Note 39 - Risk management

The Bank is subject to different types of risk during its business. Risk management is carried out centrally with respect to the specific risks of each business.

The risk management policy aims to define the profile for each risk identified as material to the Bank, with a view to protecting the Bank's soundness, as well as the guidelines for implementing a risk management system that allows the identification, assessment, monitoring, control and reporting of all material risks inherent to the Bank's activity.

In this context, the monitoring and control of the main financial risks - credit, market and liquidity - and non-financial risks - operational - to which the Bank's activity is subject to, are of particular importance.

Main risk categories

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

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

Liquidity – Liquidity risk reflects the Bank's inability to meet its obligations associated with financial liabilities at each maturity date without incurring in significant losses due to deteriorating access to finance (financing risk) and/or the sale of its assets below their normal market value (market liquidity risk).

Real Estate – Real estate risk results from the probability of negative impacts on the Bank's income and/or capital due to unfavourable changes in the market price.

Operating – Operating risk is the probability of failures or inappropriateness of internal procedures, information systems, human behaviour or external events.

Internal organization

The Risk Office (ROF) is part of ATLANTICO's organizational structure and takes autonomous and independent direct accountability for the risk management system. This Department has no direct responsibility over any risk-taking function, which depends on the hierarchical and functional structure of the Board of Directors (CA) and is monitored on a daily basis by a director appointed by the Executive Commission (CE).

The Board of Directors is responsible for defining, approving, and implementing a risk management system that identifies, assesses, controls, and monitors all the material risks to which the Bank is exposed, in order to ensure that they remain at the previously defined level and that they will not significantly affect the Bank's financial position.

The Board of Directors is responsible for (i) approving the operating regulations of the ROF; (ii) ensuring adequate material and human resources for the performance of risk management functions; (iii) ensuring that risk management activities have sufficient independence, status and visibility and are subject to periodic reviews; (iv) approving the exposure limits to the different material risks to which the Bank is exposed; and (v) setting general guidelines for the risk management system and definition of the Bank's risk profile, formalized in the risk management policy.

ROF is responsible for identifying, assessing, and monitoring materially relevant risks to the Bank, as well as monitoring the adequacy and effectiveness of measures taken to address any shortcomings in the risk management system.

The Bank's structural units are responsible for the effective control of risks and compliance with the internal procedures defined by the CE.

The risk management system is documented through policies, internal rules (processes) and procedure manuals.

During 2021, the BNA issued Notice 08/2021, which establishes a new regulatory and prudential framework for the Angolan financial system arising from the supervisory equivalence program under implementation. The regulatory package consisting of the aforementioned Notice and supplementary Instructions revokes the regulations published in 2016, which guided risk management and regulatory limits until this date. In accordance with the new regulatory framework, the Bank made its first report in May 2022, with reference to the period ended March 31, 2022. On this date, the new regulatory package has been fully implemented by the Bank, in accordance with the guidelines of the Banco Nacional de Angola.

Risk Assessment

Credit Risk

Credit risk models play a key role in the credit decision process. Therefore, the loan portfolio's decision-making process is based on a set of policies, through scoring models for Retail and Corporate customers' portfolios and rating for the corporate segment.

Credit decisions depend on risk classifications and compliance with several rules on the financial standing and behaviour of the proposers. There are relative scoring models for the main consumer credit portfolios, namely mortgages and individual loans, including the necessary segmentation between customers and non-customers (or recent customers).

The main goals of credit risk management are:

- Define the provisioning rules/impairment calculations;
- Define the process of risk analysis;
- Analyse concentration/individual, sector and geographic risks;
- Define and monitor the internal boundaries for counter parties; and
- Monitor the implementation of risks cutback plans, through a follow-up of the overdue credit portfolio.

In order to mitigate the credit risk, the portfolio analysis includes the following criteria:

- Customer's background, to seek the existence of credit defaults, pledges or debts;
- Exposure limits to credit risk, where, in accordance with the counterparties' credit capacity, it is established an internal rating, as well as the definition of maximum limits to counterparties;
- Default risk where customers with high probability of default rating are rejected; and
- Personal or real guarantees at the credit conception, in order to mitigate the Bank's exposure to the respective counterparty.

As at December 31, 2023 and 2022, the information on the Bank's exposure to credit risk by type of financial assets, including off-balance sheet exposure, is detailed as follows:

AOA thousand

	12-31-2023		
	Gross carrying amount	Impairment losses	Net book value
Balance sheet items			
Cash and deposits at central banks	356,926,890	-	356,926,890
Loans and advances to credit institutions repayable on demand	94,160,640	(13,532)	94,147,108
Financial assets at fair value through profit or loss	299,015,502	-	299,015,502
Financial assets at fair value through other comprehensive income	53,640,751	(533,736)	53,107,016
Financial assets at amortized cost			
Debt securities	472,578,094	(5,262,762)	467,315,333
Loans and advances to customers	668,637,557	(189,529,085)	479,108,472
Other loans and advances to central banks and credit institutions	81,197,130	(3,674)	81,193,455
Other assets	173,450,313	(26,433,788)	147,016,525
	2,199,606,878	**(221,776,576)**	**1,977,830,301**
Off-balance sheet items			
Documentary credit	87,422,704	(56,508)	87,366,196
Guarantees provided	38,321,010	(417,892)	37,903,118
	125,743,714	**(474,400)**	**125,269,315**
	2,325,350,592	**(222,250,976)**	**2,103,099,616**

