

Note 5 - Loans and advances to credit institutions repayable on demand

This caption is analysed as follows:

	AOA thousand	
	12-31-2023	12-31-2022
Loans and advances to credit institutions repayable on demand in Angola		
Demand Deposits	227,211	186,898
Cheques receivable	-	8,491,644
	227,211	8,678,542
Loans and advances to credit institutions repayable on demand abroad		
Demand Deposits	93,933,429	37,497,649
	93,933,429	37,497,649
Impairment losses (Note 32)	(13,532)	(7,168)
	94,147,108	46,169,024

As at December 31, 2022, the balance of the item “Loans and advances to other credit institutions in Angola – Other interbank money market transactions” refers to a set of transactions pending settlement/adjustment, in national and foreign currency, relating to the use of internationally branded cards (VISA network) used in the Bank’s payment terminal network in national territory and other transactions pending settlement in the national interbank payment subsystem, which were settled during 2023 considering the amount of the same nature recorded under “Loans and advances from central banks and other credit institutions” (Note 16).

As at December 31, 2023 and 2022, “Loans and advances to other credit institutions abroad – Demand deposits” includes (i) the amounts of AOA 5,165,351 thousand and AOA 336,615 thousand, respectively, which aim to ensure the provisioning in the corresponding Bank for the daily settlement of the use of VISA cards; and (ii) the amounts of AOA 5,795,840 thousand and AOA 6,087,778 thousand, respectively, which aim to ensure the provisioning in the Bank for the fulfilment of signed agreements related to import documentary credit facilities, for later settlement with the customer.

As at December 31, 2023 and 2022, Loans and advances to credit institutions repayable on demand, in the country and abroad, do not bear interest.

The methodology for calculating impairment loss is described in Note 2.5.

Note 6 - Financial assets and liabilities at fair value through profit or loss

This caption is analysed as follows:

	AOA thousand	
	12-31-2023	12-31-2022
Financial assets at fair value through profit or loss		
Other variable income securities		
Shares	298,890,931	260,203,725
Loans and advances to customers	124,571	182,149
	299,015,502	260,385,874
Financial liabilities at fair value through profit or loss		
Derivatives		
Derivative financial instruments with negative fair value	-	2,030,008
	-	2,030,008

As at December 31, 2023 and 2022, the amount of Other variable-income securities refers to shares held in the following Collective Investment Undertakings (Investment Funds):

12-31-2023							AOA thousand
	Issuing Entity	Country	Activity/Tipology	Currency	Shareholding	Book value	
Financial assets at fair value through profit or loss							
Other variable income securities							
Pactual Property Fund – FIIF	Private	Angola	CIU	AOA	99.50%	291,905,863	
Dual Impact Fund - FCR	Private	Angola	CIU	AOA	100.00%	3,263,984	
FIPA Fund	Private	Luxembourg	CIU	USD	5.13%	1,335,223	
FIPA Fund II	Private	Luxembourg	CIU	USD	8.42%	2,385,862	
						298,890,931	

12-31-2022							AOA thousand
	Issuing Entity	Country	Activity/Tipology	Currency	Shareholding	Book value	
Financial assets at fair value through profit or loss							
Other variable income securities							
Pactual Property Fund – FIIF	Private	Angola	CIU	AOA	99.50%	253,776,204	
Atlântico Liquidez – FIMA	Private	Angola	CIU	AOA	100.00%	3,096,760	
Atlântico Protecção – FIMF	Private	Angola	CIU	AOA	100.00%	1,490,073	
FIPA Fund	Private	Luxembourg	CIU	USD	5.13%	811,462	
FIPA Fund II	Private	Luxembourg	CIU	USD	8.42%	1,029,226	
						260,203,725	



The investment funds Pactual Property – FIIF and Dual Impact Fund are managed by SG Hemera Capital Partners – SGOIC, S.A., while the investment funds Fundo FIPA and Fundo FIPA II are managed by Angola Capital Partners, LLC. These funds are valued according to the share prices published daily by these Management Companies, as disclosed in Note 2.5.

The participation units held in the Pactual Property Fund – FIIF were mainly acquired through capital increases, namely two operations carried out during 2020 and one operation carried out during 2021.

