) Five annual and constant payments of the remaining amount due, starting from 15 July 2017 (with two tranches – Kz 25,980 million and USD 396 million).

Interest at a rate of 7% is payable on the amount due.

The Payment Agreement concluded between the parties foresees that the five above-mentioned instalments shall be paid in one of the following ways, to be approved by the intervention of public law legal persons and/or the respective supervisory, regulatory or other bodies through the legal-economic instruments appropriate for the effect, under the terms of the legislation in force at any time:

a) By delivering the Angolan Republic Treasury Bonds in National Currency, identified in Presidential Decree No. 196/15 of 8 October, in Executive Decree No. 656/15 of 24 November, Decree No. 123/16 of 9 June, or decree relative to the same object that succeeds it, under the terms foreseen in the respective legislation concerning public debt and its forms of transmission, without prejudice to the provisions of paragraph iii) below, which shall prevail;

b) In cash, without prejudice to the provisions of paragraph c) below, which shall prevail;

c) The USD-indexed portion of the price, in each annual instalment, shall be paid by means of the delivery of securities of Treasury Bonds of the Republic of Angola indexed to the Kz/USD exchange rate by Banco Nacional de Angola on each payment date or, alternatively, paid by means of a USD deposit in a Banco Económico bank account.

On 20 March 2017, Banco Económico transferred, in lieu of repayment to Banco Nacional de Angola, a portfolio of Treasury Bonds of the Republic of Angola amounting to Kz 14,662 million and receivables from the transfer and sale of assets to GENSA, amounting to Kz 256,963 million (49% of the total balance of the heading "Other assets"), for the full settlement of the financing granted by Banco Nacional de Angola to Banco Económico, to the total amount, on that date, of Kz 271,625 million (Kz 230,372 million as at 31 December 2016 – Note 16).

The first payment of the five annual instalments of principal and interest relating to the transfer of economic rights and the sale of assets had been established for 15 July 2017, amounting to Kz 179,360 million (Kz 54,360 million and USD 749 million, of which Kz 25,980 million and USD 396 million in principal and Kz 28,380 million and USD 352 million in interest), of which Kz 76,734 million was payable to the Banco Nacional de Angola, by virtue of the transfer of the rights receivable by Banco Económico, as mentioned in the previous paragraph. As referred to in the Order of the Minister of Finance dated 9 October 2017, as GENSA's supervisory body, in order to adjust the payment plan to the pace of recovery of loans and other assets, allowed by the current economic context, and to minimise the amounts of public debt to be issued in the future to cover any deficit, with the amounts recovered to date being used to partially pay the interest due, the reformulation of the Debt Payment Agreement was authorised as follows:

a) To make a payment equivalent to Kz 25,216 million, of which Kz 388 million through public debt securities, for the partial payment of interest to Banco Económico;

b) Capitalise the remaining unpaid interest amounting to USD 201 million and Kz 28,380 million;

c) To alter the payment plan of the asset transfer operation from 5 years to 24 years, in accordance with that established by the State for the issue of public debt for this type of operation, maintaining the interest rate at 7%. The new plan foresees annual payments of capital of USD 90,940 thousand and Kz 6,594,949 thousand, plus interest calculated on the outstanding capital.

On 19 December 2017, an agreement was signed between the Bank and GENSA formalising the above conditions.

As at 31 December 2018, the payment of the first of 24 instalments of principal and interest, totalling Kz 22,804,429 thousand and USD 314,458 thousand (being Kz 6,594,949 thousand and USD 90,940 thousand principal, and Kz 16,209,480 thousand and USD 138,692 thousand interest) was scheduled, of which USD 267,131 thousand (being USD 77,253 thousand principal and USD 189,878 thousand interest) was due to the Bank The remainder would be payable to Banco Nacional de Angola under the transfer of rights agreement referred to above.

At the present date, GENSA has not yet made the payment of this principal and interest instalment.

During discussions with the Ministry of Finance and Banco Nacional de Angola, the Bank informed these entities of the possibility of applying a discount to the outstanding amount of USD 61,777 thousand (Kz 19,064,674 thousand), having deducted this amount from the value receivable from GENSA recorded in the balance sheet and incorporated the respective loss in the net income for the year.

Meanwhile, Banco Nacional de Angola and the Ministry of Finance informed Banco Económico and its Shareholders, in May 2019, that they wanted the asset sale operation to GENSA to be reversed in a capital increase operation to be carried out by the current Shareholders. Also, under the contacts with the Ministry of Finance and Banco Nacional de Angola on this matter, said entities informed of their intention to replace the payment of the price for the transfer/sale of assets to GENSA with a capital increase to offset the difference between the sale price and the current valuation of the assets transferred/sold.

On 22 July 2019, Banco Nacional de Angola notified Banco Económico to proceed with the aforesaid capital increase to be carried out until 30 June 2020, quantified to the amount of Kz 416 billion but subject to change if any adjustment were to be determined according to the analyses that were still in progress, including the asset quality assessment programme, in order to ensure the restoration of regulatory own funds and the adequacy of the regulatory own capital ratio. As mentioned in the same letter, if during the capital increase, significant changes should occur in impairment losses whose analysis was still in progress, the Bank should request Banco Nacional de Angola for the proportional change in the capital to be made. Thus, the capital increase required to offset the change in assumptions regarding the sale of assets to GENSA could be different from that referred to, depending on the time of its realisation and how it is applied.

On 19 July 2019, Sonangol E.P. notified Banco Económico that Lektron Capital S.A. (Lektron) delivered shares representing 30.98% of the Bank's capital, as payment for the loan taken out by Lektron from Sonangol EP. With this payment in kind, Sonangol E.P. increased its shareholding in Banco Económico to 46.98% and the Sonangol Group to 70.38%. Subsequently, the Shareholders Sonangol, EP, Sonangol Vida, SA and Sonangol Holdings, Lda formally expressed their intention to subscribe and carry out the capital increase that would be approved at the General Meeting of 7 August 2019, in the percentages of their shareholdings or in the full amount of the capital increase, should the remaining Shareholders not exercise their pre-emptive right.

Considering that the asset sale contracts with GENSA were still in force, that the terms under which they would be modified to give rise to the capital increase operation were not yet known and that the value of the assets was being confirmed, Banco Económico did not include in the financial statements as at 31 December 2018, the effect on results that could result from the change in the assumptions of the asset sale operation. However, due to the change in the assumptions of the INVESTPAR Operation, considering that the Shareholders Sonangol, E.P., Sonangol Vida, SA and Sonangol Holdings, Lda expressed, in a letter issued on 2 August 2019, their intention to subscribe and carry out the capital increase, to be approved at the General Meeting of 7 August 2019, the financial statements were prepared on a going concern basis.

Following the asset quality assessment (AQA) programme, Banco Nacional de Angola communicated, in December 2019, to Banco Económico, its conclusions on the same, concluding the need for significant adjustments, mostly associated with the correct value of the asset transfer operation to GENSA, calculating an impairment of approximately 60% (sixty per cent). However, the need for capital stood at similar amounts to those initially presented in the communication of 22 July 2019 (Kz 416 billion), with the Bank having to submit a Recapitalisation Plan to Banco Nacional de Angola by 28 February 2020, which should be implemented by 30 June 2020.

As a result of the above determinations, Banco Económico initiated a set of procedures to adopt best international practice and hire an internationally renowned consulting firm to prepare a Recapitalisation Plan compliant with the defined requirements and that was in the best interest of its Shareholders. However, despite the submission of the initial Plan and subsequent adaptations to it, as a result of suggestions from Banco Nacional de Angola, it was not approved. It should be noted that there were delays to the process stemming from the COVID-19 pandemic, which created additional difficulties in the structuring of the Recapitalisation and Restructuring Plan, restricting the possibility of some solutions due to financial restrictions and the deterioration of the risk scenario on a global scale, making it difficult for potential international Stakeholders to invest effectively.

In addition, on 31 August 2020, Banco Nacional de Angola informed Banco Económico of the return of the transaction contracted on 20 March 2017, arising from the settlement of loans granted through the payment in kind of receivables from the operation of transfer and sale of assets to GENSA, amounting to Kz 256,963 million. Consequently, the Bank carried out a revaluation of impairment considering this amount recognising, in 2020, an impairment of Kz 181,693 million taking into account the value attributed to the asset transfer operation, determined at the time of the asset quality assessment programme, maintaining an impairment proportion of 60%.

The implementation of the Recapitalisation and Restructuring Plan included a General Meeting, held on 15 February 2022, with the following agenda:

1. Information on the accounts for the financial years 2019 and 2020;
2. Presentation of Banco Económico’s Recapitalisation and Restructuring Plan;
3. Approval of the issue of perpetual participation securities;
4. Approval of the issue of bonds convertible into shares.

The General Meeting was attended by all the Bank’s Shareholders and all the items on the agenda were approved, thus meeting the necessary conditions for the continuation of the measures leading to the capitalisation of Banco Económico.

To underline the urgency of this process, in the "Miscellaneous” point, the Shareholders approved the scheduling of a new General Meeting, no longer than 45 days from that date, to take the necessary resolutions to conclude the recapitalisation operations, in accordance with the Recapitalisation and Restructuring Plan approved by Banco Nacional de Angola.

On 5 August 2022, the Bank held a General Meeting where the following resolutions were passed:

1. Approval of Banco Económico's Recapitalisation and Restructuring Plan, approved by Banco Nacional de Angola and presented at Banco Económico's General Meeting on 15 February 2021, and ratification of all acts carried out by the Board of Directors in accordance with said plan;
2. Appraisal and approval of the reports and accounts for the financial years 2019/2020/2021 and the opinions of the Supervisory Board and External Auditor;
3. Approval of the reduction of share capital by total incorporation of losses, under the terms of Article 243 of Law 14/21 of 19 May (LRGI), and subsequent share capital increase, under the terms of the Bank's Recapitalisation and Restructuring Plan, approved by Banco Nacional de Angola on 21 December 2021;

4. Approval of the capital increase, within the framework of the measures and in accordance with the assumptions defined in the above Plan, up to a maximum value of Kz 358,006,457, with waiver of the exercise of pre-emptive rights by the Shareholders, in which the new shares will be fully subscribed by a venture capital collective investment undertaking, managed by an independent management entity.

A General Meeting was held on 22 August 2022, in which the following points were decided:

1. The Bank's articles of association were amended;

2. The Fund approved the new Governing Bodies for the next three years (2022 to 2024).

IV – INVESTPAR Operation

The agreement for the reversal/resolution of INVESTPAR was signed on 15 May 2023, transferring all its rights and obligations inherent to this operation to the Bank, with the value of Kz 100,000 thousand being placed at the disposal of INVESTPAR to meet the expenses arising from the operation's cessation.

Adjustments were made to the financial statements under the headings of "Other assets" and "Other liabilities", concerning the book entries made since the operation's reversal date, in which the following variations were obtained:

1) Conversion of the balances of the headings of "Other assets" and "Other liabilities", associated with the operation, from US dollars to kwanzas according to the exchange rate of 16 May 2023 of AOA/USD 523.561 (other assets: USD 1,055,823 thousand, equivalent to Kz 552,788,943 thousand; other liabilities: USD 52,169,202 thousand, equivalent to Kz 27,313,759 thousand);

2) Use of constituted impairment losses and offsetting of the balance in other liabilities associated with credit recovery;

3) Recording of loans and advances to Customers, at fair value, amounting to Kz 25,732,554 thousand;

4) Recording of non-fundable real estate properties, at fair value less discounts foreseen for non-current assets held for sale, amounting to Kz 138,913,572 thousand; and

5) Recording of fundable real estate properties, to be incorporated in IMOPROPERTIES – FIIF, at fair value, amounting to Kz 236,894,678 thousand.

Note 40
Subsequent events

The buyer of the head office building deposited the second tranche (40% of the value corresponding to USD 40,000 thousand) in its account at the Bank in February 2024. The property's public deed was registered on 25 June 2024, with the respective payment having been made.

IMOPROPERTIES – FIIF was constituted in April 2024, with the capital entry in liquid resources of Kz 1,000,000 thousand, and procedures currently being underway to carry out the capitalisation in kind, with the Bank's submission of the properties not assigned to operating business.

Note 41
Recently issued accounting standards and interpretations

The application of the following standards, interpretations, amendments and revisions is mandatory for the first time in the financial year starting 1 January 2023:

Standard/Interpretation	Description
IFRS 17 – Insurance contracts (including amendments to IFRS 7)	This standard establishes, for insurance contracts and within their scope of application, principles for their recognition, measurement, presentation and disclosure. This standard replaced IFRS 4 – Insurance contracts.
Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates	This amendment published by the IASB defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty.
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 disclosed, instead of significant accounting policies, and introduced examples to enable identifying a material accounting policy.
Amendment to IAS 12 Income tax – Deferred taxes related to assets and liabilities arising from a single transaction	This amendment published by the IASB in May 2021 clarifies that the initial recognition exemption is not applicable for transactions that give rise to equal taxable and deductible temporary differences.
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 in the comparative information to be presented when an entity adopts the two standards, IFRS 17 and IFRS 9, simultaneously.
Amendment to IAS 12 – Income tax – International Tax Reform (Pillar Two)	This amendment published by the IASB in May 2023 includes a temporary exemption from the requirement of recognition of deferred taxes and information on taxes arising from the Pillar Two model of the International Tax Reform, where it should be disclosed that this exemption was used.

These standards and amendments had no material impact on the Bank's individual financial statements.

The application of the following standards, interpretations, amendments and revisions is mandatory in future economic periods:

Standard/Interpretation	Description
Amendments to IAS 1 – Presentation of financial statements – Classification of liabilities as current and non-current; Deferral of the application date; Non-current liabilities with covenants	These amendments published by the IASB clarify the classification of liabilities as current and non-current by analysing the existing contractual conditions at the reporting date. The amendment relative to non-current liabilities with covenants clarified that only the conditions that must be complied with before or at the reference date of the financial statements are relevant for purposes of classification as current/non-current. Applicable in financial years started on or after 1 January 2024.
Amendment to IFRS 16 – Leases – Lease liabilities in a sale and leaseback	This amendment published by the IASB in September 2022 clarifies how a seller-lessee accounts for a sale and leaseback that complies with the criteria of IFRS 15 to be classified as a sale. Applicable in financial years started on or after 1 January 2024.
Amendment to IAS 7 – Statement of cash flows and IFRS 7 – Financial instruments – Supplier Finance Arrangements	These amendments published by the IASB in May 2023 include additional disclosure requirements on qualitative and quantitative information about supplier finance arrangements. Applicable in financial years started on or after 1 January 2024.
Amendment to IAS 21 – The effects of changes in foreign exchange rates – Lack of exchangeability	This amendment published by the IASB in August 2023 define the approach to appraise whether a currency is or not exchangeable into another currency. If it is concluded that the currency is not exchangeable into another, it indicates how to determine the applicable exchange rate and the necessary additional disclosures. Applicable in financial years started on or after 1 January 2025.

The Bank did not apply any of these standards in advance in the separate financial statements for the year ended 31 December 2023. No significant impacts are expected on the financial statements as a result of their adoption.

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder
of Banco Económico, S.A.

AUDITOR'S REPORT ON THE INDIVIDUAL FINANCIAL STATEMENTS

Adverse opinion

We have audited the attached individual financial statements of Banco Económico, S.A. ("Bank"), which comprise the Individual statement of financial position as at 31 December 2023 (showing a total of 725,200,889 thousand kwanzas and a negative equity attributable to the Bank's shareholders of 627,953,431 thousand kwanzas, including a negative net income of 297,884,051 thousand kwanzas), the Individual income statements of other comprehensive income, changes in equity and cash flows for the year then ended on that date, and the notes to the individual financial statements, including material information on the accounting policy.

In our opinion, due to the significance of the matters referred to in the "Basis for adverse opinion" section, the attached individual financial statements do not present in an appropriate manner, in all material aspects, the financial position of Banco Económico, S.A. as at 31 December 2023, and its financial performance and its cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards ("IFRS").

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Basis for an adverse opinion

As disclosed in Notes 15 and 39 of the Notes to the Financial Statements, on 15 June 2016, the Bank signed contracts with the ENSA – Investimentos e Participações, E.P. Group, now Investpar – Investimentos e Participações (SU), S.A. ("Investpar"), for the transfer of economic rights to credit operations and real estate investment fund units, as well as contracts for the transfer of other assets held by the Bank. On 15 May 2023 the agreement between the Bank and Investpar was signed for the reversal of said contracts with the Bank's consequent incorporation of the assets held by Investpar associated with these contracts, namely real estate properties and credit operations, and the Bank's derecognition of the balances receivable and payable associated with the Investpar operation, which resulted in a negative impact on its net income of 80,525,652 thousand kwanzas, recorded under the item "Impairment on other assets, net of reversals and recoveries (Note 33 of the Notes to the Financial Statements). As disclosed in Notes 10 and 15 of the Notes to the Financial Statements, as at 31 December 2023, the headings of "Non-current assets held for sale" and "Other assets" include the amounts of 138,913,572 thousand kwanzas and 236,894,678 thousand kwanzas, respectively, corresponding to the net value of the real estate properties received by the Bank in the context of the reversal of said contracts. The real estate properties that the Board of Directors believes to meet the conditions to be transferred in the near future to a real estate investment fund were recorded under the item "Other assets", and the rest of the real estate properties that were received were recorded under the item "Non-current assets held for sale", although the Bank has no evidence that these properties will be transacted in the short-term (Notes 10 and 15 of the Notes to the Financial Statements). The Bank is still carrying out a series of activities concerning the real estate properties received in the context of this operation, which could impact its individual financial statements, giving rise to limitations to the conclusion of our work, namely: (i) identification of the entirety of the real estate properties received, analysis of their physical condition attainment of their updated property registration in favour of the Bank; (ii) control and accounting entry of the sales and leases of these real estate properties, with the existence of credit balances having been observed under the headings of "Customer resources and other loans" and "Other liabilities" of 13,023,890 thousand kwanzas and 10,247,308 thousand kwanzas, respectively, associated with receipts recorded in 2023 by the Bank which has yet to be settled (Notes 17 and 20 of the Notes to the Financial Statements); and (iii) calculation and accounting entry of the potential tax contingencies associated with this operation, namely in terms of Property Tax. Furthermore, with respect to the valuation of the real estate properties received, we found that: (i) for the real estate properties recorded under the headings of "Non-current assets held for sale" and "Other assets" of 6,009,776 thousand kwanzas and 63,981,340 thousand kwanzas, respectively, no valuation reports drawn up by independent experts were obtained, with their fair value having been determined based on valuation reports of other real estate properties that the Bank's Board of Directors considered to have similar characteristics (Notes 10 and 15 of the Notes to the Financial Statements); and (ii) the valuation reports drawn up by independent experts did not provide evidence that the particularities of each property had been taken into account, especially for properties comprising several subdivisions, primarily in terms of their physical condition, the conditions of possible lease contracts or the existence of any time of encumbrance or charge. In view of the above, we are unable to conclude on the possible effects of these matters on the Bank's individual financial statements as at 31 December 2023.

As disclosed in Note 2.6 of the Notes to the Financial Statements, the model for calculating impairment losses for loans and advances to customers on a collective basis has significant weaknesses that impact the calculation made by the Bank's Board of Directors. In addition, the calculation of off-balance sheet liabilities associated with loans that should be analysed on a collective basis, namely commitments made to third parties and guarantees and sureties given, has limitations resulting essentially from inconsistencies generated in the migration of information between some of the Bank's computer systems in previous years (Note 35 of the Notes to the Financial Statements). As at 31 December 2023, the exposure to loans and advances to customers subject to impairment analysis calculated on a collective basis amounts to 43,372,466 thousand kwanzas (38,201,982 thousand kwanzas as at 31 December 2022) with impairment losses of 30,400,844 thousand kwanzas (21,948,368 thousand kwanzas as at 31 December 2022) (Note 9 of the Notes to the Financial Statements) and off-balance sheet liabilities associated with loans and advances to customers amount to 330,893,738 thousand kwanzas (258,422,109 thousand kwanzas as at 31 December 2022) (Note 35 of the Notes to the Financial Statements) with associated provisions of 18,868 thousand kwanzas (147,750 thousand kwanzas as at 31 December 2022) (Note 18 of the Notes to the Financial Statements). In view of these weaknesses and limitations, we are unable to conclude on the possible effects of these matters on the Bank's individual financial statements as at 31 December 2023.

In accordance with International Accounting Standard 12 - Income Taxes ("IAS 12") and the accounting policy disclosed in Note 2.14 of the Notes to the Financial Statements, the Bank must assess the recording of deferred tax liabilities and/or assets according to the temporary differences calculated, which result from the difference between the balance sheet value of an asset or liability and its tax base. To date, we have not obtained sufficient information to allow us to conclude on the adequacy of the calculation of the tax for the years of 2023 and 2022, particularly in the component of calculation of potential and realised favourable or unfavourable exchange rate variations. Therefore, it is not possible for us to conclude on the calculation of the current tax for those years, including any tax losses carried forward, nor on the existence of temporary differences that would give rise to the recording of deferred taxes. In addition, as disclosed in Note 14 of the Notes to the Financial Statements, as at 31 December 2023 and 2022, the item "Current tax assets" includes the amount of 1,450,599 thousand kwanzas for a tax credit resulting from the provisional settlement of Industrial Tax made in 2019, for which we have not obtained sufficient and appropriate information to allow us to conclude on the recoverable amount of that amount or on any contingencies that could arise from the financial years as yet to be inspected by the General Tax Administration. In view of the above, we are unable to conclude on the possible effects of these matters on the Bank's individual financial statements as at 31 December 2023.

As disclosed in Note 28 of the Notes to the Financial Statements, as at 31 December 2023, the item "Net gain (loss) from foreign exchange" shows a net debit balance of 254,695,264 thousand kwanzas (net credit balance of 30,301,903 thousand kwanzas as at 31 December 2022), corresponding to the results of the foreign exchange revaluation of the balance sheet position and the foreign exchange transactions carried out by the Bank in those financial years. To date, we have not obtained sufficient and appropriate information to allow us to validate the reasonableness of the balance of this heading as at 31 December 2023 and 2022. In view of the above, we are unable to conclude on the possible effects of this matter on the Bank's individual financial statements as at 31 December 2023.

As disclosed in Note 17 of the Notes to the Financial Statement, as at 31 December 2023, the item "Customer resources and other loans" amounts to 1,006,663,603 thousand kwanzas (776,588,133 thousand kwanzas as at 31 December 2022) relative to customer deposits, from which a random selection was made of customers with deposits amounting to 754,617,183 thousand kwanzas (528,486,553 thousand kwanzas as at 31 December 2022) for conducting balance confirmation procedures, in which answers were not obtained for 42,559,426 thousand kwanzas (20,007,552 thousand kwanzas as at 31 December 2022). Considering the relevance of this procedure for obtaining sufficient and appropriate audit evidence to validate the balance of this item and considering some weaknesses in the Bank's internal control procedures regarding customer data, we are unable to conclude on the possible effects of this matter on the Bank's individual financial statements as at 31 December 2023.

As occurred for the financial year ended 31 December 2022, up to the present date, we have not obtained sufficient and appropriate information to enable us to carry out an analysis of the manual accounting entries made by the Bank during the financial year ended 31 December 2023 (Journal Entries Testing), in order to address the risk of derogation from controls by the Board of Directors, as required by "International Auditing Standard 240 – The auditor's responsibilities relating to fraud in an audit of financial statements". In view of the above, we are unable to conclude on the possible effects of this matter on the Bank's individual financial statements as at 31 December 2023.

As disclosed in Note 8 of the Notes to the Financial Statements, as at 31 December 2022, the item "Investments at amortised cost" includes public debt securities amounting to 16,548,424 thousand kwanzas, received in 2016 in the context of the payment associated with the contracts signed with Investpar, which matured in 2040 at an interest rate of 5%. Considering that the maturity and interest rate of these public debt securities were not in line with market conditions on the acquisition date and that no equivalent market transactions were available, the Board of Directors calculated their fair value at the initial moment in accordance with the methodology disclosed in Note 8 of the Notes to the Financial Statements. However, although we have not been provided with support for the calculation made by the Bank, it is our understanding that the assumption regarding the difference in inflation to be imputed in the discount rate used to calculate the fair value of this asset at the initial moment was not properly applied, resulting in an over-valuation as at 31 December 2022 of the item "Investments at amortised cost", retained earnings and net income for the year by an amount that we are unable to quantify. As disclosed in Notes 8 and 27 of the Notes to the Financial Statements, in the financial year ended 31 December, the public debt securities referred to above were replaced by public debt securities in domestic currency under market conditions, having given rise to the recognition of a net gain amounting to 22,222,601 thousand kwanzas in 2023, which was recorded under the item "Net gain (loss) from investments at amortised cost". If the public debt securities received in 2016 had been properly valued, the recording of this operation of replacement of securities in the Bank's individual financial statements in 2023 would have had a higher impact on the net income for the year and a lower impact on retained earnings, with no net impact on the Bank's equity as at 31 December 2023, by an amount that we are unable to quantify.

As disclosed in Note 2.1 of the Notes to the Financial Statements, in accordance with the requirements of International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29"), in the financial years ending 31 December 2017 and 2018, the functional currency of the Bank's individual financial statements corresponded to the currency of a hyperinflationary economy, and will no longer have this classification in the financial year beginning in 2019, essentially as a result of the reduction in Angola's inflation rate. However, with reference to those years, the Angolan Banking Association and Banco Nacional de Angola ("BNA") expressed their interpretation that all the requirements laid down in IAS 29 for the Angolan economy to be considered hyperinflationary had not been met. Consequently, the Bank's Board of Directors has decided not to apply the provisions of IAS 29 in its individual financial statements for the years ended 31 December 2017 and 2018, nor to make the necessary adjustments in the individual financial statements for subsequent years, with regard to opening balances and the adjustments that result from applying the IAS 29 provisions when an economy ceases to be hyperinflationary. As disclosed in Notes 11 and 29 of the Notes to the Financial Statements, in the financial year ended 31 December 2023, the Bank co recorded a net gain of 53,979,218 thousand kwanzas arising from the disposal of the Bank's head office building, which, had the requirements of IAS 29 been applied, at least part of this net gain would have been recognised in previous financial years. To date, we have not obtained sufficient and appropriate information to enable us to quantify the effects of these situations on the Bank's individual financial statements as at 31 December 2023.

As disclosed in Notes 2.1 and 39 of the Notes to the Financial Statements, the Bank's individual financial statements as at 31 December 2023 were prepared on a going concern basis, since the Board of Directors believes that, despite the negative equity of 627,953,431 thousand kwanzas (negative by 363,983,432 thousand kwanzas as at 31 December 2022) and the various economic and financial imbalances found, with implications, among others, for compliance with regulatory requirements for capital and liquidity, and foreign exchange position limits, that assumption is appropriate in view of the measures that have been planned and adopted by the Bank. The most recent analysis made by the Board of Directors on the applicable regulatory requirements for own funds with reference to 31 December 2023, resulted in the estimation of the capital increase needs by 805,648,515 thousand kwanzas (Note 39 of the Notes to the Financial Statements). In this context, the Board of Directors has been appraising the potential scenarios to be considered to make the Bank's activity viable, namely the measures to be implemented to increase liquidity levels, balance the foreign exchange position and ensure compliance with the applicable regulatory requirements for own funds (Note 39 of the Notes to the Financial Statements). However, we emphasise that, up to the present date, we have not obtained information on the terms under which the capital increase needs could be accomplished, which could be constrained by other factors that are beyond the control of the Bank's Board of Directors, among others, the foreign exchange evolution that, considering the Bank's foreign exchange position as at 31 December 2023, in a scenario of devaluation of the Kwanza could give rise to additional capital needs (Note 39 of the Notes to the Financial Statements). According to the disclosures in Note 39 of the Notes to the Financial Statements, the Bank's Board of Directors has maintained interactions with the Shareholder and Banco Nacional de Angola on the Bank's current situation, with an assessment underway to be conducted by an independent entity appointed by Banco Nacional de Angola pursuant to Article 254 of Law No. 14/21 of 19 May – Law on the General Framework of Financial Institutions, which aims, among other aspects, to underpin Banco Nacional de Angola's decision on the measures to be applied to the Bank. Furthermore, the imbalances that have occurred in the Bank's liquidity levels constrain fulfilment of some of its responsibilities, including the customers' ability to mobilise their deposits, a situation that could give rise to potential contingencies that are not recognised in the individual financial statements. In view of the above, we believe that the use of the going concern assumption in the preparation of the Bank's individual financial statements as at 31 December 2023 is not appropriate, and we are unable to conclude on the amount of the impacts that the use of an assumption other than going concern would have on these individual financial statements, but we believe that these impacts would be material and profound.

Our audit was conducted in accordance with the International Auditing Standards (ISA) and all other technical and ethical standards and guidelines of the Association of Accountants and Expert Accountants of Angola. Our responsibilities pursuant to these standards are described in the "Responsibilities of the auditor for the audit of the individual financial statements" section below. We are independent from the Bank under the terms of the law and comply with all other ethical requirements pursuant to the code of ethics of the Association of Accountants and Expert Accountants of Angola.

We are certain that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphases

As disclosed in Note 21 of the Notes to the Financial Statements, following the implementation of the Recapitalisation and Restructuring Plan, the Bank's share capital increase was carried out in 2022, which is currently pending registration with the Commercial Registry. According to information obtained from the Bank's Board of Directors, this process remained pending registration because there were aspects related to the applicable fees that were being clarified, and the definitive registration is expected to be finalised during the financial year of 2024 (Note 18 of the Notes to the Financial Statements).

Our opinion is unchanged regarding this matter.

Other matters

The individual financial statements for the year ended 31 December 2022 are presented by the Board of Directors for comparative purposes and compliance with the requirements on publication of financial statements. We audited those individual financial statements and our Independent Auditor's Report, dated 9 October 2023, expresses an adverse opinion due to the relevance of: (i) a series of reservations related to the issues described in the first to the ninth paragraph of the "Basis for adverse opinion" section; and (ii) a reservation arising from the fact that the Bank is deferring impairment losses in the heading of "Other assets" as at 31 December 2022, as established in its Recapitalisation and Restructuring Plan, which amounted to 208,000,000 thousand kwanzas. This last issue is not applicable to the individual financial statements for the year ended 31 December 2023, due to the Bank's Board of Directors having corrected this situation and restated the individual financial statements for the year of 2022, presented for comparative effects (Note 2.2 of the Notes to the Financial Statements).

The attached financial statements refer to the Bank's individual activity and were prepared by the Board of Directors for approval at the General Shareholders' Meeting and to fulfil the legal and Banco Nacional de Angola requirements for the presentation of individual accounts. As disclosed in Note 13 of the Notes to the Financial Statements, the item "Investments in subsidiaries, associates and joint ventures" includes financial holdings in subsidiaries measured using the equity method in the net amount of 2,851,802 thousand kwanzas. The attached financial statements do not include the effect of the full consolidation of these shareholdings, which will be carried out in consolidated financial statements to be approved and published separately.

On 1 July 2024, we issued the Independent Auditor's Report on the individual financial statements for the year ended 31 December 2023, which were approved by the Board of Directors on 27 June 2024. On 5 July 2024, the Bank's Board of Directors amended the disclosure included in Note 39 of the Notes to its individual financial statements with reference to 31 December 2023, namely by updating the amount of capital increase needs to 805,648,515 thousand kwanzas, with this new version of the individual financial statements having been approved by the Board of Directors on 8 July 2024. Consequently, we issue this Independent Auditor's Report, which replaces the Independent Auditor's Report issued on 1 July 2024 referred to above, which includes the updating of the amount of capital increase needs mentioned in the ninth paragraph of the "Basis for an adverse opinion" section.

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Responsibilities of the management body and supervisory body for the individual financial statements

The management body is responsible for the:

– preparation of individual financial statements that present the Bank's financial position, financial performance and cash flows in an appropriate manner pursuant to the International Financial Reporting Standards ("IFRS");

– creation and maintenance of an appropriate internal control system to enable the preparation of individual financial statements that are free from material misstatement due to fraud or error;

– adoption of accounting policies and criteria that are appropriate under the circumstances; and

– assessment of the Bank's ability to remain a going concern, disclosing, when applicable, any matters that could give rise to significant doubts on business continuity.

The supervisory body is responsible for the supervision of the process of preparation and disclosure of the Bank's individual financial information.

Responsibilities of the auditor for the audit of the individual financial statements

We are responsible for obtaining reasonable assurance about whether the individual financial statements as a whole are free from material misstatement due to fraud or error, and issuing a report presenting our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the International Auditing Standards shall always detect an existing material misstatement. Misstatements may be derived from fraud or error and are always considered material if, separately or together, they can be reasonably expected to influence economic decisions of the users taken based on the individual financial statements.

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An audit conducted in accordance with the International Auditing Standards implies that we make professional judgements and maintain an attitude of professional scepticism throughout the audit, and we also:

– identify and assess the risks of material misstatement of the individual financial statements, due to fraud or error, design and implement audit procedures that account for these risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud many involve collusion, falsification, intentional omissions, false statements or override of internal control;

– obtain an understanding of the internal control of relevance to the audit for the purpose of designing audit procedures appropriate to the circumstance, but not to express an opinion on the efficacy of the Bank's internal control;

– assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by the management body;

– conclude on the appropriateness of the management body's use of the going concern assumption and, based on the obtained audit evidence, whether there is any material uncertainty related to events or conditions that could raise significant doubts as to the Banks's ability to continue its business activities. If we conclude that there is a material uncertainty, our report should draw attention to the related disclosures included in the individual financial statements or, if those disclosures are not appropriate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions could lead the Bank to discontinue its business activities;

– assess the presentation, structure and overall content of the individual financial statements, including the disclosures, and whether these individual financial statements represent the underlying transactions and events to accomplish an appropriate presentation;

– inform those in charge of governance, including the supervisory body, of, among other subjects, the audit's scope and planned timeframe, and significant audit conclusions including any significant internal control flaw detected during the audit.

Luanda, 09 July 2024

Deloitte Auditores Lda.
Represented by José António Mendes Garcia Barata
OCPCA Member No. 20130163

Report and Opinion of the Supervisory Board on the Separate Financial Statements

Banco Económico

REPORT AND OPINION OF THE SUPERVISORY BOARD

ON THE SEPARATE FINANCIAL STATEMENTS FOR 2023

To the Board of Directors and Shareholders of Banco Económico, S.A.

Under the terms of Article 441 of Law No. 01/2004 of 13 February (the Commercial Companies Act), in Article 15 of Notice No. 01/2022 of 28 January (the Corporate Governance Code for Banking Financial Institutions) and the Bank's Articles of Association (Article 31), the Supervisory Board presents its report on its supervisory activity, as well as its opinion on the Financial Statements of Banco Económico, S.A. ("the Bank") for the financial year ending 31 December 2023, in accordance with the following guidelines:

1.- Competences and Duties

a. Board of Directors of Banco Económico, S.A.
It is the responsibility of the Board of Directors to disclose and publish complete, reliable, current, timely, consistent and comprehensible information, avoiding disagreements in its accessibility to shareholders and other stakeholders. The Bank's capital structure, corporate acts and relevant risks, information on the members of the governing bodies and financial information, namely the Management Report, Financial Statements and Notes to the Financial Statements, must be disclosed at least annually.

b. Independent Auditor
It is the External Auditor's responsibility to verify and certify the proper accounting recording of asset facts, in accordance with the provisions of Notice No. 05/2019 of 30 August and its alignment with best practices and international financial reporting standards applicable to the banking sector, ensuring that reasonable evidence is obtained of the application of adequate levels of internal control, risk assessment and any evidence or suspicion of fraud or misrepresentation, concluding that the Financial Statements are adequately disclosed, verifying the applicability of the going concern assumption and expressing its independent opinion.

c. Supervisory Board
The Supervisory Board is responsible for verifying the information contained in the Financial Statements, the basis for issuing an impartial technical opinion that expresses good practice in the use of the resources allocated to the Bank, compliance with the statutes, laws and regulations, as well as the correct assessment of the Bank's economic and financial performance.

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2.- Supervisory activity of the Supervisory Board

a. The Supervisory Board, held periodic meetings with the Bank's Management, the Independent Auditor and the Bank's relevant Departments and continuously monitored the Bank's performance, examined its Financial Statements and obtained the information and explanations deemed appropriate to understand the situation of financial and regulatory balance, the organisation and existing metrics, particularly focused on the issue of its sustained continuity.

b. It appraised the Corporate Governance and Internal Control Model and the Prevention and Combating of Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction, Internal Regulations, Policies and other procedures, which it considered appropriate and timely.

c. It took note of the Report of the Real State Asset Disposal Department (DAA), tasked with carrying out the Management from the commercial point of view, maintenance of the real estate properties and the Management of relations with counterparties (customers and service providers) in pre-sale and post-sale, particularly important during the operation of reversal of transfer of assets to Investpar – Investimentos e Participações (SU), S.A., signed on 16 May 2023.

d. Supported by systematic and fruitful interactions with the Board of Directors, Independent Auditor and relevant units, the Supervisory Board is aware of the Bank's overall financial, liquidity, capital and regulatory imbalance, and knows of the various diagnoses of the Bank's economic and financial situation and its institutional reports.

e. It took note of the communication from Banco Nacional de Angola, reference 480/DS8/21, dated 11 August 2021, which temporarily exempts the Bank from complying with the prudential limits on regulatory own funds, foreign exchange position, solvency ratio, limits on major risks, interest rate risk and liquidity ratio. However, the Bank is obliged to present Banco Nacional de Angola with a proposal for phased fulfilment of the requirement and to implement a cost containment and reduction plan that includes closing less productive branches, refraining from awarding rewards and bonuses to employees and members of the Governing Bodies, refraining from hiring new employees, limiting variable remuneration, subjecting loans to the prior approval of Banco Nacional de Angola and imposing additional reporting requirements. As part of this, the Bank is required to report to Banco Nacional de Angola every month on the detailed timetable for the progress of compliance with the measures, a procedure that has been followed.

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f. It regularly monitors the Bank's appraisal of the implementation of the Recapitalisation and Restructuring Plan (PRR) measures, assessing their impact on the Bank's Financial Statements and key indicators, namely solvency, liquidity and foreign exchange position, which are in breach of the normal regulatory requirements.

g. Framed in the mechanisms presented in Article 251 of the Law on the Legal Framework of Financial Institutions (LRGIF) and by indication of the Regulator, the Bank's Board of Directors hired the services of a specialised consultant to identify and propose complementary measures to the Recapitalisation and Restructuring Plan to resolve the liquidity and profitability constraints and ensure the Bank's continuity.

h. Although these circumstances constitute material risks and uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern, the Board of Directors believes that it is appropriate to present the Financial Statements based on the going concern assumption, given the favourable evolution and significant progress made in implementing the Recapitalisation and Restructuring Plan and the expected support from the Regulator (BNA) for the implementation of the additional measures in progress, which are essential to ensure the Bank's economic and financial sustainability.

3.- Conclusions of the Supervisory Board

a) Banco Económico, S.A., with paid-up share capital of 271,500,000 thousand kwanzas, closed the financial year ended 31 December 2023 with net assets of 725,200,889 thousand kwanzas, in which "Non-current assets held for sale" and "Other assets" predominate, and together account for 60.5% of total assets. Net Income for the Year totalled a negative 297,884,051 thousand kwanzas and Equity was also negative at 627,953,431 thousand kwanzas.

Considering that the Bank's own Capital is fully spent, it is required, in accordance with paragraphs 2 and 5 of Article 20 (Minimum own funds) of Law No. 14/21, of 19 May - Law on the General Framework of Financial Institutions, that the Bank regularises the situation within the period established in this Article 20.

The accounts have been prepared on the assumption that the Bank's operations will continue, taking into account the implementation of the restructuring and recapitalisation measures defined in the meantime.

b) As a result of the reversal of the asset transfer operation on 15 May 2023, the Bank took possession of a significant volume of credit operations and property assets, which could minimise the shortage of liquidity from disposals, but which will take a long time to achieve, so the Bank will remain highly dependent on the desirable provision of liquidity by Banco Nacional de Angola, as well as the support of this entity with national public entities.

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c) The Supervisory Board agrees with the Independent Auditor's Opinion on the Bank's Financial Statements as at 31 December 2023, namely in the expression and justification of the Reserves and Emphasis, with particular emphasis on the reserve that considers the use of the going concern assumption to be inappropriate, as it believes that the impacts on the Financial Statements of using a different assumption are material and profound.

The Board of Directors has studied various scenarios for meeting significant capital needs, but the assumptions for realising these scenarios are an exogenous decision, not dependent on or controllable by the Board of Directors.

d) It is the opinion of the Supervisory Board that the Bank's Annual Report and Accounts for the financial year ending 31 December 2023 present the Bank's financial position in a true and fair manner and that the Corporate Governance model implemented is sufficient and appropriate.

e) The Supervisory Board would like to thank the Board of Directors, the Bank's Management and the External Auditors for their availability and co-operation.

Luanda and Banco Económico on 09 July 2024

The Supervisory Board,

Dr António Joaquim Gama Direitinho
Chair

Dr Esperança D'Jamila Falcão da Silva
Full member

Dr Damião Dala Caculo
Alternate member

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Consolidated Financial Statements and Opinions as at 31 December 2023

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We are Future

Consolidated Finantial Statements

Consolidated Statement of Financial Position as at 31 December 2023 and 2022

Values expressed in thousand Kz

Description	Notes	31/12/2023	31/12/2022 (Restated)
Assets			
Cash and balances with central banks	4	**70,432,912**	44,754,425
Balances with other credit institutions	5	**8,813,604**	28,707,596
Investments at central banks and other credit institutions		**-**	-
Financial assets at fair value through profit or loss	6	**-**	637,328
Financial assets at fair value through other comprehensive income	7	**51,875,326**	150,188
Investments at amortised cost	8	**58,177,433**	69,256,039
Loans and advances to Customers	9	**72,661,363**	63,305,755
Non-current assets held for sale	10	**157,586,932**	3,328
Non-current assets held for sale - Discontinued operations	10	**141,218**	-
Other tangible assets	11	**10,072,470**	40,282,712
Intangible assets	12	**7,422,749**	8,184,792
Investments in subsidiaries, associates and joint ventures	13	**2,280,059**	-
Current tax assets	14	**1,999,003**	1,990,496
Other assets	15	**281,618,182**	558,723,829
Total assets		**723,081,251**	**815,996,488**
Resources from central banks and other credit institutions	16	**272,992,129**	261,926,159
Customer resources and other loans	17	**1,003,458,207**	774,716,582
Non-current liabilities held for sale - Discontinued operations	10	**311,171**	-
Provisions	18	**4,571,021**	5,267,913
Current tax liabilities	14	**29,211**	78,202
Subordinated liabilities	19	**-**	32,613,458
Other liabilities	20	**68,983,175**	104,872,652
Total liabilities		**1,350,344,914**	**1,179,474,966**
Share capital	21	**271,500,000**	271,500,000
Other equity instruments	21	**153,329,000**	121,196,000
Revaluation reserves	22	**(737,472)**	29,700
Other reserves and retained earnings	22	**(754,160,908)**	(718,755,790)
Consolidated net income for the year attributable to BE Shareholders		**(297,876,551)**	(38,016,296)
Total Equity attributable to BE Shareholders		**(627,945,931)**	**(364,046,386)**
Non-controlling interests	22	**682,268**	567,908
Total equity		**(627,263,663)**	**(363,478,478)**
Total liabilities and equity		**723,081,251**	**815,996,488**

These Notes are an integral part of the financial statements.