AOA thousand

	12-31-2022		
	Gross carrying amount	Impairment losses	Net book value
Balance sheet items			
Cash and deposits at central banks	214,230,500	-	214,230,500
Loans and advances to credit institutions repayable on demand	46,176,191	(7,167)	46,169,024
Financial assets at fair value through profit or loss	260,385,874	-	260,385,874
Financial assets at fair value through other comprehensive income	54,236,351	-	54,236,351
Financial assets at amortized cost			
Debt securities	310,701,923	(4,404,485)	306,297,438
Loans and advances to customers	609,847,216	(156,245,906)	453,601,310
Other loans and advances to central banks and credit institutions	30,570,561	(23,263)	30,547,298
Other assets	114,769,894	(19,138,009)	95,631,885
	1,640,918,511	**(179,818,830)**	**1,461,099,680**
Off-balance sheet items			
Documentary credit	17,916,012	(578,983)	17,337,028
Guarantees provided	16,006,086	(364,844)	15,641,242
	33,922,097	**(943,828)**	**32,978,270**
	1,674,840,608	**(180,762,658)**	**1,494,077,950**

As at December 31, 2023 and 2022, the breakdown by sector of activity of the loan exposure to customers, including guarantees provided and documentary credit, is as follows:

AOA thousand

Business sector	12-31-2023					
	Loans and advances to customers		Guarantees provided and documentary credit	Total exposure	Impairment losses	
	Outstanding	Overdue			Amount	%
Real Estate	156,655,165	48,540,113	-	205,195,278	(44,525,995)	22%
Wholesale and Retail Trade	72,422,520	21,585,281	53,614,580	147,622,381	(27,127,141)	18%
Construction	138,717,419	13,104,213	28,688,400	180,510,032	(51,490,590)	29%
Manufacturing Industry	105,441,852	33,065,664	22,128,812	160,636,328	(27,104,099)	17%
Retail	32,904,087	17,687,443	-	50,591,530	(28,643,461)	57%
Other	12,289,541	16,224,258	21,311,923	49,825,722	(10,637,799)	21%
	518,430,584	**150,206,972**	**125,743,714**	**794,381,271**	**(189,529,085)**	**24%**

AOA thousand

Business sector	12-31-2022					
	Loans and advances to customers		Guarantees provided and documentary credit	Total exposure	Impairment losses	
	Outstanding	Overdue			Amount	%
Real Estate	152,974,929	32,918,780	-	185,893,709	(32,055,375)	17%
Wholesale and Retail Trade	83,756,481	13,044,360	9,334,835	106,135,676	(22,327,894)	21%
Construction	124,977,747	6,019,975	4,553,495	135,551,217	(42,074,577)	31%
Manufacturing Industry	95,103,146	20,670,920	6,908,465	122,682,532	(22,056,755)	18%
Retail	41,390,644	12,361,821	1,050,763	54,803,228	(28,348,986)	52%
Other	15,493,594	11,134,819	12,074,539	38,702,952	(9,382,319)	24%
	513,696,541	**96,150,675**	**33,922,097**	**643,769,313**	**(156,245,906)**	**24%**

As at December 31, 2023 and 2022, the geographical concentration of credit risk is presented as follows:

AOA thousand

	12-31-2023			
	Geography			
	Angola	Portugal	Other	Total
Loans and advances to customers	668,273,720	317,694	46,141	668,637,556
Guarantees provided and documentary credit	125,639,769	-	103,945	125,743,714
	793,913,489	**317,694**	**150,087**	**794,381,270**

AOA thousand

	12-31-2022			
	Geography			
	Angola	Portugal	Other	Total
Loans and advances to customers	607,145,242	2,652,621	49,353	609,847,216
Guarantees provided and documentary credit	33,818,152	-	103,945	33,922,097
	640,963,394	**2,652,621**	**153,298**	**643,769,313**

As at December 31, 2023 and 2022, the exposure to credit risk by financial asset class, rating level and stage, is presented as follows:

AOA thousand

	12-31-2023			
	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Total
Loans and advances to customers				
Low level	6,820,535	11,222,062	449,646	18,492,243
Medium level	18,695,684	57,296,458	19,077,429	95,069,571
High level	18,385,438	220,056,440	107,307,428	345,749,306
No rating	8,839,819	51,900,494	148,586,124	209,326,437
Gross carrying amount	**52,741,476**	**340,475,454**	**275,420,627**	**668,637,557**
Impairment losses	(627,852)	(43,644,605)	(145,256,627)	(189,529,085)
Net book value	**52,113,624**	**296,830,849**	**130,164,000**	**479,108,472**

AOA thousand

	12-31-2022			
	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Total
Loans and advances to customers				
Low level	8,699,168	6,763,168	1,184,535	16,646,871
Medium level	12,870,243	70,439,731	9,987,417	93,297,391
High level	8,502,748	205,221,660	74,164,020	287,888,428
No rating	10,862,040	59,228,680	141,923,806	212,014,526
Gross carrying amount	**40,934,199**	**341,653,239**	**227,259,778**	**609,847,216**
Impairment losses	(555,263)	(36,443,103)	(119,247,540)	(156,245,906)
Net book value	**40,378,936**	**305,210,136**	**108,012,238**	**453,601,310**

With regard to the quality of credit risk of the financial assets, the Bank, based on internal rating levels, is developing the necessary tools to disclose information along these lines.

Nevertheless, it is important to consider the following aspects related to credit risk mitigation of the Bank's financial assets:

- Real estate guarantees and financial collaterals, which allow a direct reduction in the position value, are important for credit risk mitigation. Personal protection guarantees, with a substitution effect in the position at risk, are also considered;

- Credit operations collateralized by financial guarantees are considered for direct reductions, namely deposits, Angolan state bonds and other similar guarantees;

- Regarding real mortgage guarantees, the valuation of assets is performed by independent valuers registered with the Capital Market Commission (CMC) of Angola. The revaluation of the assets is performed through assessments on-the-site, performed by a technical valuer, in accordance with best market practices;

- The model for calculating impairment losses on the loans and advances to customers portfolio was implemented in 2018, governed by the general principles defined in IFRS 9, as well as the guidelines and iterations of IAS/IFRS implementation with Banco Nacional de Angola, in order to align the calculation process with the best international practices;