The capital increases made by contributions in kind of (I) real estate received as payment in kind of loan obligations, previously recorded under “Non-current assets held for sale” (Note 13), and (ii) own use properties whose use was discontinued, previously recorded under “Property, plant and equipment” (Note 11), were previously valued, and their transfer amount corresponds to the arithmetic average of the value of three valuations, obtained from three independent expert valuers, registered with the CMC. Accordingly, the Bank derecognized the properties against the subscription of shares at their market value, and the difference between the book value of the derecognized properties and their market value is recognized as capital gains or losses on the sale of other assets under “Net gains/(losses) arising from the sale of other assets” (Note 27).

As at December 31, 2023, the increase in the fair value of the units held in the Pactual Property Fund – FIIF is essentially the result of the revaluation process of all the properties held by the Fund, performed in 2023, based on the average of three valuations carried out by independent appraisers registered with the CMC of Angola. The gains inherent in the valuation of the investment units were recognized against the item “Results of financial assets and liabilities at fair value through profit or loss” (Note 24).

As at December 31, 2023 and 2022, considering that the registration of real estate assets in Angola is a lengthy process due to the inherent administrative and legal aspects, as felt by the Angolan market in general, it was not possible to sign all the public deeds for the properties transferred from the Bank to the Pactual Porperty Fund as part of the capital increases carried out in 2020 and 2021, irrevocable powers of attorney were signed between the Bank and the Fund, granting powers to the latter to carry out all the acts related to formalizing the transfer of the properties, as well as their enjoyment. It is the opinion of the Board of Directors, supported by the opinion of legal advisors, that the documentation available to the Bank and the Fund’s Management Company supports the respective ownership of the properties, with the registration of the acquisition only pending the development of the legal procedures inherent in the deed process, so it is the Board of Directors’ conviction that the Fund holds all the risks and benefits associated with the ownership of the properties transferred and that there will be no future material impacts on the Bank’s financial statements related to this situation.

As at December 31, 2023 and 2022 the Bank will carry out the following operations in relation to shares:

- Initial subscription of 3,075 shares, in February 2022, corresponding to the amount of AOA 3,075,000 thousand, by cash contribution to the Collective Investment Undertaking in the form of a risk capital investment fund called “Dual Impact Fund – Fundo de Capital de Risco de Subscrição Particular”.

- Redemption of 66,354 shares, between April and October 2022, corresponding to all the shares held in Fundo Atlântico Liquidez – FIMA, managed by SG Hemera Capital Partners – SGOIC, S.A.; and
- Redemption of 10,103,554 investment units, in July 2023, corresponding to all the investment units held in Atlântico Protecção – FIMF, managed by SG Hemera Capital Partners – SGOIC, S.A., and the consequent liquidation of the Fund, due to its having reached the expiry date defined by the Shareholders’ Meeting.

As at December 31, 2023 and 2022, the amounts recorded under Loans and advances to customers refer to six loan transactions, whose cash flows do not meet the SPPI criterion (Solely Payments of Principal and Interest). As at December 31, 2023 and 2022, the nominal amounts of these loans amounts to AOA 1,401,477 thousand and AOA 1,226,937 thousand, respectively, in domestic and foreign currency, classified in Stage 3 of impairment, due to default over 90 days, with a fair value of AOA 124,571 thousand and AOA 182,149 thousand, respectively.

As at December 31, 2022, the amount recorded under Derivatives – Derivative financial instruments with negative fair value is related to SWAP operations in EUR/USD currencies, contracted with Instituto Nacional de Segurança Social, with a view to hedge the foreign exchange position. As at December 31, 2023, the derivative operations have been settled.

As provided for in IFRS 13, as at December 31, 2023 and 2022, financial instruments are measured in accordance with the following valuation hierarchy levels:

AOA thousand				
12-31-2023				
	Level 1 Quoted prices in active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Financial assets at fair value through profit or loss				
Other variable income securities				
Shares	-	-	298,890,931	298,890,931
Loans and advances to customers	-	-	124,571	124,571
	-	-	299,015,502	299,015,502

AOA thousand				
12-31-2022				
	Level 1 Quoted prices in active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Financial assets at fair value through profit or loss				
Other variable income securities				
Shares	-	-	260,203,725	260,203,725
Loans and advances to customers	-	-	182,149	182,149
	-	-	260,385,874	260,385,874
Financial liabilities at fair value through profit or loss				
Derivatives				
Derivative financial instruments with negative fair value	-	2,030,008	-	2,030,008
	-	2,030,008	-	2,030,008

The main parameters used, during the year ended December 31, 2023 and 2022, in the valuation model, as well as the description of the valuation levels provided for in IFRS 13, are described in Note 38.