Consolidated Statements of Profit and Loss for the years ended 31 December 2023 and 2022

Values expressed in thousand Kz

Description	Notes	31/12/2023	31/12/2022 (Restated)
Interest and similar income	23	13,289,446	13,135,047
Interest and similar expenses	23	(22,879,267)	(32,571,318)
Net interest income		**(9,589,821)**	**(19,436,271)**
Service, fee and commission income	24	4,780,720	9,517,453
Service, fee and commission expenses	24	(1,996,501)	(1,483,319)
Net gain (loss) from financial assets and liabilities at fair value through profit or loss	25	-	58,252
Net gain (loss) from financial assets at fair value through other comprehensive income	26	238,919	-
Net gain (loss) from investments at amortised cost	27	22,222,601	-
Net gain (loss) from foreign exchange	28	(254,708,684)	30,357,505
Net gain (loss) from disposal of other assets	29	54,431,383	-
Other operating income	30	(3,438,708)	(5,791,705)
Operating income		**(188,060,091)**	**13,221,915**
Personnel expenses	31	(12,812,438)	(15,334,415)
Third-party supplies and services	32	(8,418,436)	(8,637,417)
Depreciation and amortisation for the year	11 and 12	(3,309,168)	(3,472,251)
Provisions net of cancellations	33	785,175	(1,045,724)
Impairment on loans and advances to Customers, net of reversals and recoveries	33	(7,232,703)	(20,047,913)
Impairment on other financial assets, net of reversals and recoveries	33	(95,346)	2,512,355
Impairment on other assets, net of reversals and recoveries	33	(79,216,564)	(5,176,387)
Net gain (loss) from subsidiaries, associates and joint ventures (equity method)	13	264,392	-
Profit or loss before tax of ongoing operations		**(298,095,179)**	**(37,979,837)**
Current income taxes	14	-	(65,576)
Deferred income taxes	14	-	-
Consolidated net income for the year		**(298,095,179)**	**(38,045,413)**
Average number of ordinary shares issued	10	371,144	-
Basic earnings per share (kwanzas)		**(297,724,035)**	**(38,045,413)**
Diluted earnings per share (kwanzas)	22	(152,516)	29,117
Consolidated net income for the year attributable to BE Shareholders		**(297,876,551)**	**(38,016,296)**
Average number of ordinary shares issued		282,812,500	157,480,137
Average number of ordinary shares issued	34	(1,053,27)	(241,40)
Diluted earnings per share (kwanzas)	34	(1,053,27)	(241,40)

These Notes are an integral part of the financial statements.

Consolidated Statements of Other Comprehensive Income for the years ended 31 December 2023 and 2022

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Consolidated net income for the year	**(297,876,551)**	**(38,016,296)**
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss for the year		
Debt instruments at fair value through other comprehensive income		
Fair value changes	(1,562,354)	-
Transfer to profit or loss due to impairment recognised in the year	795,182	-
Consolidated comprehensive income for the year	**(298,643,723)**	**(38,016,296)**

These Notes are an integral part of the financial statements.

Consolidated Statements of Changes in Equity for the years ended 31 December 2023 and 2022

Values expressed in thousand Kz

Description	Notes	Share capital	Other equity instruments	Revaluation reserves	Other reserves and retained earnings			Consolidated net income for the year	Total equity
					Legal reserve	Retained earnings	Subtotal		
Balance as at 31 December 2021		**72,000,000**	**-**	**29,700**	**28,141,757**	**(784,917,374)**	**(756,775,617)**	**174,247,821**	**(510,498,096)**
Restatement adjustment	2.2	-	-	-	-	(208,000,000)	(208,000,000)	-	(208,000,000)
Appropriation of Consolidated net income for 2021									
Transfer to the legal reserve		-	-	-	17,330,886	-	17,330,886	(17,330,886)	-
Transfer to retained earnings		-	-	-	-	156,916,935	156,916,935	(156,916,935)	-
Balance as at 1 January 2022 (Restated)		**72,000,000**	**-**	**29,700**	**45,472,643**	**(836,000,439)**	**(790,527,796)**	**-**	**(718,498,096)**
Share capital reduction to cover retained earnings	21	(72,000,000)	-	-	-	72,000,000	72,000,000	-	-
Share capital increase by partial conversion of deposits	21	271,500,000	-	-	-	-	-	-	271,500,000
Issue of perpetual participation securities	21	-	121,196,000	-	-	-	-	-	121,196,000
Other		-	-	-	-	(227,994)	(227,994)	-	(227,994)
Consolidated comprehensive income for the year									
Consolidated net income for the year		-	-	-	-	-	-	(38,016,296)	(38,016,296)
Balance as at 31 December 2022 (Restated)		**271,500,000**	**121,196,000**	**29,700**	**45,472,643**	**(764,228,433)**	**(718,755,790)**	**(38,016,296)**	**(364,046,386)**
Appropriation of Consolidated net income for 2022									
Transfer to retained earnings		-	-	-	-	(38,016,296)	(38,016,296)	38,016,296	-
Issue of perpetual participation securities and bonds convertible into shares	21	-	32,133,000	-	-	-	-	-	32,133,000
Other		-	-	-	-	2,611,178	2,611,178	-	2,611,178
Consolidated comprehensive income for the year									
Consolidated net income for the year		-	-	-	-	-	-	(297,876,551)	(297,876,551)
Other comprehensive income		-	-	(767,172)	-	-	-	-	(767,172)
Balance as at 31 December 2023		**271,500,000**	**153,329,000**	**(737,472)**	**45,472,643**	**(799,633,551)**	**(754,160,908)**	**(297,876,551)**	**(627,945,931)**

These Notes are an integral part of the financial statements.

Consolidated Statements of Cash Flows for the years ended 31 December 2023 and 2022

Values expressed in thousand Kz

Description	Notes	31/12/2023	31/12/2022 (Restated)
Cash flows from operating activities			
Interest, fees and commissions, and similar income		13,724,533	28,793,119
Interest, fees and commissions, and other similar expenses paid		(25,111,863)	(32,898,979)
Payments to Employees and suppliers		(20,627,702)	(22,395,920)
Payments and contributions to pension funds and other benefits		(165,510)	(255,370)
Cash flows before changes in operating assets and liabilities		(32,180,542)	(26,757,150)
(Increases)/reductions of operating assets			
Investments at central banks and other credit institutions		-	43,289,243
Financial assets at fair value through profit or loss		304,800	893,704
Financial assets at fair value through other comprehensive income		(24,632,742)	-
Investments at amortised cost		61,973,406	65,879,593
Loans and advances to Customers		3,498,187	(4,882,764)
Other assets		(1,570,631)	2,323,113
Net flow from operating assets		39,573,020	107,502,889
(Increases)/reductions of operating liabilities			
Resources from central banks and other credit institutions		9,865,566	2,532,075
Customer resources and other loans		(15,527,485)	(77,695,238)
Other liabilities		6,929,241	(5,756,393)
Net flow from operating liabilities		1,267,322	(80,919,556)
Net cash of operating activities before income taxes		8,659,800	(173,817)
Net cash used in operating activities		8,659,800	(173,817)
Cash flow from investment activities			
Acquisition of other tangible assets, net of disposals		48,114,212	(493,463)
Acquisition of intangible assets, net of disposals		(506,273)	(1,015,778)
Net cash used in investing activities		47,607,939	(1,509,241)
Cash flow from financing activities			
Payments related to lease liabilities		(115,110)	(797,902)
Issue of subordinated liabilities, net of repayments and acquisitions		(32,099,752)	(28,294,424)
Remuneration paid for subordinated liabilities		(1,897,948)	(1,718,275)
Net cash used in financing activities		(34,112,810)	(30,810,601)
Change in cash and cash equivalents		22,154,929	(32,493,659)
Cash and cash equivalents at beginning of period		73,473,876	112,115,358
Effects of exchange rate changes on cash and cash equivalents		(16,381,888)	(6,147,823)
Cash and cash equivalents at end of period		79,246,917	73,473,876
Cash and cash equivalents comprise			
Cash and balances with central banks	4	70,432,912	44,754,425
Balances with other credit institutions	5	8,814,005	28,719,451
Total		79,246,917	73,473,876

These Notes are an integral part of the financial statements.

Notes to the Consolidated Financial Statements

Note 1
Introduction

Banco Económico, S.A. (hereinafter also referred to as Bank, Banco Económico or BE) is a universal commercial bank which operates and has its registered office in Angola, at Rua 1.º Congresso do MPLA n.º 8, Ingombota, Luanda. To this end, it has all the necessary authorisations from the competent Angolan authorities, including that granted by Banco Nacional de Angola (BNA or Central Bank).

The consolidated financial statements of Banco Económico (Group), presented here, report on the Bank's consolidated business up to 31 December 2023.

Banco Económico assumed its new name on 28 October 2014, following the reorganisation measures applied by Banco Nacional de Angola. Banco Económico emerged from the renaming of Banco Espírito Santo Angola S.A., which was originally founded in August 2001 and began operations on 24 January 2002, with its corporate purpose being universal banking under the terms and to the extent permitted by law. From its inception up to 19 July 2019, Banco Económico established itself as a privately-owned banking institution under Angolan law. However, after July 2019, Banco Económico became a majority publicly owned institution by virtue of Lektron Capital's equity investment through the Sonangol Group. In August 2022, in the context of the Recapitalisation and Restructuring Plan (PRR), Banco Económico became an institution whose capital is held by an institution of private funds (Económico – Fundo de Capital de Risco de Subscrição Particular) (Económico FCR) (Note 39).

Note 2
Basis of presentation and main accounting policies

2.1. Basis of presentation

In accordance with Banco Nacional de Angola Notice 5/2019 of 30 August, Banco Económico S.A.'s financial statements are prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS). These financial statements report on the Bank's consolidated business as at 31 December 2023.

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

The financial statements are expressed in thousands of kwanzas, rounded to the nearest thousand, except where another unit is indicated, and have been prepared in accordance with the historical cost principle, except for assets and liabilities recorded at fair value, namely financial instruments, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income. Despite the material uncertainty disclosed in Note 39, related to the implementation of the restructuring and recapitalisation measures, these financial statements were prepared on a going concern basis, considering the efforts being implemented by the Bank's Board of Directors and the expectation that these will materialise.

The preparation of financial statements in accordance with IAS/IFRS requires the Bank to make judgements, estimates and assumptions that affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Changes in these assumptions or any differences between these assumptions and reality may have an impact on the actual estimates and judgements. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Bank's financial statements as at 31 December 2023 were approved by the Board of Directors on 27 June 2024. On 5 July 2024, the Board of Directors made a change to the disclosure included in Note 39, related to the ascertainment of the need to increase share capital. These financial statements were approved by the Board of Directors on 8 July 2024. Their final approval is still subject to ratification at the General Meeting, and it is the Board of Directors' expectation that these will be approved without significant amendments.

The accounting policies used by the Bank in their preparation are consistent with those reported in previous years. In accordance with the requirements of IAS 29 – Financial reporting in hyperinflationary economies (IAS 29), in the financial years ended 31 December 2017 and 2018, the functional currency of the Bank's consolidated financial statements corresponded to the currency of a hyperinflationary economy, and will no longer have this classification in the financial years beginning in 2019, essentially due to the reduction in the inflation rate in Angola. With reference to those financial years, the Angolan Banking Association (ABANC) and Banco Nacional de Angola expressed their interpretation that all the requirements laid down in IAS 29 for the Angolan economy to be considered hyperinflationary had not been met. Consequently, the Bank's Board of Directors decided not to apply the provisions of IAS 29 in its consolidated financial statements on those dates and, also, not to make the necessary adjustments in the consolidated financial statements for subsequent years, regarding opening balances and the adjustments arising from applying the provisions of IAS 29 when an economy ceases to be hyperinflationary.

2.2. Comparability of information and restatement

In the year ended 31 December 2023, the Bank's Board of Directors retrospectively corrected the financial statements, restating the comparative financial information, in accordance with the requirements of IAS 8 – Accounting policies, changes in accounting estimates and errors (IAS 8), as presented below.

Consolidated statement of financial position as at 1 January 2022:

Values expressed in thousand Kz

Assets	Notes	01/01/2022 (Restated)	01/01/2022	Difference	Adjustment
Cash and balances with central banks	4	91,117,818	91,117,818	-	
Balances with other credit institutions	5	20,858,571	20,858,571	-	
Investments at central banks and other credit institutions		42,453,933	42,453,933	-	
Financial assets at fair value through profit or loss	6	1,531,032	1,531,032	-	
Financial assets at fair value through other comprehensive income	7	152,751	152,751	-	
Investments at amortised cost	8	130,090,132	130,090,132	-	
Loans and advances to Customers	9	68,067,530	68,067,530	-	
Non-current assets held for sale	10	3,328	3,328	-	
Other tangible assets	11	41,856,303	41,856,303	-	
Intangible assets	12	8,427,067	8,427,067	-	
Investments in subsidiaries, associates and joint ventures	13	-	-	-	
Current tax assets	14	1,511,061	1,511,061	-	
Other assets	15	611,337,121	819,337,121	(208,000,000)	a)
Total assets		**1,017,406,647**	**1,225,406,647**	**(208,000,000)**	
Resources from central banks and other credit institutions	16	262,316,318	262,316,318	-	
Customer resources and other loans	17	1,302,227,312	1,302,227,312	-	
Provisions	18	3,752,283	3,752,283	-	
Current tax liabilities	14	23,501	23,501	-	
Subornated liabilities	19	63,698,032	63,698,032	-	
Other liabilities	20	103,366,672	103,366,672	-	
Total liabilities		**1,735,384,118**	**1,735,384,118**	**-**	
Share capital	21	72,000,000	72,000,000	-	
Revaluation reserves	22	29,700	29,700	-	
Other reserves and retained earnings	22	(964,775,617)	(756,775,617)	(208,000,000)	a)
Consolidated net income for the year attributable to BE Shareholders		174,186,007	174,186,007	-	
Total equity attributable to BE Shareholders		**(718,559,910)**	**(510,559,910)**	**(208,000,000)**	
Non-controlling interests	22	582,439	582,439	-	
Total equity		**(717,977,471)**	**(509,977,471)**	**(208,000,000)**	
Total liabilities and equity		**1,017,406,647**	**1,225,406,647**	**(208,000,000)**	

Consolidated statement of financial position as at 31 December 2022:

Values expressed in thousand Kz

Assets	Notas	31/12/2022 (Restated)	31/12/2022	Difference	Adjustment
Cash and balances with central banks	4	44,754,425	44,754,425	-	
Balances with other credit institutions	5	28,707,596	28,707,596	-	
Financial assets at fair value through profit or loss	6	637,328	637,328	-	
Financial assets at fair value through other comprehensive income	7	150,188	150,188	-	
Investments at amortised cost	8	69,256,039	69,256,039	-	
Loans and advances to Customers	9	63,305,755	63,305,755	-	
Non-current assets held for sale	10	3,328	3,328	-	
Other tangible assets	11	40,282,712	40,282,712	-	
Intangible assets	12	8,184,792	8,184,792	-	
Investments in subsidiaries, associates and joint ventures	13	-	-	-	
Current tax assets	14	1,990,496	1,990,496	-	
Other assets	15	558,723,829	766,723,829	(208,000,000)	a)
Total assets		**815,996,488**	**1,023,996,488**	**(208,000,000)**	
Resources from central banks and other credit institutions	16	261,926,159	261,926,159	-	
Customer resources and other loans	17	774,716,582	774,716,582	-	
Provisions	18	5,267,913	5,267,913	-	
Current tax liabilities	14	78,202	78,202	-	
Subordinated liabilities	19	32,613,458	32,613,458	-	
Other liabilities	20	104,872,652	104,872,652	-	
Total liabilities		**1,179,474,966**	**1,179,474,966**	**-**	
Share capital	21	271,500,000	271,500,000	-	
Other equity instruments	21	121,196,000	121,196,000	-	
Revaluation reserves	22	29,700	29,700	-	
Other reserves and retained earnings	22	(718,755,790)	(510,755,790)	(208,000,000)	a)
Consolidated net income for the year attributable to BE Shareholders		(38,016,296)	(38,016,296)	-	
Total equity attributable to BE Shareholders		**(364,046,386)**	**(156,046,386)**	**(208,000,000)**	
Total liabilities and equity	22	567,908	567,908	-	
Total equity		**(363,478,478)**	**(155,478,478)**	**(208,000,000)**	
Total liabilities and equity		**815,996,488**	**1,023,996,488**	**(208,000,000)**	

Reconciliation of equity as at 31 December 2022 and 1 January 2022:

Values expressed in thousand Kz

Description	31/12/2022	01/01/2022
Equity before restatement	**(155,478,478)**	**(509,977,471)**
Adjustment a)	(208,000,000)	(208,000,000)
Equity after restatement	**(363,478,478)**	**(717,977,471)**

a) Recognition as a cost of Kz 208,000,000 thousand relating to the deferral of impairment losses previously recorded under "Other assets"

As mentioned in Note 39, in 2020 the Bank recognised, under "Other assets", the amount of Kz 260,000,000 related to the deferral of impairment losses, as provided for in the Recapitalisation and Restructuring Plan approved in December 2021 by Banco Nacional de Angola. According to the Recapitalisation and Restructuring Plan, this deferral should be recognised on a straight-line basis over the subsequent five-year period. Given the prudential nature of this instrument, which does not fulfil the conditions for recognition in the Bank's assets, in 2023 the Board of Directors recognised the remaining amount retrospectively.

Consolidated statement of profit or loss as at 31 December 2022:

Values expressed in thousand Kz

Description	Notes	31/12/2022 (Restated)	31/12/2022	Difference
Interest and similar income	23	13,135,047	13,135,047	-
Interest and similar expenses	23	(32,571,318)	(32,571,318)	-
Net interest income		**(19,436,271)**	**(19,436,271)**	**-**
Service, fee and commission income	24	9,517,453	9,517,453	-
Service, fee and commission expenses	24	(1,483,319)	(1,483,319)	-
Net gain (loss) from financial assets and liabilities at fair value through profit or loss	25	58,252	58,252	-
Net gain (loss) from foreign exchange	28	30,357,505	30,357,505	-
Other operating income	30	(5,791,705)	(5,791,705)	-
Operating income		**13,221,915**	**13,221,915**	**-**
Personnel expenses	31	(15,334,415)	(15,334,415)	-
Third-party supplies and services	32	(8,637,417)	(8,637,417)	-
Depreciation and amortisation for the year	11 e 12	(3,472,251)	(3,472,251)	-
Provisions net of cancellations	33	(1,045,724)	(1,045,724)	-
Impairment on loans and advances to Customers, net of reversals and recoveries	33	(20,047,913)	(20,047,913)	-
Impairment on other financial assets, net of reversals and recoveries	33	2,512,355	2,512,355	-
Impairment on other assets, net of reversals and recoveries	33	(5,176,387)	(5,176,387)	-
Net gain (loss) from subsidiaries, associates and joint ventures (equity method)	13	-	-	-
Profit or loss before tax of ongoing operations		**(37,979,837)**	**(37,979,837)**	**-**
Current income taxes	14	(65,576)	(65,576)	-
Deferred income taxes	14	-	-	-
Consolidated net income for the year		**(38,045,413)**	**(38,045,413)**	**-**
Profits or losses from discontinued operations	10	-	-	-
Profit or losses after taxes and before non-controlling interests		**(38,045,413)**	**(38,045,413)**	**-**
Non-controlling interests	22	29,117	29,117	-
Consolidated net income for the year attributable to BE Shareholders		**(38,016,296)**	**(38,016,296)**	**-**

2.3. Basis of consolidation

The consolidated financial statements presented reflect the assets, liabilities, income, expenses, other comprehensive income and cash flows of Banco Económico and its subsidiaries and associates.

The accounting policies have been applied consistently by all the Group's subsidiaries and associates for the years covered by these consolidated financial statements.

Group Composition

The Group is made up of the following entities:

Group Entities	**Equity Holding 2023**	Equity Holding 2022	Country of activity
Main entity			
Banco Económico, S.A.	n.a.	n.a.	Angola
Subsidiaries			
Económico Fundos de Pensões - SGFP, S.A.	96%	96%	Angola
Económico Fundos de Investimento - SGOIC, S.A. (under liquidation)	62%	62%	Angola
Associates			
Tranquilidade - Companhia Angolana de Seguros, S.A.	21%	21%	Angola

Subsidiaries

Subsidiaries are entities (including investment funds) controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can take possession of them through the power it holds over this entity (de facto control) and is able to affect those variable returns through its power over the entity's relevant activities. As established in IFRS 10 - Consolidated financial statements (IFRS 10), the Group analyses the purpose and structure of the way in which an entity's operations are carried out when assessing control over it. Subsidiaries are fully consolidated from the moment the Group assumes control over the activities until the moment that control ceases. As at 31 December 2023 and 2022, third-party holdings are shown under non-controlling interests.

The accumulated losses of a subsidiary are attributed to non-controlling interests in the proportions held, which may imply the recognition of negative non-controlling interests.

In a step acquisition that results in the acquisition of control, any minority shareholding previously held is revalued at fair value against profit or loss when calculating goodwill. However, in the case of a partial sale resulting in the loss of control over a subsidiary, any remaining minority interest retained is revalued to fair value on the date of sale and the gain or loss resulting from this revaluation is recognised against profit or loss.

The entity identified as the acquiring or incorporating company integrates the results of the acquired entity/business from the date of the acquisition, i.e. from the date of the takeover. The accounting treatment of mergers by acquisition between entities under common control follows the same principles– the assets and liabilities of the entity to be incorporated are recognised at the values shown in the consolidated financial statements of the entity that has control over the two entities, at the highest level of the chain of financial holdings of the Group (the predecessor). The difference between the carrying amount of the assets and liabilities incorporated and the value of the financial investment is recognised as a merger reserve.

The decision was taken in the year ended 31 December 2023 to carry out the liquidation of the subsidiary Económico Fundos de Investimento – SGOIC, S.A., a process that is currently underway, being presented as discontinued operations (Note 2.13.).

Associates

All companies over which the Group has the power to exercise significant influence over their financial and operating policies, although it does not control them, are classified as associates. It is normally assumed that the Group exercises significant influence when it has the power to exercise more than 20% of the associate's voting rights, but less than 50% of them.

Even when the voting rights are less than 20%, the Group can exercise significant influence through participation in the management of the associate or in the composition of management bodies with executive powers.

Investments in associates are recognised in the Bank's consolidated financial statements using the equity method, from the moment the Group acquires significant influence until it ceases. The balance sheet value of investments in associates includes the value of the respective goodwill determined on acquisition and is presented net of any impairment losses. The Bank carries out impairment tests on its investments in associates whenever there are signs of impairment. Impairment losses recognised in previous periods may be reversible up to the limit of the accumulated losses.

In a step acquisition that results in the acquisition of significant influence, any previously held shareholding is revalued to fair value against profit or loss when the equity method is first applied.

When the value of the accumulated losses incurred by an associate and attributable to the Group equals or exceeds the carrying amount of the holding and any other medium and long-term interests in that associate, the equity method is discontinued, unless the Group has a legal or constructive obligation to recognise those losses or has made payments on behalf of the associate.

Gains or losses on the sale of shareholdings in associate companies are recognised against profit or loss, even if the sale does not result in a loss of significant influence. Dividends paid by associates reduce the Group's carrying amount.

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

a) Representation on the Board of Directors or equivalent governing body;

b) Participation in policy-making processes, including participation in decisions about dividends or other distributions;

c) Material transactions between the Bank and the subsidiary;

d) Exchange of management personnel; and

e) Provision of essential technical information.

Impairment
The recoverable value of investments in subsidiaries and associates is assessed whenever there are signs of impairment. Impairment losses in consolidated accounts are calculated based on the difference between the recoverable amount of the investments in subsidiaries or associate companies and their carrying amount. Identified impairment losses are recognised against profit or loss and subsequently reversed through profit or loss if there is a reduction in the amount of the estimated loss in a subsequent period.

The recoverable value is determined based on the higher of the value in use of the assets and the fair value less costs to sell. It is calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value and business risks.

Goodwill
Goodwill represents the difference between the acquisition cost of the holding thus determined and the fair value attributable to the assets, liabilities and contingent liabilities acquired.

In accordance with IFRS 3 - Business combinations (IFRS 3), the Group measures goodwill as the difference between the fair value of the business acquisition, including the fair value of any minority interest previously held, and the fair value attributable to the assets acquired and liabilities assumed and any equity instruments issued. Fair values are determined on the date of acquisition. Costs directly attributable to the acquisition are recognised at the time of purchase in costs for the year.

On the acquisition date, the Group recognises as non-controlling interests the amounts corresponding to the proportion of the fair value of the assets acquired and liabilities assumed without the respective share of goodwill. Therefore, the goodwill recognised in these consolidated financial statements corresponds only to the portion attributable to the Bank's Shareholders.

Positive goodwill is recorded as an asset at cost and is not amortised, in accordance with IFRS 3. In the case of investments in associates, goodwill is included in the respective balance sheet value, determined using the equity method.

Negative goodwill is recognised directly in profit or loss in the period in which the acquisition takes place. Impairment losses relative to goodwill are not reversible in the future.

The recoverable amount of goodwill recognised as an asset is reviewed annually, regardless of whether there are any signs of impairment. Any impairment losses determined are recognised in the statement of profit and loss. The recoverable amount corresponds to the lower of value in use and market value less costs to sell. In determining value in use, estimated future cash flows are discounted based on a rate that reflects market conditions, time value and business risks.

As at 31 December 2023 and 2022, no goodwill was recorded in the Bank's consolidated financial statements.

Transactions with non-controlling interests
The acquisition of non-controlling interests, which does not result in a change of control over a subsidiary, is accounted for as a transaction with Shareholders and, as such, no additional goodwill is recognised as a result of this transaction. The difference between the acquisition cost and the carrying amount of the non-controlling interests acquired is recognised directly in reserves. Likewise, gains or losses arising from disposals of non-controlling interests, which do not result in a loss of control over a subsidiary, are always recognised against reserves.

Gains or losses arising from the dilution or sale of part of the financial holding in a subsidiary, with loss of control, are recognised by the Group in the statement of profit and loss.

Balances and transactions eliminated on consolidation

Balances and transactions between Group companies, including any unrealised gains or losses resulting from intra-group operations, are eliminated in the consolidation process, except in cases where the unrealised losses indicate the existence of impairment that should be recognised in the consolidated accounts.

2.4. Foreign currency transactions

Foreign currency transactions are translated into the functional currency (Kwanza) using the exchange rate in force on the date of the transaction. The monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the average exchange rate published by Banco Nacional de Angola in force at the date of the statement of the financial position. Costs and income relating to realised or potential exchange differences resulting from translation are recognised in profit or loss.

The exchange differences that result from translation are recognised in "Net gain (loss) from foreign exchange" (Note 28). The non-monetary assets and liabilities denominated in foreign currency and recorded at historical cost are translated into the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities recorded at fair value are translated into the functional currency at the exchange rate at the date on which the fair value is determined and recognised against profit or loss, except for those recognised in financial assets at fair value through other comprehensive income.

As at 31 December 2023 and 2022, the exchange rates of the Kwanza to the currencies relevant to the Bank's business are detailed as follows:

Exchange rate	31/12/2023	31/12/2022
1 USD	**828,800**	503,691
1 EUR	**915,990**	537,438

2.5. Loans and advances to Customers

Loans and advances to Customers include loans originated by the Bank which are not intended to be sold in the short term and which are recognised on the date the amount of the loan is advanced to the Customer. Loans and advances to Customers are initially recorded at fair value and subsequently at amortised cost net of impairment. The associated transaction costs or income are part of the effective interest rate of these financial instruments recognised in net interest income. The interest component is recognised separately in the respective accounts of the consolidated statement of financial position, with the respective income being accrued at the effective interest rate, except in situations of default exceeding 90 days, in which case the recognition of interest is suspended until its regularisation.

In addition, commissions charged in connection with credit operations are recognised in the credit spread over the life of the operations.

Loans and advances to Customers are derecognised from the statement of financial position when: (i) the contractual rights of the Bank relating to the respective cash flows have expired, (ii) the Bank has transferred substantially all risks and rewards of ownership, (iii) although the Bank has retained part, but not substantially all the risks and benefits associated with holding them, control over the assets has been transferred, or (iv) when there are no realistic prospects of recovering the loans, and for collateralised loans, when the funds from calling in the collateral have already been received and are written off against assets.

2.6. Financial instruments

i. Classification of financial assets

IFRS 9 – Financial Instruments (IFRS 9) contains a new classification and measurement approach for financial assets that reflects the business model used to manage assets and their cash flow characteristics.

IFRS 9 includes three main categories of financial asset classification: measured at amortised cost; measured at fair value through other comprehensive income and measured at fair value through profit or loss. The Bank recognises accounts receivable and payable, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments are recognised on the transaction date, which is the moment from which the Bank becomes an integral part of the contract, and are classified considering their underlying intention in accordance with the categories described below.

The classification of financial assets is based on two determination criteria, namely: (i) the contractual cash flow characteristics of the financial asset and (ii) the entity's business model for managing its financial assets.

A financial asset or liability is initially measured in the statement of financial position at fair value plus transaction costs directly attributable to the acquisition or issue, except if they are items recorded at fair value through profit or loss in which the transaction costs are immediately recognised as costs for the year.

In accordance with IFRS 13 – Measurement at fair value (IFRS 13) value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. At the date of contracting or commencement of a transaction the fair value is generally the value of the transaction.

Business model assessment

The business model reflects the way the Bank manages its assets from a cash flow generation perspective, i.e. whether the assets are managed for the purpose of (i) receiving the contractual cash flows (Hold to collect); or (ii) receiving the contractual cash flows from the asset through its sale (Hold to collect and sell). For these two types of portfolios, the Bank must assess and test whether the cash flows of the financial instrument correspond solely to payments of principal and interest, i.e. whether the contractual cash flows are consistent with a basic loan contract, in which interest is generally the consideration for the time value of money. However, in such a contract, interest may also include consideration for other basic lending risks, for example liquidity risk, and other costs, namely administrative costs, associated with holding a financial asset for a specified period. In addition, interest may include a profit margin that is consistent with a basic credit agreement, if the contractual terms introduce or present an exposure to risk or volatilities inconsistent with a basic credit agreement, a situation that determines that the financial instrument should be classified and measured at fair value through profit or loss.

If none of the above situations are met, financial assets are recognised at fair value through profit or loss, as is the case of securities held for trading, which are managed with the objective of being sold in the short term.

The information to be considered in this assessment includes: (i) The policies and objectives established for the portfolio and the practical operation of these policies, including the way in which the management strategy focuses on receiving contractual interest, maintaining a specific interest rate profile, adjusting the duration between the assets and the liabilities that finance them or realising cash flows through the sale of assets; (ii) The way in which the performance of the portfolio is assessed and reported to the Bank's management bodies; (iii) The assessment of the risks affecting the performance of the business model (and of the financial assets managed within the scope of that business model) and the way in which these risks are managed; (iv) The way in which the remuneration of the business managers depends on the fair value of the assets under management or on the contractual cash flows received; (v) The frequency, volume and periodicity of sales in previous financial years, the reasons for said sales and expectations about future sales. However, information on sales should not be considered in isolation but as part of an overall assessment of how the Bank establishes objectives for managing financial assets and how cash flows are obtained.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

In this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, other risks and costs associated with the business (for example, liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This assessment included an analysis of the existence of situations in which the contractual terms may change the timing or amount of contractual cash flows so that they do not meet the SPPI condition. During the assessment process, the Bank takes into consideration: (i) Contingent events that may change the timing or amount of cash flows; (ii) Characteristics resulting in leverage; (iii) Prepayment and maturity extension clauses; (iv) Clauses that may limit the right to claim cash flows from specific assets (e.g. contracts with clauses that prevent access to assets in the event of default); (v) Characteristics that may change the consideration for the time value of money (e.g. periodic resetting of interest rates).

A contract with the possibility of prepayment is consistent with the Solely Payments of Principal and Interest (SPPI) criterion if the prepayment amount represents unpaid principal and interest of the principal amount outstanding, which may include reasonable compensation for the prepayment. In addition, a prepayment is consistent with the SPPI criterion if the financial asset is acquired or originated with a premium or discount to its nominal value or the prepayment represents the nominal value plus the interest that is accrued (but unpaid, which may include reasonable compensation for the prepayment), and the fair value of the prepayment is insignificant at initial recognition.

The Bank classifies and values its debt instruments at:

a. Investments at amortised cost

A financial asset will be measured at amortised cost if it is held within the scope of the business model whose objective is solely to collect contractual cash flows and which give rise, on defined dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These financial assets are recognised at fair value upon initial recognition and subsequently measured at amortised cost, using the effective interest rate method. Interest is calculated using the effective interest rate method and recognised in net interest income. Impairment losses are recognised in profit or loss when identified.

b. Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset will be measured at fair value through other comprehensive income if it is held within the scope of the business model whose objective is to earn contractual cash flows and dispose of financial assets and the contractual cash flows fall within the scope of SPPI.

Financial assets at fair value through other comprehensive income are initially recognised at fair value including the costs or income associated with the transactions, and subsequently measured at fair value. Changes in fair value are accounted for against other comprehensive income until the assets are sold or impairment losses are recognised, when they are recognised in the income statement.

On disposal of the financial assets at fair value through other comprehensive income, the accumulated gains or losses recognised in other comprehensive income are recognised under "Net gains/(losses) from financial assets at fair value through other comprehensive income" in the statement of profit and loss.

Equity instruments are instruments that meet the definition of capital from the perspective of the issuer, i.e. they are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the net assets of the issuer, such as shares. Investments in equity instruments are normally classified as held for trading and accounted for at fair value through profit or loss. If the business model and consequently the purpose of acquiring the set of investments is to hold them in the portfolio indefinitely for appreciation, they should be recognised in the category of financial assets at fair value through other comprehensive income and cannot be reclassified subsequently to the trading portfolio (irrevocable condition). Changes in fair value and the result of the sale of these securities are accounted for in other comprehensive income and are not subsequently recognised in profit or loss.

c. Financial assets at fair value through profit or loss (FVPL)

A financial asset will be measured at fair value through profit or loss if it does not fall into the above categories. These assets are valued daily based on fair value, taking into account the credit risk of both themselves and the counterparties to the transactions. In the case of bonds and other fixed income securities, the carrying amount of the statement of financial position includes the amount of accrued and uncollected interest. Gains and losses resulting from changes in fair value are recognised under "Net gains/(losses) from financial assets and liabilities at fair value through profit or loss" (Note 25) in the statement of profit and loss.

d. Financial liabilities

A financial instrument is classified as a financial liability when there is a contractual obligation for settlement to be made by delivering cash or another financial asset, independently from its legal form.

Non-derivative financial liabilities include deposits from credit institutions and Customers, loans, debt securities and other subordinated liabilities.

Financial liabilities are initially recognised at fair value and subsequently at amortised cost. Interest is accrued over the period of the transactions and recognised in net interest income. Gains and losses calculated on the repurchase of other financial liabilities are recognised under net gains (losses) from assets and liabilities at fair value through profit or loss when they occur.

The Bank classifies its financial liabilities as measured at amortised cost, and the determination of the fair value of these liabilities is disclosed in these notes to the financial statements.

IFRS 9 introduced a requirement applicable to financial liabilities designated at fair value, by option, requiring the separation of the component of the change in fair value that is attributable to the entity's credit risk and its presentation in other comprehensive income (OCI), instead of profit or loss.

ii. Initial recognition and subsequent measurement

a. Recognition and measurement at amortised cost

The amortised cost of a financial asset or liability is the amount at which a financial asset or liability is initially recognised, less capital receipts, plus or minus accumulated amortisation, arising from the difference between the amount initially recognised and the amount at maturity, less reductions arising from impairment losses.

b. Recognition and measurement at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a current transaction between market participants on the measurement date or, in its absence, the most favourable market to which the Bank has access to carry out the transaction on that date. The fair value of a liability also reflects the Bank's own credit risk. When available, the fair value of an investment is measured using its quoted market price in an active market for that instrument. A market is considered active if there is sufficient frequency and volume of transactions to provide a price quotation on a constant basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

c. Identification and measurement of impairment

In addition to analysing impairment on loans and advances to Customers, at each statement of financial position date an assessment is made of whether there is objective evidence of impairment for all other financial assets that are not recognised at fair value through profit or loss.

In accordance with IFRS 9, the Bank regularly assesses whether there is objective evidence that a financial asset or group of financial assets shows signs of impairment. A financial asset, or group of financial assets, is considered to be impaired whenever there is objective evidence of impairment resulting from one or more events that occurred after its initial recognition. For debt securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reasonably estimated.

Regarding investments at amortised cost, impairment losses correspond to the difference between the asset's carrying amount and the present value of estimated future cash flows (considering the recovery period) discounted at the financial asset's original effective interest rate and are recorded against profit or loss. These assets are presented in the statement of financial position net of impairment. If we are dealing with an asset with a variable interest rate, the discount rate to be used to determine the respective impairment loss is the current effective interest rate, determined on the basis of the rules of each contract. Also in relation to investments at amortised cost, if in a subsequent period the amount of the impairment loss decreases, and this decrease can be objectively related to an event that occurred after the impairment was recognised, it is reversed against profit or loss for the year.

When there is evidence of impairment of financial assets at fair value through other comprehensive income, the potential loss accumulated in reserves, corresponding to the difference between the acquisition cost and the current fair value, less any impairment loss on the asset previously recognised in profit or loss, is transferred to profit or loss. If in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed against profit or loss for the year until the acquisition cost is reinstated, if the increase is objectively related to an event occurring after the impairment loss was recognised.

iii. Reclassification between categories

The Bank will only reclassify financial assets if there is a change in the entity's business model for managing its financial assets. These reclassifications are made on the basis of the fair value of the assets transferred, determined on the date of the reclassification. The difference between this fair value and the respective nominal value is recognised in the statement of profit and loss until the asset matures, based on the effective interest rate method. The amount in other comprehensive income existing at the reclassification date is also recognised in the statement of profit and loss based on the effective interest rate method. Under IFRS 9, changes in business model are not expected to occur frequently.

iv. Derecognition

Financial assets are derecognised from the statement of financial position when: (i) the contractual rights to receive their cash flows have expired, (ii) the Bank has transferred substantially all risks and rewards of ownership or (iii) although the Bank has retained part but not substantially all the risks and rewards of ownership, control over the assets has been transferred.

2.7. Impairment losses

IFRS 9 introduced the concept of expected credit losses, thus bringing forward the recognition of credit losses in institutions' financial statements. In this way, in determining Expected Credit Loss (ECL), macroeconomic factors are taken into consideration, the changes of which impact expected losses. This concept of expected losses must be applied to all financial assets, except financial assets measured at fair value through profit or loss.

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

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

According to the standard, there are two methods for calculating impairment losses: (i) individual analysis and (ii) collective analysis. The assessment of the existence of impairment losses in individual terms is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses, at each statement of financial position date, the existence of objective evidence of impairment. It should be noted that given the high concentration of the portfolio and the low level of own funds with reference to 31 December 2023, the Bank has established the criterion of individually analysing the Customers with the highest volume of gross exposure, guaranteeing a coverage rate of at least 80% of the loan portfolio. For the remaining segments of the loan portfolio, the Bank performs a collective analysis for the calculation of impairment losses. The collective impairment model is currently being consolidated, as its implementation was finalised by the Bank with some weaknesses, which are being improved by the Bank.

The main weaknesses in determining the amount of impairment losses, on a collective basis, for the loan portfolio as at 31 December 2023 and 2022 were as follows:

i. History recovery: considering the new requirements for marking stages defined by the Bank, a process of historical marking was developed based on the information and quality of data from January 2015 to December 2020, having excluded from the Bank's historical credit portfolios the credit operations that were sold, since they are operations with a different credit risk profile from the remaining current composition of the credit portfolio;
ii. Guarantees: the Bank is in the process of verifying and validating the information on guarantees/collateral considered active by the Bank in that module, and in the calculation of impairment the information reported by the Bank was used as the most reliable information on guarantees/collateral associated with the loan portfolio. The updating of the information will allow the Bank to significantly improve the quality of information on guarantees and their management;
iii. Staging: the Bank presents an additional risk in the model arising from some triggers being manually scheduled by the analyst;
iv. Loss Given Default (LGD): the Bank is not yet including the effect of recovery costs incurred in the recovery process. Information on restructured operations is limited, so the model does not include recoveries of guarantees (they are deducted directly from Exposure at Default – EAD – following an internal haircut).

It should be noted that, as a result of the aforesaid weaknesses, the Bank is currently developing a project to resolve them. As a result, the Bank did not update the risk parameters as at 31 December 2023, maintaining the data since the update with reference to 31 December 2020.

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

Stage 1: no significant increase in credit risk since initial recognition. In this case, impairment will reflect expected credit losses resulting from default events that may occur in the 12 months following the reporting date;

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

Stage 3: instruments for which there is objective evidence of impairment due to events that have resulted in losses. In this case, the amount of impairment will reflect the expected credit losses over the expected residual life of the instrument.

Except for financial assets acquired or originated with impairment (referred to as POCI), impairment losses, depending on the classification of the operation's stage, must be estimated considering:

- 12-month expected credit risk loss, i.e. estimated total loss resulting from default events of the financial instrument that are possible within 12 months after the reporting date (called Stage 1);

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

Although the standard does not define a concept of default, the Bank, in its Impairment Policy, opted to update its internal definition of default, introducing a set of criteria to reflect a more forward-looking model for recognising expected losses on financial assets, with only one of the criteria needing to be met for an operation to be classified as in default. Any given transaction/Customer will no longer be marked in default if it no longer meets the respective entry criteria and after the respective quarantine period has elapsed.

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

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

- Incorporation of forward-looking information in the calculation of expected credit loss (ECL).

Calculation of expected credit loss (ECL)

Expected credit losses are weighted estimates of credit losses determined as follows:

- Financial assets with no sign of impairment at the reporting date: the present value of the difference of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

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

- Guarantees given and unused credit commitments: the present value of the difference between the contractual cash flows that are due to the Bank should the commitment be realised and the cash flows the Bank expects to receive.

The Bank's approach to determining impairment losses for loans subject to collective analysis has as an inherent concept the definition of homogeneous segments based on the quality of its assets and the credit/Customer risk characteristics. In this way, the Bank ensures that for the purposes of analysing these exposures and determining the risk parameters (Probability of Default ("PD") and "LGD"), they present similar risk characteristics. The development of these segments is based on the assumptions of statistical materiality for each segment (in order to estimate the respective risk profile) and the relevance or adequacy of this segmentation to the various processes related to credit risk management in the Bank.