- The Bank's impairment model begins with the segmentation of the credit portfolio customers into separate groups, according to their stage and depending on the existence of signs of impairment (which include internal and external information) and the size of the set of exposures of each economic/customer group;

- The assessment of impairment losses on an individual basis is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses at each balance sheet date, the expected impairment loss (ECL);

- For each one of the customers/active loans, a set of impairment signs is verified, which includes internal and external information. This information increases impairment values, since these represent an increase in the risk of default;

- It should be noted that a restructured loan is a sign of impairment and, therefore, the loan portfolio marked as restructured is included in the loans with signs of impairment;

- In the group of homogeneous populations, customer exposures are subject to collective analysis; and

- The amount of impairment for customers subject to individual analysis is calculated using the discounted cash flow method and macroeconomic scenarios with impacts on the recovery strategy, *i.e.*, the amount of impairment corresponds to the difference between the value of the loan and the sum of the expected cash flows related to the various operations of the customer, adjusted to the macroeconomic scenarios, and updated according to the effective interest rate of each operation.

Market Risk

Market Risk is controlled, in a short- and long-term vision, for the banking portfolio.

The main players involved in the daily management of Market and Liquidity Risk are the Financial and Markets Department and the Risk Office.

The Financial and Markets Department is responsible for the selection and performance of market operations and for liquidity management, considering the limits defined in the Bank's risk profile.

The Risk Office is responsible for the identification, measurement, and monitoring of risks, always ensuring that the defined limits are met.

The Bank is subject to reporting under Notice 08/2021 of June 18 and Instruction 22/2021 of March 27, regarding the Interest Rate Risk in the banking portfolio (financial instruments not held in the portfolio of financial assets at fair value through profit or loss).

As at December 31, 2023 and 2022, the total portfolios of financial assets at fair value through other comprehensive income and at amortized cost are mainly concentrated in loans and advances to customers, representing 44% and 46%, respectively, and in public debt securities (National Treasury Bonds), representing 48% and 31%, respectively.

The assessment of the interest rate risk originated by operations from the banking portfolio is made by risk sensitivity analysis.

Based on the financial characteristics of each contract, cash flows are projected according to the dates of rate resetting and possible behavioural assumptions considered.

The aggregation of the expected cash flows, at each range of days, for each of the currencies analysed, allows the determination of the interest rate gaps by resetting maturity.

Following the recommendations of BNA's Instruction 22/2021 of October 27, the Bank calculates its exposure to the balance sheet interest rate risk based on the methodology defined in the Instruction. It also carries out the quantification of the economic capital requirements for the interest rate risk of the banking portfolio, based on the simulation of a 260-day historical value at risk (VaR) with a 99% confidence interval (considering all the institution's positions, sensitive to interest rate fluctuations and related to currencies representing more than 5% of total assets or liabilities), in accordance with Instruction 10/2021 of July 7.

As at December 31, 2023 and 2022, the financial instruments for interest rate risk are detailed as follows:

AOA thousand

	12-31-2023				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets					
Cash and deposits at central banks	-	-	356,926,890	-	356,926,890
Loans and advances to credit institutions repayable on demand	-	-	94,147,108	-	94,147,108
Financial assets at fair value through profit or loss	-	124,571	298,890,931	-	299,015,502
Financial assets at fair value through other comprehensive income	51,331,595	-	1,775,420	-	53,107,016
Financial assets at amortized cost					
Debt securities	467,315,333	-	-	-	467,315,333
Loans and advances to customers	141,338,145	337,770,327	-	-	479,108,472
Other loans and advances to central banks and credit institutions	81,193,455	-	-	-	81,193,455
Other assets	-	-	147,016,525	-	147,016,525
	741,178,529	**337,894,898**	**898,756,875**	**-**	**1,977,830,302**
Liabilities					
Deposits from central banks and other credit institutions	116,550	-	1,206,518	-	1,323,068
Deposits from customers and other loans	1,060,443,394	-	788,564,114	-	1,849,007,508
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Other liabilities	3,482,493	-	11,084,224	-	14,566,717
	1,064,042,437	**-**	**800,854,856**	**-**	**1,864,897,293**
	(322,863,908)	**337,894,898**	**97,902,020**	**-**	**112,933,009**

AOA thousand

	12-31-2022				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets					
Cash and deposits at central banks	-	-	214,230,500	-	214,230,500
Loans and advances to credit institutions repayable on demand	-	-	46,169,024	-	46,169,024
Financial assets at fair value through profit or loss	-	182,149	260,203,725	-	260,385,874
Financial assets at fair value through other comprehensive income	53,806,962	-	429,389	-	54,236,351
Financial assets at amortized cost					
Debt securities	306,297,438	-	-	-	306,297,438
Loans and advances to customers	132,806,599	320,794,711	-	-	453,601,310
Other loans and advances to central banks and credit institutions	30,547,298	-	-	-	30,547,298
Other assets	-	-	95,631,885	-	95,631,885
	523,458,297	**320,976,860**	**616,664,523**	**-**	**1,461,099,680**
Liabilities					
Deposits from central banks and other credit institutions	-	-	7,321,923	-	7,321,923
Deposits from customers and other loans	855,394,847	-	509,273,563	-	1,364,668,411
Financial liabilities at fair value through profit or loss	-	-	943,693	1,086,315	2,030,008
Other liabilities	5,470,195	-	11,998,988	-	17,469,183
	860,865,042	**-**	**529,538,168**	**1,086,315**	**1,391,489,524**
	(337,406,744)	**320,976,860**	**87,126,355**	**(1,086,315)**	**69,610,156**

As at December 31, 2023 and 2022, the financial instruments with exposure to interest rate risk according to the maturity or resetting date had the following structure:

AOA thousand

	12-31-2023								
	Resetting dates/Maturity dates								
	Below 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Undetermined	Total
Assets									
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	124,571	124,571
Financial assets at fair value through other comprehensive income	-	2,903	19,199,981	-	66,630	6,810,785	16,693,720	-	42,774,020
Financial assets at amortized cost									
Debt securities		55,890	190,047,407	24,751,565	124,802,958	53,524,244	74,349,165	-	467,531,229
Loans and advances to customers	214,939,877	11,408,447	10,917,220	50,565,267	5,651,224	22,109,259	87,683,948	-	403,275,242
Other loans and advances to central banks and credit institutions	65,505,443	12,701,028	-	2,708,167	-	-	-	-	80,914,639
	280,445,320	**24,168,268**	**220,164,608**	**78,025,000**	**130,520,812**	**82,444,288**	**178,726,833**	**124,571**	**994,619,700**
Liabilities									
Deposits from customers and other loans	155,826,045	315,560,636	234,827,456	333,570,451	-	-	-	-	1,039,784,589
Other liabilities	-	-	-	-	-	3,482,493	-	-	3,482,493
	155,826,045	**315,560,636**	**234,827,456**	**333,570,451**	**-**	**3,482,493**	**-**	**-**	**1,043,267,083**
	436,271,366	**339,728,904**	**454,992,064**	**411,595,451**	**130,520,812**	**85,926,781**	**178,726,833**	**124,571**	**2,037,886,783**

AOA thousand

	12-31-2022								
	Resetting dates/Maturity dates								
	Below 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Undetermined	Total
Assets									
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	182,149	182,149
Financial assets at fair value through other comprehensive income	28,160,300	182,900	-	1,656,655	933,400	3,483,400	19,554,800	-	53,971,455
Financial assets at amortized cost									
Debt securities	-	1,786,726	35,389,765	32,776,590	167,295,476	27,419,194	41,577,920	-	306,245,672
Loans and advances to customers	197,443,499	77,354,612	11,864,967	1,003,679	22,996,291	1,273,600	99,756,563	-	411,693,211
Other loans and advances to central banks and credit institutions	26,548,320	503,691	3,000,000	403,079	-	-	-	-	30,455,089
	252,152,119	**79,827,929**	**50,254,731**	**35,840,002**	**191,225,168**	**32,176,194**	**160,889,283**	**182,149**	**802,547,576**
Liabilities									
Deposits from customers and other loans	132,230,423	277,597,350	196,271,863	217,740,896	-	-	-	-	823,840,531
Other liabilities	-	-	-	-	-	5,470,195	-	-	5,470,195
	132,230,423	**277,597,350**	**196,271,863**	**217,740,896**	**-**	**5,470,195**	**-**	**-**	**829,310,726**
	119,921,696	**(197,769,420)**	**(146,017,131)**	**(181,900,894)**	**191,225,168**	**26,706,000**	**160,889,283**	**182,149**	**(26,763,150)**

As at December 31, 2023 and 2022, the average interest rates for the main categories of financial assets and liabilities, as well as the related average balances and income and expenses for the period, are as follows:

AOA thousand

	12-31-2023			12-31-2022		
	Average balance for the period	Interest for the period	Average interest rate	Average balance for the period	Interest for the period	Average interest rate
Financial assets						
Cash and cash equivalents	39,467,870	-	0.00%	41,136,877	-	0.00%
Financial assets at amortized cost						
Debt securities	411,877,949	36,584,004	8.88%	313,874,521	23,775,436	7.57%
Loans and advances to customers	465,913,581	40,539,574	8.70%	440,644,543	69,808,073	15.84%
Other loans and advances to central banks and credit institutions	60,513,501	5,752,869	9.51%	34,543,217	688,267	1.99%
Financial assets at fair value through other comprehensive income	39,299,227	6,321,051	16.08%	11,843,932	1,501,794	12.68%
Financial assets at fair value through profit or loss	268,147,438		0.00%	266,929,647	-	0.00%
	1,285,219,566	**89,197,498**		**1,108,972,738**	**95,773,570**	
Financial liabilities						
Deposits from customers and other loans	45,037,130	2,946,528	6.54%	1,295,219,162	60,149,023	4.64%
Deposits from central banks and other credit institutions	1,559,913,984	68,658,674	4.37%	19,868,127	1,808,619	9.10%
Lease liabilities	3,482,493	1,409,129	40%	5,470,195	1,361,442	24.89%
	1,608,433,607	**73,014,331**		**1,320,557,484**	**63,319,084**	
Net interest income		**16,183,168**			**32,454,487**	

The sensitivity to the balance sheet interest rate risk, by currency, is calculated by the difference between the present value of the interest rate mismatch, discounted at market interest rates and the discounted value of the same cash flows simulating parallel shifts of the market interest rate yield curve.

As at December 31, 2023 and 2022, the breakdown of assets and liabilities, by currency, net of impairment, is presented as follows:

AOA thousand

	12-31-2023					
	Kwanza	Kwanza indexed to the US Dollar	US Dollar	Euro	Other currencies	Total
Assets						
Cash and deposits at central banks	118,908,675	-	151,340,956	86,311,368	365,892	356,926,890
Loans and advances to credit institutions repayable on demand	213,681	-	63,894,855	28,003,274	2,035,298	94,147,108
Financial assets at fair value through profit or loss	295,294,417	-	3,397,588	323,497	-	299,015,502
Financial assets at fair value through other comprehensive income	53,055,687	-	51,328	-	-	53,107,016
Financial assets at amortized cost						
Debt securities	135,875,709	70,095,273	261,344,351	-	-	467,315,333
Loans and advances to customers	356,575,779	7,453,142	110,894,233	4,185,318	-	479,108,472
Other loans and advances to central banks and credit institutions	-	-	80,044,078	1,149,377	-	81,193,455
Other property, plant and equipment	92,372,476	-	-	-	-	92,372,476
Intangible assets	10,658,318	-	-	-	-	10,658,318
Non-current assets held for sale	716,352	-	-	-	-	716,352
Current tax assets	2,464,674	-	-	-	-	2,464,674
Deferred tax assets	3,657,438	-	-	-	-	3,657,438
Other assets	134,937,384	-	12,077,230	1,911	-	147,016,525
Total Assets	**1,204,730,590**	**77,548,415**	**683,044,620**	**119,974,745**	**2,401,190**	**2,087,699,559**
Liabilities						
Deposits from central banks and other credit institutions	1,206,518	-	-	93,329	23,221	1,323,068
Deposits from customers and other loans	1,032,754,691	3,280	700,107,045	114,052,260	2,090,232	1,849,007,508
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Provisions	731,533	117,016	-	2,764,770	-	3,613,319
Deferred tax liabilities	7,229,618	264	258	-	-	7,230,139
Other liabilities	11,964,932	-	977,762	1,624,020	3	14,566,717
Total Liabilities	**1,053,887,292**	**120,560**	**701,085,064**	**118,534,379**	**2,113,456**	**1,875,740,751**
	150,843,298	**77,427,855**	**(18,040,444)**	**1,440,366**	**287,734**	**211,958,808**