The Bank, in accordance with IFRS 9, has developed the lifetime ECL for financial assets as the present value of the difference between the cash flows to which the entity is entitled under the contract, and the cash flows that the entity expects to receive. For assets that are not in default, this principle is equivalent.

The Bank has set the 12-month ECL as the part of the lifetime ECL that represents the expected credit losses that result from default events that may occur in the 12 months after the reporting date. For assets in default, the lifetime ECL is obtained through the loss amount given default, depending on the time that has passed since the asset went into default.

For the balances of the headings of "Cash and balances with central banks" (Note 4), "Balances with other credit institutions" (Note 5), "Investments at central banks and other credit institutions" and "Investments at amortised cost" (Note 8), the Bank applies the guidelines of Banco Nacional de Angola Directive No. 13/DSB/DRO/2019 of 27 December, with no subsequent guidelines having been issued, verifying the entity's rating, or if not available, the rating of the country in which it is based. The Moody's study "Sovereign default and recovery rates, 1983-2022" was used to obtain the risk factors to be considered:

- For deposits with other credit institutions, the PD equivalent to 1/12 (one twelfth) of the 12-month PD for companies is considered, taking into account the rating and LGD of 60% for all counterparties that have not seen a significant increase in credit risk (stage 1);

- For investments in other credit institutions, the 12-month PD for companies is considered, taking into account the rating and LGD of 60% for all counterparties that have not seen a significant increase in credit risk (stage 1);

- For investments at amortised cost, the 12-month PD for sovereign issuers is considered, taking into account the rating and LGD associated with verified sovereign default events, indicated in the study (61%) for all operations that have not seen a significant increase in credit risk (stage 1).

For the balances of cash and cash equivalents at central banks and investments at central banks, the LGD is considered to be zero as there is no risk of recovery and no impairment is estimated, in accordance with Banco Nacional de Angola Directive No. 13/DSB/DRO/2019.

Significant increase in credit risk
The stage 2 classification is based on the observation of a significant increase in the level of credit risk, since the standard does not determine how this significant increase should be measured.

The Bank does not yet have rating and scoring models with the necessary maturity, so the stage 2 classification is based on objective triggers observed on the basis of available information.

The triggers for a significant increase in credit risk are mostly detected through automatic processes, based on information resident in the Bank's information systems. However, some of the cases are identified manually, particularly with regard to restructured cases and the criterion of insolvency declared (BNA CIRC), insolvency request by the debtor or Bank.

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

Inputs in measuring ECL
The main inputs used for measuring ECL on a collective basis include the following variables:

- Probability of default;
- Loss given default;
- Exposure at default;
- Discount rate (DR); and
- Credit Conversion Factors (CCF).

These parameters are obtained through internal statistical models and other relevant historical data, adjusted to reflect forward-looking information.

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

The degrees of risk are a highly relevant input for determining the PD associated with each exposure. The Bank collects performance and default indicators on its credit risk exposures with analysis by type of Customer and product.

LGD is the magnitude of loss expected to occur if the exposure goes into default. The Bank estimates LGD parameters based on historical recovery rates after counterparties have defaulted. The LGD models consider the associated collateral and time in default.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in exposure after the reporting date. The Bank derives the EAD values from the counterparty's current exposure and potential changes to the current value allowed under contractual terms. For financial commitments and guarantees, the value of the EAD accounts for both the amount of credit drawn down and the expectation of the potential future amount that may be drawn down in accordance with the credit conversion factor (CCF).

Forward-looking information
According to this new model set out in IFRS 9, the measurement of expected losses also requires the inclusion of forward-looking information, including future trends and scenarios, namely macroeconomic data. Forward-looking information has not been considered in all risk parameters of the expected loss calculation (LGD and EAD). In this context, the estimates of expected credit impairment losses now include multiple macroeconomic scenarios whose probability will be assessed considering past events, the current situation and future macroeconomic trends.

Within this framework, the Bank used a linear regression model to capture the impact of macroeconomic factors with significant influence on the probability of default.

Purchased or originated credit impaired (POCI) financial assets
Financial assets classified as POCI are treated differently since they are in an impaired condition. For these assets, the Bank at the time of their initial recognition in Stage 3, records the asset at the net value of the expected loss.

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

As at 31 December 2023, financial assets amounting to Kz 25,732,553 thousand are classified as POCI (Note 9).

Recognition of impairment losses
The Bank recognises impairment losses for expected credit losses on financial instruments as follows:

- Financial assets at amortised cost: impairment losses on financial assets at amortised cost reduce the carrying amount of those financial assets against the corresponding entry in profit or loss;

- Debt instruments at fair value through other comprehensive income: impairment losses for these instruments are recognised in profit or loss against other comprehensive income (they do not reduce the carrying amount of the statement of financial position for these financial assets);

- Subscription Credit Facility: impairment losses associated with subscription credit facilities are recognised in liabilities, under Provisions (Note 18) for subscription credit facility against profit or loss.

Reversal of impairment

The analysis and subsequent determination of individual impairment of a Customer with impairment recorded in previous periods may only result in a reversal if the impairment is related to the occurrence of an event after initial recognition (e.g. improvement in the quality of the Customer's rating or reinforcement of guarantees). The amount of the reversal cannot be greater than the accumulated impairment amounts previously recorded.

Write-off of financial instruments

Considering the economic nature of the impairment model, which is based on the requirements of the International Accounting Standards and the requirements set out in Banco Nacional de Angola Notice No. 11/2014 of 17 December 2014, loans may be transferred to an off-balance sheet account when the institution considers that, based on available information, the loan in question will be unrecoverable.

As such, the Bank has defined a set of criteria that will be used to identify Customers who, according to this perspective, should be subject to write-offs.

Write-off is defined as the derecognition of a financial asset from the Bank's balance sheet. It should be noted that State risk contracts and contracts with the Bank's Employees are not subject to write-off.

2.8. Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be carried out by delivering cash or another financial asset to another party, regardless of its legal form, showing a residual interest in the assets of an entity after deducting all its liabilities.

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

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

2.9. Other tangible assets, excluding leases

Recognition and measurement

Other tangible assets are recorded at acquisition cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the goods

Subsequent costs

Subsequent costs are recognised as a separate asset only if it is probable that future economic benefits will flow from them. Expenditure on maintenance and repair is recognised as a cost as it is incurred, in accordance with the accrual principle.

Depreciation

Depreciation of tangible assets is calculated on a straight-line basis, over the following periods of expected useful life:

Description	Years of useful life
Own buildings	8 to 50
Transport	3 to 5
Furniture and materials	4 to 8
Machinery and tools	4 to 5
Computer equipment	4 to 8
Indoor facilities	1 to 10
Security equipment	1 to 8
Improvements to owned and rented buildings	5 to 8

When there is indication that an asset may be impaired, IAS 36 – Impairment of Assets (IAS 36) requires its recoverable value to be estimated and an impairment loss recognised whenever the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the statement of profit and loss, and are reversed when the facts that gave rise to them cease to exist.

The recoverable value is determined as the greater of its net selling price and value in use which is based on the net present value of future cash flows arising from the continuing use and ultimate disposal of the asset.

As mentioned in Note 2.14., this heading includes right-of-use assets arising from lease contracts.

Derecognition
The carrying amount of an item of property, plant and equipment shall be derecognised:

a) On disposal; or

b) When no future economic benefits are expected from its use or disposal.

Gains or losses arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised.

2.10. Intangible assets

Software
Costs incurred with the acquisition of software from third parties are capitalised well as the additional expenses borne by the Bank necessary for its implementation. These costs are amortised on a straight-line basis over the estimated useful life of the software, which is between 6 and 12 years.

Expenditure on research and development projects
Costs directly related to the development of computer applications, which are expected to generate future economic benefits beyond one financial year, are recognised and recorded as intangible assets.

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

Impairment losses
The recoverable value of intangible assets is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable value and the carrying amount. Identified impairment losses are recognised against profit or loss and subsequently reversed through profit or loss if there is a reduction in the value of the estimated loss in a subsequent period.

2.11. Repurchase and reverse repurchase agreements
Securities sold with a repurchase agreement (repos) at a fixed price or at a price equal to the sale price plus interest over the term of the transaction are not derecognised from the statement of financial position. The corresponding liability is recorded under amounts payable to other credit institutions or to Customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

Securities purchased with a resale agreement (reverse repos) at a fixed price or at a price equal to the purchase price, plus interest over the term of the transaction, are not recognised in the statement of financial position, with the purchase price recorded as loans to other credit institutions or Customers, as appropriate. The difference between purchase and resale price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

Securities lent under borrowing agreements are not derecognised from the statement of financial position but are classified and valued in accordance with the accounting policy described in Note 2.6. Securities received under borrowing agreements are not recognised in the statement of financial position.

2.12. Investments in subsidiaries and associates
Investments in subsidiaries and associates are accounted for in the Bank's consolidated financial statements using the equity method of accounting less any impairment losses.

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to variability of returns from its involvement with this entity and can take possession of them through the power it holds over the relevant activities of that entity (de facto control). The subsidiaries are recorded by full consolidation.

Associates are entities over which the Bank has significant influence, but not control over its financial and operating policies. The Bank is presumed to have significant influence when it holds the power to exercise more than 20% of the associate's voting rights. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is presumed that the Bank does not have significant influence, except where such influence can be clearly demonstrated.

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

a) Representation on the Board of Directors or equivalent governing body;

b) Participation in policy-making processes, including participation in decisions about dividends or other distributions;

c) Material transactions between the Bank and the subsidiary;

d) Exchange of management personnel; and

e) Provision of essential technical information.

Impairment losses
The recoverable value of investments in associates is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable value of the investments in subsidiaries or associates and their carrying amount. Identified impairment losses are recognised against profit or loss and subsequently reversed through profit or loss if there is a reduction in the amount of the estimated loss in a subsequent period.

The recoverable value is determined based on the higher of the value in use of the assets and the fair value less costs to sell. It is calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value and business risks.

2.13. Non-current assets held for sale and discontinued operations

Non-current assets, groups of non-current assets held for sale (groups of assets together with their respective liabilities that include at least a non--current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities and the assets or groups of assets are available for immediate sale and its sale is highly probable (within a year).

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

Immediately before classification as held for sale, the measurement of all non-current assets and all assets and liabilities included in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or groups of assets are measured at the lower of their carrying amount and their fair value less costs to sell, in accordance with the requirements of IFRS 5 – Non-current assets held for sale and discontinued operations (IFRS 5).

Discontinued operations and subsidiaries acquired exclusively for the purpose of selling in the short term are consolidated until they are sold.

The Bank also classifies as non-current assets held for sale, properties held for credit recovery, which are initially measured at the lower of their fair value net of selling costs and the carrying amount of the loan at the date when the property was given away or judicially auctioned.

The assets recorded under this heading are not amortised. The fair value of these assets is determined on the basis of periodic valuations carried out by independent experts registered with the Capital Markets Commission (CMC). In addition, and in accordance with Directive No. 13/DSB/DRO/2019, this valuation is adjusted by applying a 20% haircut to reflect the immediate sale value, 5% sales costs and based on specific discount rates depending on the age of the valuation. Whenever the value resulting from these valuations (net of selling costs) is lower than the carrying amount, impairment losses are recognised under "Impairment for other assets net of reversals and recoveries". Once the expected time of sale has passed (one year) assets are reclassified to "Other assets", maintaining the measurement criteria.

Valuations of these properties are carried out according to one of the following methodologies, applied according to the specific situation of the property:

i. Comparative/market method

The comparative/market method is based on the transaction values of properties that are similar and comparable to the property under study, and is obtained through market research;

ii. Income method

The purpose of the income method is to estimate the value of the property based on the capitalisation of its net income, updated to the present time, using the discounted cash flow method.

iii. Cost method

The purpose of the cost method is to reflect the amount that would currently be required to replace the asset in its current condition, by breaking down the value of the property into its fundamental components.

The valuations obtained are analysed internally to validate the consistency of the data and assumptions considered by the independent experts for the same asset (when more than one valuation report is obtained) or for assets with similar characteristics.

The subsequent measurement of these assets is made at the lower of their carrying amount and the corresponding fair value, net of selling costs, and they are not subject to depreciation. If there are unrealised losses, these are recorded as impairment losses against profit or loss for the year. The assets recorded under this heading are not amortised.

2.14. Leases

In accordance with IFRS 16 – Leases (IFRS 16): (i) as a lessee, the standard introduces a single model for accounting, with the recognition of right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments; (ii) as a lessor, the accounting remains identical to existing accounting policies, and leases can be classified as finance leases or operating leases.

Lease definition

The Bank assesses whether a contract is, or contains, a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to use an identified asset (the underlying asset) for a certain period in exchange for retribution.

At the inception or revaluation date of a contract containing a lease component, the Bank allocates the consideration in the contract to each lease and non-lease component based on their individual relative price. However, for leases in which the entity is a lessee, it has elected not to separate the non--lease components and to account for the lease and non-lease components as a single lease component.

Lessee

From the lessee's perspective, the Bank leases a number of properties used for the Bank's branches and central services. As a lessee, the Bank previously classified leases as either operating leases or finance leases, based on the overall assessment of whether the lease transfers substantially all the risks and rewards associated with ownership of the underlying assets.

The Bank presents right-of-use assets under "Other tangible assets" (Note 11), i.e. in the same line item as the underlying assets of the same nature it owns, presenting the lease liabilities under "Other liabilities" (Note 20) in the statement of financial position.

The Bank recognises a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use assets

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

Lease liabilities

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

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

Determining the lease term of contracts

The Bank has applied judgement to determine the lease term of certain contracts, in which it is in the position of lessee, and which include renewal and termination options. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if reasonably certain to be exercised, or any periods covered by an option to terminate the lease if reasonably certain not to be exercised. This assessment will impact the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognised.

Lessor

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

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset, it is classified as a finance lease; if not, it is classified as an operating lease. As part of this evaluation, the Bank considers several indicators, such as whether the lease is for the greater part of the economic life of the asset.

Finance leases

Financial leasing contracts are recorded in the statement of financial position as loans granted for the value equivalent to the net investment made in the leased assets, together with any estimated non-guaranteed residual value. Interest included in rents charged to Customers is recorded as income while repayments of principal, also included in the rents, are deducted from the value of the loan granted to Customers. The recognition of interest reflects a constant periodic rate of return on the lessor's remaining net investment.

If a contract contains lease and non-lease components, the Bank will apply IFRS 15 – Revenue from contracts with Customers (IFRS 15) to allocate the contractual amounts.

Operating leases

Banco Económico recognises that payments made by the Bank under operating lease contracts are recorded as costs in the periods to which they relate, when applicable.

2.15. Taxes

Income tax recorded in profit or loss includes the effect of current and deferred taxes. Income tax is recognised in profit or loss, except when related to items recognised in equity, which implies its recognition in that item. Deferred taxes recognised under equity stemming from the revaluation of assets at fair value through other comprehensive income and cash flow hedging derivatives are subsequently recognised in profit or loss when the gains and losses that originated them are recognised in profit or loss.

Current taxes

Current taxes correspond to the amount determined in relation to taxable income for the period, using the tax rate in force or substantially approved by the authorities on the statement of financial position date, and any tax adjustments from previous years.

Current taxes for current and prior periods shall, to the extent that it has not been paid, be recognised as liabilities. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

With the publication of Law No. 19/14 of 22 October, which came into force on 1 January 2015, amended by Law No. 26/20 of 20 July, Industrial Tax is subject to provisional assessment in a single instalment to be made in the month of August, calculated by applying a rate of 2% on the result derived from financial intermediation operations, ascertained in the first six months of the previous tax year, excluding income subject to Capital Gains Tax (IAC), unless a loss was recorded in the previous year.

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

Law No. 26/20 of 20 July has increased the rate of Industrial Tax for activities in the banking sector from 30% to 35%. On the other hand, the referred Law creates rules with relevant impacts on the determination of taxable profit, such as: (i) exclusion from the tax relevance in the calculation of taxable profit of income and costs with unrealised exchange differences; (ii) provisions constituted on guaranteed loans, except in the uncovered part, will no longer be accepted as deductible costs.

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

Deferred taxes

Deferred taxes are calculated, in accordance with the liability method based on the statement of financial position, on the temporary differences between the carrying amounts of the assets and liabilities and their tax base, using the tax rates approved or substantially approved on the statement of financial position date and which are expected to be applied when the temporary differences are reversed.

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

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

In accordance with IAS 12 – Income Taxes (IAS 12), the Bank offsets deferred tax assets and liabilities whenever: (i) it has a legally enforceable right to set off current tax assets and current tax liabilities; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which the deferred tax liabilities or assets are expected to be settled or recovered.

Capital Gains Tax (IAC)

The Presidential Legislative Decree No. 2/14 of 20 October, in force since 19 November 2014, revised and introduced several legislative amendments to the CIT Code, following the Tax Reform project. The CIT is generally levied on income from the Bank's financial investments, with the rate varying between 5% and 15%.

In addition, under the terms of the Industrial Tax Code, the CIT itself is not accepted as a deductible cost for the purposes of calculating taxable income (article 18) and, on the other hand, income subject to the CIT will be deducted from taxable income, in accordance with article 47 of the Industrial Tax Code.

Taxes on wealth

Property Tax (PT)

The new Property Tax Code (CIP) entered into force on 9 August 2020, applicable to the holding of own properties, rents and the onerous transfer of real estate properties, was approved by Law No. 20/20 of 9 July. With the entry into force of the Property Tax Code, there are three tax brackets for urban buildings: (i) 0.1% for properties with an asset value of up to and including Kz 5,000 thousand; (ii) Kz 5,000 for properties with an asset value of between Kz 5,000 thousand and Kz 6,000 thousand; and (iii) 0.5% for properties with an asset value of over Kz 6,000 thousand (applicable to the excess of Kz 5,000 thousand). Specific rates apply to building land (0.6%) and rural properties (sum of hectares). In addition, a property tax surcharge applies to empty urban buildings.

For properties leased by Banco Económico, as a lessee, the Bank withholds the tax due, at the effective rate of 15%, on the payment or delivery of rents for leased properties.

Property Tax on Gratuitous or Onerous Transfers of Real Estate Assets

Pursuant to the Property Tax Code, approved by Law No. 20/20 of 9 July, Property Tax on the free or onerous transfer of immovable property is levied at a rate of 2% on the free or onerous transfer of the right of ownership or parcels of this right, namely the usufruct, surface right and easement, including acquisitions by usucapion, on immovable property.

Other taxes

Value Added Tax (VAT)

The Value Added Tax (VAT) Code, approved by Law No. 7/19 of 24 April, and amended by Law No. 17/19 of 13 August introduced a new excise duty into Angolan legislation, which entered into force on 1 October 2019. Effectively, VAT repealed and replaced the Excise Duty that had been in force up to then in the Angolan legal system.

The Bank, as a taxpayer registered with the Tax Department of Large Contributors, has been subject to the general VAT system since the introduction of VAT, and is obliged to comply with all the rules and reporting obligations laid down in this area.

As a rule, commissions and expenses charged for services provided by the Bank (in lieu of Stamp Duty) are subject to VAT at a rate of 14%. The remaining financial intermediation operations are exempt from VAT, to which Stamp Duty will continue to be applicable, when due.

Accordingly, as the Bank is a taxpayer that carries out both VAT subject and exempt transactions, it also has restrictions on the right to deduct VAT paid to suppliers. Therefore, the Bank deducts the tax by applying the methods provided for in current legislation – except for VAT on expenses expressly excluded from the right to deduction.

According to the current legislation, periodic VAT returns may be subject to review and correction by the tax authorities in the five years following the financial year to which they refer.

Tax substitution
As part of its activity, the Bank acts as a tax surrogate, withholding taxes from third parties, which it then pays to the State.

Capital Gains Tax (IAC)
In accordance with Presidential Legislative Decree No. 2/14 of 20 October, the Bank withholds Capital Gains Tax at the rate of 10% on interest on term deposits paid to Customers.

Stamp Duty
In accordance with Presidential Legislative Decree No. 3/14 of 21 October, the Bank is responsible for the payment and delivery of Stamp Duty due by its Customers on most banking operations, such as financing, collection of interest on financing, among others, and the Bank proceeds with the payment of the tax, in accordance with the rates established in the Stamp Duty Table.

Industrial Tax
In accordance with the provisions of Article 67 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 with effective management or permanent establishment in Angola are subject to withholding tax at the rate of 6.5%.

In turn, pursuant to Articles 71 and following of Law No. 19/14 of 22 October, amended by Law No. 26/20 of 20 July, services of any nature rendered by taxpayers pursuing business without a registered office, effective management or permanent establishment in Angola are subject to Industrial Tax, by withholding at source, at a rate of 15%.

In the case of payments for services made to entities resident in Portugal and the United Arab Emirates, there is the possibility of applying Double Taxation Agreements (ADT) and, as such, it may be possible to apply a lower rate of withholding tax.

2.16. Employee benefits

Provision for annual leave pay and allowance
The General Labour Act, Law No. 7/15, of 15 June, amended by Law No. 12/23 of 27 December, stipulates that the amount of annual leave allowance payable to Employees in a given year is a right acquired by them in the immediately preceding year. Consequently, the Bank records, in the accounts for the year, the amounts relating to annual leave pay and allowance payable in the following year, as well as for untaken annual leave in the event of the Employee's departure.

Loans and advances to employees
In accordance with IFRS 9 financial instruments should be recorded at fair value when they are recognised in the statement of financial position.

The Bank calculates the fair value of loans and advances to Employees and, for this purpose, determines the market interest rate when the loan was granted to the Employee. Since the market interest rate is higher than the one the Employee has, the fair value of his/her credit will be lower than its nominal value, so its value in the statement of financial position must be adjusted to reflect the fair value (at the granting date).

Considering the provisions of IAS 19 – Employee benefits IAS 19), this benefit (below-market interest rate) should be part of the Employee's remuneration. Therefore, the amount resulting from the difference between the nominal value (amount disbursed) and the fair value of the loan is recognised under "Other assets" (against "Loans and advances to Customers"), and is recognised through profit or loss under "Personnel expenses" (against "Interest and similar income") over the shorter period between: (i) the duration of the loan; or (ii) the number of years between the date the loan was granted and the legal date on which the Employee retires.

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

Variable remuneration paid to Employees and Directors
The Bank attributes variable remuneration to its Employees and Directors as a result of their performance (performance bonuses). The variable remuneration paid to Employees and Directors is recorded against profit or loss in the year to which it relates.

Pensions – Defined contribution plan
For defined contribution plans, the liability related to the benefit attributable to the Bank's Employees is recognised as a cost for the year when due. Prepaid contributions are recognised as an asset if a refund or reduction of future payments is available.

2.17. Provisions
Provisions are recognised when: (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities); (ii) it is probable that settlement will be required and (iii) a reliable estimate of the obligation can be made.

Provisions for guarantees and other commitments are measured according to the collective impairment model, as described in Note 2.7. The measurement of provisions takes into account the principles defined in IAS 37 – Provisions, contingent liabilities and contingent assets (IAS 37) regarding the best estimate of the expected cost, the most probable outcome of the actions in progress and taking into account the risks and uncertainties inherent in the process.

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

Provisions are derecognised through their use for the obligations for which they were initially set up or in cases where these are no longer observed.

2.18. Revenue

Recognition of interest

Interest income from financial instruments measured at amortised cost is recognised under "Interest and similar income" or "Interest and similar charges" (Note 23), using the effective interest rate method. Interest at the effective interest rate on financial assets at fair value through other comprehensive income is also recognised in net interest income, as well as on financial assets and liabilities at fair value through profit or loss.

The effective interest rate is the rate that discounts estimated future payments or receipts over the expected life of the financial instrument (or, where appropriate, for a shorter period) for the net present value in the statement of financial position of the financial asset or liability.

In determining the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (for example, prepayment options) not weighing possible impairment losses. The calculation includes all fees paid or received recognised as part of the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction, except for financial assets and liabilities at fair value through profit or loss.

For operations that are in default for more than 90 days, interest is suspended until its settlement. Interest and similar income include interest income arising from financial assets for which an impairment loss was recognised.

Interest on financial assets classified in Stage 3 is calculated using the effective interest rate method applied to the net value of the statement of financial position. When the asset is no longer included in Stage 3, interest is calculated based on the gross value of the statement of financial position.

For purchased or originated credit-impaired financial assets, the effective interest rate reflects expected credit losses when determining the expected future cash flows receivable from the financial asset.

Recognition of fees and commissions income

Fees and commissions income is recognised as revenue from contracts with Customers to the extent that the performance obligations are met: (i) Fees and commissions earned on the execution of a significant act, such as loan syndication fees, are recognised in profit or loss when the significant act has been completed; (ii) Fees and commissions earned as services are rendered are recognised in profit or loss in the year to which they relate; (iii) Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recognised in profit or loss using the effective interest rate method.

Dividend recognition

Dividends (income from equity instruments) are recognised when the right to receive their payment is established.

2.19. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include the balances under "Cash and balances with central banks" and "Balances with other credit institutions" (Notes 4 and 5).

2.20. Financial guarantees and commitments

Financial guarantees are contracts that oblige the Bank to make specific payments to reimburse the holder for a loss incurred because a debtor fails to meet a payment. Commitments associated with credit operations aim to make credit available under predetermined conditions.

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

2.21. Earnings per share

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

For the diluted earnings per share, the average number of ordinary shares outstanding is adjusted to reflect the effect of all potential ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion to shares would decrease earnings per share.

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

Note 3
Main estimates and judgements used in preparing the financial statements

The IAS/IFRS establish a series of accounting treatments and require the Board of Directors to make judgements and estimates in order to decide on the most appropriate accounting treatment. The main accounting estimates and judgements used in the application of the accounting principles by the Bank are presented in this Note, with the purpose of improving the understanding of how their application affects the reported results of the Bank and its disclosure. A detailed description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Because in many cases there are alternatives to the accounting treatment chosen by the Board of Directors, the Bank's reported results would differ if a different treatment were 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 respects.

3.1. 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 (both 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, time value, yield curve and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair value. Consequently, the use of a different model or of different assumptions or judgements in applying a particular model may have produced different financial results from the ones reported.

3.2. Impairment losses on loans and advances to Customers and other assets.

The Bank reviews its loan portfolios periodically in order to assess the existence of impairment losses, as described in the accounting policy described in Note 2.7.

The process of evaluating the loan portfolio to determine if an impairment loss should be recognised is subject to numerous estimates and judgements. This process includes factors such as probability of default, risk ratings, value of associated collateral, recovery rates and estimates of both the timing and future cash flows.

The calculation of impairment associated with loans and advances to Customers is based, among other factors and where applicable, on valuations of the collateral of credit operations, such as property mortgages. The valuations of the Bank's real estate collateral and real estate assets recorded in the headings of "Non-current assets held for sale", "Other tangible assets" and "Other assets" were made under the assumption that all the real estate conditions were remain unchanged throughout the useful life of the operations, and correspond to the best estimate of the properties' recoverable value on the reporting date. Property valuations are drawn up by independent appraisers registered with the Angolan Capital Markets Commission and imply a set of assumptions whose verification is uncertain given the current circumstances of the property market. Furthermore, the Bank also uses estimates as to the recovery and sale times of the real estate collateral.

The properties received in the context of the reversal of the asset transfer operation with INVESTPAR – Investimentos e Participações (SU), S.A. (INVESTPAR) were subject to updated valuations, with some properties having been partially appraised. The Bank estimated total values based on the available valuation reports (Notes 10 and 15).

The valuation criteria described in Note 2.13. are considered for the properties received through loan recovery.

The valuation methodology used for "Investments at amortised cost" (Note 2.7.) is applied to credit operations with public guarantees as collateral.

As at 31 December 2022, for the asset transfer operation with INVESTPAR, the Bank's Board of Directors considers the impairment calculation to be based on the difference between the carrying amount of the operation and its recoverable value. The recoverable value is calculated pursuant to an assessment made by an external consultant, under the Asset Quality Assessment programme, carried out with reference to 31 December 2018, based on the estimated valuation of the properties underlying the operation.

The use of alternative methodologies and other assumptions and estimates could result in different levels of recognised impairment losses, with the consequent impact on the Bank's results, and could be significantly impacted by the evolution of Angola's macroeconomic indicators.

3.3. Income taxes

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

Income tax is recognised in the profit and loss for the period, except where the transactions giving rise to it have been carried in other equity items. In these situations, the corresponding tax is also reflected against equity and does not affect profit or loss.

The calculation of the current tax estimate for the financial years ended 31 December 2023 and 2022 was calculated under the terms of Law No. 26/20 of 20 July, with the applicable tax rate being 35%. Tax returns are subject to review and correction by the tax authorities for a period of five years, which may extend to ten years, and may result in possible corrections to taxable income due to different interpretations of tax legislation. However, no corrections are expected for these financial years and, should they occur, no significant impacts are expected on the financial statements.

In turn, tax losses determined in a given year, as provided for in the Industrial Tax Code, may be deducted from the taxable profits of the following five years.

In order to determine the global amount of income tax, it was necessary to make certain interpretations and estimates. There are various transactions and calculations for which the determination of taxes payable is uncertain during the normal business cycle, with emphasis on the aspects set out in Note 2.15., arising from the new wording of Law No. 26/20 of 20 July, namely: (i) costs/income with potential/realised exchange rate valuations; (ii) costs with impairment losses on secured loans; and (iii) costs with Property Tax, as well as the assumptions made by the Bank in determining income tax for the year and deferred taxes, which are still subject to ratification by the General Tax Administration.

Deferred taxes are calculated based on the tax rates expected to be in force on the date of reversal of the temporary differences, which correspond to the rates approved or substantially approved on the statement of financial position date. Therefore, for the years ended 31 December 2023 and 2022, deferred tax was, in general terms, calculated based on a rate of 35%.

According to the understanding of the Board of Directors on the requirements set out in IAS 12, deferred tax liabilities should be recognised in full, whereas the recognition of a deferred tax asset should only be recognised if it is certain that future taxable income will be sufficient to allow the benefit of the loss to be realised. In this sense, the Bank calculated deferred tax assets up to the limit of the deferred tax liabilities, having these amounts been presented in the financial statements in an offsetting way.

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

With the amendment of the Industrial Tax Code, for the purposes of calculating the estimated tax, the following assumptions were adopted in accordance with the understanding and information available as at 31 December 2023:

Unrealised exchange rate variations:

- Potential variations associated with the headings "Investment at amortised cost", "Loans and advances to Customers" and "Other assets", denominated in foreign currency, excluding settlements during the year, considered as realised exchange rate variations;

- Potential variations associated with the heading of "Subordinated liabilities", excluding settlements during the year, considered as realised exchange rate variations.

Impairment losses recognised during the year in the amount exceeding the net credit amount from real guarantees obtained the assumptions made by the Bank in determining income tax for the year and deferred taxes are still subject to confirmation by the General Tax Administration.

3.4. Leases

For contracts in which it is in the position of lessee and which include extension and termination options, the Bank determines the lease term as the non-cancellable period during which it has the right to use an underlying asset, together with the periods covered by an option to extend the lease if there is a reasonable certainty of exercising that option and the periods covered by a termination option if there is a reasonable certainty of not exercising that option. The assessment of whether the Bank will or not exercise such options will impact the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognised.

In measuring lease liabilities, the Bank discounts payments using its incremental borrowing rate. Accordingly, the Bank used as the discount rate, at the transition date, as an approximation the interest rate on 3-year non--adjustable Treasury Bonds (23%) for non-indexed rents, while for indexed rents it used the interest rate on 7-year indexed Treasury Bonds (5.50%).

3.5. Provisions

Provisions require a high level of judgement, both in their recognition (probability of outflow of resources) and in the determination of the best estimate of the amounts necessary to settle the corresponding liability. To this end, the Bank uses legal advisors and these estimates are reviewed regularly.

Estimates used are based on the best information available during the preparation of financial statements and are based on the best knowledge of past and present events. Although future events are neither controlled by the Company nor foreseeable, some could occur and have impact on the estimates. Changes to these estimates that occur after the date of the financial statements will be corrected prospectively in profit or loss, in accordance with IAS 8.

Note 4
Cash and balances with central banks

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Cash		
In domestic currency	**1,973,799**	3,211,894
In foreign currency	**853,970**	34,191
	2,827,769	**3,246,085**
Current deposits at Banco Nacional de Angola		
In domestic currency	**5,220,678**	3,445,533
In foreign currency	**62,384,465**	38,062,807
	67,605,143	**41,508,340**
Total	**70,432,912**	**44,754,425**

The heading of "Current deposits at Banco Nacional de Angola" correspond to the constitution of mandatory minimum reserves in force in Angola, on the reporting date, which are not remunerated.

As at 31 December 2023, the mandatory reserves are calculated in accordance with Banco Nacional de Angola Instruction No. 08/2021 of 14 May, Instruction No. 04/2023 of 30 March, Directive No. 06/DMA/DSP/2021 of 21 May and Directive No. 12/2023 of 28 November.

As at 31 December 2022, the mandatory minimum reserves are calculated in accordance with the provisions of Instruction No. 02/2021 of 10 February, Instruction No. 08/2021 of 14 May, Directive No. 06/DMA/DSP/2021 of 21 May, and Directive No. 11/2022 of 12 December.

The mandatory reserves are constituted in domestic currency and in foreign currency according to the respective denomination of the liabilities that form their basis of incidence.

As at 31 December 2023 and 2022, the requirement of mandatory minimum reserves in current deposits at Banco Nacional de Angola is calculated by applying the following quotients:

2023	Basis of incidence	Calculation	Domestic Currency	Foreign Currency
	Central Government	Daily	100%	100%
	Local Governments and Municipal Administrations	Daily	18%	100%
	Other Sectors	Fortnightly	18%	22%

2022 (Restated)	Basis of incidence	Calculation	Domestic Currency	Foreign Currency
	Central Government	Daily	100%	100%
	Local Governments and Municipal Administrations	Daily	17%	100%
	Other Sectors	Weekly	17%	22%

As at 31 December 2023 and 2022, the requirement in domestic currency may be deducted by the amounts up to 80% of the assets representing the value of loan disbursements, in domestic currency, in a regular situation, related to projects of the agriculture, animal husbandry, forestry and fisheries sectors, granted up to 14 April 2021, provided that they are of residual maturity equal to higher than 24 months, as well as the entirety of loans defined pursuant to the provisions in Article 8 of Notice No. 10/2022 of 6 April, concerning loans granted to the real economy, regardless of their residual maturity, and loans defined pursuant to the provisions in Article 11 of Notice No. 09/2023 of 9 August, of Banco Nacional de Angola, concerning mortgage loans, regardless of their residual maturity.

Pursuant to the regulations in force and, with Banco Nacional de Angola's authorisation, the Bank is currently deducting the sum of Kz 68,094,389 thousand for calculating the mandatory reserves in national currency, relating to agricultural sector loan claims, in accordance with Banco Nacional de Angola Directive No. 02/DSP/2017.

As at 31 December 2023 and 2022, the Bank was in breach of the regulatory requirements for mandatory minimum reserves in foreign currency, by USD 166,937 thousand and USD 173,146 thousand, respectively.

Note 5
Balances with other credit institutions

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Current deposits		
In foreign currency	**8,021,132**	28,688,622
Clearance of cheques and other paper	**27,115**	27,115
Other transactions pending settlement	**765,758**	3,714
Impairment losses (Note 33)	**(401)**	(11,855)
Total	**8,813,604**	**28,707,596**

As at 31 December 2022, the balance of current deposits includes the amount of USD 53,447 thousand (equivalent to Kz 27,402,744 thousand), held captive in the Novo Banco, S.A. accounts relating to the maturity, in 2022, of Treasury Bonds in foreign currency, remunerated at the interest rate of 4%, to cover the repayment of the subordinated loan of the total value of USD 63,729 thousand (equivalent to Kz 32,099,752 thousand), which matures on 31 August 2023 and was settled on that date (Note 19).

The methodology for calculating impairment losses is described in Note 2.7.

Note 6
Financial assets at fair value through profit or loss

This heading has the following composition:

Values expressed in thousand Kz

Description	**31/12/2023**	31/12/2022 (Restated)
Public debt securities		
Acquisition cost	-	596,600
Income receivable	-	44,583
Fair value changes	-	(3,855)
Total	**-**	**637,328**

As at 31 December 2022, the financial assets at fair value through profit or loss by residual maturity are detailed as follows:

Values expressed in thousand Kz

Description	**31/12/2023**	31/12/2022 (Restated)
Up to one year	-	325,050
One to three years	-	312,278
Total	**-**	**637,328**

As provided for in IFRS 13, financial assets at fair value through profit or loss are measured in accordance with the valuation levels described in Note 37. As at 31 December 2022, the financial assets at fair value through profit or loss are recorded according to level 2 criteria of the fair value hierarchy.

As at 31 December 2022, financial assets at fair value through profit or loss had the following characteristics:

Values expressed in thousand Kz

	31/12/2022 (Restated)							
Description	Quantity	Currency	Average interest rate	Nominal value	Acquisition cost	Income receivable	Fair value changes	Total value
Public debt securities								
Non-indexed treasury bonds in domestic currency	5,966	Kz	16.42%	596,600	596,600	44,583	(3,855)	637,328
Total	**5,966**			**596,600**	**596,600**	**44,583**	**(3,855)**	**637,328**

Note 7
Financial assets at fair value through other comprehensive income

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Public debt securities		
Acquisition cost	51,494,516	-
Income receivable	1,782,234	-
Fair value changes	(1,562,354)	-
	51,714,396	-
Equity instruments		
Acquisition cost	131,230	120,488
Fair value changes	29,700	29,700
	160,930	150,188
Total	**51,875,326**	**150,188**

As at 31 December 2023 and 2022, public debt securities that comply with Solely Payments of Principal and Interest (SPPI) requirements are classified under this heading. The associated business model consists of receiving the asset's contractual cash flows, or through its sale, and the equity instruments.

As at 31 December 2023, collateral had been constituted for public debt securities amounting to Kz 15,969,831 thousand to guarantee liquidity-providing operations on the part of Banco Nacional de Angola (Note 16).

As at 31 December 2023, the public debt securities by residual maturity periods are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2021 (Restated)
Up to one year	291,362	-
One to three years	33,282,204	-
More than three years	18,140,830	-
Total	**51,714,396**	**-**

As at 31 December 2023, the public debt securities show the following characteristics:

Values expressed in thousand Kz

	31/12/2023								
Description	Quantity	Currency	Average interest rate	Nominal value in currency (thousand)	Nominal value	Acquisition cost	Income receivable	Fair value changes	Total value
Public debt securities									
Non-indexed treasury bonds in domestic currency	273,700	Kz	15.05%	27,370,000	27,370,000	27,370,000	1,469,478	(1,455,720)	27,383,758
Treasury bonds in foreign currency	30,000	USD	9.50%	30,000	24,124,516	24,124,516	312,756	(106,634)	24,330,638
Total	**303,700**				**51,494,516**	**51,494,516**	**1,782,234**	**(1,562,354)**	**51,714,396**

As at 31 December 2023 and 2022, the equity instruments show the following characteristics:

Values expressed in thousand Kz

Entity	Currency	Capital %	Acquisition cost	Fair value changes	**31/12/2023**	31/12/2022 (Restated)
Equity instruments						
EMIS (Shares)	AOA	2.58%	98,298	29,700	127,998	127,998
EMIS (Supplementary payments)	AOA	n.a.	7,147	-	7,147	7,147
SWIFT (Shares)	EUR	n.a.	25,785	-	25,785	15,043
Total			**131,230**	**29,700**	**160,930**	**150,188**

In accordance with IFRS 13, financial assets measured at fair value through profit or loss are measured in accordance with the valuation levels described in Note 37. As at 31 December 2023, the public debt securities are recorded according to level 2 criteria of the fair value hierarchy.

Note 8
Investments at amortised cost

This heading has the following composition:

Values expressed in thousand Kz

Description	**31/12/2023**	31/12/2022 (Restated)
Public debt securities		
Amortised cost	**58,343,159**	66,634,909
Income receivable	**717,363**	3,635,752
	59,060,522	**70,270,661**
Impairment losses (Note 33)	**(883,089)**	(1,014,622)
Total	**58,177,433**	**69,256,039**

As at 31 December 2023 and 2022, public debt securities that comply with Solely Payments of Principal and Interest (SPPI) requirements are classified under this heading, and the business model consists of receiving the contractual cash flows.

As at 31 December 2023 and 2022, the heading of "Investments at amortised cost" includes public debt securities of the net value of Kz 181,132 thousand and Kz 16,548,424 thousand, respectively, whose nominal value amounts to Kz 388,300 thousand and Kz 47,428,300 thousand, respectively. The difference in fair value at the initial moment results from the contractual conditions, namely the interest rate (5%) and the maturity (2040), which are different from the market on the date of their entry into the Bank's assets. The calculation of fair value at the initial moment was based on a model adopted in the Asset Quality Assessment (AQA) exercise, carried out for the financial year of 2018, corresponding to the future cash flows based on a risk-free interest rate (considering the United States of America's issues, bonds for the residual maturity closest to the residual maturity, source: U.S. Department of the Treasury), plus the Angola risk premium (information provided by the author Aswath Damodaran), adjusted for the difference of inflation between Angola and the United States of America (source: International Monetary Fund – World Economic Outlook).

The agreement with the Ministry of Finance to replace public debt securities with contractual conditions different to those of the market was carried out in April 2023. Hence, public debt securities with the nominal value of Kz 47,040,000 thousand were replaced by public debt securities with the nominal value of Kz 38,218,400 thousand, giving rise to a gain in relation to the carrying amount of Kz 22,222,601 thousand (Note 27).

As at 31 December 2023 and 2022, the investments at amortised cost by residual maturity periods are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to one year	150,000	52,641,625
One to three years	58,726,645	834,928
More than three years	183,877	16,794,108
Total	**59,060,522**	**70,270,661**

As at 31 December 2023 and 2022, investments at amortised cost present the following characteristics:

Values expressed in thousand Kz

31/12/2023									
Entity	Quantity	Currency	Average interest rate	Nominal value in currency	Nominal value	Amortised cost	Income receivable	Impairment losses	Total value
Public debt securities									
Treasury bonds in foreign currency – BE	7,000	USD	4.50%	70,000	58,015,930	58,015,930	710,715	(880,344)	57,846,301
Non-indexed treasury bonds in domestic currency – BE	3,883	Kz	5.00%	388,300	388,300	177,229	6,648	(2,745)	181,132
Non-indexed treasury bonds in domestic currency – EFP	1,500	Kz	16.50%	150,000	150,000	150,000	-	-	150,000
Total	**12,383**				**58,554,230**	**58,343,159**	**717,363**	**(883,089)**	**58,177,433**

Values expressed in thousand Kz

31/12/2022 (Restated)									
Entity	Quantity	Currency	Average interest rate	Nominal value in currency	Nominal value	Amortised cost	Income receivable	Impairment losses	Total value
Public debt securities									
Treasury bonds in foreign currency – BE	10,000	USD	5.90%	100,000	50,369,100	50,369,100	1,102,516	(752,117)	50,719,499
Non-indexed treasury bonds in domestic currency – BE	486,160	Kz	5.17%	48,804,400	48,804,400	15,426,459	2,533,122	(262,505)	17,697,076
Non-indexed treasury bonds in domestic currency – EFP	9,644	Kz	15.75%	964,400	964,400	834,928	-	-	834,928
Non-indexed treasury bonds in domestic currency – EFI	4,422	Kz	5.00%	4,422	4,422	4,422	114	-	4,536
Total	**510,226**				**100,142,322**	**66,634,909**	**3,635,752**	**(1,014,622)**	**69,256,039**

The methodology for calculating impairment losses is described in Note 2.7.