AOA thousand

	12-31-2022					
	Kwanza	Kwanza indexed to the US Dollar	US Dollar	Euro	Other currencies	Total
Assets						
Cash and deposits at central banks	78,217,689	-	82,298,251	53,484,896	229,664	214,230,500
Loans and advances to credit institutions repayable on demand	8,671,375	-	21,855,109	14,007,004	1,635,536	46,169,024
Financial assets at fair value through profit or loss	231,291,046	-	29,094,828	-	-	260,385,874
Financial assets at fair value through other comprehensive income	52,904,874	-	1,331,477	-	-	54,236,351
Financial assets at amortized cost						
Debt securities	64,191,403	39,911,828	202,194,207	-	-	306,297,438
Loans and advances to customers	372,223,365	2,895,643	74,873,698	3,608,604	-	453,601,310
Other loans and advances to central banks and credit institutions	-	-	29,666,713	880,585	-	30,547,298
Other property, plant and equipment	103,859,695	-	-	-	-	103,859,695
Intangible assets	13,022,100	-	-	-	-	13,022,100
Current tax assets	2,546,736	-	-	-	-	2,546,736
Deferred tax assets	3,750,143	-	-	-	-	3,750,143
Other assets	58,801,832	787,229	35,066,934	921,518	54,372	95,631,885
Total Assets	**989,480,256**	**43,594,700**	**476,381,217**	**72,902,608**	**1,919,573**	**1,584,278,354**
Liabilities						
Deposits from central banks and other credit institutions	7,318,396	-	3,527	-	-	7,321,923
Deposits from customers and other loans	818,010,841	1,976	483,025,781	62,489,445	1,140,368	1,364,668,411
Financial liabilities at fair value through profit or loss	2,030,008	-	-	-	-	2,030,008
Provisions	724,925	6,430	-	2,195,476	-	2,926,832
Deferred tax liabilities	141,819	6,339	4,717	-	-	152,875
Other liabilities	13,963,962	-	1,694,404	1,810,371	446	17,469,183
Total Liabilities	**842,189,951**	**14,745**	**484,728,429**	**66,495,292**	**1,140,814**	**1,394,569,232**
	147,290,305	**43,579,955**	**(8,347,212)**	**6,407,316**	**778,758**	**189,709,122**

As at December 31, 2023 and 2022, the sensitivity analysis of the book value of financial instruments to changes in exchange rates is presented as follows:

AOA thousand

	12-31-2023					
	-20%	-10%	-5%	5%	10%	20%
Currency						
US Dollar	3,608,089	1,804,044	902,022	(902,022)	(1,804,044)	(3,608,089)
Kwanza indexed to the US Dollar	(15,485,571)	(7,742,785)	(3,871,393)	3,871,393	7,742,785	15,485,571
Euro	(288,073)	(144,037)	(72,018)	72,018	144,037	288,073
Other currencies	(57,547)	(28,773)	(14,387)	14,387	28,773	57,547
	(12,223,102)	**(6,111,551)**	**(3,055,776)**	**3,055,776**	**6,111,551**	**12,223,102**

AOA thousand

	12-31-2022					
	-20%	-10%	-5%	5%	10%	20%
Currency						
US Dollar	1,669,442	834,721	417,361	(417,361)	(834,721)	(1,669,442)
Kwanza indexed to the US Dollar	(8,715,991)	(4,357,996)	(2,178,998)	2,178,998	4,357,996	8,715,991
Euro	(1,281,463)	(640,732)	(320,366)	320,366	640,732	1,281,463
Other currencies	(155,752)	(77,876)	(38,938)	38,938	77,876	155,752
	(8,483,763)	**(4,241,882)**	**(2,120,941)**	**2,120,941**	**4,241,882**	**8,483,763**

As at the date of this report, the Bank's assets and liabilities show significant revaluation impacts, considering the variation in the Kwanza (AOA) exchange rates against the main foreign currencies, especially the United States Dollar (USD) and the Euro (EUR), the reference currencies in the foreign exchange market, which are the same as those published by Banco Nacional de Angola on December 31, 2023.

Liquidity Risk

In addition to regulatory ratios, liquidity risk is assessed using internal metrics defined by the Bank's management, namely exposure limits, intra-day liquidity risk, Net Stable Funding Required (NSFR), and the weight of liquid assets in total assets. This control is reinforced with the monthly execution of sensitivity analysis, in order to characterize the Bank's risk profile and ensure that fulfils its obligations in a liquidity crisis scenario.

The purpose of liquidity management is to maintain adequate liquidity levels to meet short, medium- and long-term funding needs. Liquidity risk is monitored on a daily basis and several reports are prepared for control, monitor and support to the decision-making process of the Risk Committee.