Note 9
Loans and advances to Customers

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Outstanding loans and advances		
To corporate Customers		
Loans	**144,378,393**	138,305,911
Current account loans and advances	**295,678**	2,082,293
Finance lease	**121,840**	422,698
Overdrafts	**8,507**	4,511,237
To individual Customers		
Mortgage	**4,594,980**	6,169,907
Consumer and other	**517,270**	1,168,000
	149,916,668	**152,660,046**
Loans and advances overdue		
To corporate Customers		
Loans	**68,391,137**	60,655,604
Current account loans and advances	**1,665,448**	1,597,309
Overdrafts	**1,409,476**	607,005
Finance lease	**1,344,628**	1,228,904
To individual Customers		
Consumer and other	**13,155,872**	6,004,313
Mortgage	**4,073,545**	4,879,051
	90,040,106	74,972,186
Gross loans and advances	**239,956,774**	**227,632,232**
Impairment losses (Note 33)	**(193,027,964)**	(164,326,477)
Purchased or originated credit impaired (POCI)	**25,732,553**	-
Total	**72,661,363**	**63,305,755**

As at 31 December 2023 and 2022, the amount of income receivable corresponds to Kz 29,616,892 thousand and Kz 31,147,807 thousand, respectively.

As at 31 December 2023, the exposure to purchased or originated credit-impaired (POCI) loans refer to operations of loans to Customers received in the context of the reversal of the asset transfer operation with INVESTPAR (Note 15), corresponding to an exposure of Kz 265,325,036 thousand, with the respective fair value calculated by considering the valuation of the discounted real estate collateral, according to the available valuation reports and Land Register Certificates, pursuant to the criteria established in Banco Nacional de Angola's guidelines. Additionally, loan operations were received with an exposure of approximately Kz 3,300 billion, for which no expectation whatsoever of recovery was considered, being recognised under off-balance sheet account.

The disclosures presented below do not consider purchased or originated credit impaired (POCI) loans.

As at 31 December 2023 and 2022, the breakdown of loans and advances outstanding in-house by residual maturity periods is detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to three months	**274,443**	662,368
Three months to one year	**513,133**	2,174,340
One to five years	**8,937,013**	3,693,679
More than 5 years	**140,192,079**	146,129,659
Total	**149,916,668**	**152,660,046**

As at 31 December 2023 and 2022, the loans and advances to Customers were entirely granted to entities based in Angola.

As at 31 December 2023 and 2022, the distribution of gross loans and advances by type of rate is detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Fixed rate	**198,632,299**	188,373,105
Variable rate	**41,324,475**	39,259,127
Total	**239,956,774**	**227,632,232**

As at 31 December 2023 and 2022, the distribution of gross loans and advances by currency is detailed as follows:

Values expressed in thousand Kz

	31/12/2023	
	Currency value	Kwanza value
Kwanza	211,899,002	225,025,312
US Dollar	18,014	14,929,922
Euro	2	1,420
South African rand	3	120
Total		**239,956,774**

Values expressed in thousand Kz

	31/12/2022 (Restated)	
	Currency value	Kwanza value
Kwanza	211,650,410	211,650,410
US Dollar	31,730	15,981,822
Total		**227,632,232**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by stage and segment is detailed as follows:

Values expressed in thousand Kz

Segment	Exposure as at 2023							Impairment as at 31/12/2023			
	Loans at stage 1	Of which restructured	Loans at stage 2	Of which restructured	Loans at stage 3	Of which restructured	Total exposure	Loans at stage 1	Loans at stage 2	Loans at stage 3	Total impairment
Corporate Customers	7,152,682	-	329,578	46,425	206,354,079	179,170,582	213,836,339	**(1,464,050)**	**(12,990)**	**(172,001,377)**	**(173,478,417)**
Individual Customers	996,206	-	451,605	222,919	16,763,963	1,691,753	18,211,774	**(53,860)**	**(117,731)**	**(16,374,561)**	**(16,546,152)**
Employees	3,989,265	-	95,232	-	45,396	-	4,129,893	**(89,476)**	**(20,199)**	**(43,101)**	**(152,776)**
State	-	-	-	-	3,778,768	2,986,373	3,778,768	**-**	**-**	**(2,850,619)**	**(2,850,619)**
Total	**12,138,153**	**-**	**876,415**	**269,344**	**226,942,206**	**183,848,708**	**239,956,774**	**(1,607,386)**	**(150,920)**	**(191,269,658)**	**(193,027,964)**

Values expressed in thousand Kz

Segment	Exposure as at 31/12/2022 (Restated)							Impairment as at 31/12/2022 (Restated)			
	Loans at stage 1	Of which restructured	Loans at stage 2	Of which restructured	Loans at stage 3	Of which restructured	Total exposure	Loans at stage 1	Loans at stage 2	Loans at stage 3	Total impairment
Corporate Customers	12,120,195	-	1,433,917	948,151	192,032,071	171,519,875	205,586,183	(2,160,140)	(117 573)	(147,614,705)	(149,892,418)
Individual Customers	1,141,207	-	709,250	402,664	11,396,260	1,072,053	13,246,717	(83,672)	(171,921)	(10,981,963)	(11,237,556)
Employees	4,644,272	-	330,282	-	-	-	4,974,554	(106,645)	(69,502)	-	(176,147)
State	-	-	-	-	3,824,778	2,986,373	3,824,778	-	-	(3,020,356)	(3,020,356)
Total	**17,905,674**	**-**	**2,473,449**	**1,350,815**	**207,253,109**	**175,578,301**	**227,632,232**	**(2,350 457)**	**(358,996)**	**(161,617,024)**	**(164,326,477)**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by range of days in arrears and segment is detailed as follows:

Values expressed in thousand Kz

	Exposure as at 2023									Impairment as at 2023								
	Stage 1			Stage 2			Stage 3			Stage 1			Stage 2			Stage 3		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Corporate Customers	7,152,682	-	-	177,459	2,027	150,092	141,548,074	2,230,953	62,575,052	(1,464,050)	-	-	(6,708)	(2,069)	(4,214)	(126,650,686)	(1,200,975)	(44,149,715)
Individual Customers	996,206	-	-	391,674	57,713	2,218	232,336	87,289	16,444,338	(53,860)	-	-	(104,254)	(12,936)	(541)	(214,859)	(56,670)	(16,103,032)
Employees	3,989,265	-	-	42,620	35,943	16,669	4	-	45,392	(89,476)	-	-	(7,509)	(8,820)	(3,869)	(4)	-	(43,098)
State	-	-	-	-	-	-	11,615	-	3,767,153	-	-	-	-	-	-	(5,227)	-	(2,845,392)
Total	**12,138,153**	**-**	**-**	**611,753**	**95,683**	**168,979**	**141,792,029**	**2,318,242**	**82,831,935**	**(1,607,386)**	**-**	**-**	**(118,471)**	**(23,825)**	**(8,624)**	**(126,870,776)**	**(1,257,645)**	**(63,141,237)**

Values expressed in thousand Kz

	Exposure as at 2022 (Restated)									Impairment as at 2022 (Restated)								
	Stage 1			Stage 2			Stage 3			Stage 1			Stage 2			Stage 3		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Corporate Customers	12,120,195	-	-	995,718	142,049	296,150	127,629,229	251,948	64,150,894	(2,160,140)	-	-	(48,583)	(32,926)	(36,063)	(100,748,843)	(169,879)	(46,695,984)
Individual Customers	1,141,207	-	-	696,457	12,131	662	236,550	32,518	11,127,192	(83,672)	-	-	(155,146)	(16,622)	(154)	(286,338)	(30,847)	(10,664,777)
Employees	4,644,272	-	-	329,703	579	-	-	-	-	(106,645)	-	-	(69,432)	(70)	-	-	-	-
State	-	-	-	-	-	-	9,334	4,616	3,810,828	-	-	-	-	-	-	(4,201)	(2,077)	(3,014,078)
Total	**17,905,674**	**-**	**-**	**2,021,878**	**154,759**	**296,812**	**127,875,113**	**289,082**	**79,088,914**	**(2,350,457)**	**-**	**-**	**(273,161)**	**(49,618)**	**(36,217)**	**(101,039,382)**	**(202,803)**	**(60,374,839)**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by year of granting the operation and segment is detailed as follows:

Values expressed in thousand Kz

	Corporate Customers			Individual Customers			Employees			State			Total		
Year granted	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment
Previous years	989	20,562,735	(14,764,355)	1,300	16,632,112	(15,508,502)	248	3,354,362	(125,950)	18	3,261,374	(2,616,613)	2,555	43,810,583	(33,015,420)
2019	267	24,134,903	(21,268,495)	325	174,725	(77,262)	22	321,385	(9,148)	4	5,318	(2,393)	618	24,636,331	(21,357,298)
2020	356	9,228,190	(2,873,745)	325	791,553	(655,847)	48	326,900	(15,626)	1	512,076	(231,613)	730	10,858,719	(3,776,831)
2021	292	13,216,684	(2,112,564)	259	222,153	(109,993)	10	64,669	(269)	-	-	-	561	13,503,506	(2,222,826)
2022	159	144,451,176	(131,272,246)	251	298,461	(154,652)	14	60,230	(1,724)	-	-	-	424	144,809,867	(131,428,622)
2023	33	2,242,651	(1,187,012)	43	92,770	(39,896)	1	2,347	(59)	-	-	-	77	2,337,768	(1,226,967)
Total	**2,096**	**213,836,339**	**(173,478,417)**	**2,503**	**18,211,774**	**(16,546,152)**	**343**	**4,129,893**	**(152,776)**	**23**	**3,778,768**	**(2,850,619)**	**4,965**	**239,956,774**	**(193,027,964)**

Values expressed in thousand Kz

	Corporate Customers			Individual Customers			Employees			State			Total		
Year granted	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment	Number of operations	Amount	Constituted impairment
Previous years	707	21,101,784	(14,260,038)	1,003	11,298,526	(10,424,660)	281	3,348,315	(140,400)	24	3,285,193	(2,706,243)	2,015	39,033,817	(27,531,341)
2018	193	2,791,869	(1,068,681)	216	213,432	(54,706)	28	478,356	(9,534)	-	-	-	437	3,483,657	(1,132,921)
2019	239	25,779,954	(21,293,621)	332	251,167	(103,219)	102	476,768	(8,519)	3	23,687	(10,659)	676	26,531,576	(21,416,018)
2020	311	10,876,107	(3,030,423)	382	766,595	(464,800)	59	471,086	(12,901)	1	515,898	(303,454)	753	12,629,687	(3,811,578)
2021	220	14,124,383	(4,538,703)	246	409,847	(107,262)	14	80,527	(1,762)	1	-	-	481	14,614,757	(4,647,727)
2022	1,780	130,912,086	(105,700,952)	147	307,150	(82,909)	15	119,502	(3,031)	-	-	-	272	131,338,738	(105,786,892)
Total	**3,450**	**205,586,183**	**(149,892,418)**	**2,326**	**13,246,717**	**(11,237,556)**	**499**	**4,974,554**	**(176,147)**	**29**	**3,824,778**	**(3,020,356)**	**4,634**	**227,632,232**	**(164,326,477)**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by type of analysis and segment is detailed as follows:

Values expressed in thousand Kz

	Individual impairment		Collective impairment		Total	
Year 2023	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Corporate Customers	187,549,579	(154,085,901)	26,286,760	(19,392,516)	213,836,339	(173,478,417)
Individual Customers	6,048,357	(6,048,357)	12,163,417	(10,497,795)	18,211,774	(16,546,152)
Employees	-	-	4,129,893	(152,776)	4,129,893	(152,776)
State	2,986,372	(2,492,862)	792,396	(357,757)	3,778,768	(2,850,619)
Total	**196,584,308**	**(162,627,120)**	**43,372,466**	**(30,400,844)**	**239,956,774**	**(193,027,964)**

Values expressed in thousand Kz

	Individual impairment		Collective impairment		Total	
Year 2022 (Restated)	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Corporate Customers	176,938,804	(132,310,423)	28,647,379	(17,581,995)	205,586,183	(149,892,418)
Individual Customers	9,505,073	(7,495,912)	3,741,644	(3,741,644)	13,246,717	(11,237,556)
Employees	-	-	4,974,554	(176,147)	4,974,554	(176,147)
State	2,986,373	(2,571,774)	838,405	(448,582)	3,824,778	(3,020,356)
Total	**189,430,250**	**(142,378,109)**	**38,201,982**	**(21,948,368)**	**227,632,232**	**(164,326,477)**

As at 31 December 2023 and 2022, the distribution of loans and advances, and impairment by type of analysis and activity sector is detailed as follows:

Valores expressos em milhares Kz

	Individual impairment		Collective impairment		Total	
Year 2023	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Agriculture, livestock, hunting, forestry and fisheries	138,036,790	(116,379,469)	847,756	(820,902)	138,884,546	(117,200,371)
Wholesale and retail trade; repair of motor vehicles and motorcycles	33,264,945	(26,125,323)	3,414,388	(1,968,577)	36,679,333	(28,093,900)
Individual Customers	6,048,357	(6,048,357)	18,478,066	(17,767,064)	24,526,423	(23,815,421)
Other service activities	5,000,900	(3,748,803)	13,890,302	(6,525,696)	18,891,202	(10,274,499)
Accommodation, catering (restaurants and similar)	7,392,533	(3,977,896)	43,039	(13,667)	7,435,572	(3,991,563)
Administrative and supporting service activities	3,854,410	(3,854,410)	377,864	(283,138)	4,232,274	(4,137,548)
Financial and insurance activities	2,986,373	(2,492,862)	4,446	(22,988)	2,990,819	(2,515,850)
Manufacturing industries	-	-	2,324,755	(365,282)	2,324,755	(365,282)
Construction	-	-	1,069,133	(828,669)	1,069,133	(828,669)
Consulting, scientific, technical and similar activities	-	-	1,021,778	(697,480)	1,021,778	(697,480)
Transport and storage	-	-	852,429	(763,925)	852,429	(763,925)
Information and communication activities	-	-	329,399	(55,458)	329,399	(55,458)
Public administration and defence; mandatory social security	-	-	275,521	(124,180)	275,521	(124,180)
Water capture, treatment and distribution, sanitation, public health and similar activities	-	-	76,067	(69,702)	76,067	(69,702)
Education	-	-	7,783	(4,570)	7,783	(4,570)
Other	-	-	359,740	(89,546)	359,740	(89,546)
Total	**196,584,308**	**(162,627,120)**	**43,372,466**	**(30,400,844)**	**239,956,774**	**(193,027,964)**

Values expressed in thousand Kz

	Individual impairment		Collective impairment		Total	
Year 2022 (Restated)	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Agriculture, livestock, hunting, forestry and fisheries	131,444,701	(94,562,925)	581,144	(534,128)	132,025,845	(95,097,053)
Individual Customers	7,640,672	(1,511,625)	14,277,046	(1,319,631)	21,917,718	(2,831,256)
Wholesale and retail trade; repair of motor vehicles and motorcycles	23,797,960	(22,763,317)	6,096,330	(3,963,733)	29,894,290	(26,727,050)
Other service activities	8,043,492	(5,872,234)	14,105,698	(13,577,425)	22,149,190	(19,449,659)
Accommodation, catering (restaurants and similar)	7,392,677	(4,476,207)	21,732	(8,152)	7,414,409	(4,484,359)
Real estate activities	2,891,992	(1,026,807)	841,015	(616,098)	3,733,007	(1,642,905)
Human health and social action activities	-	-	5,462	(2,663)	5,462	(2,663)
Other	8,218,756	(12,164,994)	2,273,555	(1,926,538)	10,492,311	(14,091,532)
Total	**189,430,250**	**(142,378,109)**	**38,201,982**	**(21,948,368)**	**227,632,232**	**(164,326,477)**

As at 31 December 2023 and 2022, the distribution of restructured loans by restructuring measure is detailed as follows:

Values expressed in thousand Kz

	2023											
	Stage 1			Stage 2			Stage 3			Total		
Measure applied	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Capitalisation of interest	-	-	-	1	-	-	15	135,842,400	(116,457,998)	16	135,842,400	(116,457,998)
Overdraft settlement	-	-	-	-	-	-	3	19,055,354	(19,031,560)	3	19,055,354	(19,031,560)
Aggregation of loans	-	-	-	2	194,723	(27,428)	20	17,928,083	(14,493,399)	22	18,122,806	(14,520,827)
Extension of period	-	-	-	2	10,006	(1,995)	4	7,521,578	(4,084,317)	6	7,531,584	(4,086,312)
Renewal of period	-	-	-	-	-	-	12	1,383,438	(1,213,149)	12	1,383,438	(1,213,149)
Currency conversion	-	-	-	1	37,855	(24,788)	3	1,233,379	(1,224,831)	4	1,271,234	(1,249,619)
Transformation of escrow current account into escrow loan account	-	-	-	-	-	-	2	512,400	(469,518)	2	512,400	(469,518)
Limit reduction	-	-	-	1	26,760	(135)	2	221,308	(202,787)	3	248,068	(202,922)
Transformation of escrow current account	-	-	-	-	-	-	2	78,993	-	2	78,993	-
Limit strengthening	-	-	-	-	-	-	2	45,413	(8,927)	2	45,413	(8,927)
Escrow current account settlement	-	-	-	-	-	-	1	26,362	(15,428)	1	26,362	(15,428)
Total	**-**	**-**	**-**	**7**	**269,344**	**(54,346)**	**66**	**183,848,708**	**(157,201,914)**	**73**	**184,118,052**	**(157,256,260)**

Values expressed in thousand Kz

	2022 (Restated)											
	Stage 1			Stage 2			Stage 3			Total		
Measure applied	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Capitalisation of interest	-	-	-	1	13,554	(3,029)	13	128,692,007	(98,389,217)	14	128,705,561	(98,392,246)
Overdraft settlement	-	-	-	-	-	-	1	15,558,969	(15,558,969)	1	15,558,969	(15,558,969)
Extension of period	-	-	-	3	874,168	(28,456)	7	8,741,154	(5,635,288)	10	9,615,322	(5,663,744)
Period of grace	-	-	-	-	-	-	5	6,383,705	(4,953,868)	5	6,383,705	(4,953,868)
Limit strengthening	-	-	-	-	-	-	5	4,680,888	(3,193,649)	5	4,680,888	(3,193,649)
Debt assumption	-	-	-	-	-	-	1	3,899,028	(3,899,028)	1	3,899,028	(3,899,028)
Interest relief	-	-	-	-	-	-	1	2,798,577	(2,798,577)	1	2,798,577	(2,798,577)
Rate change	-	-	-	-	-	-	2	1,259,386	(1,259,386)	2	1,259,386	(1,259,386)
Renewal of period	-	-	-	-	-	-	4	916,996	(806,922)	4	916,996	(806,922)
Currency conversion	-	-	-	3	200,163	(53,797)	2	675,512	(681,732)	5	875,675	(735,529)
Aggregation of loans	-	-	-	1	174,714	(23,310)	3	479,200	(303,870)	4	653,914	(327,180)
Transformation of escrow current account into escrow loan account	-	-	-	1	27,478	-	2	512,400	(376,598)	3	539,878	(376,598)
Regularization of the overdraft	-	-	-	-	-	-	2	381,725	(291,714)	2	381,725	(291,714)
Currency change	-	-	-	-	-	-	1	334,346	(318,821)	1	334,346	(318,821)
Limit reduction	-	-	-	-	-	-	1	217,810	(180,197)	1	217,810	(180,197)
Settlement of escrow current account	-	-	-	1	32,838	(7,390)	1	3,753	(3,415)	2	36,591	(10,805)
Reduction of period	-	-	-	1	27,788	(216)	-	-	-	1	27,788	(216)
Default on escrow current account	-	-	-	-	-	-	1	24,181	(20,006)	1	24,181	(20,006)
Transformation of escrow current account	-	-	-	-	-	-	1	18,664	(15,441)	1	18,664	(15,441)
Transformation leasing into escrow loan account	-	-	-	1	112	(16)	-	-	-	1	112	(16)
Total	**-**	**-**	**-**	**12**	**1,350,815**	**(116,214)**	**53**	**175,578,301**	**(138,686,698)**	**65**	**176,929,116**	**(138,802,912)**

As at 31 December 2023 and 2022, the composition of restructured loans is detailed as follows:

Values expressed in thousand Kz

Restructured loans	Year 2023			
	Credit			Impairment
	Outstanding	Overdue	Total	
Corporate Customers	**126,126,080**	**53,090,927**	**179,217,007**	**(153,098,847)**
State	**-**	**2,986,373**	**2,986,373**	**(2,492,862)**
Individual Customers				
Mortgage	76,768	570,735	647,503	(553,207)
Consumer	-	9,673	9,673	(8,815)
Other purposes	190,582	1,066,914	1,257,496	(1,102,529)
	267,350	1,647,322	1,914,672	(1,664,551)
Total	**126,393,430**	**57,724,622**	**184,118,052**	**(157,256,260)**

Values expressed in thousand Kz

Restructured loans	Year 2022 (Restated)			
	Credit			Impairment
	Outstanding	Overdue	Total	
Corporate Customers	**135,661,294**	**36,806,732**	**172,468,026**	**(135,096,039)**
State	**2,239,247**	**747,126**	**2,986,373**	**(2,571,774)**
Individual Customers				
Mortgage	523,668	55,243	578,911	(414,158)
Consumer	186,226	2,983	189,209	(36,209)
Other purposes	526,368	180,229	706,597	(684,732)
	1,236,262	**238,455**	**1,474,717**	**(1,135,099)**
Total	**139,136,803**	**37,792,313**	**176,929,116**	**(138,802,912)**

As at 31 December 2023 and 2022, the composition of loans and advances to Customers and loans overdue without impairment, by stage, is detailed as follows:

Values expressed in thousand Kz

Loans and advances to Customers	Year 2023				
	Outstanding loans associated with loans overdue	Stages of default			Total
		Stage 1	Stage 2	Stage 3	
Loans without impairment					
Based on individual analysis	4,173,539	-	-	-	4,173,539
Based on collective analysis	4,934,276	598,659	42,806	23	5,575,764
	9,107,815	**598,659**	**42,806**	**23**	**9,749,303**
With impairment assigned based on individual analysis					
Loans and interest overdue	138,260,863	-	-	54,149,906	192,410,769
Impairment	(115,403,577)	-	-	(47,223,543)	(162,627,120)
	22,857,286	**-**	**-**	**6,926,363**	**29,783,649**
With impairment assigned based on collective analysis					
Loans and interest overdue	4,113,256	79,729	350,774	33,252,943	37,796,702
Impairment	(716,915)	(2,109)	(44,724)	(29,637,096)	(30,400,844)
	3,396,341	**77,620**	**306,050**	**3,615,847**	**7,395,858**
Total	**35,361,442**	**676,279**	**348,856**	**10,542,233**	**46,928,810**

Values expressed in thousand Kz

Loans and advances to Customers	Year 2022 (Restated)				
	Outstanding loans associated with loans overdue	Stages of default			Total
		Stage 1	Stage 2	Stage 3	
Loans without impairment					
Based on individual analysis	3,494,557	-	6,096	2,587,674	6,088,327
Based on collective analysis	-	-	-	-	-
	3,494,557	**-**	**6,096**	**2,587,674**	**6,088,327**
With impairment assigned based on individual analysis					
Loans and interest overdue	163,098,455	-	-	20,243,468	183,341,923
Impairment	(126,233,400)	-	-	(16,144,709)	(142,378,109)
	36,865,055	**-**	**-**	**4,098,759**	**40,963,814**
With impairment assigned based on collective analysis					
Loans and interest overdue	27,674,590	109,124	46,797	10,371,471	38,201,982
Impairment	(14,937,366)	(23,843)	(23,614)	(6,963,545)	(21,948,368)
	12,737,224	**85,281**	**23,183**	**3,407,926**	**16,253,614**
Total	**53,096,836**	**85,281**	**29,279**	**10,094,359**	**63,305,755**

As at 31 December 2023 and 2022, the composition of loans by impairment stage is detailed as follows:

Values expressed in thousand Kz

Loans and advances to Customers	Year 2023			
	Stages of default			Total
	Stage 1	Stage 2	Stage 3	
Corporate Customers	**7,152,682**	**329,578**	**206,354,079**	**213,836,339**
Individual Customers				
Mortgage	681,813	183,475	3,791,303	4,656,591
Consumer	226,492	33,210	163,736	423,438
Other purposes	87,901	234,920	12,808,924	13,131,745
	996,206	451,605	16,763,963	18,211,774
Total	**8,148,888**	**781,183**	**223,118,042**	**232,048,113**

Values expressed in thousand Kz

Loans and advances to Customers	Year 2022 (Restated)			
	Stages of default			Total
	Stage 1	Stage 2	Stage 3	
Corporate Customers	**12,120,195**	**1,433,917**	**192,032,071**	**205,586,183**
Individual Customers				
Mortgage	239,719	148,983	2,393,867	2,782,569
Consumer	301,190	187,187	3,007,727	3,496,104
Other purposes	600,298	373,080	5,994,666	6,968,044
	1,141,207	**709,250**	**11,396,260**	**13,246,717**
Total	**13,261,402**	**2,143,167**	**203,428,331**	**218,832,900**

As at 31 December 2023 and 2022, the fair value of the guarantees underlying the Customer loan portfolio of the corporate, construction, real estate development and residential segments is detailed as follows:

Values expressed in thousand Kz

	Year 2023											
	Corporate Customers				Property development construction				Mortgage			
	Real estate properties		Other asset-backed collateral		Real estate properties		Other asset-backed collateral		Real estate properties		Other asset-backed collateral	
Fair value	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< Kz 50 M	1	1,900	25	460,836	-	-	-	-	121	1,785,417	474	2,905,164
≥ Kz 50 M & < Kz 100 M	-	-	14	946,017	-	-	-	-	12	900,753	11	730,632
≥ Kz 100 M & < Kz 500 M	47	12,125,474	36	8,310,984	29	9,424,648	1	311,874	23	6,305,468	10	2,891,858
≥ Kz 500 M & < Kz 1,000 M	7	5,223,812	17	11,667,468	-	-	1	639,978	-	-	4	2,577,448
≥ Kz 1,000 M & < Kz 2,000 M	1	1,311,500	10	13,633,890	-	-	-	-	-	-	-	-
≥ Kz 2,000 M & < Kz 5,000 M	3	9,947,540	9	24,862,629	-	-	3	12,178,986	-	-	1	3,245,195
≥ Kz 5,000 M	2	21,036,418	8	368,744,400	5	164,980,445	2	29,309,365	1	20,734,425	1	5,962,030
Total	**61**	**49,646,644**	**119**	**428,626,224**	**34**	**174,405,093**	**7**	**42,440,203**	**157**	**29,726,063**	**501**	**18,312,327**

Values expressed in thousand Kz

	Year 2022 (Restated)											
	Corporate Customers				Property development construction				Mortgage			
	Real estate properties		Other asset-backed collateral		Real estate properties		Other asset-backed collateral		Real estate properties		Other asset-backed collateral	
Fair value	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< Kz 50 M	3	26,627	74	363,445	3	39,091	11	21,556	142	2,271,334	500	4,122,903
≥ Kz 50 M & < Kz 100 M	-	-	11	764,046	1	56,165	-	-	10	763,549	16	1,104,798
≥ Kz 100 M & < Kz 500 M	54	11,082,546	56	13,634,614	45	14,744,578	-	-	9	1,941,973	13	3,133,000
≥ Kz 500 M & < Kz 1,000 M	16	10,917,073	13	8,131,847	1	502,944	2	1,279,955	-	-	8	6,097,412
≥ Kz 1,000 M & < Kz 2,000 M	-	-	10	14,506,121	-	-	1	1,071,135	-	-	2	3,369,158
≥ Kz 2,000 M & < Kz 5,000 M	1	2,694,173	5	14,670,421	-	-	4	15,931,637	-	-	2	6,873,863
≥ Kz 5,000 M	2	36,283,240	8	114,624,873	8	146,239,455	4	48,358,474	-	-	-	-
Total	**76**	**61,003,659**	**177**	**166,695,367**	**58**	**161,582,233**	**22**	**66,662,757**	**161**	**4,976,857**	**541**	**24,701,134**

As at 31 December 2023 and 2022, the loan to guarantee ratio of the corporate, construction, real estate development and residential segments is detailed as follows:

Values expressed in thousand Kz

Segment/Ratio	Year 2023			
	Loans at stage 1	Loans at stage 2	Loans at stage 3	Impairment
No associated guarantee	104,589	46,271	19,540,816	(18,296,887)
< 50%	118	-	136,762,625	(126,824,206)
≥ 50% & < 75%	5,592,495	-	12,455,211	(8,005,424)
≥ 75% & < 100%	295,444	119,952	8,273,968	(4,410,241)
≥ 100%	1,163,940	173,100	4,511,945	(1,811,651)
Corporate Customers	**7,156,586**	**339,323**	**181,544,565**	**(159,348,409)**
No associated guarantee	15,824	579	1,504,782	(1,237,101)
< 50%	-	-	563,350	(464,583)
≥ 50% & < 75%	-	-	-	-
≥ 75% & < 100%	-	-	-	-
≥ 100%	-	-	14,026,454	(15,262,178)
Construction and real estate development	**15,824**	**579**	**16,094,586**	**(16,963,862)**
No associated guarantee	2,347,561	188,545	2,570,349	(2,686,851)
< 50%	1,930,320	29,406	1,140,337	(1,015,616)
≥ 50% & < 75%	93,862	-	66,349	(32,699)
≥ 75% & < 100%	181,189	-	-	(646)
≥ 100%	62,415	6,074	52,118	(669)
Mortgage	**4,615,347**	**224,025**	**3,829,153**	**(3,736,481)**
Total	**11,787,757**	**563,927**	**201,468,304**	**(180,048,752)**

Values expressed in thousand Kz

Segment/Ratio	Year 2022 (Restated)			
	Loans at stage 1	Loans at stage 2	Loans at stage 3	Impairment
No associated guarantee	2,105,998	251,541	131,535,200	(107,283,178)
< 50%	6,711,111	176,550	27,186,430	(22,390,085)
≥ 50% & < 75%	1,106,650	-	5,007,092	(4,539,167)
≥ 75% & < 100%	1,070,295	874,168	15,199,919	(7,032,812)
≥ 100%	870,918	129,277	1,521,360	(435,345)
Corporate Customers	**11,864,972**	**1,431,536**	**180,450,001**	**(141,680,587)**
No associated guarantee	371	2,381	1,012,225	(785,188)
< 50%	-	-	475,238	(353,854)
≥ 50% & < 75%	-	-	-	-
≥ 75% & < 100%	-	-	1,579,117	(443,429)
≥ 100%	-	-	-	-
Construction and real estate development	**371**	**2,381**	**3,066,580**	**(1,582,471)**
No associated guarantee	2,511,205	290,174	1,944,649	(2,115,382)
< 50%	2,072,612	141,970	746,597	(755,326)
≥ 50% & < 75%	272,516	160,504	49,855	(53,653)
≥ 75% & < 100%	191,804	4,969	41,468	(42,682)
≥ 100%	-	-	-	-
Mortgage	**5,048,137**	**597,617**	**2,782,569**	**(2,967,043)**
Total	**16,913,480**	**2,031,534**	**186,299,150**	**(146,230,101)**

As at 31 December 2023 and 2022, the fair value and net carrying amount of the properties received in lieu of repayment or foreclosure, by type of property, are detailed as follows:

Values expressed in thousand Kz

Type of property	31/12/2023 Number of properties	Fair value of the asset	Net carrying amount	31/12/2022 (Restated) Number of properties	Fair value of the asset	Net carrying amount
Land						
Urban	4	8,180,656	2,071,291	4	8,332,360	3,546,802
Rural	1	5,081,162	1,533,217	1	969,065	465,816
Buildings under construction						
Mortgage	1	2,248,847	791,278	1	6,287,911	6,287,911
Constructed buildings						
Mortgage	97	19,477,235	12,745,151	5	7,491,854	5,682,880
Total	**103**	**34,987,900**	**17,140,937**	**11**	**23,081,190**	**15,983,409**

As at 31 December 2023 and 2022, the net carrying amount of the properties received in lieu of repayment or foreclosure, by type of property and type of property, is detailed as follows:

Values expressed in thousand Kz

Time elapsed since received in lieu of repayment/foreclosure	31/12/2023 < 1 year	≥ 1 year & < 2,5 years	≥ 2,5 years & < 5 years	≥ 5 years	Total
Land					
Urban	-	-	-	2,071,292	2,071,292
Rural	-	-	-	1,533,217	1,533,217
Buildings under construction					
Mortgage	-	-	1,127,446	-	1,127,446
Constructed buildings					
Mortgage	-	-	12,408,982	-	12,408,982
Total	**-**	**-**	**13,536,428**	**3,604,509**	**17,140,937**

Values expressed in thousand Kz

Time elapsed since received in lieu of repayment/foreclosure	31/12/2022 (Restated) < 1 year	≥ 1 year & < 2,5 years	≥ 2,5 years & < 5 years	≥ 5 years	Total
Land					
Urban	-	3,546,802	-	-	3,546,802
Rural	-	465,816	-	-	465,816
Buildings under construction					
Mortgage	6,287,911	-	-	-	6,287,911
Constructed buildings					
Mortgage	5,682,880	-	-	-	5,682,880
Total	**11,970,791**	**4,012,618**	**-**	**-**	**15,983,409**

As at 31 December 2023 and 2022, the distribution of loans by internal risk levels is detailed as follows:

Values expressed in thousand Kz

	2023 Low risk level	Medium risk level	High risk level
Segment			
Corporate Customers	136,859,152	1,704,555	75,272,632
Employees	4,014,494	70,054	45,345
State	280,320	-	3,498,448
Individual Customers	1,496,157	146,409	16,569,208
Total	**142,650,123**	**1,921,018**	**95,385,633**

Values expressed in thousand Kz

	2022 (Restated) Low risk level	Medium risk level	High risk level
Segment			
Corporate Customers	143,157,093	3,267,381	59,161,709
Individual Customers	2,275,988	362,009	10,608,720
Employees	4,764,967	120,713	88,874
State	848,508	-	2,976,270
Total	**151,046,556**	**3,750,103**	**72,835,573**

As at 31 December 2023 and 2022, the disclosure of the risk factors associated with the impairment model by segment is detailed as follows:

Segment	31/12/2023				31/12/2022 (Restated)			
	Probability of default (%)			Loss given default (%)	Probability of default (%)			Loss given default (%)
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Corporate Customers	8.59%	27.95%	100.00%	66%	8.60%	27.96%	100.00%	59.00%
Employees	2.93%	17.22%	100.00%	91%	2.76%	13.30%	100.00%	91.01%
State	0.00%	0.00%	100.00%	45%	1.64%	1.64%	100.00%	45.00%
Individual Customers	7.31%	25.29%	99.92%	93%	7.79%	25.50%	100.00%	91.01%
Average	**4.71%**	**17.61%**	**99.98%**	**73.79%**	**5.20%**	**17.10%**	**100.00%**	**71.50%**

The incorporation of forward-looking information presents the following details:

	2022	2023	2024	2025	2026
Inflation Rate Lag 2 Y					
Baseline scenario	16.90%	**15.00%**	9.78%	6.90%	6.90%
LUIBOR Rate Overnight Lag 1 Y					
Baseline scenario	22.48%	**22.48%**	22.48%	22.48%	22.48%
Year-on-Year Change of USD/AOA Exchange Rate Lag 1 Y					
Baseline scenario	2.81%	**0.00%**	0.00%	0.00%	0.00%
Consumer Price Index Log					
Baseline scenario	5.84	**5.90**	5.96	6.02	6.08
MA 12M Oil Prices USD					
Baseline scenario	58.55	**59.65**	60.80	61.95	63.1

Note 10
Non-current assets held for sale

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Real estate associated with the INVESTPAR operation reversal	**138,913,572**	-
Other real estate properties	**18,673,360**	3,328
Total	**157,586,932**	**3,328**

As at 31 December 2023, the heading of "Real estate associated with the INVESTPAR operation reversal" corresponds to the properties received in the context of the reversal of the asset transfer operation with INVESTPAR (Note 15). This heading includes the sum of Kz 6,009,776 thousand calculated by the Bank, pursuant to the valuation benchmarks of the independent experts' valuation reports obtained for similar properties, considering that some properties were partially appraised. The property registration procedures have not yet been completed for most of the properties.

As at 31 December 2023, the heading of "Other real estate properties" corresponds to properties previously held by the Bank and classified under the heading of "Other assets", originating from processes of assets given in lieu of repayment underway for settlement of loans to Customers and properties that are no longer assigned to the business, which are classified under this heading following the definition of a plan for their disposal in the short-term. The presented balance includes impairment losses amounting to Kz 1,092,508 thousand (Note 33). The property registration procedures have not yet been completed for properties amounting to Kz 4,385,100 thousand.

No valuation adjustments are expected for the properties associated with property registration procedures that have not yet been completed.
The valuation methodology is described in Note 2.13.

Discontinued operations

Pursuant to IFRS 5, a group of directly associated assets and liabilities are reclassified to discontinuation if their carrying amount is recoverable through a sale transaction, where they must meet the conditions for immediate sale.

The subsidiary Económico Fundos de Investimento – SGOIC, S.A. was classified as a discontinued operation, considering that, in the year ended 31 December 2023, the entity's liquidation was decided, a process that is currently underway.

The balances relative to discontinued operations show the following composition:

Values expressed in thousand Kz

Description	31/12/2023
Non-current assets held for sale	**141,218**
Non-current liabilities held for sale	**(311,171)**
Profits or losses from discontinued operations	**371,144**

Note 11
Other tangible assets

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Gross value		
Real estate properties		
For own use	9,005,308	44,921,030
Works in rented buildings	1,447,418	2,349,830
	10,452,726	47,270,860
Equipment		
Computer equipment	4,706,082	4,564,093
Security equipment	2,037,854	2,037,720
Furniture and materials	1,935,441	1,874,785
Indoor facilities	1,713,379	1,714,263
Transport equipment	1,166,526	1,610,194
Machinery and tools	854,121	854,205
	12,413,403	12,655,260
Tangible assets in progress		
Equipment	1,144,587	492,780
Real estate properties	642,344	-
	1,786,931	492,780
Right-of-use assets		
Real estate properties	814,429	2,626,396
	814,429	2,626,396
Impairment losses (Note 33)	(343,680)	(343,680)
	25,123,809	62,701,616
Accumulated depreciation		
Relative to transferred assets	-	(200,774)
Relative to previous years	(13,391,962)	(19,948,485)
Relative to the current year	(1,659,377)	(2,269,645)
	(15,051,339)	(22,418,904)
Total	10,072,470	40,282,712

The promissory purchase and sale agreement for the Bank's former head office was signed on 21 April 2023, for the total value of USD 100,000 thousand, with the agreement's first instalment (60% of the transaction value) having been received during the month of August 2023, after the Bank's settlement of the tax associated with the transaction, with the asset's derecognition on that date and recording of the corresponding capital gain amounting to Kz 53,979,218 thousand (Note 29). The heading of "Other assets" includes the value receivable associated with that agreement (40% of the transaction value) (Note 15).

As at 31 December 2023 and 2022, the heading of "Real estate properties for own use" includes properties amounting to Kz 1,686,280 thousand and Kz 2,335,767 thousand, for which the property registration procedures have not yet been completed. No valuation adjustments are expected for the properties associated with property registration procedures that have not yet been completed.

As at 31 December 2023 and 2022, the heading of "Right-of-use assets" corresponds to operating leases pursuant to the requirements of IFRS 16 (Note 2.14.).

Capital gain amounting to Kz 53,979,218 thousand.