The evolution of the liquidity situation is performed based particularly on future cash flows estimated for various time horizons, considering the Bank's balance sheet. To the calculated values is added the analysis day's liquidity position and the amount of assets considered highly liquid in the portfolio of uncommitted assets, determining the cumulative liquidity gap for different time horizons. Additionally, monitoring of liquidity positions from a prudential standpoint is also performed, calculated according to the rules required by BNA's Instruction 14/2021 of September 27 (revoked Instruction 09/2019 of August 27).

As at December 31, 2023 and 2022, the total contractual cash flows by residual maturities of the Bank's financial assets and liabilities, are presented as follows:

AOA thousand

	12-31-2023						
	Contractual residual maturities						
	On demand	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Undetermined	Total
Assets							
Cash and deposits at central banks	356,926,890	-	-	-	-	-	356,926,890
Loans and advances to credit institutions repayable on demand	94,147,108	-	-	-	-	-	94,147,108
Financial assets at fair value through profit or loss	-	-	-	-	124,571	298,890,931	299,015,502
Financial assets at fair value through other comprehensive income	-	3,045	20,816,236	8,887,267	21,625,047	1,775,420	53,107,016
Financial assets at amortized cost							
Debt securities	-	47,968	214,440,821	175,559,427	77,267,116	-	467,315,333
Loans and advances to customers	777	87,005,726	23,212,553	165,673,641	125,927,598	77,288,176	479,108,472
Other loans and advances to central banks and credit institutions	-	78,472,456	2,720,999	-	-	-	81,193,455
Other assets	-	-	-	-	147,016,525	-	147,016,525
	451,074,776	**165,529,196**	**261,190,609**	**350,120,336**	**371,960,857**	**377,954,528**	**1,977,830,301**
Liabilities							
Deposits from central banks and other credit institutions	1,206,518	-	116,550	-	-	-	1,323,068
Deposits from customers and other loans	9,315,992	1,257,865,843	581,825,673	-	-	-	1,849,007,508
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	3,613,319	3,613,319
Other liabilities	-	-	-	14,566,717	-	-	14,566,717
	10,522,511	**1,257,865,843**	**581,942,222**	**14,566,717**	**-**	**3,613,319**	**1,868,510,611**
Liquidity gap	**440,552,265**	**(1,092,336,647)**	**(320,751,613)**	**335,553,619**	**371,960,857**	**374,341,209**	**109,319,690**
Accrued liquidity gap	**440,552,265**	**(651,784,382)**	**(972,535,995)**	**(636,982,377)**	**(265,021,520)**	**109,319,690**	

AOA thousand

	12-31-2022						
	Contractual residual maturities						
	On demand	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Undetermined	Total
Assets							
Cash and deposits at central banks	214,230,500	-	-	-	-	-	214,230,500
Loans and advances to credit institutions repayable on demand	46,169,024	-	-	-	-	-	46,169,024
Financial assets at fair value through profit or loss	-	-	-	-	182,149	260,203,725	260,385,874
Financial assets at fair value through other comprehensive income	28,160,300	194,083	1,776,066	4,538,658	19,137,855	429,389	54,236,351
Financial assets at amortized cost							
Debt securities	-	1,858,783	68,682,073	192,741,491	43,015,091	-	306,297,438
Loans and advances to customers	426	79,157,519	4,712,694	125,643,876	184,555,160	59,531,634	453,601,310
Other loans and advances to central banks and credit institutions	736,390	26,404,971	3,405,937	-	-	-	30,547,298
Other assets	-	-	-	-	78,734,014	16,897,871	95,631,885
	289,296,641	**107,615,356**	**78,576,771**	**322,924,025**	**325,624,269**	**337,062,619**	**1,461,099,680**
Liabilities							
Deposits from central banks and other credit institutions	7,321,923	-	-	-	-	-	7,321,923
Deposits from customers and other loans	3,316,621	923,634,487	417,571,166	20,146,137	-	-	1,364,668,411
Financial liabilities at fair value through profit or loss	-	1,086,316	943,692	-	-	-	2,030,008
Provisions	-	-	-	-	-	2,926,832	2,926,832
Balance as at December 31, 2023	-	-	-	17,469,183	-	-	17,469,183
	10,638,544	**924,720,802**	**418,514,858**	**37,615,320**	**-**	**2,926,832**	**1,394,416,356**
Liquidity gap	**278,658,097**	**(817,105,446)**	**(339,938,087)**	**285,308,705**	**325,624,269**	**334,135,787**	**66,683,324**
Accrued liquidity gap	**278,658,097**	**(538,447,350)**	**(878,385,437)**	**(593,076,732)**	**(267,452,463)**	**66,683,324**	

As at December 31, 2023 and 2022, the liquidity ratio calculated in accordance with Instruction 14/2021 of September 27, amounts to 380% and 278%, respectively.

This Instruction defines as the minimum advisable, a liquidity ratio of 130% for cash flows in domestic currency and aggregate cash flows in all currencies, and 180% for exposure to cash flows in foreign currency. The BNA has defined the same minimum observation ratios as those for liquidity.

As at December 31, 2023 and 2022, the Bank has observation ratios of 1 to 3 months at 468% and 260 %, respectively, 3 to 6 months at 850% and 365%, respectively, and 6 to 12 months at 560% and 492%, respectively.