The movement in this heading is as follows:

Values expressed in thousand Kz

Description	31/12/2022 (Restated)	Acquisitions/ Allocations	Disposals/ Write-offs	**31/12/2023**
Gross value				
Real estate properties				
For own use	44,921,030	-	(35,915,722)	**9,005,308**
Works in rented buildings	2,349,830	-	(902,412)	**1,447,418**
	47,270,860	**-**	**(36,818,134)**	**10,452,726**
Equipment				
Computer equipment	4,564,093	141,989	-	**4,706,082**
Security equipment	2,037,720	134	-	**2,037,854**
Furniture and materials	1,874,785	60,656	-	**1,935,441**
Indoor facilities	1,714,263	4,633	(5,517)	**1,713,379**
Transport equipment	1,610,194	-	(443,668)	**1,166,526**
Machinery and tools	854,205	-	(84)	**854,121**
	12,655,260	**207,412**	**(449,269)**	**12,413,403**
Tangible assets in progress				
Equipment	492,780	651,807	-	**1,144,587**
Real estate properties	-	642,344	-	**642,344**
	492,780	**1,294,151**	**-**	**1,786,931**
Right-of-use assets				
Real estate properties	2,626,396	-	(1,811,967)	**814,429**
	2,626,396	**-**	**(1,811,967)**	**814,429**
	63,045,296	**1,501,563**	**(39,079,370)**	**25,467,489**
Impairment losses (Note 33)	**(343,680)**	**-**	**-**	**(343,680)**
Accumulated depreciation				
Real estate properties				
For own use	(7,786,947)	(653,616)	6,834,647	**(1,605,916)**
Works in rented buildings	(2,244,301)	(102,494)	289,124	**(2,057,671)**
	(10,031,248)	**(756,110)**	**7,123,771**	**(3,663,587)**
Equipment				
Computer equipment	(3,189,798)	(513,243)	-	**(3,703,041)**
Security equipment	(1,896,440)	(32,292)	-	**(1,928,732)**
Furniture and materials	(1,741,575)	(84,086)	-	**(1,825,661)**
Indoor facilities	(1,560,481)	(53,467)	-	**(1,613,948)**
Transport equipment	(1,894,703)	(201,214)	1,044,661	**(1,051,256)**
Machinery and tools	(667,920)	(62,307)	-	**(730,227)**
	(10,950,917)	**(946,609)**	**1,044,661**	**(10,852,865)**
Right-of-use assets				
Real estate properties	(1,436,739)	(371,815)	1,273,667	**(534,887)**
	(1,436,739)	**(371,815)**	**1,273,667**	**(534,887)**
	(22,418,904)	**(2,074,534)**	**9,442,099**	**(15,051,339)**
Total	**40,282,712**	**(572,971)**	**(29,637,271)**	**10,072,470**

Values expressed in thousand Kz

Description	31/12/2021 (Restated)	Acquisitions/ Allocations	Disposals/ Write-offs	31/12/2022 (Restated)
Gross value				
Real estate properties				
For own use	45,021,307	165,696	(265,973)	44,921,030
Works in rented buildings	2,347,431	2,399	-	2,349,830
	47,368,738	**168,095**	**(265,973)**	**47,270,860**
Equipment				
Computer equipment	4,226,643	240,070	(461)	4,564,093
Security equipment	1,619,366	33,168	385,186	2,037,720
Furniture and materials	2,004,552	2,380	(132,147)	1,874,785
Indoor facilities	1,873,330	6,938	(166,005)	1,714,263
Transport equipment	1,707,324	-	(217,107,850)	1,610,194
Machinery and tools	823,332	30,713	-	854,205
	12,254,547	**313,269**	**(217,021,277)**	**12,655,260**
Tangible assets in progress				
Equipment	417,821	172,800	-	492,780
Real estate properties	12,762	-	(12,762)	-
	430,583	**172,800**	**(12,762)**	**492,780**
Right-of-use assets				
Real estate properties	2,626,396	-	-	2,626,396
	2,626,396	**-**	**-**	**2,626,396**
	62,680,264	**654,164**	**(217,300,012)**	**63,045,296**
Impairment losses (Note 33)	**(609,504)**	**-**	**265,824**	**(343,680)**
Accumulated depreciation				
Real estate properties				
For own use	(7,435,588)	(351,359)	-	(7,786,947)
Works in rented buildings	(2,239,709)	(36,382)	31,790	(2,244,301)
	(9,675,297)	**(387,741)**	**31,790**	**(10,031,248)**
Equipment				
Computer equipment	(2,704,160)	(486,104)	466	(3,189,798)
Security equipment	(1,866,545)	(29,895)	-	(1,896,440)
Furniture and materials	(1,615,152)	(126,423)	-	(1,741,575)
Indoor facilities	(1,501,141)	(59,340)	-	(1,560,481)
Transport equipment	(1,116,745)	(810,901)	32,943	(1,894,703)
Machinery and tools	(595,513)	(72,407)	-	(667,920)
	(9,399,256)	**(1,585,070)**	**33,409**	**(10,950,917)**
Right-of-use assets				
Real estate properties	(1,139,904)	(296,835)	-	(1,436,739)
	(1,139,904)	**(296,835)**	**-**	**(1,436,739)**
	(20,214,457)	**(2,269,646)**	**65,199**	**(22,418,904)**
Total	**41,856,303**	**(1,615,482)**	**(216,968,989)**	**40,282,712**

Note 12
Intangible Assets

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Gross value		
Automated data treatment system (software)	**12,293,652**	11,823,608
Other	**394,021**	391,474
	12,687,673	**12,215,082**
Accumulated amortisation		
Relative to previous years	**(4,030,290)**	(2,827,685)
Relative to the current year	**(1,234,634)**	(1,202,605)
	(5,264,924)	**(4,030,290)**
Total	**7,422,749**	**8,184,792**

The movement in this heading is as follows:

Values expressed in thousand Kz

Descrição	31/12/2022 (Restated)	Acquisitions/ Allocations	Transfers	31/12/2023
Gross value				
Automated data treatment system (software)	11,823,608	294,778	175,266	**12,293,652**
Other	391,474	177,813	(175,266)	**394,021**
	12,215,082	**472,591**	**-**	**12,687,673**
Accumulated amortisation				
Automated data treatment system (software)	(4,030,290)	(1,234,634)	-	**(5,264,924)**
	(4,030,290)	**(1,234,634)**	**-**	**(5,264,924)**
Total	**8,184,792**	**(762,043)**	**-**	**7,422,749**

Values expressed in thousand Kz

Descrição	31/12/2021 (Restated)	Acquisitions/ Allocations	Transfers	31/12/2022 (Restated)
Gross value				
Automated data treatment system (software)	10,602,807	733,809	486,992	**11,823,608**
Other	651,945	308,382	(568,853)	**391,474**
	11,254,752	**1,042,191**	**(81,861)**	**12,215,082**
Accumulated amortisation				
Automated data treatment system (software)	(2,827,685)	(1,202,605)	-	**(4,030,290)**
	(2,827,685)	**(1,202,605)**	**-**	**(4,030,290)**
Total	**8,427,067**	**(160,414)**	**(81,861)**	**8,184,792**

Note 13
Investments in subsidiaries, associates and joint ventures

This heading has the following composition:

Values expressed in thousand Kz

31/12/2023	Number of shares	Share capital	Direct equity holding	Nominal Value Kz	Cost of the holding	Reserves	Profit or loss attributable the Bank	Carrying amount
Tranquilidade - Companhia Angolana de Seguros, S.A.	1,050	747,790	21%	157,035	363,876	1,925,276	(9,093)	2,280,059
Total		**747,790**		**157,035**	**363,876**	**1,925,276**	**(9,093)**	**2,280,059**

Values expressed in thousand Kz

31/12/2022 (Restated)	Number of shares	Share capital	Direct equity holding	Nominal Value Kz	Cost of the holding	Reserves	Profit or loss attributable the Bank	Carrying amount
Tranquilidade - Companhia Angolana de Seguros, S.A.	1,050	747,790	21%	157,035	363,876	(347,349)	695,838	712,365
Impairment losses (Note 33)								(712,365)
Total		**747,790**		**157,035**	**363,876**	**(347,349)**	**695,838**	**-**

During the year ended 31 December 2023, the valuation of the holding in Tranquilidade – Companhia Angolana de Seguros, S.A. was updated after having received updated financial Information and because the Independent Auditor's Report no longer included material uncertainty on business continuity, following the clarification of the tax contingencies identified by the General Tax Administration on the financial years of 2015 and 2016.

As at 31 December 2023 and 2022, the key indicators of the financial statements of the Bank's holdings are detailed as followed:

Values expressed in thousand Kz

	Financial indicators of the Investees				
31/12/2023	Assets	Liabilities	Share capital	Reserves	Net income
Tranquilidade - Companhia Angolana de Seguros, S.A.	28,066,748	16,391,287	747,790	9,668,662	1,259,009
	28,066,748	**16,391,287**	**747,790**	**9,668,662**	**1,259,009**

Values expressed in thousand Kz

	Financial indicators of the Investees				
31/12/2022	Assets	Liabilities	Share capital	Reserves	Net income
Tranquilidade - Companhia Angolana de Seguros, S.A.	24,389,864	14,389,762	747,790	5,938,797	3,313,515
	24,389,864	**14,389,762**	**747,790**	**5,938,797**	**3,313,515**

Note 14
Taxes

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Current tax assets	**1,999,003**	1,990,496
Current tax liabilities	**(29,211)**	(78,202)

As at 31 December 2023 and 2022, current tax assets include the balance associated with the provisional settlement of income tax for 2019, amounting to Kz 1,450,599 thousand. Considering that there were no taxable profits, the allocation of a tax credit has been requested. Nonetheless, as this financial year has not yet been inspected, the Bank can only be reimbursed for this amount when the General Tax Administration has conducted its inspection for 2019.

As at 31 December 2023 and 2022, the reconciliation of the tax rate, as regards the amount recognised in profit or loss, is detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023		31/12/2022 (Restated)	
	%	Value	%	Value
Profit or loss before tax		**(297,876,551)**		**(38,016,296)**
Income excluded from taxation	-11%	**31,589,432**	19%	(7,187,273)
Unforeseen provisions	0%	**842,130**	-17%	6,451,164
Non-deductible expenses/(income)	10%	**(28,476,094)**	68%	(25,767,315)
Taxable profit/(Tax loss)		**(293,921,083)**		(64,519,720)
Taxable income		**-**		187,360
Tax for the year		**-**		**65,576**

Income from public debt securities (Treasury Bonds and Treasury Bills) issued by the Angolan state after 31 December 2012 is subject to Capital Gains Tax, as stipulated in Article 9(1)(k) of Presidential Legislative Decree No. 2/2014 of 20 October. Income subject to Capital Gains Tax is not subject to Industrial Tax, in accordance with Article 47 of the Industrial Tax Code (Law No. 19/14 of 12 October). Taxable profit arises from the deduction of income from public debt securities and addition of expenses related to the settlement of Capital Gains Tax.

The publication of Law No. 26/20 of 20 July introduced new rules to determine taxable income, namely: (i) exclusion from tax relevance in the calculation of taxable profit of income and costs with unrealised exchange differences; ii) non-acceptance of provisions constituted on guaranteed loans as deductible for tax purposes, except in the unsecured part.

As at 31 December 2023, the Bank calculated deferred tax liabilities relating to potential exchange rate variations amounting to Kz 15,143,102 thousand, and deferred tax assets relating to impairment for the year not accepted, relative to loans with guarantees and tax losses generated, amounting to Kz 923,925 thousand and Kz 840,555,568 thousand, respectively. In view of the existence of sufficient taxable temporary differences related to the same tax authority, which are expected to reverse in the same period as the expected reversal of the deductible temporary difference, the Bank has offset these deferred tax assets and liabilities.

As at 31 December 2022, the Bank calculated deferred tax liabilities relating to potential exchange rate variations amounting to Kz 54,840,865 thousand, and deferred tax assets relating to impairment for the year not accepted, relative to loans with guarantees and tax losses generated, amounting to Kz 2,059,970 thousand and Kz 515,562,448 thousand, respectively. Since no financial projections are available, on a tax basis, to support the recoverability of the balances, the asset was not recognised.

Note 15
Other assets

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Real estate associated with the INVESTPAR operation reversal	**236,894,678**	-
Value receivable from the sale of the former head office (Note 11)	**33,151,960**	-
Ministry of the Economy and Planning value to be settled	**7,723,983**	4,846,127
Suspended account maintenance expenses	**6,596,932**	9,779,393
Miscellaneous receivables	**6,099,258**	-
Employee benefits	**2,171,698**	-
Other advances	**1,681,391**	102,319
Prepayments	**955,868**	2,950,233
INVESTPAR Operation	**-**	1,453,443,000
Real estate properties	**-**	16,747,675
Other assets	**46,906**	4,271,115
	295,322,674	**1,492,139,862**
Impairment losses (Note 33)		
INVESTPAR operation	**-**	(921,641,135)
Other	**(13,704,492)**	(11,774,898)
	(13,704,492)	**(933,416,033)**
Total	**281,618,182**	**558,723,829**

An agreement to reverse the asset transfer operation with INVESTPAR was signed on 15 May 2023, with the consequent reincorporation of the assets previously transferred – loan operations recorded under "Loans and advances to Customers" (Note 9) and properties recorded under "Non-current assets held for sale" (Note 10) and "Other assets" – and derecognition of the receivables under "Other assets", of the payables under "Other liabilities" (Note 20), and appropriation of the INVESTPAR account balance under "Customer resources and other loans" (Note 17). The effect of the operation's reversal on profit or loss is reflected in the heading of "Impairment on other assets, net of reversals and recoveries" (Note 33).

As at 31 December 2023 and 2022, the balances of the asset transfer operation with INVESTPAR and the result of the reversal are detailed as follows:

Values expressed in thousand Kz

31/12/2022	Amount
INVESTPAR operation balances as at 31 December 2022 (*)	
Other assets	531,801,865
Customer resources and other loans	(13,263,601)
Other liabilities (Note 20)	(57,520,454)
	461,017,810
Assets arising from the reversal of the INVESTPAR operation as at 31 December 2023	
Loans and advances to Customers (Note 9)	**25,732,553**
Non-current assets held for sale - Real estate properties (Note 10)	**138,913,572**
Other assets - Real estate properties	**236,894,678**
	401,540,803
Impairment on other assets, net of reversals and recoveries (Note 33)	**(80,525,652)**

(*) Excludes the effect of the Kwanza's devaluation up to the reversal date considering that part of the balances is in USD.

As at 31 December 2023, the heading of "Real estate associated with the INVESTPAR operation reversal" corresponds to the properties received in the context of the reversal of the asset transfer operation with INVESTPAR which fulfil the conditions to be considered in share capital increases in kind to be carried out in 2024 in the real estate investment fund currently being set up, being valued according to the average value of the available valuation reports due to corresponding to the best estimated valuation that will be considered in said capital increases. This heading includes the sum of Kz 63,981,340 thousand calculated by the Bank, pursuant to the valuation benchmarks of the independent experts' valuation reports obtained for similar properties, considering that some properties were partially appraised. The property registration procedures have not yet been completed for most of the properties. No valuation adjustments are expected for the properties associated with property registration procedures that have not yet been completed.

As at 31 December 2023, the heading of "Value receivable from the sale of the former head office" corresponds to the amount receivable associated with the promissory purchase and sale agreement for the former head office (Note 11).

As at 31 December 2023 and 2022, the heading of "Ministry of the Economy and Planning value to be settled" corresponds to the values receivable associated with Stamp Duty on the use of loans submitted to the General Tax Administration and under the Angola Investe programme, with constituted impairment losses of Kz 6,111,231 thousand and Kz 5,870,932 thousand, respectively.

As at 31 December 2023 and 2022, the heading of "Suspended account maintenance expenses" corresponds to the recognition of values receivable of suspended account maintenance expenses for which, given the recoverability expectation, impairment losses were constituted on the full amount.

As at 31 December 2022, the heading of "Real estate properties" corresponds to properties originating from processes of assets given in lieu of repayment underway for settlement of loans to Customers and properties that are no longer assigned to the business, which were reclassified under the heading of "Non-current assets held for sale" in 2023 (Note 10). The presented balance includes impairment losses amounting to Kz 2,196,235 thousand (Note 33).

Kz 63,981,340 thousand, pursuant to the valuation benchmarks of the independen experts' valuation reports obtained for similar properties.

Note 16
Resources from central banks and other credit institutions

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Interbank money market operations		
Banco Nacional de Angola		
Rediscount transactions	**256,962,619**	256,962,619
Liquidity-providing operations	**14,765,241**	4,000,041
Other credit institutions		
In foreign currency	**-**	3,668
	271,727,860	**260,966,328**
Interest payable	**1,204,590**	4,186
Other transactions pending settlement	**21,917**	917,883
Clearance of cheques and other paper	**37,762**	37,762
Total	**272,992,129**	**261,926,159**

As at 31 December 2023 and 2022, the heading of "Rediscount transactions" corresponds to the return, in 2020, of the Bank's payment-in-kind transaction in which the Bank settled the loan with Bank Nacional de Angola, in 2017, through the transfer of values receivable associated with the asset transfer operation with INVESTPAR.

As at 31 December 2023, the heading of "Liquidity-providing operations" and "Interest payable", of the total amount of Kz 15,969,831 thousand, corresponds to liquidity-providing operations remunerated at the interest rate applicable to overnight operations, that present public debt securities held by the Bank as collateral, recorded in the heading of "Financial assets at fair value through other comprehensive income" (Note 7).

As at 31 December 2023 and 2022, the resources from central banks and other credit institutions by residual maturity periods are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to three months	**272,992,129**	261,926,159
Total	**272,992,129**	**261,926,159**

Note 17
Customer resources and other loans

This heading has the following composition:

Values expressed in thousand Kz

Description	Currency	31/12/2023	31/12/2022 (Restated)
Current deposits			
	In kwanzas	**146,654,872**	85,137,973
	In US dollars	**586,657,695**	230,945,124
	In euros	**5,542,791**	2,062,812
	In other currencies	**34,257**	21,131
		738,889,615	**318,167,040**
Term deposits			
	In kwanzas	**111,462,537**	143,879,725
	In US dollars	**143,715,280**	305,124,708
	In euros	**9,390,775**	7,545,109
		264,568,592	**456,549,542**
Total		**1,003,458,207**	**774,716,582**

As at 31 December 2023, the increase in the heading of "Customer resources and other loans" results from the significant devaluation of the Kwanza against the main foreign currencies, considering that the balances are mostly denominated in foreign currency (Notes 2.4. and 28).

As at 31 December 2023, the heading of "Customer resources and other loans" includes the sum of Kz 13,023,890 thousand associated with revenues recorded by the Bank relative to properties (sales and rentals) to be settled.

As at 31 December 2023 and 2022, Customer resources and other loans by residual maturity periods are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Payable on demand	**738,889,615**	**318,167,040**
Payable within a longer term		
Up to three months	**75,227,667**	201,403,624
Three months to one year	**186,367,452**	244,496,107
One to five years	**2,965,820**	10,643,167
More than five years	**7,653**	6,644
Total	**1,003,458,207**	**774,716,582**

As at 31 December 2023 and 2022, the average interest rates, by currency, of term deposits were detailed as follows:

Description	Currency	31/12/2023	31/12/2022 (Restated)
Term deposits	AOA	**12.97%**	11.24%
	USD	**1.05%**	1.80%
	EUR	**0.10%**	0.66%

Note 18
Provisions

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Provisions for likely liabilities		
Likely liabilities of civil nature	**2,567,048**	2,404,493
Likely liabilities of tax nature	**1,246,593**	2,109,983
Likely liabilities of administrative and marketing nature	**578,105**	445,280
For miscellaneous risks	**160,407**	160,407
For indirect credit	**18,868**	147,750
Total	**4,571,021**	**5,267,913**

The balance of this heading is intended to cover certain duly identified contingencies arising from the Bank's activity, which are reviewed on each reporting date to reflect the best estimate of the amount and respective probability of payment.

As at 31 December 2023 and 2022, the heading of "Likely liabilities of civil nature" essentially corresponds to expenses related to notary fees, registry fees and taxes associated with the share capital reduction and increase operation amounting to Kz 1,403,207 thousand. The Bank's Board of Directors has been negotiating the terms of the balance's settlement, which should be settled through the submission of real estate properties, with the definitive record being expected to be completed during 2024.

As at 31 December 2023 and 2022, the heading of "Provisions for indirect loans" refers to the provision determined under the application of the loan impairment model used by the Bank on off-balance sheet liabilities related to loans taken out with Customers, as set out in Note 2.5. and whose breakdown is analysed in greater detail in Note 35.

The Bank has some ongoing legal proceedings with Customers with whom it no longer has a commercial relationship, for which the Board of Directors, supported by legal opinions, considers the probability of loss to be remote or low.

The movement in this heading is as follows:

Values expressed in thousand Kz

Description	Provisions for indirect credit	Other provisions for risks and expenses	Total
Balance as at 31 December 2021 (Restated)	**268,486**	**3,483,797**	**3,752,283**
Allocations	-	1,663,511	1,663,511
Reversals	(120,736)	(27,145)	(147,881)
Balance as at 31 December 2022 (Restated)	**147,750**	**5,120,163**	**5,267,913**
Reversals	(128,882)	(568,010)	(696,892)
Balance as at 31 December 2023	**18,868**	**4,552,153**	**4,571,021**

Note 19
Subordinated liabilities

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Subordinated loan from Novo Banco, S.A.		
Capital	-	32,099,752
Interest payable	-	513,706
Total	**-**	**32,613,458**

This loan, raised from Novo Banco, S.A., of the value of USD 496,358 thousand, with an interest rate of 5%, quarterly payments and maturity in 2024, stemmed from the imposition of Banco Nacional de Angola's resolution dated 4 August 2014. At the end of 2021 and under the implementation of Banco Económico's Recapitalisation and Restructuring Plan, an agreement was reached to restructure the subordinated loan, considering a 75% forgiveness on the outstanding debt. After the restructuring, the subordinated debt was worth USD 114,712 thousand, maintaining the interest rate of 5% and with a maturity date of 31 August 2023, on which date it was settled.

Note 20
Other liabilities

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Liabilities associated with guarantees provided	**38,690,820**	-
Promissory purchase and sale agreements for real estate properties	**10,247,308**	-
Visa Credit	**5,091,051**	5,513,901
Liabilities due to credit cards	**5,105,735**	2,978,714
Santa Clara branch tax collection	**2,918,761**	2,918,761
Tax expenses payable	**2,552,780**	2,913,262
Lease liabilities	**1,875,985**	2,161,611
Accrued Employees benefit expenses	**1,289,647**	1,277,260
Suppliers	**1,039,941**	3,779,193
INVESTPAR Operation	**-**	83,268,230
Other liabilities	**171,147**	61,720
Total	**68,983,175**	**104,872,652**

As at 31 December 2023, the heading of "Liabilities associated with guarantees provided" corresponds to guarantees provided associated with transferred loan operations in the context of the contracts previously concluded with INVESTPAR (Notes 15 and 39), which were called upon by the respective beneficiaries. As at 31 December 2022, these balances are presented in the heading of "INVESTPAR Operation" amounting to Kz 25,747,776 thousand.

As at 31 December 2023, the heading of "Promissory purchase and sale agreements for real estate properties" corresponds to the recognition of the down payments received under promissory purchase and sale agreements for real estate properties concluded with Customers.

As at 31 December 2023 and 2022, the heading of "Liabilities due to credit cards" corresponds to the values payable for credit cards, amounting to EUR 5,542 thousand.

As at 31 December 2023 and 2022, the heading of "Visa Credit" corresponds to the balance of Visa pre-paid cards.

As at 31 December 2023 and 2022, the heading of "Santa Clara branch tax collection" corresponds to the tax collected from the Santa Clara Agency for the period from March 2021 to August 2022, which has not yet been transferred to the Treasury's single account with Banco Nacional de Angola.

As at 31 December 2023 and 2022, the heading of "Accrued Employees benefit expenses" corresponds to the accrued remuneration earned by the Employees in the financial year which will be benefited from in the following year (remuneration of one month of annual leave and annual leave allowance).

As at 31 December 2023 and 2022, the breakdown of lease liabilities by residual maturity periods is detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Up to one year	**16,260**	296,509
One to five years	**-**	387,518
More than five years	**1,859,725**	1,477,584
Total	**1,875,985**	**2,161,611**

Nota 21
Share capital and other equity instruments

In August 2022, in order to guarantee the implementation of its Recapitalisation and Restructuring Plan, Banco Económico reduced its share capital (Kz 72,000,000 thousand) by fully incorporating losses, followed by a capital increase operation (Kz 271,500,000 thousand), fully carried out by the Collective Investment Body (Económico – Fundo de Capital de Risco de Subscrição Particular) created in the meantime, bringing together a group of the Bank's depositors who agreed to convert part of their deposits into Fund participation units.

Under the Recapitalisation and Restructuring Plan, depositors were identified who signed a memorandum of understanding with the Bank in which they accepted the partial conversion of their deposits (with reference to 30 September 2021) into capital (through the subscription of Económico – Fundo de Capital de Risco de Subscrição Particular participation units) and into equivalent instruments (perpetual participation certificates and bonds convertible into shares), of the following minimum amounts:

- 45% of deposits subscribing to Fund participation units;
- 20% of deposits by subscribing to perpetual participation securities;
- 5% of deposits subscribing to bonds convertible into shares.

The conversion of the deposits into foreign currency was based on the exchange rates in force as at 31 December 2021.

Ordinary shares
The reduction in Banco Económico's share capital, by full incorporation of losses of Kz 72,000,000 thousand, was followed by an increase of Kz 271,500,000 thousand, represented by 282,812,500 ordinary shares with a unit value of Kz 960, fully subscribed and paid-up by Económico – Fundo de Capital de Risco de Subscrição Particular, which became the Bank's sole Shareholder (Note 39).

The shareholder structure as at 31 December 2023 and 2022 is as follows:

Description	Number of shares	31/12/2023 Holding %	Number of shares	31/12/2022 (Restated) Holding %
Económico FCR	282,812,500	100%	282,812,500	100%
Total	**282,812,500**	**100%**	**282,812,500**	**100%**

This capital reduction and increase operation is pending registration with the Commercial Registry Office (Note 18).

Perpetual participation securities
In August 2022, under the Recapitalisation and Restructuring Plan, the Bank's Board of Directors approved the issue of mixed capitalisation instruments, in particular perpetual participation securities, resulting from the conversion of 20% of the deposits covered by the Recapitalisation and Restructuring Plan, amounting to a total subscription of Kz 121,196,000 thousand.

The perpetual participation securities entitle the holder to a remuneration, from the 5th anniversary, comprising a fixed component calculated by reference to 80% of the nominal value of the securities (fixed component) and a variable component calculated by reference to 20% of the nominal value of the securities (variable component). The fixed component will be calculated at an annual rate of 5%, based on months with the actual number of calendar days and a 365-day year, and the variable component will be calculated annually according to the Bank's net income attributable to Shareholders.

From the issue date's fifth anniversary onwards, the perpetual participation securities may be converted into shares representing the Bank's share capital, by means of a decision taken at the General Meeting, on a proposal from the Board of Directors, accompanied by an opinion from the Supervisory Board, and the resolution must be passed by the majority required to amend the articles of association.

Repayment may occur: (i) in the event of the Bank's liquidation, only after all other creditors have been paid, under the terms of Article 13(2) of the Legal Framework for Participation Bonds, or (ii) on the Bank's own initiative, as from the 10th anniversary of the issue.

An additional memorandum of understanding was signed in February 2023, giving rise to the additional subscription of perpetual participation securities amounting to Kz 3,449,000 thousand.

Bonds convertible into shares

In August 2022, under the Recapitalisation and Restructuring Plan, the Bank's Board of Directors approved the issue of mixed capitalisation instruments, in particular bonds convertible into shares, resulting from the conversion of 5% of the deposits covered by the Recapitalisation and Restructuring Plan, with their subscription having taken place in January 2023, for the total amount of Kz 27,822,000 thousand.

The bonds convertible into shares entitle the holder to a fixed remuneration, calculated at the annual rate of 5%, based on months with the actual number of calendar days and a 365-day year.

Between the issue date and the fifth anniversary of the issue (Restructuring Period), the bonds convertible into shares will not be remunerated, with their fixed remuneration being considered zero during that period.

From the issue date's fifth anniversary onwards, the bonds may be converted into shares representing the Bank's share capital, in each interest payment period, subject to compliance with the regulatory applicable minimum capital ratios, with a 10% margin, after repayment, by means of a decision taken at the General Meeting, on a proposal from the Board of Directors, accompanied by an opinion from the Supervisory Board, and the resolution must be passed by the majority required to amend the articles of association.

Repayment may occur: (i) in the event of the Bank's liquidation, only after all other creditors have been paid, pursuant to the applicable legislation; or (ii) on the Bank's own initiative, from the fifth anniversary of the issue onwards.

An additional memorandum of understanding was signed in February 2023, giving rise to the additional subscription of bonds convertible into shares amounting to Kz 862,000 thousand.

OFAC deposits

These represent the amounts that remain captive under the heading of "Customer resources and other loans", as they belong to entities that joined the Recapitalisation and Restructuring Plan and signed the memorandum of understanding, but which, in December 2021, were identified by the Office of Foreign Assets (OFAC) of the U.S. Department of the Treasury and are awaiting their regularisation for the subscription of the financial equity instruments covered by the Recapitalisation and Restructuring Plan.

Pursuant to Banco Nacional de Angola letter No. 610/DSB/2022 of 15 August 2022, these deposits are recorded for purposes of calculating regulatory own funds ratios.

The amounts distributed by financial instrument are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023
Deposits of OFAC designated entities	
Deposits for subscription of FCR participation units	60,629,838
Deposits for subscription of perpetual participation securities	26,946,594
Deposits for subscription of bonds convertible into shares	6,736,649
Total	**94,313,081**

Note 22
Revaluation reserves and other reserves and retained earnings

Revaluation reserves
Revaluation reserves represent gains and losses relating to changes in the fair value of financial assets at fair value through other comprehensive income.

Legal reserve
This account is fully constituted by the legal reserve, which may only be used to cover accrued losses or for share capital increases.

The applicable Angolan legislation requires that the legal reserve be credited annually with at least 10% of the annual net profit until it equals the share capital.

The movement in this heading is as follows:

Values expressed in thousand Kz

Description	Revaluation reserves	Other reserves and retained earnings		
	Financial assets at fair value through other comprehensive income	Legal reserve	Retained earnings	Total
Balance as at 31 December 2021	**29,700**	**28,141,757**	**(784,917,374)**	**(756,775,617)**
Restatement adjustment	-	-	(208,000,000)	(208,000,000)
Appropriation of separate net income for 2021	-	17,330,886	156,916,935	174,247,821
Balance as at 1 January 2022 (Restated)	**29,700**	**45,472,643**	**(836,000,439)**	**(790,527,796)**
Share capital reduction to cover retained earnings	-	-	72,000,000	72,000,000
Other	-	-	(227,994)	(227,994)
Balance as at 31 December 2022 (Restated)	**29,700**	**45,472,643**	**(764,228,433)**	**(718,755,790)**
Appropriation of separate net income for 2022	-	-	(38,016,296)	(38,016,296)
Other	-	-	2,611,178	2,611,178
Other comprehensive income	(767,172)	-	-	-
Balance as at 31 December 2023	**(737,472)**	**45,472,643**	**(799,633,551)**	**(754,160,908)**

The General Meeting held on 6 March 2024 decided to approve the financial statements for the year ended 31 December 2022.

The General Meeting held on 5 August 2022 decided to approve the financial statements for the year ended 31 December 2021.

Non-controlling interests
Non-controlling interests, associated to the subsidiaries, are detailed as follows:

Values expressed in thousand Kz

Description	Non-controlling interests %	**31/12/2023**		31/12/2022 (Restated)	
		Statement of Financial Position	**Income Statement**	Statement of Financial Position	Income Statement
Económico Fundos de Pensões - SGFP, S.A.	4%	**77,727**	**(12,465)**	65,446	(16,207)
Económico Fundos de Investimento - SGOIC, S.A.	38%	**604,541**	**(140,051)**	502,462	45,324
		682,268	**(152,516)**	**567,908**	**29,117**

Note 23
Net interest income

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Interest and similar income		
Public debt securities	**7,398,422**	6,810,958
Loans and advances to Customers	**4,154,108**	6,054,547
Investments at central banks and other credit institutions	**1,608,057**	117,304
Other assets	**128,859**	-
Financial assets at fair value through profit or loss	**-**	152 238
Total	**13,289,446**	13,135,047
Interest and similar expenses		
Customer resources and other loans	**19,249,353**	27,876,481
Resources from central banks and other credit institutions	**(2,130,562)**	(283,249)
Subordinated liabilities	**(1,384,242)**	(2,249,412)
Lease liabilities	**(115,110)**	(131,417)
Other liabilities	**-**	(2,030,759)
Total	**(22,879,267)**	**(32,571,318)**
Net Interest Income	**(9,589,821)**	**(19,436,271)**

As at 31 December 2023 and 2022, the heading of "Loans and advances to Customers" corresponds to the income from loans and advances to Customers. For loans and advances to Customers at stage 3, the recognised interest corresponds to the net value of impairment losses, in accordance with the requirements of IFRS 9.

As at 31 December 2023, the heading of "Investments at central banks and other credit institutions" includes the remuneration of the captive balances for settlement of the subordinated loan (Note 5).

As at 31 December 2023, the heading of "Customer resources and other loans" arises from the reduction of term deposits and the negotiation to lower their interest rates.

As at 31 December 2023, the heading of "Resources from central banks and other credit institutions" includes the remuneration of liquidity-providing operations with Banco Nacional de Angola (Note 16).

As at 31 December 2023 and 2022, the heading of "Lease liabilities" corresponds to interest expenses related to lease liabilities recognised under IFRS 16 (Note 2.14.).

As at 31 December 2022, the heading of "Other liabilities" corresponds to interest expenses associated with the liability balance of the asset transfer operation with INVESTPAR (Note 15).

Note 24
Net gain (loss) from fees and commissions

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Service, fee and commission income		
Cards	**1,996,544**	3,347,935
Securities transactions	**856,522**	245,733
Account management	**843,367**	2,817,992
Means of payment management	**785,170**	1,070,470
Fees and commissions on loans and similar	**185,389**	378,510
Guarantees provided	**57,594**	134,595
Documentary credit	**7,136**	68,766
Income from services rendered to the State	**59**	4,729
Bancassurance	**-**	51,023
Other services	**48,939**	1,397,700
Total	**4,780,720**	**9,517,453**
Service, fee and commission expenses		
Cards	**(1,400,517)**	(1,287,636)
Means of payment management	**(509,120)**	(145,725)
Other services	**(86,864)**	(49,958)
Total	**(1,996,501)**	**(1,483,319)**
	2,784,219	**8,034,134**

Note 25
Net gain (loss) from financial assets and liabilities at fair value through profit or loss

As at 31 December 2022, this heading corresponds to fair value changes and the result of disposals of public debt securities recorded under financial assets at fair value through profit or loss.

Note 26
Net gain (loss) from financial assets at fair value through other comprehensive income

As at 31 December 2023, this heading corresponds to the result of disposals of public debt securities recorded under financial assets at fair value through other comprehensive income.

Note 27
Net gain (loss) from investments at amortised cost

As at 31 December 2023, this heading corresponds to the capital gain, amounting to Kz 22,222,601 thousand, associated with the agreement with the Ministry of Finance's to replace public debt securities with contractual conditions different to those of the market (Note 8).

Note 28
Net gain (loss) from foreign exchange

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Exchange rate revaluation and foreign exchange transactions	**(254,708,684)**	30,357,505
Total	**(254,708,684)**	**30,357,505**

As at 31 December 2023 and 2022, this heading corresponds to the results arising from the exchange revaluation of monetary assets and liabilities expressed in foreign currency (Note 2.4.).

As at 31 December 2023, this heading's is essentially explained by the effect of the significant devaluation of the Kwanza against the main foreign currencies, considering that liabilities are higher than assets in foreign currency (Notes 2.4. and 38).

Note 29
Net gain (loss) from disposal of other assets

As at 31 December 2023, this heading primarily corresponds to the capital gain, amounting to Kz 53,979,218 thousand, associated with the sale of the Bank's former head office (Note 11).

Note 30
Other operating income

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Real estate properties		
Income from real estate properties	2,008,445	-
Costs related to real estate properties	(1,521,985)	-
	486,460	**-**
Taxes and rates not incident on profit		
Value Added Tax	(1,194,657)	(1,002,911)
Capital Investment Tax	(540,695)	(500,031)
Other taxes	(329,910)	(156,953)
	(2,065,262)	**(1,659,895)**
Deposit Guarantee Fund Contribution	(285,782)	(72,331)
Other	(1,574,124)	(4,059,479)
Total	**(3,438,708)**	**(5,791,705)**

Note 31
Personnel expenses

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Wages and salaries		
Remunerations	**8,631,562**	10,989,823
Annual leave allowance	**615,646**	637,837
Lunch allowance	**430,136**	524,594
Christmas allowance	**424,823**	516,278
Variable remuneration	**149,798**	152,110
	10,251,965	**12,820,642**
Other charges		
Mandatory social charges	**707,260**	776,002
Other expenses	**1,853,213**	1,737,771
	2,560,473	**2,513,773**
Total	**12,812,438**	**15,334,415**

As at 31 December 2023 and 2022, the number of Group Employees, including permanent and fixed-term contracts, is broken down by professional category as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Number of Employees		
Senior management positions	**41**	69
Middle management positions	**133**	163
Specific positions	**213**	248
Administrative and other positions	**265**	389
Total	**652**	**869**

The Bank has a defined contribution plan, i.e. it allocates a fixed percentage or amount to all participants included in the plan, which will be capitalised until the time of redemption established by law, being recognised as a personnel expense. Given the nature of this benefit, it does not require an actuarial study.

As at 31 December 2023 and 2022, there are 581 and 774 active participants in the Bank's pension plan, respectively, no retired Employees, with the Bank having contributed to this fund with Kz 325,162 thousand and Kz 165,510 thousand, respectively.

Note 32
Third-party supplies and services

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
IT services	**2,403,204**	1,832,593
Insurance	**1,434,855**	1,628,694
Communication and postage	**945,526**	1,006,082
Consulting and audit	**592,162**	919,450
Consumables	**496,986**	456,015
Transportation of values	**404,427**	384,794
Security and surveillance	**353,550**	460,498
Maintenance and repair	**280,901**	379,630
Legal, litigation and notary	**208,243**	78,799
Water, energy and fuel	**179,415**	230,633
Advertising and publications	**169,517**	72,571
Cleaning services	**114,088**	136,145
Travel and representation	**82,573**	169,153
Hire and rental charges	**72,855**	238,212
Other expenses	**680,134**	644,148
Total	**8,418,436**	**8,637,417**

Note 33
Impairment and provisions

The movement in impairment and provisions is detailed as follows:

Values expressed in thousand Kz

Description	Notes	31/12/2022 (Restated)	Allocations	Reversals	Uses	Settlements	Foreign exchange change	**31/12/2023**
Balances with other credit institutions	5	(11,855)	-	11,454	-	-	-	**(401)**
Investments at amortised cost	8	(1,014,622)	(106,800)	-	-	647,203	(408,870)	**(883,089)**
Impairment on other financial assets, net of reversals and recoveries		**(1,026,477)**	**(106,800)**	**11,454**	**-**	**647,203**	**(408,870)**	**(883,490)**
Loans and advances to Customers	9	(164,326,477)	(7,232,703)	-	-	-	(7,645,522)	**(193,027,964)**
Stage 3 interest effect			(13,823,262)					
Impairment on loans and advances to Customers, net of reversals and recoveries		**(164,326,477)**	**(21,055,965)**	**-**	**-**	**-**	**(7,645,522)**	**(193,027,964)**
Non-current assets held for sale	10	-	-	1,103,727	-	(2,196,235)	-	**(1,092,508)**
Other tangible assets	11	(343,680)	-	-	-	-	-	**(343,680)**
Investments in subsidiaries, associates and joint ventures	13	(712,365)	-	712,365	-	-	-	**-**
Other assets - INVESTPAR Operation	15	(921,641,135)	(80,525,652)	-	1,002,166,787	-	-	**-**
Other assets - real estate properties	15	(2,196,235)	-	-	-	2,196,235	-	**-**
Other assets - Other	15	(11,774,898)	(507,004)	-	-	-	(1,422,590)	**(13,704,492)**
Impairment on other assets, net of reversals and recoveries		**(936,668,313)**	**(81,032,656)**	**1,816,092**	**1,002,166,787**	**-**	**(1,422,590)**	**(15,140,680)**
Provisions for other risks and expenses	18	(5,120,163)	-	649,497	-	78,920	-	**(4,391,746)**
Provisions for guarantees and other commitments	18	(147,750)	-	135,678	-	-	(6,796)	**(18,868)**
Provisions net of cancellations		**(5,267,913)**	**-**	**785,175**	**-**	**78,920**	**(6,796)**	**(4,410,614)**

Values expressed in thousand Kz

Description	Notes	31/12/2021 (Restated)	Allocations	Reversals	Uses	Settlements	Foreign exchange change	31/12/2022 (Restated)
Cash and balances with central banks	4	(107,276)	-	107,276	-	-	-	-
Balances with other credit institutions	5	(31,707)	-	19,852	-	-	-	(11,855)
Investments at central banks and other credit institutions		(835,310)	-	835,310	-	-	-	-
Investments at amortised cost	8	(1,943,132)	-	1,549,917	-	(776,848)	155,441	(1,014,622)
Impairment on other financial assets, net of reversals and recoveries		**(2,917,425)**	**-**	**2,512,355**	**-**	**(776,848)**	**155,441**	**(1,026,477)**
Loans and advances to Customers	9	(148,661,533)	(20,047,913)	-	-	16,507,453	1,354,804	(164,326,477)
Stage 3 interest effect			(13,479,288)					
Impairment on loans and advances to Customers, net of reversals and recoveries		**(148,661,533)**	**(33,527,201)**	**-**	**-**	**16,507,453**	**1,354,804**	**(164,326,477)**
Other tangible assets	11	(609,504)	-	265,824	-		-	(343,680)
Investments in subsidiaries, associates and joint ventures	13	(712,365)	-	-	-	-	-	(712,365)
Other assets - INVESTPAR Operation	15	(999,819,035)	(4,954,278)	-	-	6,230,146	76,902,032	(921,641,135)
Other assets - real estate properties	15	(1,460,244)	(735,991)	-	-	-	-	(2,196,235)
Other assets - other	15	(12,093,174)	-	248,058	-	-	70,218	(11,774,898)
Impairment on other assets, net of reversals and recoveries		**(1,014,694,322)**	**(5,690,269)**	**513,882**	**-**	**6,230,146**	**76,972,250**	**(936,668,313)**
Provisions for other risks and expenses	18	(3,459,977)	(1,166,460)	-	-	(517,983)	24,257	(5,120,163)
Provisions for guarantees and other commitments	18	(268,486)	-	120,736	-	-	-	(147,750)
Provisions net of cancellations		**(3,728,463)**	**(1,166,460)**	**120,736**	**-**	**(517,983)**	**24,257**	**(5,267,913)**

Note 34
Earnings per share

Basic earnings per share correspond to the ratio between the consolidated net income attributable to the Bank's Shareholders and the average number of ordinary shares in circulation, and are detailed as follows:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Net income attributable to the Bank's Shareholders	**(297,876,551)**	**(38,016,296)**
Average number of ordinary shares issued	**282,812,500**	157,480,137
Average number of ordinary shares in circulation	**282,812,500**	157,480,137
Basic earnings per share attributable to the Bank's Shareholders (in kwanzas)	**(1,053,27)**	**(241,40)**

As at 31 December 2023 and 2022, diluted earnings per share are equal to basic earnings per share.

Note 35
Guarantees and other commitments

This heading has the following composition:

Values expressed in thousand Kz

Description	31/12/2023	31/12/2022 (Restated)
Irrevocable credit lines	**282,554,378**	217,627,119
Revocable commitments	**23,829,184**	17,527,320
Documentary credit	**13,813,410**	8,413,002
Other possible liabilities	**7,201,749**	7,201,749
Guarantees and sureties provided	**1,806,346**	1,988,465
Unused credit -– Financing	**1,688,671**	5,664,454
Total	**330,893,738**	**258,422,109**

Guarantees and other commitments correspond to off-balance sheet liabilities associated with loans and advances to Customers which do not result in the Bank's mobilisation of funds.

In October 2020, the Bank's core banking system migrated to a new version, which now supports the accounting of liabilities represented by the unused amounts of credit limits granted to Customers, since in the previous version of the respective core system the accounting of these liabilities was carried out manually.

However, there were some limitations arising from the migration of information, and it was found that, for the unused credit limits migrated to the new core system, these were not always being accounted for correctly, and that some of these limits were no longer in force at that time.

It has not been possible to correct the detected flaws up to the present date, with the review of all credit ceilings currently being underway to strengthen data reliability.

Commitments to third parties (revocable and irrevocable) are contractual agreements to grant loans to the Bank's Customers (for example, unused credit lines), which, in general, are contracted for fixed periods of time or with other expiry requirements, and usually require the payment of a fee. Substantially all credit granting commitments in force require that Customers maintain certain requirements verified at the time they were contracted.

Notwithstanding the particularities of these commitments, the assessment of these operations obeys the same basic principles as any other commercial operation, namely the solvency of the Customer and of the underlying business. In addition, the Bank requires these operations to be duly collateralised when necessary. As it is expected that most of these operations will expire without being used, the indicated amounts might not represent future cash requirements.

Documentary credit represents irrevocable commitments by the Bank, on behalf of its Customers, to pay/order the payment of a specified amount to the supplier of a particular good or service, within a stipulated period, with the presentation of documents relating to the dispatch of the good or provision of the service. The condition of irrevocability consists of the fact that its cancellation or alteration is not feasible without the express agreement of all the parties involved.

Guarantees and sureties are banking operations that do not involve the Bank's mobilisation of funds, while documentary credits are irrevocable commitments by the Bank, on behalf of its Customers, to pay/order the payment of a specified amount to the supplier of a particular good or service, within a stipulated period, with the presentation of documents relating to the dispatch of the good or provision of the service. The condition of irrevocability consists of the fact that its cancellation or alteration is not feasible without the express agreement of all parties involved.

As at 31 December 2023 and 2022, the off-balance sheet liabilities related to loans to Customers considered in the calculation of provisions are detailed as follows:

Values expressed in thousand Kz

	31/12/2023					
	Individual analysis		Collective analysis		Total	
Description	Total exposure	Provision	Total exposure	Provision	Total exposure	Provision
Guarantees and sureties provided	-	-	1,688,671	(18,868)	1,688,671	(18,868)
Total	**-**	**-**	**1,688,671**	**(18,868)**	**1,688,671**	**(18,868)**

Values expressed in thousand Kz

	31/12/2022 (Restated)					
	Individual analysis		Collective analysis		Total	
Description	Total exposure	Provision	Total exposure	Provision	Total exposure	Provision
Guarantees and sureties provided	-	-	5,670,430	(144,854)	5,670,430	(144,854)
Documentary credit	-	-	287,694	(2,896)	287,694	(2,896)
Total	**-**	**-**	**5,958,124**	**(147,750)**	**5,958,124**	**(147,750)**

Values expressed in thousand Kz

	31/12/2023							
	Stage 1		Stage 2		Stage 3		Total	
Description	Exposure	Provision	Exposure	Provision	Exposure	Provision	Exposure	Provision
Guarantees and sureties provided	1,688,671	(18,868)	-	-	-	-	1,688,671	(18,868)
Total	**1,688,671**	**(18,868)**	**-**	**-**	**-**	**-**	**1,688,671**	**(18,868)**

Values expressed in thousand Kz

	31/12/2022 (Restated)							
	Stage 1		Stage 2		Stage 3		Total	
Description	Exposure	Provision	Exposure	Provision	Exposure	Provision	Exposure	Provision
Guarantees and sureties provided	5,670,430	(144,854)	-	-	-	-	5,670,430	(144,854)
Documentary credit	287,694	(2,896)	-	-	-	-	287,694	(2,896)
Total	**5,958,124**	**(147,750)**	**-**	**-**	**-**	**-**	**5,958,124**	**(147,750)**

Note 36
Balances and transactions with related parties

A related party is defined as:

a) A person or a close family member is related to a reporting entity if he or she has control or joint control of the reporting entity, has significant influence over the reporting entity or is a member of key management personnel of the reporting entity or of a parent company of that reporting entity;

b) An entity is related to a reporting entity if any of the following conditions are met:
(i) The entity and the reporting entity are members of the same group (which implies that parent, subsidiary and fellow subsidiaries are related to each other);
(ii) An entity is an associate or joint venture of the other entity (or is an associate or joint venture of a member of a group to which the other entity belongs);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity represents a joint venture of the third-party entity and the other entity is an associate of the third-party entity;
(v) The entity is a post-employment benefit plan in favour of Employees of the reporting entity or of an entity related to the reporting entity. If a reporting entity is itself such a plan, the sponsoring Employers are also related to the reporting entity;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

As at 31 December 2023 and 2022, the balances and transactions with associates are detailed as follows:

Values expressed in thousand Kz

	Associates
Description	Tranquilidade Angola
31 December 2023	
Assets	**(439)**
Liabilities	**(15,603,110)**
Income	**(856)**
Expenses	**1,597,754**
31 December 2022 (Restated)	
Assets	(1,853)
Liabilities	(15,544,122)
Income	(27,637)
Expenses	1,341,876
Guarantees provided	(3,575,949)

As at 31 December 2023 and 2022, the balances and transactions with related parties are detailed as follows:

Values expressed in thousand Kz

			Key management personnel		
31/12/2023	Económico FCR	Board of Directors	Other personnel and relatives	Subtotal	Total
Assets	**-**	**5,715**	**362,841**	**368,556**	**368,556**
Loans and advances to Customers	-	5,715	362,841	368,556	368,556
Liabilities	**(53,697,016)**	**(5,505)**	**(18,873,182)**	**(18,878,687)**	**(72,575,703)**
Customer resources and other loans	(53,697,016)	(5,505)	(18,873,182)	(18,878,686)	(72,575,702)
Income	**466**	**2,514**	**28,033**	**30,547**	**31,013**
Net interest income	-	2,514	27,813	30,327	30,327
Fees and commissions	466	-	220	220	686
Expenses	**(2,389,234)**	**(1,247)**	**(275,425)**	**(276,672)**	**(2,665,906)**
Net interest income	(2,389,234)	(1,247)	(275,425)	(276,672)	(2,665,906)

Values expressed in thousand Kz

			Key management personnel		
31/12/2022 (Restated)	Económico FCR	Board of Directors	Other personnel and relatives	Subtotal	Total
Assets	**-**	**32,466**	**239,358**	**271,824**	**271,824**
Loans and advances to Customers	-	32,466	239,358	271,824	271,824
Liabilities	**(53,357,497)**	**(631,292)**	**(34,958,910)**	**(35,590,202)**	**(88,947,699)**
Customer resources and other loans	(53,357,497)	(631,292)	(34,958,910)	(35,590,202)	(88,947,699)
Income	**1,374**	**3,422**	**20,689**	**24,111**	**25,485**
Net interest income	82	3,313	19,999	23,312	23,394
Fees and commissions	1,292	109	690	799	2,091
Expenses	**(4,467,242)**	**(5,164)**	**(914,558)**	**(919,722)**	**(5,386,964)**
Net interest income	(4,467,242)	(5,164)	(914,558)	(919,722)	(5,386,964)

As at 31 December 2023, in addition to the balances and transactions presented above, the Bank also recorded promissory purchase and sale agreements for real estate properties to related parties, with the agreed price having been Kz 8,433,116 thousand, and no derecognition of the properties having been made. The Board of Directors has implemented procedures aimed at ensuring that these transactions take place under market conditions (arm's length) by considering the selling price as the average value of the property valuation reports produced by independent experts.

As at 31 December 2023 and 2022, the expenses related to remuneration and other benefits attributed to the Bank's key management personnel (short and long-term) are detailed as follows:

Values expressed in thousand Kz

	Governing Bodies	Other key management personnel	Total
31 December 2023			
Remuneration and other short-term benefits	1,957,775	2,204,568	4,162,343
Variable remuneration	-	393,258	393,258
	1,957,775	**2,597,826**	**4,555,601**
Long-term benefits and other social charges	145,846	260,014	405,860
	2,103,621	**2,857,840**	**4,961,461**
31 December 2022 (Restated)			
Remuneration and other short-term benefits	3,224,928	3,226,603	6,451,531
Variable remuneration	2,508	528,874	531,382
	3,227,436	**3,755,477**	**6,982,913**
Long-term benefits and other social charges	260,383	376,863	637,246
	3,487,819	**4,132,340**	**7,620,159**

Other key management personnel" means the Coordinating Directors and the Executive Directors.

All transactions with related parties are carried out at normal market prices, in accordance with the principle of fair value.

Note 37
Fair value of financial assets and liabilities

The fair value is based on market quotations, whenever these are available.

In this context and with the market information available, the fair value obtained is influenced by the parameters used in the evaluation model, which necessarily incorporate some degree of subjectivity, and exclusively reflect the value attributed to the different financial instruments.

As at 31 December 2023 and 2022, the carrying amount of the financial instruments is detailed as follows:

Values expressed in thousand Kz

31/12/2023	Measured at fair value	Measured at amortised cost	Measured at historical cost	Impairment losses	Net value
Cash and balances with central banks	-	70,432,912	-	-	70,432,912
Balances with other credit institutions	-	8,814,005	-	(401)	8,813,604
Financial assets at fair value through other comprehensive income	51,714,396	-	160,930	-	51,875,326
Investments at amortised cost	-	59,060,522	-	(883,089)	58,177,433
Loans and advances to Customers	25,732,553	239,956,774	-	(193,027,964)	72,661,363
Investments in subsidiaries, associates and joint ventures	-	2,280,059	-	-	2,280,059
Other assets	-	295,322,674	-	(13,704,492)	281,618,182
Assets	**77,446,949**	**675,866,946**	**160,930**	**(207,615,946)**	**545,858,879**
Resources from central banks and other credit institutions	-	(272,992,129)	-	-	(272,992,129)
Customer resources and other loans	-	(1,003,458,207)	-	-	(1,003,458,207)
Other liabilities	-	(68,983,175)	-	-	(68,983,175)
Liabilities	**-**	**(1,345,433,511)**	**-**	**-**	**(1,345,433,511)**
Net Assets/(Liabilities)	**77,446,949**	**(669,566,565)**	**160,930**	**(207,615,946)**	**(799,574,632)**

Values expressed in thousand Kz

31/12/2022 (Restated)	Measured at fair value	Measured at amortised cost	Measured at historical cost	Impairment losses	Net value
Cash and balances with central banks	-	44,754,425	-	-	44,754,425
Balances with other credit institutions	-	28,719,451	-	(11,855)	28,707,596
Financial assets at fair value through profit or loss	637,328	-	-	-	637,328
Financial assets at fair value through other comprehensive income	-	-	150,188	-	150,188
Investments at amortised cost	-	70,270,661	-	(1,014,622)	69,256,039
Loans and advances to Customers	-	227,632,232	-	(164,326,477)	63,305,755
Investments in subsidiaries, associates and joint ventures	-	712,365	-	(712,365)	-
Other assets	-	1,492,139,862	-	(933,416,033)	558,723,829
Assets	**637,328**	**1,864,228,996**	**150,188**	**(1,099,481,352)**	**765,535,160**
Resources from central banks and other credit institutions	-	(261,926,159)	-	-	(261,926,159)
Customer resources and other loans	-	(774,716,582)	-	-	(774,716,582)
Subordinated liabilities	-	(32,613,458)	-	-	(32,613,458)
Other liabilities	-	(104,872,652)	-	-	(104,872,652)
Liabilities	**-**	**(1,174,128,851)**	**-**	**-**	**(1,174,128,851)**
Net Assets/(Liabilities)	**637,328**	**690,100,145**	**150,188**	**(1,099,481,352)**	**(408,593,691)**

As at 31 December 2023 and 2022, there are no offset financial instruments or financial instruments that are not offset, but related.

As at 31 December 2023 and 2022, there was no reclassification of financial assets.

As at 31 December 2023 and 2022, there was no reclassification of derivative financial instruments.

The Bank uses the following three-level fair value hierarchy in the valuation of financial instruments (assets or liabilities), which reflects the level of judgement, the observation of the data used and the importance of the parameters used when assessing the fair value of instruments, in accordance with IFRS 13:

Level 1: Fair value is determined based on non-adjusted quoted prices observed in transactions in active markets involving financial instruments identical to those being valued. If there is more than one active market for the same financial instrument, the relevant price prevails in the instrument's main market, or the most advantageous market to which there is access.

Level 2: Fair value is determined using valuation techniques based on observable data in active markets. These may be direct data (prices, rates, spreads, among other information) or indirect data (derivatives), and valuation assumptions similar to those that an unrelated party would use to estimate the fair value of the same financial instrument. It also includes instruments whose valuation is obtained from prices disclosed by independent entities with less liquid markets; and

Level 3: Fair value is determined based on data not observable in active markets, using techniques and assumptions that market participants would use to value the same instruments, including hypotheses on the inherent risks, the valuation technique used, the inputs used, and considered processes to review the accuracy of the values thus obtained.

The Bank considers an active market for a given financial instrument, on the measurement date, depending on the volume of business and the liquidity of the operations carried out, the relative volatility of the prices quoted and the readiness and availability of information, and to this end it must fulfil the following minimum conditions:

a) There have been frequent daily trading prices in the past year;

b) The aforementioned prices change regularly; and

c) There are executable prices from more than one entity.

A parameter used in a valuation technique is considered observable data on the market if the following conditions are met:

a) If its value is determined on an active market;

b) There is an over-the-counter (OTC) market and it is reasonable to assume that it meets active market conditions, with the exception of the trading volume condition; and

c) The parameter value can be obtained by the reverse calculation of the prices of the financial instruments and/or derivatives where the remaining parameters necessary for the initial valuation are observable in a liquid market or in an OTC market that complies with the previous paragraphs.

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

Values expressed in thousand Kz

	Amortised cost/ acquisition cost	Measured at fair value: Quoted market prices (Level 1)	Measured at fair value: Valuation models with observable parameters in the market (Level 2)	Measured at fair value: Valuation models with non-observable parameters in the market (Level 3)	Carrying amount	Fair value	Fair value difference
31 December 2023							
Cash and balances with central banks	70,432,912	-	-	-	70,432,912	70,432,912	-
Balances with other credit institutions	8,813,604	-	-	-	8,813,604	8,813,604	-
Financial assets at fair value through other comprehensive income	160,930	-	51,714,396	-	51,875,326	51,875,326	-
Investments at amortised cost	58,177,433	-	-	-	58,177,433	58,177,433	-
Loans and advances to Customers	46,928,810	-	-	25,732,553	72,661,363	72,661,363	-
Other assets	281,618,182	-	-	-	281,618,182	281,618,182	-
Assets	**466,131,871**	**-**	**51,714,396**	**25,732,553**	**543,578,820**	**543,578,820**	**-**
Resources from central banks and other credit institutions	(272,992,129)	-	-	-	(272,992,129)	(272,992,129)	-
Customer resources and other loans	(1,003,458,207)	-	-	-	(1,003,458,207)	(1,003,458,207)	-
Other liabilities	(68,983,175)	-	-	-	(68,983,175)	(68,983,175)	-
Liabilities	**(1,345,433,511)**	**-**	**-**	**-**	**(1,345,433,511)**	**(1,345,433,511)**	**-**
Net Assets/(Liabilities)	**(879,301,640)**	**-**	**51,714,396**	**25,732,553**	**(801,854,691)**	**(801,854,691)**	**-**

Values expressed in thousand Kz

	Amortised cost/ acquisition cost	Measured at fair value			Carrying amount	Fair value	Fair value difference
		Quoted market prices (Level 1)	Valuation models with observable parameters in the market (Level 2)	Valuation models with non-observable parameters in the market (Level 3)			
31 December 2022 (Restated)							
Cash and balances with central banks	44,754,425	-	-	-	44,754,425	44,754,425	-
Balances with other credit institutions	28,707,596	-	-	-	28,707,596	28,707,596	-
Financial assets at fair value through profit or loss	-	-	637,328	-	637,328	637,328	-
Financial assets at fair value through other comprehensive income	150,188	-	-	-	150,188	150,188	-
Investments at amortised cost	69,256,039	-	-	-	69,256,039	69,256,039	-
Loans and advances to Customers	63,305,755	-	-	-	63,305,755	63,305,755	-
Other assets	558,723,829	-	-	-	558,723,829	558,723,829	-
Assets	**764,897,832**	**-**	**637,328**	**-**	**765,535,160**	**765,535,160**	**-**
Resources from central banks and other credit institutions	(261,926,159)	-	-	-	(261,926,159)	(261,926,159)	
Customer resources and other loans	(774,716,582)	-	-	-	(774,716,582)	(774,716,582)	-
Subordinated liabilities	(32,613,458)	-	-	-	(32,613,458)	(32,613,458)	-
Other liabilities	(104,872,652)	-	-	-	(104,872,652)	(104,872,652)	-
Liabilities	**(1,174,128,851)**	**-**	**-**	**-**	**(1,174,128,851)**	**(1,174,128,851)**	**-**
Net Assets/(Liabilities)	**(409,231,019)**	**-**	**637,328**	**-**	**(408,593,691)**	**(408,593,691)**	**-**

The main methodologies and assumptions used to estimate the fair value of financial assets and liabilities recorded in the statement of financial position at amortised cost are analysed as follows:

Cash and balances with central banks, balances with other credit institutions, and investments at central banks and other credit institutions
These are very short-term assets and, therefore, the carrying amount is a reasonable estimate of their fair value.

Financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income
These financial instruments are recognised at fair value. The fair value is based on market quotations (Bid-price) whenever these are available. If not available, fair value is determined through numerical models based on discounted cash flow techniques, using market interest rate curves adjusted by associated factors, mainly credit risk and liquidity risk, determined according to market conditions and terms.

Market interest rates are calculated based on information disseminated by financial content providers (Reuters, Bloomberg or others), specifically those resulting from interest rate swaps quotations. The values regarding very short-term rates are obtained from a similar source, but referring to the interbank money market. The interest rates for the specific maturities of the cash flows are determined by suitable interpolation methods. The same interest rate curves are also used in the projection of non-deterministic cash flows such as indexing factors.

Investments at amortised cost
The Bank's investment portfolio at amortised cost includes a set of bonds in domestic and foreign currency that represent a significant value of its investments, aimed at capturing financial flows in the medium and long-term. However, for almost all the securities held in its portfolio, the Bank has not identified an active market that would allow it to determine their fair value, and considers the fair value to be equal to the value of the statement of financial position.

Loans and advances to Customers
The Bank considers that the fair value of the loans and advances to Customers is equal to the value of the statement of financial position, considering that there are no new transactions and the particularity of the Bank's business. As shown in Note 9, a significant part of the portfolio is past due or refers to restructuring; therefore, the fair value effect would not be significant.

Resources from central banks and other credit institutions
The fair value of these liabilities is estimated based on the updates of expected cash flows from payment of the principal and interest, assuming that the instalments are paid on the contractually defined dates.

Considering that the applicable interest rates are renewed for periods of less than one year, and the maturities of these deposits, there are no materially relevant differences in fair value.

Customer resources and other loans
The fair value of these financial instruments is estimated based on the discounted expected cash flows of capital and interest. The discount rate used is the rate that reflects the rates practised for deposits with similar characteristics at the statement of financial position date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

Liabilities represented by subordinated securities and liabilities
Fair value is based on listed market prices when available. If these are not available, the calculation of fair value is based on the use of numerical models, based on discounted cash flow techniques which, in order to estimate fair value, use market interest rate curves adjusted for associated factors, mainly credit risk and trading margin, the latter only in the case of issues placed with the Bank's non-institutional Customers.

Note 38
Business risk management

The Bank is subject to various types of risk in the course of its business. Risk management is centralised in relation to the specific risks of each business.

The Bank's risk management policy aims to regularly maintain the adequacy of its equity to the activity carried out, as well as the corresponding assessment of the risk/return profile by business segment.

In this context, monitoring and controlling the main types of risk – strategic, credit, market, liquidity, property, operational and reputational – to which the Bank's activity is subjected is of particular importance.

i. Main risk categories

Strategic – The key factors of the strategy include outlining business growth areas, profitability goals, liquidity and capital management. The Bank's strategy is defined by the Executive Committee. "Strategic risk" means the risk of a current or potential impact on the Bank's earnings, capital, reputation or survival capacity as a result of changes in the environment, adverse strategic decisions, inadequate implementation of decisions or the inability to respond to social, economic or technological changes.

Credit – Credit risk is associated with the degree of uncertainty of recovering an investment and its respective return due to incapacity of the debtor (and their guarantor, if any), thereby causing a financial loss to the creditor. Credit risk occurs in debt securities or other receivables.

Market – The concept of market risk reflects the potential loss that can be registered by a certain portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the different financial instruments that comprise it, considering both the correlations that exist between them and their respective volatilities. Thus, market risk includes interest rate risk, exchange rate risk and other price risks.

Liquidity – Liquidity risk reflects the Bank's inability to fulfil its obligations associated with financial liabilities on each due date without incurring significant losses arising from a deterioration in conditions of access to financing (financing risk) and/or the sale of its assets at lower-than-market prices (market liquidity risk).

Property – Property risk is borne as a result of possible negative impacts on the Bank's profit or equity due to fluctuations in real estate market prices.

Operational – Operational risk is the potential loss resulting from flaws or shortcomings in internal processes, people and systems or those resulting from external events.

Reputational – Reputation plays an important role in the sustainability of any bank. Reputational risk management is, essentially, a way to protect the Bank from potential threats to its reputation and serves to warn of a possible crisis that could affect people's perception of the Bank and their expectations.

ii. Internal organisation

In accordance with the regulatory framework set forth by Banco Nacional de Angola, Banco Económico has implemented a risk management system with integrated policies and processes, including procedures, thresholds, controls and systems to identify, assess and monitor information on different types of risks.

The Risk Department coordinates and provides supervises risk management policies and risk governance practices, and designs tools and models for risk management and portfolio analysis. The Risk Department's remit, therefore, includes different risk areas, such as: strategic risk, reputational risk, concentration risk and capital management.

It is incumbent upon the Risk Department to assist the Executive Committee with risk management policies and practices, by managing and monitoring said risks, and coordinating all risk management activities.

iii. Risk assessment

Credit Risk

Credit risk models play an essential role in the loan decision process. Thus, decision-making in loan portfolio transactions is based on policies that use scoring models for private and business Customers, and ratings for the corporate segment.

Loan decisions depend on risk scores and compliance with various rules on the financial capacity and behaviour of the applicants. There are scoring models for the main loan portfolios of private Customers, namely home loans and personal loans, considering the required segmentation between Customers and non-Customers (or recent Customers).

The Bank uses internal rating models for medium-sized and large enterprises for loans to companies, distinguishing the construction and the tertiary sector from the other business sectors. A business credit scoring model is used for sole proprietorships (ENI) and micro-enterprises.

As at 31 December 2023 and 2022, the exposure to credit risk is detailed as follows:

Values expressed in thousand Kz

	31/12/2023		
	Gross carrying amount	Impairment	Net carrying amount
Cash and balances with central banks	70,432,912	-	70,432,912
Balances with other credit institutions	8,814,005	(401)	8,813,604
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	51,875,326	-	51,875,326
Investments at amortised cost	59,060,522	(883,089)	58,177,433
Loans and advances to Customers	265,689,327	(193,027,964)	72,661,363
Investments in subsidiaries, associates and joint ventures	2,280,059	-	2,280,059
Other assets	295,322,674	(13,704,492)	281,618,182
On-balance Sheet	**753,474,825**	**(207,615,946)**	**545,858,879**
Guarantees and sureties provided	1,688,671	(18,868)	1,669,803
Documentary credit	-	-	-
Off-balance Sheet	**1,688,671**	**(18,868)**	**1,669,803**
Total	**755,163,496**	**(207,634,814)**	**547,528,682**

Values expressed in thousand Kz

	31/12/2022 (Restated)		
	Gross carrying amount	Impairment	Net carrying amount
Cash and balances with central banks	44,754,425	-	44,754,425
Balances with other credit institutions	28,719,451	(11,855)	28,707,596
Financial assets at fair value through profit or loss	637,328	-	637,328
Financial assets at fair value through other comprehensive income	150,188	-	150,188
Investments at amortised cost	70,270,661	(1,014,622)	69,256,039
Loans and advances to Customers	227,632,232	(164,326,477)	63,305,755
Investments in subsidiaries, associates and joint ventures	712,365	(712,365)	-
Other assets	1,492,139,862	(933,416,033)	558,723,829
On-balance Sheet	**1,865,016,512**	**(1,099,481,352)**	**765,535,160**
Guarantees and sureties provided	5,670,430	(144,854)	5,525,576
Documentary credit	287,694	(2,896)	284,798
Off-balance Sheet	**5,958,124**	**(147,750)**	**5,810,374**
Total	**1,870,974,636**	**(1,099,629,102)**	**771,345,534**

The amount indicated for guarantees and sureties provided and documentary credit is the contracted amount without applying conversion factors to balance sheet exposure.

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

Values expressed in thousand Kz

	Rating origin	Rating level	31/12/2023		
			Gross exposure	Impairment	Net exposure
Cash and balances with central banks	External rating	B-	2,827,769	-	2,827,769
		No Rating	67,605,143	-	67,605,143
Balances with other credit institutions	External rating	AA-	5,718	-	5,718
		A-	4,824,527	(122)	4,824,405
		BBB+	3,175,805	(270)	3,175,535
		BB	12,298	(5)	12,293
		B-	2,785	(4)	2,781
		No Rating	792,872	-	792,872
Financial assets at fair value through other comprehensive income	External rating		51,714,396	-	51,714,396
		No Rating	160,930	-	160,930
Investments at amortised cost	External rating	B-	59,060,522	(883,089)	58,177,433
Loans and advances to Customers	External rating	Low	153,436,147	(129,579,252)	23,856,895
		Medium	6,492,127	(970,056)	5,522,071
		High	105,761,053	(62,478,656)	43,282,397
Investments in subsidiaries, associates and joint	External rating	No Rating	2,280,059	-	2,280,059
Other assets	External rating	AA-	2,165,659		2,165,659
		B-	9,547,689	(7,726,495)	1,821,194
		No Rating	283,609,326	(5,977,997)	277,631,329
Total			**753,474,825**	**(207,615,946)**	**545,858,879**

Values expressed in thousand Kz

	Rating origin	Rating level	31/12/2022 (Restated)		
			Gross exposure	Impairment	Net exposure
Cash and balances with central banks	External rating	B-	44,754,425	-	44,754,425
Balances with other credit institutions	External rating	AAA	9,449	-	9,449
		AA+	45,063	-	45,063
		A+	41	-	41
		B+	133,521	(215)	133,306
		BBB+	607,938	(46)	607,892
		B-	30,829	-	30,829
		BB+	27,892,609	(11,593)	27,881,016
Financial assets at fair value through profit or loss	External rating	B-	637,328	-	637,328
Financial assets at fair value through other comprehensive income	External rating	No Rating	150,188	-	150,188
Investments at amortised cost	External rating	B-	70,270,661	(1,014,622)	69,256,039
Loans and advances to Customers	External rating	Low	151,046,556	(110,646,776)	40,399,780
		Medium	3,750,103	(1,643,424)	2,106,679
		High	72,835,573	(52,036,277)	20,799,296
Investments in subsidiaries, associates and joint ventures	External rating	No Rating	712,365	(712,365)	-
Other assets	External rating	B-	1,453,449,000	(921,641,135)	531,807,865
		No Rating	38,690,863	(11,774,899)	26,915,964
Total			**1,865,016,512**	**(1,099,481,352)**	**765,535,160**

The risk levels were attributed primarily using Moody's and Fitch, which considered a B3 (Moody's) or B– (Fitch) rating for Angola at the end of 2023, with the remaining agencies being used when necessary. In addition, the nomenclature previously adopted by Banco Nacional de Angola's risk levels is used for internal rating, as follows: Low (letters A and B), Medium (letters C, D and E), High (letters F and G).

Internally, the rating was calculated based on the Bank's internal model.

As at 31 December 2023 and 2022, the loans and advances by activity sector is detailed as follows:

Values expressed in thousand Kz

	31/12/2023						
	Loans and advances to Customers		Guarantees provided	Total exposure	Relative weight	Impairment	
	Outstanding	Overdue				Value	Impairment/Total exposure
Agriculture, livestock, hunting and forestry	134,297,893	3,052,916	-	137,350,809	51.70%	(127,369,172)	92.73%
Other collective service activities	1,776,811	41,357,911	751,339	43,886,061	16.24%	(12,057,973)	27.48%
Wholesale and retail trade | repair	6,112,280	34,495,913	112,225	40,720,418	15.28%	(28,092,948)	68.99%
Accommodation and catering (restaurants and similar)	28,491	7,407,081	-	7,435,572	2.80%	(3,991,563)	53.68%
Construction	118	3,442,590	825,107	4,267,815	1.30%	(828,669)	19.42%
Financial activities	386	2,990,433	-	2,990,819	1.13%	(2,515,851)	84.12%
Food and beverage industries	2,321,826	2,682	-	2,324,508	0.87%	(365,049)	15.70%
Transport, storage and communications	-	1,181,828	-	1,181,828	0.44%	(819,382)	69.33%
Real estate activities, hire and rental, and services	-	908,719	-	908,719	0.34%	-	0.00%
Public administration, defence and security	9,334	266,187	-	275,521	0.10%	(124,180)	45.07%
Education	910	6,426	-	7,336	0.00%	(4,323)	58.93%
Other	256,369	2,507,624	-	2,763,993	1.04%	(159,926)	5.79%
Corporate Customers	**144,804,418**	**97,620,310**	**1,688,671**	**244,113,399**	**91.24%**	**(176,329,036)**	**72.23%**
Mortgage	4,594,980	4,073,545	-	8,668,525	3.26%	(3,735,918)	43.10%
Consumer	256,781	213,797	-	470,578	0.18%	(178,372)	37.90%
Other	1,183,421	12,942,075	-	14,125,496	5.32%	(12,784,638)	90.51%
Individual Customers	**6,035,182**	**17,229,417**	**-**	**23,264,599**	**8.76%**	**(16,698,928)**	**71.78%**
Total	**150,839,600**	**114,849,727**	**1,688,671**	**267,377,998**		**(193,027,964)**	**72.19%**

Values expressed in thousand Kz

	31/12/2022 (Restated)						
	Loans and advances to Customers		Guarantees provided	Total exposure	Relative weight	Impairment	
	Outstanding	Overdue				Value	Impairment/Total exposure
Agriculture, livestock, hunting and forestry	123,774,302	1,150,911	-	124,925,213	53.48%	(103,844,882)	83.13%
Wholesale and retail trade | repair	18,556,793	9,289,103	243,016	28,088,912	12.02%	(24,527,329)	87.32%
Real estate activities, hire and rental, and services	13,880,548	4,064,285	-	17,944,833	7.68%	(7,867,776)	43.84%
Fishing	6,710,994	340	-	6,711,334	2.87%	(1,642,873)	24.48%
Financial activities	4,491,173	5,717	-	4,496,890	1.93%	-	0.00%
Other collective service activities	2,744,162	1,663,359	4,788,659	9,196,180	3.94%	(2,667,667)	29.01%
Food and beverage industries	2,635,069	22	-	2,635,091	1.13%	(505,107)	19.17%
Public administration, defence and security	2,504,430	770,503	-	3,274,933	1.40%	(2,706,243)	82.64%
Accommodation and catering (restaurants and similar)	2,375,971	7,399,554	-	9,775,525	4.18%	(6,090,360)	62.30%
Construction	1,587,131	985,867	824,542	3,397,540	1.45%	(1,581,340)	46.54%
Education	1,500,117	1,390	-	1,501,507	0.64%	(436,322)	29.06%
Transport, storage and communications	710,854	772,408	101,907	1,585,169	0.68%	(834,024)	52.61%
Other	771,787	969,264	-	1,741,051	0.75%	(209,008)	12.00%
Corporate Customers	**182,243,331**	**27,072,723**	**5,958,124**	**215,274,178**	**92.16%**	**(152,912,931)**	**71.03%**
Mortgage	7,736,765	713,661	-	8,450,426	3.62%	(2,967,169)	35.11%
Consumer	839,086	91,721	-	930,807	0.40%	(197,529)	21.22%
Other	3,283,934	5,651,011	-	8,934,945	3.83%	(8,248,848)	92.32%
Individual Customers	**11,859,785**	**6,456,393**	**-**	**18,316,178**	**7.84%**	**(11,413,546)**	**62.31%**
Total	**194,103,116**	**33,529,116**	**5,958,124**	**233,590,356**		**(164,326,477)**	**70.35%**

As at 31 December 2023 and 2022, the geographic concentration of credit risk and liabilities is detailed as follows:

Values expressed in thousand Kz

	31/12/2023				
	Geographic area				
	Angola	Other African countries	Europa	Other	Total
Cash and balances with central banks	70,432,912	-	-	-	70,432,912
Balances with other credit institutions	30,504	33,642	8,749,390	68	8,813,604
Financial assets at fair value through other comprehensive income	51,875,326	-	-	-	51,875,326
Investments at amortised cost	58,177,433	-	-	-	58,177,433
Loans and advances to Customers	72,661,363	-	-	-	72,661,363
Investments in subsidiaries, associates and joint ventures	2,280,059	-	-	-	2,280,059
Other assets	281,618,182	-	-	-	281,618,182
Assets	**537,075,779**	**33,642**	**8,749,390**	**68**	**545,858,879**
Resources from central banks and other credit institutions	(272,992,129)	-	-	-	(272,992,129)
Customer resources and other loans	(1,003,458,207)	-	-	-	(1,003,458,207)
Other liabilities	(68,983,175)	-	-	-	(68,983,175)
Liabilities	**(1,345,433,511)**	**-**	**-**	**-**	**(1,345,433,511)**
Net Assets/(Liabilities)	**(808,357,732)**	**33,642**	**8,749,390**	**68**	**(799,574,632)**

Values expressed in thousand Kz

	31/12/2022 (Restated)				
	Geographic area				
	Angola	Other African countries	Europa	Other	Total
Cash and balances with central banks	44,754,425	-	-	-	44,754,425
Balances with other credit institutions	30,840	172,256	28,504,459	41	28,707,596
Financial assets at fair value through profit or loss	637,328	-	-	-	637,328
Financial assets at fair value through other comprehensive income	150,188	-	-	-	150,188
Investments at amortised cost	69,256,039	-	-	-	69,256,039
Loans and advances to Customers	63,305,755	-	-	-	63,305,755
Other assets	558,723,829	-	-	-	558,723,829
Assets	**736,858,404**	**172,256**	**28,504,459**	**41**	**765,535,160**
Resources from central banks and other credit institutions	(261,926,159)	-	-	-	(261,926,159)
Customer resources and other loans	(774,716,582)	-	-	-	(774,716,582)
Subordinated liabilities	-	-	(32,613,458)	-	(32,613,458)
Other liabilities	(104,872,652)	-	-	-	(104,872,652)
Liabilities	**(1,141,515,393)**	**-**	**(32,613,458)**	**-**	**(1,174,128,851)**
Net Assets/(Liabilities)	**(404,656,989)**	**172,256**	**(4,108,999)**	**41**	**(408,593,691)**

Mortgage guarantees and financial collateral, enabling a direct reduction in the value of the position, are relevant for the purpose of reducing credit risk. Personal protection guarantees with substitution effect on the exposure are also considered.

In terms of direct reduction, credit operations collateralised by financial guarantees are included, namely deposits, Angolan government bonds, among other similar operations.

Asset valuation of real mortgage guarantees is carried out by independent experts or by an in-house team with no connection to the commercial department. Revaluation of the assets is carried out on-site by a technical appraiser, in accordance with best market practices.

The Bank's policy is to regularly assess whether there is any objective evidence of impairment in its loan portfolio, as described in Note 2.5.

Market Risk

The Bank's market risk management policy is in line with best risk management practices. In this context, the Bank strictly complies with Banco Nacional de Angola's legislation on risk, including its Notice 08/2021 of 5 July on the prudential rules of the Angolan financial system.

Regarding information and market risk analysis, regular reporting is conducted on the financial asset portfolios. In terms of the Bank's own portfolio, several risk limits have been defined, including exposure limits by Issuer/Counterparty and credit quality level (rating).

The assessment of interest rate risk arising from banking book operations is performed through risk sensitivity analysis.

Based on the financial characteristics of each contract, expected cash flows are projected in accordance with the interest rate reset dates and any performance assumptions.

Aggregation of expected cash flows, for each of the currencies analysed, at each of the time intervals allows interest rate gaps to be determined per reset date.

Following the recommendations of Banco Nacional de Angola Instruction No. 22/2021 of 27 October, to calculate the exposure to interest rate risk in the statement of financial position, the Bank's assets and liabilities were broken down by type of rate (fixed and variable) and by refixing (or repricing) terms or times.

As at 31 December 2023 and 2022, the financial instruments by exposure to interest rate risk are detailed as follows:

Values expressed in thousand Kz

	31/12/2023				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Cash and balances with central banks	-	-	70,432,912	-	70,432,912
Balances with other credit institutions	-	-	8,813,604	-	8,813,604
Financial assets at fair value through other comprehensive income	51,714,396	-	160,930	-	51,875,326
Investments at amortised cost	58,177,433	-	-	-	58,177,433
Loans and advances to Customers	57,491,070	15,170,293	-	-	72,661,363
Investments in subsidiaries, associates and joint ventures	-	-	2,280,059	-	2,280,059
Other assets	-	-	281,618,182	-	281,618,182
Assets	**167,382,899**	**15,170,293**	**363,305,687**	**-**	**545,858,879**
Resources from central banks and other credit institutions	(15,969,831)	-	(257,022,298)	-	(272,992,129)
Customer resources and other loans	(264,568,592)	-	(738,889,615)	-	(1,003,458,207)
Other liabilities	-	-	(68,983,175)	-	(68,983,175)
Liabilities	**(280,538,423)**	**-**	**(1,064,895,088)**	**-**	**(1,345,433,511)**
Net Assets/(Liabilities)	**(113,155,524)**	**15,170,293**	**(701,589,401)**	**-**	**(799,574,632)**

Values expressed in thousand Kz

	31/12/2022 (Restated)				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Cash and balances with central banks	-	-	44,754,425	-	44,754,425
Balances with other credit institutions	-	-	28,707,596	-	28,707,596
Financial assets at fair value through profit or loss	637,328	-	-	-	637,328
Financial assets at fair value through other comprehensive income	-	-	150,188	-	150,188
Investments at amortised cost	69,256,039	-	-	-	69,256,039
Loans and advances to Customers	52,387,580	10,918,175	-	-	63,305,755
Other assets	531,801,865	-	26,921,964	-	558,723,829
Assets	**654,082,812**	**10,918,175**	**100,534,173**	**-**	**765,535,160**
Resources from central banks and other credit institutions	(4,004,227)	-	(257,921,932)	-	(261,926,159)
Customer resources and other loans	(456,549,542)	-	(318,167,040)	-	(774,716,582)
Subordinated liabilities	(32,613,458)	-	-	-	(32,613,458)
Other liabilities	(83,268,230)	-	(21,604,422)	-	(104,872,652)
Liabilities	**(576,435,457)**	**-**	**(597,693,394)**	**-**	**(1,174,128,851)**
Net Assets/(Liabilities)	**77,647,355**	**10,918,175**	**(497,159,221)**	**-**	**(408,593,691)**

As at 31 December 2023 and 2022, the financial instruments according to their maturity or repricing date are detailed as follows:

Values expressed in thousand Kz

	31/12/2023								
	Interest-fixing dates/Maturity dates								
	Up to one month	One to three months	Three to six months	Six months to one year	One to three years	Three to five years	More than five years	Indeterminate	Total
Financial assets at fair value through other comprehensive income	-	-	-	291,362	33,282,204	-	18,140,830	-	51,714,396
Investments at amortised cost	-	-	-	150,000	57,846,301	-	181,132	-	58,177,433
Loans and advances to Customers	39,905	93,112	99,870	149,804	3,032,104	1,299,473	56,379,727	11,567,368	72,661,363
Assets	**39,905**	**93,112**	**99,870**	**591,166**	**94,160,609**	**1,299,473**	**74,701,689**	**11,567,368**	**182,553,192**
Resources from central banks and other credit institutions	(15,969,831)	-	-	-	-	-	-	-	(15,969,831)
Customer resources and other loans	(20,519,879)	(48,210,045)	(55,263,173)	(134,405,987)	(5,985,966)	(178,542)	(5,000)	-	(264,568,592)
Liabilities	**(36,489,710)**	**(48,210,045)**	**(55,263,173)**	**(134,405,987)**	**(5,985,966)**	**(178,542)**	**(5,000)**	**-**	**(280,538,423)**
Net Assets/(Liabilities)	**36,529,615**	**48,303,157**	**55,363,043**	**134,997,153**	**100,146,575**	**1,478,015**	**74,706,689**	**11,567,368**	**463,091,615**

Values expressed in thousand Kz

	31/12/2022 (Restated)								
	Interest-fixing dates/Maturity dates								
	Up to one month	One to three months	Three to six months	Six months to one year	One to three years	Three to five years	More than five years	Indeterminate	Total
Financial assets at fair value through profit or loss	-	-	-	637,328	-	-	-	-	637,328
Investments at amortised cost	-	-	-	52,454,331	-	-	16,801,708	-	69,256,039
Loans and advances to Customers	-	-	-	74,286	2,245,046	1,366,974	29,339,168	30,280,281	63,305,755
Other assets	-	-	-	-	-	-	-	531,801,865	531,801,865
Assets	**-**	**-**	**-**	**53,165,945**	**2,245,046**	**1,366,974**	**46,140,876**	**562,082,146**	**665,000,987**
Resources from central banks and other credit institutions	(4,004,227)	-	-	-	-	-	-	-	(4,004,227)
Customer resources and other loans	(73,271,896)	(126,484,866)	(103,006,069)	(143,136,899)	(10,305,270)	(337,897)	(6,645)	-	(456,549,542)
Subordinated liabilities	-	-	-	(32,613,458)	-	-	-	-	(32,613,458)
Other liabilities	-	-	-	-	-	-	-	(83,268,230)	(83,268,230)
Liabilities	**(77,276,123)**	**(126,484,866)**	**(103,006,069)**	**(175,750,357)**	**(10,305,270)**	**(337,897)**	**(6,645)**	**(83,268,230)**	**(576,435,457)**
Net Assets/(Liabilities)	**77,276,123**	**126,484,866**	**103,006,069**	**228,916,302**	**12,550,316**	**1,704,871**	**46,147,521**	**645,350,376**	**1,241,436,444**

The statement of financial position's sensitivity to interest rate risk is calculated based on the difference between the current mismatch of interest rates discounted at market interest rates and the amount discounted from the same cash flows simulating parallel movements of the market interest rate curve.