Real Estate Risk

As at December 31, 2023 and 2022, the Bank's exposure to real estate (direct and indirect) is as follows:

AOA thousand

	12-31-2023			12-31-2022		
	Gross book value	Impairment losses, Depreciations	Net book value	Gross book value	Impairment losses, Depreciations	Net book value
Investment units held in property funds (Note 6)	291,905,863	-	291,905,863	253,776,204	-	253,776,204
Property development loans (Note 9)	220,139,687	(46,976,462)	173,163,224	175,002,360	(31,277,592)	143,724,768
Other property, plant and equipment (Note 11)	90,516,589	(12,588,716)	77,927,873	74,749,411	(11,034,722)	63,714,689
Non-current assets held for sale (Note 13)	942,568	(226,216)	716,352	-	-	-
Promissory contracts for the purchase and sale of property (Note 15)	123,518,549	(13,501,597)	110,016,952	60,627,552	(10,979,103)	49,648,449
	727,023,255	**(73,292,991)**	**653,730,264**	**564,155,528**	**(53,291,417)**	**510,864,111**

The Bank uses the expertise of SG Hemera Capital Partners, SGOIC, S.A. (“HCP”), Sociedade Gestora de Organismos de Investimento Colectivo (OIC) that manages the real estate investment funds (FII) in which it is an investor, and which has a high level of expertise in the area of real estate funds, to obtain additional information in the assessment of real estate risk. The management company is a non-banking financial entity, supervised by the CMC – Capital Market Commission, and audited by an independent auditor. OIC under its management, including the FII in which the Bank is an investor, are also supervised by the CMC and independently audited.

The “*Análise de Benchmark do Mercado Imobiliário Angolano*” report, prepared by the Management Company, is a fundamental element, as it adds to the market information a universe of assessments that is particularly significant for the Bank's exposure and validates them within a reasonable range, in a transparent manner, reinforcing our confidence in the value of the investment unit, reported in terms of its reflection of the fair value of the asset and also in the quality of the valuations. The Bank carefully identifies warning signs that make it possible to identify risks in advance and, in the half-yearly stress tests, simulates the impacts of contraction of the real estate value in the functional accounting currency.

At each moment, the conclusions and determination of impairment on ANCDV's and FII's Credit result from specific methodologies that depend directly on the assessment of the specific quality of these assets and their fair value, with any market benchmarks performed by the Bank and HCP being accessory instruments in this analysis. Regarding Credit and ANCDV's, the Bank follows the regulatory guidelines within the scope of the frequency of revaluations (and most of the portfolio is already fully complied with), as well as the discounts applicable for seniority of evaluations and timing of recovery, so that the impairment methodologies are adjusted to the values of the properties one by one when these are the base factors of the strategy of recovery of the credit and values. The amount recorded on the Bank's balance sheet of the units of the Pactual Property Fund is calculated using the amount of the unit reported monthly by the HCP, which is subject to regular validation by its independent auditors.

Considering the warning signs identified, namely some parameters in real estate evaluations performed in 2023 and the analyses performed so far, the Board of Directors’ conclusion is that the evolution of the real estate market in Angola, during 2023, in kwanzas, is adequately expressed in the value of real estate assets recorded in the balance sheet as at December 31, 2023.

In this context, the Board of Directors believes that the current uncertainty in the main indicators of the Angolan economy may result in possible future impacts on the accounting estimates made on the valuations of real estate assets considered in the preparation of the Bank's individual financial statements: (i) a real estate investment fund majority-owned by the Bank; (ii) properties for own use recorded under “Other property, plant and equipment”; and (iii) collateral from credit operations granted to customers and amounts receivable from promissory contracts for the purchase and sale of real estate. These valuations incorporate some degree of subjectivity and include assumptions made by expert appraisers which may be strongly influenced by the evolution of the country's macroeconomic factors, particularly in terms of sales prices, sales periods, and construction costs. Accordingly, although the Board of Directors considers that the forecasts for Angola's macroeconomic indicators, as well as the valuation reports prepared by experts in the real estate sector of the market, are adequate and support the fair value determined for the real estate assets, their realization at the balance sheet figures as at December 31, 2023 may be affected by the evolution of the Angolan economy and the success of its future operations.

Operational Risk

The Bank's Risk Office performs the corporate operational risk management function of the Bank, which is supported by the existence of counterparts in different organizational units that ensure the adequate implementation of operational risk management in the Bank.

The Bank has initiated a set of guidelines and actions aimed at better alignment of systems, human resources and processes in order to allow an effective continuous mitigation of operational risk, making a continuous investment to be in line with the best international practices.

The management of ATLANTICO's operational risk is based on an organizational model by processes, which allows the Bank to adopt an end-to-end perspective of the value chain of products and services in Operational Risk management, involving the entire organization and enhancing transversal responsibility.

The identification of events that might generate operational risks and respective assessment is performed at the level of the organic units by the process owners of the different Operational Risk processes.

Operational Risk management is performed using three instruments:

- Identification of events of losses resulting from Operating Risks and respective mitigation actions performed by Departments;
- Risk self-assessment meetings organized by those responsible for each process and which allow the Bank to take a qualitative approach to identifying potential risks through a structured analysis from a procedural perspective; and
- Identification and quantification of Key Risk Indicators (KRI), that is, metrics that identify changes in the risk profile or in the effectiveness of process controls, allowing the preventive implementation of corrective actions.

Capital management and solvency ratio

The Bank's own funds are calculated in accordance with the applicable regulatory standards, namely with Notice 08/2021 of June 18 and Instruction 19/2021 of October 27.

The solvency ratio reflects the ratio of regulatory own funds and the sum of the value of regulatory own funds requirements for credit risk and counterparty credit risk (Instruction 11/2023), own funds requirements for market risk and credit risk of counterparties in the trading portfolio (Instruction 16/2021), regulatory capital requirements for operational risk (Instruction 13/2021), regulatory capital requirements for adjustment risk and credit assessment (Instruction 18/2021), and regulatory capital requirement for excess to the large exposures limit (Instruction 10/2023).

Angolan financial institutions shall maintain a level of own funds compatible with the nature and scale of operations, always ensuring a minimum regulatory Solvency Ratio of 8%.

Regulatory own funds comprise:

- Core Tier 1 capital – includes: (i) paid-up share capital; (ii) positive retained earnings from previous periods; (iii) legal, statutory and other reserves arising from undistributed earnings, or set up for capital increase; (iv) positive net income from the previous period; (v) provisional positive net income for the current period; (vi) issue premiums in respect of items falling under the previous subparagraphs; (vii) equity instruments whose issue conditions have been previously approved by Banco Nacional de Angola;

- The negative elements of the core Tier 1 capital – include: (i) Treasury shares held at book value in the balance sheet; (ii) Loss carried forward from previous periods; (iii) Net loss from the previous period; (iv) Provisional net loss for the current period; (v) Intangible assets less amortization, including goodwill included in the valuation of significant investments of the institution; (vi) Expenses with deferred costs related to pension liabilities; (vii) Deferred tax assets that depend on future profitability; (viii) Adjustments on losses through impairment of financial instruments in relation to that determined by Banco Nacional de Angola in the prudential supervision; (ix) positive revaluation differences resulting from the application of the equity method; (x) Actuarial losses not recognized in the income statement; (xi) The amount of the elements to be deducted from the additional Tier 1 capital elements that exceed the institution's additional Tier 1 capital elements; (xii) the exposure amount of incomplete transactions; (xiii) The core Tier 1 capital instruments of Financial Institutions held directly, indirectly and synthetically with which the institution has cross-holdings that Banco Nacional de Angola considers to have been established to artificially inflate the institution's own funds; (xiv) the applicable amount of core Tier 1 capital instruments of Financial Institutions held by the institution directly, indirectly and synthetically, if the institution does not have a significant investment in such entities; (xv) The applicable amount of core Tier 1 capital instruments of financial institutions held by the institution directly, indirectly and synthetically, if the institution has a significant investment in such entities, excluding underwriting positions held for a period of five (5) business days or less; and (xvi) Any tax on core Tier 1 capital that is foreseeable at the time it is calculated, unless the institution appropriately adjusts the amount of core Tier 1 capital items to the extent that such tax reduces the amount to which those items may be used to hedge risks or losses;

- Additional Tier 1 capital – includes: (i) Preferred shares; (ii) Hybrid and/or convertible instruments; (iii) Other instruments whose issue conditions have been previously approved by Banco Nacional de Angola and which do not fall under Articles 18 and 22 of Notice 8/2021; (iv) Issue premiums relating to the items included in the previous items;

- The negative elements of the additional Tier 1 capital – include: (i) Additional Tier 1 capital instruments held directly, indirectly and synthetically, including additional Tier 1 capital instruments that the institution may be required to purchase as a result of existing contractual obligations; (ii) the additional Tier 1 capital instruments of financial institutions held directly, indirectly and synthetically, with which the institution has cross-holdings that Banco Nacional de Angola considers to have been set up to artificially inflate the institution's own funds; (iii) the applicable amount of the additional Tier 1 capital instruments of financial institutions held directly, indirectly and synthetically, if the institution does not have a significant investment in those financial institutions; (iv) the applicable amount of additional Tier 1 capital instruments of Financial Institutions held directly, indirectly and synthetically by the institution, where the institution has a significant investment in those Financial Institutions, excluding underwriting positions held for a period of five business days or less; (v) the amount of items required to be deducted from Tier 2 capital items in excess of the institution's Tier 2 capital items; and (vi) any tax on additional Tier 1 capital elements that is foreseeable at the time it is calculated, except where the institution appropriately adjusts the amount of additional Tier 1 capital elements to the extent that that tax reduces the amount by which those elements may be allocated to cover risks or losses;

- Tier 2 capital – includes: (i) redeemable preferred shares; (ii) reserves from the revaluation of own use properties; (iii) Subordinated Debt, in the form of loans or bonds issued, whose issue conditions have been previously approved by Banco Nacional de Angola and comply with the requirements of Article 23 of Notice 8/2021; (iv) other instruments whose issue conditions have been previously approved by Banco Nacional de Angola and comply with the requirements of Article 23 and are not included in Article 18 or 20, both of this Notice; and (v) Issue premiums relating to items included in the previous sub-paragraphs;

- The negative elements of the Tier 2 capital – include: (i) Tier 2 capital instruments held directly, indirectly and synthetically, including additional Tier 2 capital instruments that the institution may be required to purchase as a result of existing contractual obligations; (ii) the Tier 2 capital instruments of financial institutions held directly, indirectly and synthetically, with which the institution has cross-holdings that Banco Nacional de Angola considers to have been set up to artificially inflate the institution's own funds; (iii) the applicable amount of the Tier 2 capital instruments of financial institutions held directly, indirectly and synthetically, if the institution does not have a significant investment in those financial institutions; (iv) the applicable amount of Tier 2 capital instruments of Financial Institutions held directly, indirectly and synthetically by the institution, where the institution has a significant investment in those Financial Institutions, excluding underwriting positions held for a period of five business days or less.

- Tier 1 and Tier 2 own funds deductions – include

  i. Institutions must consider as own funds instruments associated with own funds items that correspond to the same level of own funds as the deduction to be made pursuant to Article 25 of Notice 08/2021 of June 18.

- Prudential Limits for Major Risks

  i. Excesses over the limits established in Instruction 10/2023 on prudential limits to major risks are now considered as own funds requirements in accordance with Notice 08/2021 of June 18.

Positive income referred to in the previous points may only be considered when certified by the chartered accountant, member of the supervisory board or statutory auditor and by the external auditor.

As at December 31, 2023 and 2022, the summary of the Bank's capital requirement calculations are as follows:

AOA thousand

		12-31-2023	12-31-2022
Regulatory own funds requirements			
Credit and counterparty risk		77,427,286	64,623,817
Operational Risk		9,584,669	8,112,392
Market risk and counterparty credit risk in the trading book		753,435	1,226,838
	A	**87,765,389**	**73,963,047**
Regulatory own funds			
Tier 1 capital		201,300,480	176,687,020
Additional Tier 2 capital		-	-
	B	**201,300,480**	**176,687,020**
		C=B/A*8%	**C=B/A*8%**
Regulatory solvency ratior		**18.35%**	**19.11%**