As at 31 December 2023 and 2022, the sensitivity analysis of the value of the financial instruments to interest rate variations is detailed as follows:

Values expressed in thousand Kz

	31/12/2023					
	Interest rate change					
	-200 b.p.	-100 b.p.	-50 b.p.	+50 b.p.	+100 b.p.	+200 b.p.
Financial assets at fair value through profit or loss	(351,727)	(175,864)	(87,932)	87,932	175,864	351,727
Financial assets at fair value through other comprehensive income	(4,188)	(2,094)	(1,047)	1,047	2,094	4,188
Investments at amortised cost	(17,655,755)	(8,827,877)	(4,413,939)	4,413,939	8,827,877	17,655,755
Loans and advances to Customers	(2,874,197)	(1,437,098)	(718,549)	718,549	1,437,098	2,874,197
Other assets	(4,046,951)	(2,023,476)	(1,011,738)	1,011,738	2,023,476	4,046,951
Assets	**(24,932,818)**	**(12,466,409)**	**(6,233,205)**	**6,233,205**	**12,466,409**	**24,932,818**
Resources from central banks and other credit institutions	(843,634)	(421,817)	(210,909)	210,909	421,817	843,634
Customer resources and other loans	(2,763,576)	(1,381,788)	(690,894)	690,894	1,381,788	2,763,576
Other liabilities	(1,639,940)	(819,970)	(409,985)	409,984	819,970	1,639,940
Liabilities	**(5,247,150)**	**(2,623,575)**	**(1,311,788)**	**1,311,787**	**2,623,575**	**5,247,150**
Net impact	**(19,685,668)**	**(9,842,834)**	**(4,921,417)**	**4,921,418**	**9,842,834**	**19,685,668**

Values expressed in thousand Kz

	31/12/2022 (Restated)					
	Interest rate change					
	-200 b.p.	-100 b.p.	-50 b.p.	+50 b.p.	+100 b.p.	+200 b.p.
Financial assets at fair value through profit or loss	(39,375)	(4,556)	(2,278)	2,278	4,556	39,375
Financial assets at fair value through other comprehensive income	(3,294)	(1,647)	(824)	824	1,647	3,294
Investments at amortised cost	(5,083,653)	(5,993,760)	(2,996,880)	2,996,880	5,993,760	5,083,653
Loans and advances to Customers	(6,256,337)	(2,173,970)	(1,086,985)	1,086,985	2,173,970	6,256,337
Other assets	(147,329,156)	(10,395,835)	(5,197,917)	5,197,917	10,395,835	147,329,156
Assets	**(158,711,815)**	**(18,569,768)**	**(9,284,884)**	**9,284,884**	**18,569,768**	**158,711,815**
Resources from central banks and other credit institutions	(832,313)	(416,156)	(208,078)	208,078	416,156	832,313
Customer resources and other loans	(3,766,689)	(1,883,345)	(941,672)	941,672	1,883,345	3,766,689
Subordinated liabilities	(466,372)	(233,186)	(604,943)	604,943	233,186	466,372
Other liabilities	(2,419,772)	(1,209,886)	-	-	1,209,886	2,419,772
Liabilities	**(7,485,146)**	**(3,742,573)**	**(1,754,693)**	**1,754,693**	**3,742,573**	**7,485,146**
Net impact	**(151,226,669)**	**(14,827,194)**	**(7,530,191)**	**7,530,191**	**14,827,194**	**151,226,669**

The presented results are within the limits stipulated in Banco Nacional de Angola Instruction No. 14/2021 of 27 September.

Banco Económico must inform Banco Nacional de Angola whenever there is a potential reduction of equal economic value in its banking book or more than 20% of regulatory own funds. During the 2023 financial year, the Bank complied with this requirement.

Banco Económico's banking book has a considerable foreign currency component, which makes it imperative, in light of the regulations, to analyse the sensitivity of financial instruments by currency.

As at 31 December 2023 and 2022, the financial instruments by currency are detailed as follows:

Values expressed in thousand Kz

	31/12/2023				
	Kwanzas	US dollars	Euros	Other currencies	Total
Cash and balances with central banks	7,194,478	62,637,047	598,139	3,248	70,432,912
Balances with other credit institutions	792,507	6,488,925	1,295,657	236,515	8,813,604
Financial assets at fair value through other comprehensive income	27,518,903	24,330,638	25,785	-	51,875,326
Investments at amortised cost	131,947	58,045,486	-	-	58,177,433
Loans and advances to Customers	59,887,855	12,628,046	145,362	100	72,661,363
Investments in subsidiaries, associates and joint ventures	2,280,059	-	-	-	2,280,059
Other assets	246,037,245	35,518,357	62,028	552	281,618,182
Assets	**343,842,994**	**199,648,499**	**2,126,971**	**240,415**	**545,858,879**
Resources from central banks and other credit institutions	(272,992,127)	(2)	-	-	(272,992,129)
Customer resources and other loans	(258,117,410)	(730,372,974)	(14,933,566)	(34,257)	(1,003,458,207)
Other liabilities	(24,500,709)	(255,359)	(44,207,130)	(19,977)	(68,983,175)
Liabilities	**(555,610,246)**	**(730,628,335)**	**(59,140,696)**	**(54,234)**	**(1,345,433,511)**
Net Assets/(Liabilities)	**899,453,240**	**930,276,834**	**61,267,667**	**294,649**	**1,891,292,390**

Values expressed in thousand Kz

	31/12/2022 (Restated)				
	Kwanzas	US dollars	Euros	Other currencies	Total
Cash and balances with central banks	6,657,427	38,032,998	60,535	3,465	44,754,425
Balances with other credit institutions	18,974	27,567,887	967,422	153,313	28,707,596
Financial assets at fair value through profit or loss	637,328	-	-	-	637,328
Financial assets at fair value through other comprehensive income	135,145	-	15,043	-	150,188
Investments at amortised cost	17,697,076	51,558,963	-	-	69,256,039
Loans and advances to Customers	59,554,349	3,750,984	422	-	63,305,755
Other assets	25,000,757	533,663,031	39,196	20,845	558,723,829
Assets	**109,701,056**	**654,573,863**	**1,082,618**	**177,623**	**765,535,160**
Resources from central banks and other credit institutions	(261,922,491)	(1)	-	(3,667)	(261,926,159)
Customer resources and other loans	(230,889,249)	(534,198,281)	(9,607,921)	(21,131)	(774,716,582)
Subordinated liabilities	-	(32,613,458)	-	-	(32,613,458)
Other liabilities	(38,370,318)	(62,957,139)	(3,509,179)	(36,016)	(104,872,652)
Liabilities	**(531,182,058)**	**(629,768,879)**	**(13,117,100)**	**(60,814)**	**(1,174,128,851)**
Net Assets/(Liabilities)	**640,883,114**	**1,284,342,742**	**14,199,718**	**238,437**	**1,939,664,011**

As at 31 December 2023 and 2022, the sensitivity analysis of the value of the financial instruments to interest rate variations is detailed as follows:

Values expressed in thousand Kz

	31/12/2023							
	-40%	-20%	-10%	-5%	+5%	+10%	+20%	+40%
Currency								
US dollars	185,208,674	92,604,337	46,302,169	23,151,084	(23,151,084)	(46,302,169)	(92,604,337)	(185,208,674)
Euros	20,109,812	10,054,906	5,027,453	2,513,727	(2,513,727)	(5,027,453)	(10,054,906)	(20,109,812)
Impact	**205,318,486**	**102,659,243**	**51,329,622**	**25,664,811**	**(25,664,811)**	**(51,329,622)**	**(102,659,243)**	**(205,318,486)**

Values expressed in thousand Kz

	31/12/2022 (Restated)							
	-40%	-20%	-10%	-5%	+5%	+10%	+20%	+40%
Currency								
US dollars	(4,391,104)	(2,195,552)	(1,097,776)	(548,888)	548,888	1,097,776	2,195,552	4,391,104
Euros	2,587,115	1,293,558	646,779	323,389	(323,389)	(646,779)	(1,293,558)	(2,587,115)
Impact	**(1,803,989)**	**(901,994)**	**(450,997)**	**(225,499)**	**225,499**	**450,997**	**901,994**	**1,803,989**

Liquidity risk

Liquidity risk is assessed using internal metrics established by the Bank's management, including setting exposure limits. This control is reinforced by monthly monitoring of sensitivity analyses to adjust the Bank's risk profile to the demands of its business activity and ensure that its obligations are met in the event of a liquidity crisis.

The control of liquidity levels has the objective of maintaining a satisfactory level of cash to meet treasury needs in the short, medium and long-term. Liquidity risk is monitored daily and specific reports are prepared for control and supervision, and to inform decisions taken by the Financial Committee or the Executive Committee.

Liquidity analysis is particularly based on future cash flow estimated for different periods, taking into account the Bank's statement of financial position. However, for the purpose of simplicity, the table below shows an analysis based on residual maturity dates, instead of expected future cash flows. The liquidity position on the day of analysis and the amount of highly liquid assets in the portfolio available for liquidity operations are added to these amounts to determine the accumulated liquidity gap for different periods. Furthermore, the liquidity positions are monitored from a prudential point of view, calculated pursuant to the regulatory requirements (Banco Nacional de Angola Instruction No. 13/2021 of 27 September).

Due to information limitations, it is not possible to disclose the liquidity maturity tables based on the contracted cash flow dates, using for the effect the net accounting values of impairment.

As at 31 December 2023 and 2022, the entire contractual cash flows are detailed as follows:

Values expressed in thousand Kz

	31/12/2023									
	Residual periods									
	On demand	Up to one month	One to three months	Three to six months	Six months to one year	One to three years	Three to five years	More than five years	Indeterminate	Total
Cash and balances with central banks	70,432,912	-	-	-	-	-	-	-	-	70,432,912
Balances with other credit institutions	8,813,604	-	-	-	-	-	-	-	-	8,813,604
Financial assets at fair value through other comprehensive income	-	-	-	-	291,362	33,282,204	-	18,140,830	160,930	51,875,326
Investments at amortised cost	-	-	-	-	150,000	57,846,301	-	181,132	-	58,177,433
Loans and advances to Customers	-	39,905	93,112	99,870	149,804	3,032,104	1,299,473	56,379,727	11,567,368	72,661,363
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	2,280,059	2,280,059
Other assets	-	-	-	-	-	-	-	-	281,618,182	281,618,182
Assets	**79,246,516**	**39,905**	**93,112**	**99,870**	**591,166**	**94,160,609**	**1,299,473**	**74,701,689**	**295,626,539**	**545,858,879**
Resources from central banks and other credit institutions	(272,992,129)	-	-	-	-	-	-	-	-	(272,992,129)
Customer resources and other loans	(738,889,615)	(20,519,879)	(48,210,045)	(55,263,173)	(134,405,987)	(5,985,966)	(178,542)	(5,000)	-	(1,003,458,207)
Other liabilities	-	-	-	-	-	-	-	-	(68,983,175)	(68,983,175)
Liabilities	**(1,011,881,744)**	**(20,519,879)**	**(48,210,045)**	**(55,263,173)**	**(134,405,987)**	**(5,985,966)**	**(178,542)**	**(5,000)**	**(68,983,175)**	**(1,345,433,511)**
Liquidity gap	**1,091,128,260**	**20,559,784**	**48,303,157**	**55,363,043**	**134,997,153**	**100,146,575**	**1,478,015**	**74,706,689**	**364,609,714**	**1,891,292,390**
Accumulated liquidity gap	**1,091,128,260**	**1,111,688,044**	**1,159,991,201**	**1,215,354,244**	**1,350,351,397**	**1,450,497,972**	**1,451,975,987**	**1,526,682,676**	**1,891,292,390**	**1,891,292,390**

Values expressed in thousand Kz

	31/12/2022 (Restated)									
	Residual periods									
	On demand	Up to one month	One to three months	Three to six months	Six months to one year	One to three years	Three to five years	More than five years	Indeterminate	Total
Cash and balances with central banks	44,754,425	-	-	-	-	-	-	-	-	44,754,425
Balances with other credit institutions	28,707,596	-	-	-	-	-	-	-	-	28,707,596
Financial assets at fair value through profit or loss	-	-	-	-	637,328	-	-	-	-	637,328
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	150,188	150,188
Investments at amortised cost	-	-	-	-	52,454,331	-	-	16,801,708	-	69,256,039
Loans and advances to Customers	-	-	-	-	74,286	2,245,046	1,366,974	29,339,168	30,280,281	63,305,755
Other assets	-	-	-	-	-	-	-	558,723,829	-	558,723,829
Assets	**73,462,021**	**-**	**-**	**-**	**53,165,945**	**2,245,046**	**1,366,974**	**604,864,705**	**30,430,469**	**765,535,160**
Resources from central banks and other credit institutions	(261,926,159)	-	-	-	-	-	-	-	-	(261,926,159)
Customer resources and other loans	(318,688,938)	(73,271,896)	(126,484,866)	(103,006,069)	(142,615,001)	(10,305,270)	(337,897)	(6,645)	-	(774,716,582)
Subordinated liabilities	-	-	-	-	(32,613,458)	-	-	-	-	(32,613,458)
Other liabilities	(104,872,652)	-	-	-	-	-	-	-	-	(104,872,652)
Liabilities	**(685,487,749)**	**(73,271,896)**	**(126,484,866)**	**(103,006,069)**	**(175,228,459)**	**(10,305,270)**	**(337,897)**	**(6,645)**	**-**	**(1,174,128,851)**
Liquidity gap	**758,949,770**	**73,271,896**	**126,484,866**	**103,006,069**	**228,394,404**	**12,550,316**	**1,704,871**	**604,871,350**	**30,430,469**	**1,939,664,011**
Accumulated liquidity gap	**758,949,770**	**832,221,666**	**958,706,532**	**1,061,712,601**	**1,290,107,005**	**1,302,657,321**	**1,304,362,192**	**1,909,233,542**	**1,939,664,010**	**1,939,664,011**

Property Risk

Property risk arises as the result of property exposure (whether from credit recovery proceedings or investment properties) and the exposure of units in real estate funds in the securities portfolio.

These exposures are monitored regularly and scenario analyses are performed to estimate potential impacts of changes in the real estate market on the portfolios of real estate investment funds, investment properties, and properties given in lieu of repayment.

As at 31 December 2023 and 2022, the exposure to real estate risk is detailed as follows:

Values expressed in thousand Kz

	31/12/2023	31/12/2022 (Restated)
Real estate properties assigned to banking business	6,074,653	37,051,838
Real estate properties received in lieu of repayment of loans	148,508,432	15,983,407
Loans and advances for real estate development	226,586,465	17,944,833
Other real estate properties not assigned to banking business	245,973,178	764,268
Non-current assets held for sale		
Real estate	-	-
Total	**627,142,728**	**71,744,346**

Operational Risk

An operational risk management system has been implemented, based on identifying, assessing, monitoring, measuring, mitigating and reporting this type of risk.

The Bank's Risk Department performs the corporate operational risk management function of the Bank, which is supported by the existence of Interlocutors in different organic units that ensure the proper implementation of operational risk management. In addition, to ensure the management of operational risk inherent to the Bank's activity, a dynamic and continuous framework was defined that materialises the implementation of operational risk management based on the following elements: (i) Mapping of risks and controls; (ii) Analysis of the data collected in the assessment questionnaires (qualitative); (iii) Registration of events (quantitative); (iv) Monitoring of the activities of identification and management of risk; (v) Production of operational risk reports and mitigation techniques.

The Operational Risk Management tools include: (i) Operational Risk Management Tools; (ii) Matrix, Risks and Process Controls (MRC); (iii) RO Event Registration Database (LDC); and (iv) Key Risk Indicators (KRI). It should also be noted that the current management of operational risk is carried out daily through the identification, assessment, monitoring and control of operational risk events framed within the risk categories defined internationally by the Basel Committee.

Note 39
Relevant facts

I – Recapitalisation and Restructuring Plan

Banco Nacional de Angola decided on measures to reorganise Banco Económico in 2014, as detailed in section "III – Chronology of events", which culminated, on 15 July 2016, with the signing, with the Grupo ENSA – Investimentos e Participações, E.P. (GENSA), current INVESTPAR, of the following agreements: (i) transfer of the economic interests of a portfolio of loans and participation units; and (ii) sale of assets held by Banco Económico (INVESTPAR Operation), with reference to 31 December 2014.

However, there was a default on the first instalment, as at 31 December 2018 by INVESTPAR, thus compromising the agreed payment plan, which was renegotiated. Since that date, Banco Económico, together with Banco Nacional de Angola, embarked on a series of interactions to appraise the remedial alternatives (see section "III – Chronology of events"), while successive worsening of the Bank's economic, financial and operational conditions was observed, regardless of the agreements signed.

As a mitigating measure, on 21 December 2021, Banco Nacional de Angola determined a set of intervention measures that were an integral part of the new Restructuring and Recapitalisation Plan (PRR) proposed by the Bank's Board of Directors and approved by the Regulator, embodied in the following:

a) Total incorporation of losses in the Bank's share capital, with the Shareholders' capital being reduced to zero;

b) Increase of the Bank's share capital, by a minimum of Kz 1,040,000 million, through:

(i) Restructuring of the subordinated loan from Novo Banco, S.A. (with a new amendment formalised on 27 December 2021);

(ii) Partial conversion into share capital, by negotiation, of the amounts of depositors with a balance equal to or greater than the equivalent of Kz 3,000 million, excluding public and equivalent entities (eligible depositors), in the following proportions:
- 45% subscribed in participation units of a Closed-end Securities Investment Fund to be established;
- 20% subscribed in perpetual participation securities, with an annual redemption option, at the initiative of the issuer (Banco Económico), beginning on the 10th year of issue.

(iii) Issue of bonds convertible into shares up to the amount of Kz 50,000 million, with a maturity of ten years, to be subscribed voluntarily by the eligible depositors or by other interested entities:

(iv) Deferral, using the straight-line method and in equal annual instalments, of the recognition of impairment losses amounting to Kz 260,000 million, for a period of five years, with reference to 31 December 2020;

(v) Financial contribution from other investors, in the estimated amount of Kz 260,000 million, to be made until the end of 2022;

(vi) Exchange of bonds received in payment by INVESTPAR, with a nominal value of Kz 47,428 million, for new bonds under current market conditions;

(vii) The return, to Banco Económico, of the assets received by INVESTPAR identified in section "IV – Operation with the INVESTPAR";

(viii) Measures to increase operational efficiency and reduce the Bank's costs.

Considering the above, Banco Económico's Board of Directors went ahead with the implementation of the measures contained in the Recapitalisation and Restructuring Plan, including some necessary adjustments, taking into account the results of the diagnosis made and the degree of feasibility of some measures.

It also accomplished the initiatives required for compliance with that Plan, including the holding of the General Meeting on 15 February 2022, which approved, among other items: i) the issue of perpetual participation securities; and ii) the issue of bonds convertible into shares.

It recognises, however, that this is a challenging, long and complex process, in which it identifies various risks, despite the implementation of some of the main recapitalisation measures identified below.

1. Obtaining Shareholder agreement on the Recapitalisation and Restructuring Plan

After the approval of the Recapitalisation and Restructuring Plan in December 2021, and in order to create the necessary conditions for its implementation, the Board of Directors engaged in several interactions with the Bank's Shareholders at the time and with the eligible depositors:

a) The Shareholders, registered as such as at 31 December 2021, approved the Recapitalisation and Restructuring Plan by resolution passed at the General Meeting of 15 February 2022;

b) The eligible depositors formally agreed to the Recapitalisation and Restructuring Plan, by endorsing the memoranda of understanding which demonstrated their commitment, to the Bank's Management and to Banco Nacional de Angola, to the recapitalisation of Banco Económico.

Although the Bank considers that there are risks in implementing this measure, it is at an advanced stage and with good prospects for completion, considering that 23 memoranda of understanding were formalised with eligible depositors, which has enabled deposits totalling Kz 519,142,081 thousand, for the subscription of the financial instruments of Banco Económico's capitalisation, as detailed in the table below:

Values expressed in thousand Kz

	31/12/2023	31/12/2022 (Restated)
Share capital	**271,500,000**	**271,500,000**
Other equity instruments		
Perpetual Participation Bonds	**124,645,000**	121,196,000
Bonds convertible into shares	**28,684,000**	-
	153,329,000	**121,196,000**
Deposits of OFAC designated entities		
Deposits for subscription of FCR participation units	**60,629,838**	60,629,838
Deposits for subscription of perpetual participation securities	**26,946,594**	26,946,594
Deposits for subscription of bonds convertible into shares	**6,736,649**	6,736,649
	94,313,081	**94,313,081**
Total	**519,142,081**	**487,009,081**

Pursuant to Banco Nacional de Angola letter No. 610/DSB/2022 of 15 August 2022, the deposits of OFAC designated entities are recorded for purposes of calculating regulatory own funds. This measure improves the Bank's ratio of own funds and, consequently, its solvency ratio. Share capital and other equity instruments contribute to the calculation of equity.

The General Meeting was held, on 5 August 2022, to decide on Banco Económico's share capital increase and the entrance of eligible depositors as Fund Participants, which now holds the Bank's entire share capital.

2. Completion of the process of constitution of the Closed-end Securities Investment Fund with the Angolan Capital Markets Commission, including its Management Company

The Fund's registration and constitution process provided for in the Recapitalisation and Restructuring Plan has been fully completed and, on 10 August 2022, the Angolan Capital Markets Commission issued the registration certificate for Económico – Fundo de Capital de Risco de Subscrição Particular (Económico FCR or Fund). The Fund was registered at the Angolan Capital Markets Commission under No. 03/FCR/CMC/08-2022, with its management entity being Independent Finance Advisors – Sociedade Gestora de Organismos de Investimento Colectivo, S.A., and depositary entity being Banco Angolano de Investimentos, S.A. (BAI).

The Fund is authorised to issue up to a maximum of 33,005,680 participation units, with a unit price of Kz 10,000, corresponding to the maximum total value of Kz 330,056,800 thousand.

Pursuant to Capital Markets Regulator's authorisation, and considering the depositors that endorsed the Recapitalisation and Restructuring Plan, minus those who have not yet subscribed to the memorandum of understanding and the depositors designated on the OFAC list, 27,269,106 participation units were issued, with a nominal unit value of Kz 10,000.00 and a total value of Kz 272,691,060 thousand.

Using the proceeds from the issue of the participation units, Económico FCR subscribed to Banco Económico's capital increase to the amount of Kz 271,500,000 thousand, with the remaining amount staying in the Fund's liquidity to cover its operating costs (annual audit, management commission, fees payable to the Angolan Capital Markets Commission, among others) during its planned duration (10 years).

Yet another memorandum of understanding was signed in January 2023 by a depositor that, up to the time, had not subscribed the Fund's participation units.

The capital reduction and increase operation is pending registration with the Commercial Registry Office (Note 18).

3. Effective accomplishment of the issue of perpetual participation securities and bonds convertible into shares

On 15 February 2022, the General Meeting approved the issue of the perpetual participation securities. On 1 April 2022, authorisation was obtained from the Ministry of Finance for the issue, amounting to up to Kz 171,460,000 thousand, subject to the presentation of Banco Económico's provisional Annual Report as at 31 December 2021. By Order No. 1554/22 of 18 April 2022, the funds obtained from the issue of perpetual participation securities were treated as the Bank's equity.

The Bank referred the process to the Capital Markets Commission for due consideration and approval, and on 24 June 2022, this regulator informed the Bank of its agreement with the issue of perpetual participation securities under the following conditions:

- As Angola has ratified the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, against Transnational Organised Crime and the United Nations Convention for the Suppression of the Financing of Terrorism, subscriptions from legal persons and individuals designated by OFAC are not eligible;

- Subscriptions are not permitted from entities that have not signed the memoranda of understanding under the Bank's Recapitalisation and Restructuring Plan. The transfer of perpetual participation securities to third parties who have not signed the memoranda of understanding is subject to a favourable opinion from the Angolan Capital Markets Commission.

The conditions laid down by the Angolan Capital Markets Commission were fully complied with by Banco Económico, with the subscription of the perpetual participation securities having taken place on 4 August 2022, by debiting the accounts of the eligible depositors who signed the memorandum of understanding with the Bank and under the conditions established above.

Accordingly, 121,196 perpetual participation securities were issued with a nominal unit value of Kz 1,000,000, corresponding to the total value of Kz 121,196,000 thousand, less than the maximum authorised value of

Kz 171,460,000 thousand, since individuals and companies designated by OFAC (US Treasury) were not considered eligible to subscribe this financial instrument, as established by the Angolan Capital Markets Commission in the conditions for approving the issue.

Subsequently, having obtained prior authorisation from the Angolan Capital Markets Commission on 6 March 2023, a further 3,449 perpetual participation securities with a nominal unit value of Kz 1,000,000 were issued on 14 March, as the result of another eligible depositor having subscribed, increasing the total issued value of this financial instrument to Kz 124,645,000 thousand.

On 26 January 2023, 27,822 bonds convertible into shares were issued with a nominal unit value of Kz 1,000,000, corresponding to a total value of Kz 27,822,000 thousand, out of a maximum value of Kz 50,000,000 thousand provided for in the Recapitalisation and Restructuring Plan.

Subsequently, on 14 March 2023, a further 862 convertible bonds with a nominal unit value of Kz 1,000,000 were issued, as a result of another eligible depositor having subscribed, increasing the total issued value of this financial instrument to Kz 28,684,000 thousand.

The issue of the convertible bonds improves the calculation of the Bank's regulatory own funds and, consequently, the solvency ratio.

4. Restructuring of Novo Banco S.A. subordinated loan

On 27 December 2021, the Bank entered into an amendment to the subordinated loan agreement with Novo Banco, S.A., providing for the following conditions:

- Payment of the instalment due in October 2021, in two instalments, 40% in cash and 60% by September 2022;
- Forgiveness of 75% of the remaining debt; and
- Payment of 25% restructured by September 2023.

The last repayment on the subordinated loan was made in September 2023.

5. Recovery of the asset receivable from INVESTPAR, as per section IV – "Operation with the INVESTPAR"

The reversal of the INVESTPAR Operation was completed on 15 May 2023, through an agreement with the counterparty INVESTPAR, which enables the Bank to prepare and implement a strategy for optimising real estate assets and recovering loans.

Among the measures to speed up the property disposal process are:

i) The creation of a unit, in its organisational structure, especially dedicated to the management of properties received by the Bank: the Real Estate Asset Disposal Department. This unit will then be spun off into a subsidiary that will guarantee the provision of these services, independently and separately from the Bank;

ii) Selection of specialised service providers (appraisers, mediators, consultants) to support the Bank in the valuation and marketing of real estate assets;

iii) Overall valuation of the real estate assets to support the accounting record of the operation and approval of the price lists for their sale;

iv) Creation of a specialised committee of the Executive Committee (Real Estate Asset Committee) to decide on proposals for the sale and commercial rental of real estate;

v) Considering the regulatory limitations on the permanence of real estate assets available for sale on its balance sheet, the Bank advanced with their securitisation through the creation of a Real Estate Investment Fund. This led to the constitution of IMOPROPERTIES – Fundo de Investimento Imobiliário Fechado por Subscrição Privada (IMOPROPERTIES – FIIF), registered at the Angolan Capital Markets Commission under No. 01/FIIF/CMC/10-2013. The Bank, the Fund's sole subscriber, delivered the first tranche of the capitalisation, in liquid resources (Kz 1,000 million) on 26 April 2024. This will be followed by capitalisation in kind, with the Bank's submission of the real estate properties not assigned to operating business, with the subscription's final value, in liquid resources and kind (and the consequent Fund value), being dependent on the final valuations of the properties and the completion of their integration in the Fund, within the time limit of six months since its constitution date;

vi) The reactivation of mortgage loans, which has no immediate effect on liquidity, will have a positive effect on the bank's profitability and will enable it to retain the loyalty of preferential Customers.

The process of marketing the properties has been pursued, as initially defined in the Real Estate Optimisation Plan, which includes guidelines for the marketing strategy and benchmarks for negotiating with potential stakeholders, considering the property valuation reports produced by independent experts for base values. To this end, the marketing of the properties has been publicised since June 2023, and four auctions have been conducted targeting Customers with funds domiciled at the Bank, between January and June 2024. The property sale transactions have been carried out by capturing new resources (Customers who acquire by transferring funds previously deposited at other financial institutions) and with resources already domiciled at the Bank, in which case, priority is given to transactions involving deposits in foreign currency, including transactions with related parties (Note 36).

By the end of the month of May 2024, the total value of properties with promissory purchase and sale agreements concluded with Customers amounted to approximately Kz 62 billion (selling prices agreed with the Customers), of which Kz 24 billion with related parties; with Kz 51 billion having been received, of which Kz 22.5 billion with related parties.

The process of reversal of the operation is at a final stage, merely pending the transfer of the properties that will comprise IMOPROPERTIES – FIIF and the recording of the corresponding participation units in the Bank's balance sheet. The book entry of this operation was carried out in three components: Loans and advances to Customers, Non-fundable real estate properties (non-current assets held for sale) and Fundable real estate properties (other assets that will be replaced by IMOPROPERTIES – FIIF participation units).

In the field of loan recovery, the following measures are to be implemented:

i) Promotional campaign to recover loans (called "New Life"), through a policy of partial forgiveness of overdue interest and improvement of contractual terms and conditions, in order to adapt financial plans to the current financial conditions of debtors;
ii) Intensification of the recovery of non-performing loans, through the enforcement of judicial and extrajudicial recoveries, which includes the hiring of legal service providers to, together with the Bank's Legal and Litigation Department, increase collection pressure on the Bank's debtors;
iii) The use of specialised collection service providers for the more "retail" portfolio of non-performing operations with lower unit values (e.g. credit card debts, consumer loans, among others). A contract has been concluded with an entity specialised in collection services allocated a portfolio valued at Kz 26,300,000 thousand.

6. Exchange of bonds received as payment from INVESTPAR with a nominal value of Kz 47,428 million, for new bonds under market conditions

The Bank has already accomplished this measure, with an agreement having been reached with the Ministry of Finance to exchange the securities held in the portfolio from the first payment of the INVESTPAR Operation, maturing in 2040 and with a 5% remuneration rate, for securities with normal market conditions in terms of maturity and interest rate.

The agreement was concluded with a 20% haircut and made it possible to exchange long-maturity, low-remuneration securities for a portfolio of securities with residual maturities of 2, 4 and 10 years, with interest rates of 14.5%, 15% and 17%, respectively, as shown in the table below:

Values expressed in thousand Kz

ISIN	Issue date	Maturity date	Coupon rate	Residual maturity	Indexed (foreign currency)	Unit nominal value	Quantity	Nominal value
AOUGDOGI22A6	09/11/2022	09/05/2025	14.50%	2,0	No	100,000	114,656	11,465,600,000
AOUGDOIL22A6	10/07/2022	10/07/2027	15.00%	4,2	No	100,000	191,092	19,109,200,000
AOUGDONJ23A8	30/01/2023	30/01/2033	17.00%	9,7	No	100,000	57,792	5,779,200,000
Total							**363,540**	**36,354,000,000**

This operation made it possible to recover the losses recorded under the initial recognition of these assets at their fair value, resulting in capital gains of approximately Kz 22,222,601 thousand in the 2023 financial year, and to improve the Bank's profitability by making a positive contribution to net interest income.

7. Ensure compliance with the regulatory, legal and accounting framework

The Board of Directors affirms its full commitment to implementing the Bank's Recapitalisation and Restructuring Plan within the established deadlines, with the support of the Banking Sector Regulator (BNA), the Capital Markets Supervisor (CMC) and other institutional counterparties involved, ensuring the correct legal and regulatory framework to enable the successful implementation of the Recapitalisation and Restructuring Plan.

It should be noted that, in 2021, the Bank became entitled to benefited from a temporary exemption provided for in Banco Nacional de Angola letter 480/DSB/21 of 11 August, during the recapitalisation and restructuring process, having complied with the following regulatory limits:

i) Regulatory own funds;
ii) Foreign exchange position;
iii) Regulatory capital ratio;
iv) Limits of major risks;
v) Liquidity ratio
vi) Increase of 5% of the mandatory reserves in foreign currency and the 2% previously fulfilled in kwanzas.

Despite this exemption, as at 31 December 2023, the Bank is in breach of said limit for mandatory reserves in foreign currency (17%). However, it is planned to implement measures in the short term that will allow the Bank to regularise this situation.

By letter dated 3 August 2022, Banco Nacional de Angola informed Banco Económico that it would be temporarily exempt from complying with the total own funds ratio required in the letter with the conclusions of the supervisory review and evaluation process (SREP) for 2022, with this exemption prevailing up to date.

In addition, by letter dated 15 August 2022, Banco Nacional de Angola informed Banco Económico of a provision regarding the process for calculating regulatory own funds ratios, provided for in Banco Nacional de Angola Notice No. 08/2021 of 5 July, namely that, as some of the eligible depositors that had signed the memorandum of understanding being included in the list of OFAC designated entities, since 9 December 2021, and for as long as they remain in this situation, for prudential purposes, and for this purpose only, Banco Económico should consider in its calculation of the: (i) Regulatory own funds ratio, (ii) Tier 1 capital ratio (Tier 1), and (iii) Common equity tier 1 ratio (CET 1, that these entities' deposit resources (i.e. 70%) are eligible as common equity tier 1 capital and, in this circumstance, must remain immovable. This measure is exceptional and will be in force temporarily until an opinion is expressed by OFAC or a resolution by the Angolan judicial bodies or a decision is made by Banco Nacional de Angola.

8. Ensure compliance with the business plan scheduled for 2022-2027:
As noted in point 7, the Board of Directors reaffirms its commitment to the implementation of the Recapitalisation and Restructuring Plan, including all the measures and activities established therein, which were fully incorporated in the Bank's business plan for the period of 2022-2027.

Having already implemented the main measures of the Recapitalisation and Restructuring Plan and analysed their impact on the Bank's accounts, despite the positive effects on net interest income, the Board of Directors anticipates the need for complementary measures, with greater impact from the point of view of liquidity and capital, to ensure the Bank's economic and financial balance and its continuity. In addition, the exchange rate depreciation that occurred in 2023 also had a significant impact on the Bank's accounts.

Thus, the Board of Directors anticipates the need for an additional capital increase to ensure the Bank's compliance with regulatory ratios, through the contribution of fresh funds to solve the liquidity problem. As at 31 December 2023, the Bank has negative equity of Kz 627,580,141 thousand, after full recognition of the deferred impairment losses constituted in 2022, under the Recapitalisation and Restructuring Plan. Thus, to balance the Bank's equity, increase its liquidity levels and ensure compliance with the current regulatory requirements, the estimated capital requirement stands at Kz 805,648,515 thousand, considering the effect of the deposits of OFAC designated entities, amounting to Kz 94,313,081 thousand which are considered for calculation of regulatory own funds.

The Business Plan was pursued in 2023, in line with the Recapitalisation and Restructuring Plan, with the following measures being highlighted:

Book entry of the reversal of the INVESTPAR Operation which, considering the effect of the significant devaluation of the Kwanza during 2023, gave rise to losses of approximately Kz 321,215 billion (Notes 28 and 33);

- Disposal of the real estate properties received from the reversal of the INVESTPAR Operation, which gave rise to sales of Kz 20,528,175 thousand up to 31 December 2023, of which the value of Kz 16,419,509 thousand was received (approximately 80%);
- Book entry of the disposal of the head office building with capital gains of Kz 53,979,218 thousand (Notes 11 and 29);
- Restructuring and recovery of loans overdue, with 21 operations having been restructured, of the value of Kz 49,492,086 thousand, and 66 operations settled, of the value of Kz 4,442,687 thousand;
- Turnaround of net interest income which, despite having been negative in annual accumulated figure, recorded a positive monthly variation of Kz 116 thousand, in December 2023;
- Reduction of Employees (-214) reflected in the reduction of personnel expenses by Kz 2,173 thousand (-15% in relation to 2022);
- Reduction of the branch network by 15 branches, throughout 2023.

The estimated capital requirement, presented above, may be constrained by the accomplishment of measures that are beyond the control of the Board of Directors, namely:

- The restructuring of the debt to Banco Nacional de Angola, of the value of Kz 257 billion which, should more favourable conditions arise for the Bank, may reduce the capital requirements referred to above, of this amount;
- The foreign exchange evolution, considering that the Bank has a negative position (short) as at 31 December 2023, of USD 711 million which, in a scenario of the national currency's devaluation, could be reflected in foreign exchange losses and, consequently, in additional capital needs.

It should be noted that if the aforesaid capital increase does not take place, capital requirements could increase in the coming years, mainly due to the Bank's current economic and financial situation and existing liquidity constraints, with the consequent impact on the Bank's profitability and operating results.

Under Banco Nacional de Angola's ongoing follow-up and monitoring of the implementation of the Recapitalisation and Restructuring Plan, the Board of Directors has shared with the Regulator all the information regarding the Bank's current and foreseeable situation, but so far this has not resulted in any concrete measures to meet the capital needs identified by the Board of Directors.

Furthermore, by indication of the Regulator under Article 254 of Law No. 14/21 of 19 May – Law on the General Framework of Financial Institutions, the Board of Directors hired the services of a specialised consultant.

Although these circumstances constitute material risks and uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern, the Board of Directors believes that it is appropriate to present the financial statements based on the going concern assumption, given the favourable evolution and significant progress made in implementing the Recapitalisation and Restructuring Plan and the expected support from the Regulator (BNA) for the implementation of the additional measures, to ensure the Bank's economic and financial sustainability.

II – Additional measures to the Recapitalisation and Restructuring Plan

In order to guarantee the success of the Bank's restructuring process, an addition was made to the Recapitalisation and Restructuring Plan with more urgent measures – the Emergency Action Plan – aimed at boosting financial performance and increasing operational efficiency.

The Emergency Action Plan is based on 4 pillars, broken down into 18 initiatives, which include various activities and milestones, the implementation of which is rigorously monitored by Banco Económico, of which the following are highlighted:

1. **Sale of Banco Económico's head office building to the National Oil and Gas Agency (NOGA)**

The Bank signed a promissory purchase and sale agreement on 21 April 2023 with ANPG for the sale of its head office building, located at Rua do 1.º Congresso, no. 8, in Luanda, for the sum of USD 100,000,000, payable in two instalments, one of which corresponds to 60% of the value, to be settled after the administrative approvals for the operation have been obtained, and the remaining 40% on the date the public deed is signed.

The authorisation from the Holder of Executive Power to carry out the operation was published in the Official Gazette (Diário da República) on 7 June 2023, and the first tranche (60% of the value) was received in August 2023, with the amount of the second tranche (40%) having been deposited by the buyer in February 2024, with the public deed having been registered on 25 June 2024 with the respective payment having been made.

2. **Ensure the optimisation of operating costs**

Over the course of 2023, Banco Económico's Board of Directors has been implementing structural measures aimed at scaling the Institution to the sector's current challenges and ensuring rational cost management, operating in a more sustainable manner, in line with the digital transformation that has positively influenced the sector. These measures include:

i) Closure of 15 branches in May 2023 and a further four branches in February, with negotiations being underway for the rescission of the rental agreements;
ii) Closure of the Lisbon office in March 2023;
iii) Reduction of personnel with the payment of compensatory allowances and other benefits (loan forgiveness, maintenance of health insurance, among others). The first phase of this process is now complete via the extinction of 68 employment positions arising from the closure of branches, which culminated in the dismissal of 68 Employees. The second phase was completed in June 2023, covering 63 Employees. A total of 131 Employees were involved;
iv) Organisational restructuring, in February 2023, from 31 to 23 structural units, which reduced the number of managers and simplified the hierarchy;
v) Annual budget, approved in March 2023, with significant cost reductions in third party supplies and services due to branch closures, fleet write-offs and the renegotiation of contracts with suppliers.

These measures reduced operating costs to levels that are more in line with the Bank's capacity to generate income.

III – Chronology of events

Banco Económico results from the renaming of Banco Espírito Santo Angola, following the reorganisation measures decided by Banco Nacional de Angola on 20 October 2014 and by the General Meeting held on 29 October of the same year.

In retrospect, Banco Nacional de Angola decided to adopt extraordinary reorganisation measures for Banco Espírito Santo Angola on 4 August 2014, which took the form of a detailed assessment of its loan portfolio, of its component to be allocated to losses, the identification of the asset items subject to disposal and restructuring, and the concomitant revocation of the Sovereign Guarantee issued by the Republic of Angola on 31 December 2013, through Internal Presidential Order 7/2013 of 31 December, amounting to USD 5.7 billion (Kz 556.4 billion, at the exchange rate on that date), including USD 0.2 billion for other types of assets. According to said Presidential Order, the Sovereign Guarantee was issued considering that Banco Espírito Santo Angola, at that time, held and managed a portfolio of loans and operations relating to a set of Angolan corporate entities, comprising micro, small and large companies that corresponded to operations of paramount importance for the full implementation of the goals set in the National Development Plan 2013 – 2017 aimed at protecting the fundamental interests of the Angolan financial system. Following this, Banco Nacional de Angola appointed two interim directors to, together with the Board of Directors in office, conduct the Bank's current management.

On 20 October 2014, Banco Nacional de Angola released the results of the report on the Bank's financial situation prepared by the appointed provisional directors and the special purpose review report presented by the independent auditor expressly engaged for that purpose, which identified adjustment needs to Banco Espírito Santo Angola's equity of the total amount of Kz 488,780 million, with equity having become negative by Kz 383,886 million.

As a result, Banco Nacional de Angola decided to adopt the following reorganisation measures:

a) Capital increase by conversion of part of the senior interbank loan, amounting to Kz 360,768 million, followed by a reduction of the Shareholders' equity by absorption of all accumulated losses. This operation gave rise to the Bank's Shareholders at the time seeing their stakes in the share capital completely diluted;

b) Capital increase amounting to Kz 65,000 million, by the Shareholders or by entities invited and accepted by Banco Nacional de Angola, to be carried out in cash, with a view to reconstituting the share capital and ensuring compliance with the minimum prudential ratios;

c) Conversion of the amount of Kz 7,000 million of the senior interbank loan into the Bank's share capital, representing a 9.9% shareholding in the Institution, whose conversion was subject to the authorisation to be obtained by the holder of the senior interbank loan from the competent entities for the subscription of said share capital;

d) Conversion of the Kz 41,596 million senior interbank loan into a common loan in US dollars and at market rates, repayable in 18 months, guaranteed by the Bank for 50% of its value, through the delivery of a pledge on public debt securities;

e) Conversion of the amount of Kz 41,595 million of the senior interbank loan into a subordinated loan in US dollars and at market rates, repayable in 10 years, with the possibility of future conversion into share capital, until the end of the repayment period, provided the loan holder's holding remains below 19.99%. This amount may be increased by 7 billion kwanzas in the event of non-conversion into capital of the provisions of paragraph c) above;

f) Placement in the market of additional subordinated instruments, amounting to Kz 50,000 million, until 31 December 2015, to ensure the maintenance of the regulatory ratios.

A Universal and Extraordinary General Meeting was held on 29 October 2014, at which the interim directors informed the Shareholders of the reorganisation measures to be adopted, and invited the then Shareholders to recapitalise the Bank under the presented conditions.

As the then Shareholders did not express any interest in capitalising the Bank under the conditions referred to, apart from GENI Novas Tecnologias S.A., the following operations were approved:

a) Capital increase in cash amounting to Kz 65,000 million, to be carried out by the following entities and in the proportions already approved by Banco Nacional de Angola:

(i) The company **GENI Novas Tecnologias, S.A.**: a contribution of Kz 14,328 million, representing a 19.90% stake in the share capital;
(ii) The company **Lektron Capital, S.A.**: a contribution of Kz 22,304 million, representing a 30.98% stake in the share capital;
(iii) The company **Sonangol, E.P.**: a contribution of Kz 11,520 million, representing a 16.00% stake in the share capital;
(iv) The company **Sonangol Vida, S.A.**: a contribution of Kz 11,520 million, representing a 16.00% stake in the share capital;
(v) The company **Sonangol Holdings, Lda.**: a contribution of Kz 5,328 million, representing a 7.40% stake in the share capital.

b) Capital increase of Kz 7 billion, through the conversion of the senior loan held by Novo Banco, S.A., corresponding to a 9.72% stake in the share capital.

Banco Nacional de Angola's intervention ended with the holding of said General Meeting, in which the new governing bodies were appointed and the re-denomination to Banco Económico, S.A. was approved.

With reference to the common loan, constituted as a result of Banco Nacional de Angola's reorganisation measures, amounting to USD 424,860 thousand, the full repayment of the principal was scheduled for 30 April 2016. As a result of the current exchange restrictions, Banco Económico agreed with Novo Banco, S.A. to alter the loan's repayment conditions. As a result of the contractual amendment, dated 29 April 2016, the amount of USD 95 million was settled on 30 April 2016, the amount of USD 50 million was settled on 13 June 2016, and the amount of USD 73 million was settled on 30 September 2016. The remaining amount was settled in August 2018. In the referred contractual amendment, Banco Económico reinforced the guarantees in favour of Novo Banco, S.A. with a first-degree pledge, on 12,300 Treasury Bonds of the Republic of Angola, with a nominal value of USD 10,000 and maturity on 15 August 2018.

In replacement of the issue in the market of additional subordinated instruments, amounting to Kz 50,000 million, previously approved by Banco Nacional de Angola, the agreements for the transfer of the economic interests of a portfolio of loans, participation units and sale of assets held by Banco Económico were carried out, with reference to 31 December 2014, framed by Presidential Decrees 196/15 and 123/16, detailed as follows:

a) Transfer of economic rights on direct claims, by subscription and other values, amounting to Kz 111,886 million and USD 1,981 million. The Bank held a repurchase option on two credit operations amounting to Kz 10,286 million until 2018, for which non-exercise in 2018 was agreed with GENSA. Economic rights on loans written off from assets in the gross amount of Kz 88 716 thousand, fully provisioned, were also conveyed;

b) Sale of 49,191 participation units in the BESA Património Fund, corresponding to 50.2% of all units, amounting to Kz 5,975 million;

c) Transfer of economic rights relating to 50,000 units of the Fundo BESA Valorização, corresponding to all the units of that Fund, amounting to Kz 54,102 million;

d) Disposal of various assets not for own use and fixed assets in progress, amounting to Kz 4,975 million.

As these operations produced legal and economic effects retroactive to 31 December 2014, after approval by Banco Nacional de Angola on 31 October 2016, the Bank derecognised these assets on this date, to the total amount of Kz 380,743 million (Kz 176,940 million and USD 1,980 million), except for the direct loans over which the Bank maintains the repurchase option amounting to Kz 10,286 million, against "Other assets" (see Note 15), which were derecognised in 2018, following a non-exercise agreement with GENSA.

For payment of the price of the operations on the various assets the following schedule has been agreed:

a) With the signing of the contracts, the payment of Kz 47,428 million, made by delivery of Republic of Angola;

b) Five annual and constant payments of the remaining amount due, starting from 15 July 2017 (with two tranches – Kz 25,980 million and USD 396 million).

Interest at a rate of 7% is payable on the amount due.

The Payment Agreement concluded between the parties foresees that the five above-mentioned instalments shall be paid in one of the following ways, to be approved by the intervention of public law legal persons and/or the respective supervisory, regulatory or other bodies through the legal-economic instruments appropriate for the effect, under the terms of the legislation in force at any time:

a) By delivering the Angolan Republic Treasury Bonds in National Currency, identified in Presidential Decree No. 196/15 of 8 October, in Executive Decree No. 656/15 of 24 November, Decree No. 123/16 of 9 June, or decree relative to the same object that succeeds it, under the terms foreseen in the respective legislation concerning public debt and its forms of transmission, without prejudice to the provisions of paragraph iii) below, which shall prevail;

b) In cash, without prejudice to the provisions of paragraph c) below, which shall prevail;

c) The USD-indexed portion of the price, in each annual instalment, shall be paid by means of the delivery of securities of Treasury Bonds of the Republic of Angola indexed to the Kz/USD exchange rate by Banco Nacional de Angola on each payment date or, alternatively, paid by means of a USD deposit in a Banco Económico bank account.

On 20 March 2017, Banco Económico transferred, in lieu of repayment to Banco Nacional de Angola, a portfolio of Treasury Bonds of the Republic of Angola amounting to Kz 14,662 million and receivables from the transfer and sale of assets to GENSA, amounting to Kz 256,963 million (49% of the total balance of the heading "Other assets"), for the full settlement of the financing granted by Banco Nacional de Angola to Banco Económico, to the total amount, on that date, of Kz 271,625 million (Kz 230,372 million as at 31 December 2016 – Note 16).

The first payment of the five annual instalments of principal and interest relating to the transfer of economic rights and the sale of assets had been established for 15 July 2017, amounting to Kz 179,360 million (Kz 54,360 million and USD 749 million, of which Kz 25,980 million and USD 396 million in principal and Kz 28,380 million and USD 352 million in interest), of which Kz 76,734 million was payable to the Banco Nacional de Angola, by virtue of the transfer of the rights receivable by Banco Económico, as mentioned in the previous paragraph. As referred to in the Order of the Minister of Finance dated 9 October 2017, as GENSA's supervisory body, in order to adjust the payment plan to the pace of recovery of loans and other assets, allowed by the current economic context, and to minimise the amounts of public debt to be issued in the future to cover any deficit, with the amounts recovered to date being used to partially pay the interest due, the reformulation of the Debt Payment Agreement was authorised as follows:

a) To make a payment equivalent to Kz 25,216 million, of which Kz 388 million through public debt securities, for the partial payment of interest to Banco Económico;

b) Capitalise the remaining unpaid interest amounting to USD 201 million and Kz 28,380 million;

c) To alter the payment plan of the asset transfer operation from 5 years to 24 years, in accordance with that established by the State for the issue of public debt for this type of operation, maintaining the interest rate at 7%. The new plan foresees annual payments of capital of USD 90,940 thousand and Kz 6,594,949 thousand, plus interest calculated on the outstanding capital.

On 19 December 2017, an agreement was signed between the Bank and GENSA formalising the above conditions.

As at 31 December 2018, the payment of the first of 24 instalments of principal and interest, totalling Kz 22,804,429 thousand and USD 314,458 thousand (being Kz 6,594,949 thousand and USD 90,940 thousand principal, and Kz 16,209,480 thousand and USD 138,692 thousand interest) was scheduled, of which USD 267,131 thousand (being USD 77,253 thousand principal and USD 189,878 thousand interest) was due to the Bank The remainder would be payable to Banco Nacional de Angola under the transfer of rights agreement referred to above.

At the present date, GENSA has not yet made the payment of this principal and interest instalment.

During discussions with the Ministry of Finance and Banco Nacional de Angola, the Bank informed these entities of the possibility of applying a discount to the outstanding amount of USD 61,777 thousand (Kz 19,064,674 thousand), having deducted this amount from the value receivable from GENSA recorded in the balance sheet and incorporated the respective loss in the net income for the year.

Meanwhile, Banco Nacional de Angola and the Ministry of Finance informed Banco Económico and its Shareholders, in May 2019, that they wanted the asset sale operation to GENSA to be reversed in a capital increase operation to be carried out by the current Shareholders. Also, under the contacts with the Ministry of Finance and Banco Nacional de Angola on this matter, said entities informed of their intention to replace the payment of the price for the transfer/sale of assets to GENSA with a capital increase to offset the difference between the sale price and the current valuation of the assets transferred/sold.

On 22 July 2019, Banco Nacional de Angola notified Banco Económico to proceed with the aforesaid capital increase to be carried out until 30 June 2020, quantified to the amount of Kz 416 billion but subject to change if any adjustment were to be determined according to the analyses that were still in progress, including the asset quality assessment programme, in order to ensure the restoration of regulatory own funds and the adequacy of the regulatory own capital ratio. As mentioned in the same letter, if during the capital increase, significant changes should occur in impairment losses whose analysis was still in progress, the Bank should request Banco Nacional de Angola for the proportional change in the capital to be made. Thus, the capital increase required to offset the change in assumptions regarding the sale of assets to GENSA could be different from that referred to, depending on the time of its realisation and how it is applied.

On 19 July 2019, Sonangol E.P. notified Banco Económico that Lektron Capital S.A. (Lektron) delivered shares representing 30.98% of the Bank's capital, as payment for the loan taken out by Lektron from Sonangol E.P. With this payment in kind, Sonangol E.P. increased its shareholding in Banco Económico to 46.98% and the Sonangol Group to 70.38%.

Subsequently, the Shareholders Sonangol, E.P., Sonangol Vida, S.A. and Sonangol Holdings, Lda. formally expressed their intention to subscribe and carry out the capital increase that would be approved at the General Meeting of 7 August 2019, in the percentages of their shareholdings or in the full amount of the capital increase, should the remaining Shareholders not exercise their pre-emptive right.

Considering that the asset sale contracts with GENSA were still in force, that the terms under which they would be modified to give rise to the capital increase operation were not yet known and that the value of the assets was being confirmed, Banco Económico did not include in the financial statements as at 31 December 2018, the effect on results that could result from the change in the assumptions of the asset sale operation. However, due to the change in the assumptions of the INVESTPAR operation, considering that the Shareholders Sonangol, E.P., Sonangol Vida, S.A. and Sonangol Holdings, Lda. expressed, in a letter issued on 2 August 2019, their intention to subscribe and carry out the capital increase, to be approved at the General Meeting of 7 August 2019, the financial statements were prepared on a going concern basis.

Following the asset quality assessment (AQA) programme, Banco Nacional de Angola communicated, in December 2019, to Banco Económico, its conclusions on the same, concluding the need for significant adjustments, mostly associated with the correct value of the asset transfer operation to GENSA, calculating an impairment of approximately 60% (sixty per cent). However, the need for capital stood at similar amounts to those initially presented in the communication of 22 July 2019 (Kz 416 billion), with the Bank having to submit a Recapitalisation Plan to Banco Nacional de Angola by 28 February 2020, which should be implemented by 30 June 2020.

As a result of the above determinations, Banco Económico initiated a set of procedures to adopt best international practice and hire an internationally renowned consulting firm to prepare a Recapitalisation Plan compliant with the defined requirements and that was in the best interest of its Shareholders. However, despite the submission of the initial Plan and subsequent adaptations to it, as a result of suggestions from Banco Nacional de Angola, it was not approved. It should be noted that there were delays to the process stemming from the COVID-19 pandemic, which created additional difficulties in the structuring of the Recapitalisation and Restructuring Plan, restricting the possibility of some solutions due to financial restrictions and the deterioration of the risk scenario on a global scale, making it difficult for potential international Stakeholders to invest effectively.

In addition, on 31 August 2020, Banco Nacional de Angola informed Banco Económico of the return of the transaction contracted on 20 March 2017, arising from the settlement of loans granted through the payment in kind of receivables from the operation of transfer and sale of assets to GENSA, amounting to Kz 256,963 million. Consequently, the Bank carried out a revaluation of impairment considering this amount recognising, in 2020, an impairment of Kz 181,693 million taking into account the value attributed to the asset transfer operation, determined at the time of the asset quality assessment programme, maintaining an impairment proportion of 60%.

The implementation of the Recapitalisation and Restructuring Plan included a General Meeting, held on 15 February 2022, with the following agenda:

1. Information on the accounts for the financial years 2019 and 2020;
2. Presentation of Banco Económico's Recapitalisation and Restructuring Plan;
3. Approval of the issue of perpetual participation securities;
4. Approval of the issue of bonds convertible into shares.

The General Meeting was attended by all the Bank's Shareholders and all the items on the agenda were approved, thus meeting the necessary conditions for the continuation of the measures leading to the capitalisation of Banco Económico.

To underline the urgency of this process, in the "Miscellaneous" point, the Shareholders approved the scheduling of a new General Meeting, no longer than 45 days from that date, to take the necessary resolutions to conclude the recapitalisation operations, in accordance with the Recapitalisation and Restructuring Plan approved by Banco Nacional de Angola.

On 5 August 2022, the Bank held a General Meeting where the following resolutions were passed:

1. Approval of Banco Económico's Recapitalisation and Restructuring Plan, approved by Banco Nacional de Angola and presented at Banco Económico's General Meeting on 15 February 2021, and ratification of all acts carried out by the Board of Directors in accordance with said plan;
2. Appraisal and approval of the reports and accounts for the financial years 2019/2020/2021 and the opinions of the Supervisory Board and External Auditor;
3. Approval of the reduction of share capital by total incorporation of losses, under the terms of Article 243 of Law 14/21 of 19 May (LRGI), and subsequent share capital increase, under the terms of the Bank's Recapitalisation and Restructuring Plan, approved by Banco Nacional de Angola on 21 December 2021;
4. Approval of the capital increase, within the framework of the measures and in accordance with the assumptions defined in the above Plan, up to a maximum value of Kz 358,006,457, with waiver of the exercise of pre-emptive rights by the Shareholders, in which the new shares will be fully subscribed by a venture capital collective investment undertaking, managed by an independent management entity.

A General Meeting was held on 22 August 2022, in which the following points were decided:

1. The Bank's articles of association were amended;

2. The Fund approved the new Governing Bodies for the next three years (2022 to 2024).

IV – INVESTPAR Operation

The agreement for the reversal/resolution of INVESTPAR was signed on 15 May 2023, transferring all its rights and obligations inherent to this operation to the Bank, with the value of Kz 100,000 thousand being placed at the disposal of INVESTPAR to meet the expenses arising from the operation's cessation.

Adjustments were made to the financial statements under the headings of "Other assets" and "Other liabilities", concerning the book entries made since the operation's reversal date, in which the following variations were obtained:

1) Conversion of the balances of the headings of "Other assets" and "Other liabilities", associated with the operation, from US dollars to kwanzas according to the exchange rate of 16 May 2023 of AOA/USD 523.561 (other assets: USD 1,055,823 thousand, equivalent to Kz 552,788,943 thousand; other liabilities: USD 52,169,202 thousand, equivalent to Kz 27,313,759 thousand);

2) Use of constituted impairment losses and offsetting of the balance in other liabilities associated with credit recovery;

3) Recording of loans and advances to Customers, at fair value, amounting to Kz 25,732,554 thousand;

4) Recording of non-fundable real estate properties, at fair value less discounts foreseen for non-current assets held for sale, amounting to Kz 138,913,572 thousand; and

5) Recording of fundable real estate properties, to be incorporated in IMOPROPERTIES – FIIF, at fair value, amounting to Kz 236,894,678 thousand.

Note 40
Subsequent events

The buyer of the head office building deposited the second tranche (40% of the value corresponding to USD 40,000 thousand) in its account at the Bank in February 2024. The property's public deed was registered on 25 June 2024, with the respective payment having been made.

IMOPROPERTIES – FIIF was constituted in April 2024, with the capital entry in liquid resources of Kz 1,000,000 thousand, and procedures currently being underway to carry out the capitalisation in kind, with the Bank's submission of the properties not assigned to operating business.

Note 41
Recently issued accounting standards and interpretations

The application of the following standards, interpretations, amendments and revisions is mandatory for the first time in the financial year starting 1 January 2023:

Standard/Interpretation	Description
IFRS 17 – Insurance contracts (including amendments to IFRS 7)	This standard establishes, for insurance contracts and within their scope of application, principles for their recognition, measurement, presentation and disclosure. This standard replaced IFRS 4 – Insurance contracts.
Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates	This amendment published by the IASB defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty.
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 disclosed, instead of significant accounting policies, and introduced examples to enable identifying a material accounting policy.
Amendment to IAS 12 Income tax – Deferred taxes related to assets and liabilities arising from a single transaction	This amendment published by the IASB in May 2021 clarifies that the initial recognition exemption is not applicable for transactions that give rise to equal taxable and deductible temporary differences.
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 in the comparative information to be presented when an entity adopts the two standards, IFRS 17 and IFRS 9, simultaneously.
Amendment to IAS 12 – Income tax – International tax reform (pillar two)	This amendment published by the IASB in May 2023 includes a temporary exemption from the requirement of recognition of deferred taxes and information on taxes arising from the pillar two model of the international tax reform, where it should be disclosed that this exemption was used.

These standards and amendments had no material impact on the Bank's consolidated financial statements.

The application of the following standards, interpretations, amendments and revisions is mandatory in future economic periods:

Standard/Interpretation	Description
Amendments to IAS 1 – Presentation of financial statements – Classification of liabilities as current and non-current; Deferral of the application date; Non-current liabilities with covenants	These amendments published by the IASB clarify the classification of liabilities as current and non-current by analysing the existing contractual conditions at the reporting date. The amendment relative to non-current liabilities with covenants clarified that only the conditions that must be complied with before or at the reference date of the financial statements are relevant for purposes of classification as current/non-current. Applicable in financial years started on or after 1 January 2024.
Amendment to IFRS 16 – Leases – Lease liabilities in a sale and leaseback	This amendment published by the IASB in September 2022 clarifies how a seller-lessee accounts for a sale and leaseback that complies with the criteria of IFRS 15 to be classified as a sale. Applicable in financial years started on or after 1 January 2024.
Amendment to IAS 7 – Statement of cash flows and IFRS 7 – Financial instruments – Supplier finance arrangements	These amendments published by the IASB in May 2023 include additional disclosure requirements on qualitative and quantitative information about supplier finance arrangements. Applicable in financial years started on or after 1 January 2024.
Amendment to IAS 21 – The effects of changes in foreign exchange rates – Lack of exchangeability	This amendment published by the IASB in August 2023 defines the approach to appraise whether a currency is or not exchangeable into another currency. If it is concluded that the currency is not exchangeable into another, it indicates how to determine the applicable exchange rate and the necessary additional disclosures. Applicable in financial years started on or after 1 January 2025.

The Bank did not apply any of these standards in advance in the consolidated financial statements for the year ended 31 December 2023. No significant impacts are expected on the consolidated financial statements as a result of their adoption.

Independent Auditor's Report on the Consolidated Financial Statements

Deloitte.

Deloitte Auditores, Lda.
OCPCA registration - E20170011

CMC registration –
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder
of Banco Económico, S.A.

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Adverse opinion

We have audited the attached consolidated financial statements of Banco Económico, S.A. ("Bank") and its subsidiaries ("Group"), which comprise the Consolidated statement of financial position as at 31 December 2023 (showing a total of 723,081,251 thousand kwanzas and a negative equity attributable to the Bank's shareholders of 627,945,931 thousand kwanzas, including a negative net income attributable to the Bank's shareholders of 297,876,551 thousand kwanzas), the Consolidated income statements of other comprehensive income, changes in equity and cash flows for the year then ended on that date, and the note to the consolidated financial statements, including material information on the accounting policy.

In our opinion, due to the significance of the matters referred to in the "Basis for adverse opinion" section, the attached consolidated financial statements do not present in an appropriate manner, in all material aspects, the financial position of Banco Económico, S.A. and its subsidiaries as at 31 December 2023, and its financial performance and its cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards ("IFRS").

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003/SAE/DSEA/CMC/04-201

Basis for an adverse opinion

As disclosed in Notes 15 and 39 of the Notes to the Financial Statements, on 15 June 2016, the Bank signed contracts with the ENSA – Investimentos e Participações, E.P. Group, now Investpar – Investimentos e Participações (SU), S.A. ("Investpar"), for the transfer of economic rights to credit operations and real estate investment fund units, as well as contracts for the transfer of other assets held by the Bank. On 15 May 2023 the agreement between the Bank and Investpar was signed for the reversal of said contracts with the Bank's consequent incorporation of the assets held by Investpar associated with these contracts, namely real estate properties and credit operations, and the Bank's derecognition of the balances receivable and payable associated with the Investpar operation, which resulted in a negative impact on its net income of 80,525,652 thousand kwanzas, recorded under the item "Impairment on other assets, net of reversals and recoveries (Note 33 of the Notes to the Financial Statements). As disclosed in Notes 10 and 15 of the Notes to the Financial Statements, as at 31 December 2023, the headings of "Non-current assets held for sale" and "Other assets" include the amounts of 138,913,572 thousand kwanzas and 236,894,678 thousand kwanzas, respectively, corresponding to the net value of the real estate properties received by the Bank in the context of the reversal of said contracts. The real estate properties that the Board of Directors believes to meet the conditions to be transferred in the near future to a real estate investment fund were recorded under the item "Other assets", and the rest of the real estate properties that were received were recorded under the item "Non-current assets held for sale", although the Bank has no evidence that these properties will be transacted in the short-term (Notes 10 and 15 of the Notes to the Financial Statements). The Bank is still carrying out a series of activities concerning the real estate properties received in the context of this operation, which could impact its consolidated financial statements, giving rise to limitations to the conclusion of our work, namely: (i) identification of the entirety of the real estate properties received, analysis of their physical condition attainment of their updated property registration in favour of the Bank; (ii) control and accounting entry of the sales and leases of these real estate properties, with the existence of credit balances having been observed under the headings of "Customer resources and other loans" and "Other liabilities" of 13,023,890 thousand kwanzas and 10,247,308 thousand kwanzas, respectively, associated with receipts recorded in 2023 by the Bank which has yet to be settled (Notes 17 and 20 of the Notes to the Financial Statements); and (iii) calculation and accounting entry of the potential tax contingencies associated with this operation, namely in terms of Property Tax. Furthermore, with respect to the valuation of the real estate properties received, we found that: (i) for the real estate properties recorded under the headings of "Non-current assets held for sale" and "Other assets" of 6,009,776 thousand kwanzas and 63,981,340 thousand kwanzas, respectively, no valuation reports drawn up by independent experts were obtained, with their fair value having been determined based on valuation reports of other real estate properties that the Bank's Board of Directors considered to have similar characteristics (Notes 10 and 15 of the Notes to the Financial Statements); and (ii) the valuation reports drawn up by independent experts did not provide evidence that the particularities of each property had been taken into account, especially for properties comprising several subdivisions, primarily in terms of their physical condition, the conditions of possible lease contracts or the existence of any time of encumbrance or charge. In view of the above, we are unable to conclude on the possible effects of these matters on the Bank's consolidated financial statements as at 31 December 2023.

As disclosed in Note 2.7 of the Notes to the Financial Statements, the model for calculating impairment losses for loans and advances to customers on a collective basis has significant weaknesses that impact the calculation made by the Bank's Board of Directors. In addition, the calculation of off-balance sheet liabilities associated with loans that should be analysed on a collective basis, namely commitments made to third parties and guarantees and sureties given, has limitations resulting essentially from inconsistencies generated in the migration of information between some of the Bank's computer systems in previous years (Note 35 of the Notes to the Financial Statements). As at 31 December 2023, the exposure to loans and advances to customers subject to impairment analysis calculated on a collective basis amounts to 43,372,466 thousand kwanzas (38,201,982 thousand kwanzas as at 31 December 2022) with impairment losses of 30,400,844 thousand kwanzas (21,948,368 thousand kwanzas as at 31 December 2022) (Note 9 of the Notes to the Financial Statements) and off-balance sheet liabilities associated with loans and advances to customers amount to 330,893,738 thousand kwanzas (258,422,109 thousand kwanzas as at 31 December 2022) (Note 35 of the Notes to the Financial Statements) with associated provisions of 18,868 thousand kwanzas (147,750 thousand kwanzas as at 31 December 2022) (Note 18 of the Notes to the Financial Statements). In view of these weaknesses and limitations, we are unable to conclude on the possible effects of these matters on the Bank's consolidated financial statements as at 31 December 2023.

In accordance with International Accounting Standard 12 - Income Taxes ("IAS 12") and the accounting policy disclosed in Note 2.15 of the Notes to the Financial Statements, the Bank must assess the recording of deferred tax liabilities and/or assets according to the temporary differences calculated, which result from the difference between the balance sheet value of an asset or liability and its tax base. To date, we have not obtained sufficient information to allow us to conclude on the adequacy of the calculation of the tax for the years of 2023 and 2022, particularly in the component of calculation of potential and realised favourable or unfavourable exchange rate variations. Therefore, it is not possible for us to conclude on the calculation of the current tax for those years, including any tax losses carried forward, nor on the existence of temporary differences that would give rise to the recording of deferred taxes. In addition, as disclosed in Note 14 of the Notes to the Financial Statements, as at 31 December 2023 and 2022, the item "Current tax assets" includes the amount of 1,450,599 thousand kwanzas for a tax credit resulting from the provisional settlement of Industrial Tax made in 2019, for which we have not obtained sufficient and appropriate information to allow us to conclude on the recoverable amount of that amount or on any contingencies that could arise from the financial years as yet to be inspected by the General Tax Administration. In view of the above, we are unable to conclude on the possible effects of these matters on the Bank's consolidated financial statements as at 31 December 2023.

As disclosed in Note 28 of the Notes to the Financial Statements, as at 31 December 2023, the item "Net gain (loss) from foreign exchange" shows a net debit balance of 254,708,684 thousand kwanzas (net credit balance of 30,357,505 thousand kwanzas as at 31 December 2022), corresponding to the results of the foreign exchange revaluation of the balance sheet position and the foreign exchange transactions carried out by the Bank in those financial years. To date, we have not obtained sufficient and appropriate information to allow us to validate the reasonableness of the balance of this heading as at 31 December 2023 and 2022. In view of the above, we are unable to conclude on the possible effects of this matter on the Bank's consolidated financial statements as at 31 December 2023.

As disclosed in Note 17 of the Notes to the Financial Statement, as at 31 December 2023, the item "Customer resources and other loans" amounts to 1,003,458,207 thousand kwanzas (774,716,582 thousand kwanzas as at 31 December 2022) relative to customer deposits, from which a random selection was made of customers with deposits amounting to 754,617,183 thousand kwanzas (528,486,553 thousand kwanzas as at 31 December 2022) for conducting balance confirmation procedures, in which answers were not obtained for 42,559,426 thousand kwanzas (20,007,552 thousand kwanzas as at 31 December 2022). Considering the relevance of this procedure for obtaining sufficient and appropriate audit evidence to validate the balance of this item and considering some weaknesses in the Bank's internal control procedures regarding customer data, we are unable to conclude on the possible effects of this matter on the Bank's consolidated financial statements as at 31 December 2023.

As occurred for the financial year ended 31 December 2022, up to the present date, we have not obtained sufficient and appropriate information to enable us to carry out an analysis of the manual accounting entries made by the Bank during the financial year ended 31 December 2023 (Journal Entries Testing), in order to address the risk of derogation from controls by the Board of Directors, as required by "International Auditing Standard 240 – The auditor's responsibilities relating to fraud in an audit of financial statements". In view of the above, we are unable to conclude on the possible effects of this matter on the Bank's consolidated financial statements as at 31 December 2023.

As disclosed in Note 8 of the Notes to the Financial Statements, as at 31 December 2022, the item "Investments at amortised cost" includes public debt securities amounting to 16,548,424 thousand kwanzas, received in 2016 in the context of the payment associated with the contracts signed with Investpar, which matured in 2040 at an interest rate of 5%. Considering that the maturity and interest rate of these public debt securities were not in line with market conditions on the acquisition date and that no equivalent market transactions were available, the Board of Directors calculated their fair value at the initial moment in accordance with the methodology disclosed in Note 8 of the Notes to the Financial Statements. However, although we have not been provided with support for the calculation made by the Bank, it is our understanding that the assumption regarding the difference in inflation to be imputed in the discount rate used to calculate the fair value of this asset at the initial moment was not properly applied, resulting in an over-valuation as at 31 December 2022 of the item "Investments at amortised cost", retained earnings and net income for the year by an amount that we are unable to quantify. As disclosed in Notes 8 and 27 of the Notes to the Financial Statements, in the financial year ended 31 December, the public debt securities referred to above were replaced by public debt securities in domestic currency under market conditions, having given rise to the recognition of a net gain amounting to 22,222,601 thousand kwanzas in 2023, which was recorded under the item "Net gain (loss) from investments at amortised cost". If the public debt securities received in 2016 had been properly valued, the recording of this operation of replacement of securities in the Bank's consolidated financial statements in 2023 would have had a higher impact on the net income for the year and a lower impact on retained earnings, with no net impact on the Bank's equity as at 31 December 2023, by an amount that we are unable to quantify.

As disclosed in Note 2.1 of the Notes to the Financial Statements, in accordance with the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29"), in the financial years ended 31 December 2017 and 2018, the functional currency of the Bank's consolidated financial statements corresponded to the currency of a hyperinflationary economy, which no longer had this classification in the financial year beginning in 2019, essentially as a result of the reduction in Angola's inflation rate. However, with reference to those years, the Angolan Banking Association and Banco Nacional de Angola ("BNA") expressed their interpretation that all the requirements laid down in IAS 29 for the Angolan economy to be considered hyperinflationary had not been met. Consequently, the Bank's Board of Directors has decided not to apply the provisions of IAS 29 in its consolidated financial statements for the years ended 31 December 2017 and 2018, nor to make the necessary adjustments to the consolidated financial statements for subsequent years, regarding opening balances and the adjustments that result from applying the provisions of IAS 29 when an economy ceases to be hyperinflationary. As disclosed in Notes 11 and 29 of the Notes to the Financial Statements, in the financial year ended 31 December 2023, the Bank co recorded a net gain of 53,979,218 thousand kwanzas arising from the disposal of the Bank's head office building, which, had the requirements of IAS 29 been applied, at least part of this net gain would have been recognised in previous financial years. To date, we have not obtained sufficient and appropriate information to enable us to quantify the effects of these situations on the Bank's consolidated financial statements as at 31 December 2023.

As disclosed in Notes 2.1 and 39 of the Notes to the Financial Statements, the Bank's consolidated financial statements as at 31 December 2023 were prepared on a going concern basis, since the Board of Directors believes that, despite the negative equity attributable to the Bank's shareholders of 627,945,931 thousand kwanzas (negative by 364,046,386 thousand kwanzas as at 31 December 2022) and the various economic and financial imbalances found, with implications, among others, for compliance with regulatory requirements for capital and liquidity, and foreign exchange position limits, that assumption is appropriate in view of the measures that have been planned and adopted by the Bank. The most recent analysis made by the Board of Directors on the applicable regulatory requirements for own funds with reference to 31 December 2023, resulted in the estimation of the capital increase needs by 805,648,515 thousand kwanzas (Note 39 of the Notes to the Financial Statements). In this context, the Board of Directors has been appraising the potential scenarios to be considered to make the Bank's activity viable, namely the measures to be implemented to increase liquidity levels, balance the foreign exchange position and ensure compliance with the applicable regulatory requirements for own funds (Note 39 of the Notes to the Financial Statements). However, we emphasise that, up to the present date, we have not obtained information on the terms under which the capital increase needs could be accomplished, which could be constrained by other factors that are beyond the control of the Bank's Board of Directors, among others, the foreign exchange evolution that, considering the Bank's foreign exchange position as at 31 December 2023, in a scenario of devaluation of the Kwanza could give rise to additional capital needs (Note 39 of the Notes to the Financial Statements). According to the disclosures in Note 39 of the Notes to the Financial Statements, the Bank's Board of Directors has maintained interactions with the Shareholder and Banco Nacional de Angola on the Bank's current situation, with an assessment underway to be conducted by an independent entity appointed by Banco Nacional de Angola pursuant to Article 254 of Law No. 14/21 of 19 May – Law on the General Framework of Financial Institutions, which aims, among other aspects, to underpin Banco Nacional de Angola's decision on the measures to be applied to the Bank. Furthermore, the imbalances that have occurred in the Bank's liquidity levels constrain fulfilment of some of its responsibilities, including the customers' ability to mobilise their deposits, a situation that could give rise to potential contingencies that are not recognised in the consolidated financial statements. In view of the above, we believe that the use of the going concern assumption in the preparation of the Bank's consolidated financial statements as at 31 December 2023 is not appropriate, and we are unable to conclude on the amount of the impacts that the use of an assumption other than going concern would have on these consolidated financial statements, but we believe that these impacts would be material and profound.

Our audit was conducted in accordance with the International Auditing Standards (ISA) and all other technical and ethical standards and guidelines of the Association of Accountants and Expert Accountants of Angola. Our responsibilities pursuant to these standards are described in the "Responsibilities of the auditor for the audit of the consolidated financial statements" section below. We are independent from the entities comprising the Group under the terms of the law and comply with all other ethical requirements pursuant to the code of ethics of the Association of Accountants and Expert Accountants of Angola.

We are certain that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphases

As disclosed in Note 21 of the Notes to the Financial Statements, following the implementation of the Recapitalisation and Restructuring Plan, the Bank's share capital increase was carried out in 2022, which is currently pending registration with the Commercial Registry. According to information obtained from the Bank's Board of Directors, this process remained pending registration because there were aspects related to the applicable fees that were being clarified, and the definitive registration is expected to be finalised during the financial year of 2024 (Note 18 of the Notes to the Financial Statements).

Our opinion is unchanged regarding this matter.

Other matters

The consolidated financial statements for the year ended 31 December 2022 are presented by the Board of Directors for comparative purposes and compliance with the requirements on publication of financial statements. We audited those consolidated financial statements and our Independent Auditor's Report, dated 9 October 2023, expresses an adverse opinion due to the relevance of: (i) a series of reservations related to the issues described in the first to the ninth paragraph of the "Basis for adverse opinion" section; and (ii) a reservation arising from the fact that the Bank is deferring impairment losses in the heading of "Other assets" as at 31 December 2022, as established in its Recapitalisation and Restructuring Plan, which amounted to 208,000,000 thousand kwanzas. This last issue is not applicable to the consolidated financial statements for the year ended 31 December 2023, due to the Bank's Board of Directors having corrected this situation and restated the consolidated financial statements for the year of 2022, presented for comparative effects (Note 2.2 of the Notes to the Financial Statements).

On 1 July 2024, we issued the Independent Auditor's Report on the consolidated financial statements for the year ended 31 December 2023, which were approved by the Board of Directors on 27 June 2024. On 5 July 2024, the Bank's Board of Directors amended the disclosure included in Note 39 of the Notes to its consolidated financial statements with reference to 31 December 2023, namely by updating the amount of capital increase needs to 805,648,515 thousand kwanzas, with this new version of the consolidated financial statements having been approved by the Board of Directors on 8 July 2024. Consequently, we issue this Independent Auditor's Report, which replaces the Independent Auditor's Report issued on 1 July 2024 referred to above, which includes the updating of the amount of capital increase needs mentioned in the ninth paragraph of the "Basis for an adverse opinion" section.

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Responsibilities of the management body and supervisory body for the consolidated financial statements

The management body is responsible for the:

- preparation of consolidated financial statements that present the Group's financial position, financial performance and cash flows in an appropriate manner pursuant to the International Financial Reporting Standards ("IFRS");
- creation and maintenance of an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement due to fraud or error;
- adoption of accounting policies and criteria that are appropriate under the circumstances; and
- assessment of the Group's ability to remain a going concern, disclosing, when applicable, any matters that could give rise to significant doubts on business continuity.

The supervisory body is responsible for the supervision of the process of preparation and disclosure of the Group's consolidated financial information.

Responsibilities of the auditor for the audit of the consolidated financial statements

We are responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and issuing a report presenting our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the International Auditing Standards shall always detect an existing material misstatement. Misstatements may be derived from fraud or error and are always considered material if, separately or together, they can be reasonably expected to influence economic decisions of the users taken based on the consolidated financial statements.

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An audit conducted in accordance with the International Auditing Standards implies that we make professional judgements and maintain an attitude of professional scepticism throughout the audit, and we also:

- identify and assess the risks of material misstatement of the consolidated financial statements, due to fraud or error, design and implement audit procedures that account for these risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud many involve collusion, falsification, intentional omissions, false statements or override of internal control;
- obtain an understanding of the internal control of relevance to the audit for the purpose of designing audit procedures appropriate to the circumstance, but not to express an opinion on the efficacy of the Group's internal control;
- assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by the management body;
- conclude on the appropriateness of the management body's use of the going concern assumption and, based on the obtained audit evidence, whether there is any material uncertainty related to events or conditions that could raise significant doubts as to the Group's ability to continue its business activities. If we conclude that there is a material uncertainty, our report should draw attention to the related disclosures included in the consolidated financial statements or, if those disclosures are not appropriate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions could lead the Group to discontinue its business activities;
- assess the presentation, structure and overall content of the consolidated financial statements, including the disclosures, and whether these consolidated financial statements represent the underlying transactions and events to accomplish an appropriate presentation;
- obtain sufficient and appropriate audit evidence relative to the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and performance of the Group's audit and we are ultimately responsible for our final audit opinion; and
- inform those in charge of governance, including the supervisory body, of, among other subjects, the audit's scope and planned timeframe, and significant audit conclusions including any significant internal control flaw detected during the audit.

Luanda, 9 July 2024

Deloitte e Auditores, Lda.
Represented by José António Mendes Garcia Barata
OCPCA Member No. 20130163

Report and Opinion of the Supervisory Board on the Consolidated Financial Statements

REPORT AND OPINION OF THE SUPERVISORY BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2023

To the Board of Directors and Shareholders of Banco Económico, S.A.

In conformity with the legislation in force and he mandate entrusted to us, the Supervisory Board hereby presents the report on its supervisory activity, as well as its opinion on the Consolidated Financial Statements of Banco Económico, S.A. ("Bank") for the financial year ended 31 December 2023, in accordance with the following guidelines:

1. – Competences and Duties

a. Board of Directors and Shareholders of Banco Económico, S.A.
It is the responsibility of the Board of Directors to disclose and publish complete, reliable, current, timely, consistent and comprehensible information, avoiding disagreements in its accessibility to shareholders and other stakeholders. The Bank's capital structure, corporate acts and relevant risks, information on the members of the governing bodies and financial information, namely the Management Report, Financial Statements and Notes to the Financial Statements, must be disclosed at least annually.

b. Independent Auditor
It is the Independent Auditor's responsibility to verify and certify the proper accounting recording of asset facts, in accordance with the provisions of Notice No. 9 05/2019 of 30 August and its alignment with best practices and international financial reporting standards applicable to the banking sector, ensuring that reasonable evidence is obtained of the application of adequate levels of internal control, risk assessment and any evidence or suspicion of fraud or misrepresentation, concluding that the financial statements are adequately disclosed, verifying the applicability of the going concern assumption and expressing its independent opinion.

c. Supervisory Board
The Supervisory Board is responsible for verifying the information contained in the financial statements, the basis for issuing an impartial technical opinion that expresses good practice in the use of the resources allocated to the Bank, compliance with the statutes, laws and regulations, as well as the correct assessment of the Bank's economic and financial performance.

2. Supervisory activity of the Supervisory Board

a. The Supervisory Board, held periodic meetings with the Bank's Management, the Independent Auditor and the Bank's relevant Departments and continuously monitored the Bank's performance, examined its consolidated Financial Statements and obtained the information and explanations deemed appropriate to understand the situation of financial and regulatory balance, the organisation and existing metrics, particularly focused on the issue of its sustained continuity.

b. It appraised the Corporate Governance and Internal Control Model and the Prevention and Combating of Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction, Internal Regulations, Policies and other procedures, which it considered appropriate and timely.

c. It took note of the Report of the Real State Asset Disposal Department (DAA), tasked with carrying out the management from the commercial point of view, maintenance of the real estate properties and the management of relations with counterparties (customers and service providers) in pre-sale and post-sale, particularly important during the operation of reversal of transfer of assets to Investpar – Investimentos e Participações (SU), S.A., signed on 15 May 2023.

d. Supported by systematic and fruitful interactions with the Board of Directors, Independent Auditor and relevant units, the Supervisory Board is aware of the Bank's overall financial, liquidity, capital and regulatory imbalance, and knows of the various diagnoses of the Bank's economic and financial situation and its institutional reports.

e. It took note of the communication from Banco Nacional de Angola, reference 480/DSB/21, dated 11 August 2021, which temporarily exempts the Bank from complying with the prudential limits on regulatory own funds, foreign exchange position, solvency ratio, limits on major risks, interest rate risk and liquidity ratio. However, the Bank is obliged to present Banco Nacional de Angola with a proposal for phased fulfilment of the requirement and to implement a cost containment and reduction plan that includes closing less productive branches, refraining from awarding premiums and bonuses to employees and members of the Governing Bodies, refraining from hiring new employees, limiting variable remuneration, making lending subject to the prior approval of Banco Nacional de Angola and imposing additional reporting requirements. As part of this, the Bank is required to report to Banco Nacional de Angola every month on the detailed timetable for the progress of compliance with the measures, a procedure that has been followed.

f. It monitors, to the extent considered appropriate, the Bank's appraisal of the implementation of the Recapitalisation and Restructuring Plan (PRR) measures, assessing their impact on the Bank's Financial Statements and key indicators, namely solvency, liquidity and foreign exchange position, which are in breach of the normal regulatory requirements.

g. Framed in the mechanisms presented in Article 254 of the Law on the Legal Framework of Financial Institutions (LRGIF) and by indication of the Regulator, the Bank's Board of Directors hired the services of a specialised consultant to identify and propose complementary measures to the Recapitalisation and Restructuring Plan to resolve the liquidity and profitability constraints and ensure the Bank's continuity.

h. Although these circumstances constitute material risks and uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern, the Board of Directors believes that it is appropriate to present the consolidated financial statements based on the going concern assumption, given the favourable evolution and significant progress made in implementing the Recapitalisation and Restructuring Plan and the expected support from the Regulator (BNA) for the implementation of the additional measures in progress, which are essential to ensure the Bank's economic and financial sustainability.

3. – Conclusions of the Supervisory Board

a) Banco Económico, S.A., with paid-up share capital of 271,500,000 thousand kwanzas, closed the financial year ended 31 December 2023 with consolidated net assets of 723,081,251 thousand kwanzas, in which "Non-current assets held for sale" and "Other assets" predominate, and together account for 60.5% of total assets. Consolidated net income for the year attributable to the Bank's shareholders stood at negative 297,876,551 thousand kwanzas and consolidated equity was also negative by 627,263,663 thousand kwanzas.

Considering that the Bank's equity is fully spent, the Bank is required, pursuant to Article 20(5) and (2) (Minimum own funds) of Law No. 14/21 of 19 May - Law on the General Framework of Financial Institutions, to settle the situation within the period established in Article 20.

The financial statements were prepared on a going concern basis, assuming the continuity of the Bank's operations.

b) As a result of the reversal of the asset transfer operation on 15 May 2023, the Bank took possession of a significant volume of credit operations and property assets, which could minimise the shortage of liquidity from disposals, but which will take a long time to achieve, so the Bank will remain highly dependent on the desirable provision of liquidity by Banco Nacional de Angola, as well as the support of this entity with national public entities.

c) The Supervisory Board agrees with the Independent Auditor's Opinion on the Bank's Financial Statements as at 31 December 2023, namely in the expression and justification of the Reserves and Emphasis, with particular emphasis on the reserve that considers the use of the going concern assumption to be inappropriate, as it believes that the impacts on the consolidated Financial Statements of using a different assumption are material and profound.

The Board of Directors has studied various scenarios for meeting significant capital needs, but the assumptions for realising these scenarios are an exogenous decision, not dependent on or controllable by the Board of Directors.

d) The Supervisory Board is of the opinion that the Bank's Annual Report and Financial Statements for the year ended 31 December 2023 present the Bank's financial position.

e) The Supervisory Board would like to thank the Board of Directors, the Bank's Management and the Independent Auditor for their availability and co-operation.

Luanda and Banco Económico on 9 July 2024

The Supervisory Board,

Dr Esperança D'Jamila Falcão da Silva
Full member

Dr Damião Dala Caculo
Alternate member

2023 Annual Report
BANCO ECONÓMICO

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