

Note 8 - Financial assets at amortized cost – Debt securities

This caption is analysed as follows:

	AOA thousand	
	12-31-2023	12-31-2022
Bonds and other fixed-income securities		
Issued by public entities		
Foreign currency Treasury Bonds	263,587,038	202,194,207
Non-adjustable Treasury Bonds	137,851,877	65,098,672
Treasury Bonds indexed to the US Dollar	71,139,180	43,409,044
	472,578,095	310,701,923
Impairment losses	(5,262,762)	(4,404,485)
	467,315,333	306,297,438

The fair value of the investment portfolio at amortized cost is disclosed in Note 38, within the scope of the disclosure requirements set out in IFRS 7 and IFRS 9.

In accordance with this accounting policy, debt securities measured at amortized cost are impaired, in accordance with the model defined (Note 2.5.).

In October 2022, the rating agency Moody’s revised the rating of the debt of the Republic of Angola, maintaining the external rating at B3 from stable to positive. According to the note published, reference is made to the positive impacts, on the macroeconomic environment associated with the increase in the price of oil and the stability observed in terms of exchange rates. In December 2023, the rating agency Fitch revised the rating of the debt of the Republic of Angola, maintaining the external rating at B-, seen as a positive outlook for the Angolan economy. According to the published note, this revision reflects forecasts of lower economic growth, higher inflation, and an increase in the ratio of debt to Gross Domestic Product (GDP) as a result of the strong depreciation of the Kwanza.

Directive 13/DSB/DRO/2019, which includes the recommendations for implementing the methodologies of the Asset Quality Assessment (AQA) exercise, states that "In the specific case of impairment losses for national public debt in national and foreign currency (measured at amortized cost), the following criteria should be considered: (i) 12-month probability of default (PD) for Angola’s rating published in Moody’s study "Sovereign default and recovery rates" applicable to the period concerned; and (ii) loss given default (LGD) associated with the sovereign default events verified, as indicated in the same study. The Bank has adopted this methodology as its accounting policy for this matter.

In accordance with the accounting policy described in Note 2.5., the assessment of the significant increase in credit risk for the determination of the impairment stage should be based on the date of origination of the assets.

It should be noted that for the calculation of impairment as at December 31, 2023 and 2022, Moody’s “Sovereign default and recovery rates 1983-2022” was considered, which on this date gives an implicit impairment rate of 1.468% (PD of 2.447% and LGD of 60%) for Stage 1 operations.

In the period ended December 31, 2023 and 2022, the caption presents the following changes:

	12-31-2022	Acquisitions	Maturities	Disposals	Exchange rate effect (Note 26)	Change in amortized cost	AOA thousand 12-31-2023
Bonds and other fixed-income securities							
Issued by public entities							
Foreign currency Treasury Bonds	202,194,207	27,382,981	(88,615,868)	-	124,320,263	(1,694,545)	263,587,038
Non-adjustable Treasury Bonds	65,098,672	78,535,647	(2,500,171)	(5,600,630)	-	2,318,359	137,851,877
Treasury Bonds indexed to the US Dollar	43,409,044	-	-	-	28,162,925	(432,789)	71,139,180
	310,701,923	105,918,628	(91,116,039)	(5,600,630)	152,483,188	191,025	472,578,095

	12-31-2021	Acquisitions	Maturities	Disposals	Exchange rate effect (Note 26)	Change in amortized cost	AOA thousand 12-31-2022
Bonds and other fixed-income securities							
Issued by public entities							
Foreign currency Treasury Bonds	322,176,163	34,754,679	(107,705,163)	(38,956,626)	-	(8,074,846)	202,194,207
Non-adjustable Treasury Bonds	4,922,780	59,257,201	(1,693,357)	-	-	2,612,048	65,098,672
Treasury Bonds indexed to the US Dollar	47,649,560	-	-	-	(4,065,951)	(174,565)	43,409,044
	374,748,503	94,011,880	(109,398,520)	(38,956,626)	(4,065,951)	(5,637,363)	310,701,923

Disposals of financial assets classified under this business model do not exceed the defined frequency and significance thresholds (Note 2.5.).

As at December 31, 2023 and 2022, the breakdown of financial assets measured at amortized cost, by residual maturity, is as follows:

AOA thousand					
	12-31-2023				
	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Bonds and other fixed-income securities					
Issued by public entities					
Foreign currency Treasury Bonds	-	190,005,132	73,581,906	-	263,587,038
Non-adjustable Treasury Bonds	94,558	25,836,434	33,502,428	78,418,457	137,851,877
Treasury Bonds indexed to the US Dollar	48,115	-	71,091,065	-	71,139,180
Impairment losses	(498)	(1,494,953)	(2,615,971)	(1,151,340)	(5,262,762)
	142,175	214,346,613	175,559,428	77,267,117	467,315,333

AOA thousand					
	12-31-2022				
	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Bonds and other fixed-income securities					
Issued by public entities					
Foreign currency Treasury Bonds	-	68,995,605	133,198,602	-	202,194,207
Non-adjustable Treasury Bonds	1,884,888	693,171	18,907,130	43,613,483	65,098,672
Treasury Bonds indexed to the US Dollar	-	-	43,409,044	-	43,409,044
Impairment losses	(26,106)	(1,006,703)	(2,773,284)	(598,392)	(4,404,485)
	1,858,782	68,682,073	192,741,492	43,015,091	306,297,438

As at December 31, 2023 and 2022, Financial assets measured at amortized cost – Debt securities are as follows:

AOA thousand

12-31-2023								
	Issuing Entity	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium/Discount	Impairment losses	Book value
Bonds and other fixed-income securities								
Issued by public entities								
Foreign currency Treasury Bonds	Angolan State	7.25%	263,424,881	263,424,880	1,702,776	(1,540,619)	(2,242,686)	261,344,352
Non-adjustable Treasury Bonds	Angolan State	16.74%	132,320,216	132,320,217	5,365,982	165,678	(1,976,170)	135,875,708
Treasury Bonds indexed to the US Dollar	Angolan State	7.96%	71,786,131	13,816,737	1,249,569	(1,896,520)	(1,043,906)	70,095,273
			467,531,229	409,561,835	8,318,328	(3,271,461)	(5,262,762)	467,315,333

AOA thousand

12-31-2022								
	Issuing Entity	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium/Discount	Impairment losses	Book value
Bonds and other fixed-income securities								
Issued by public entities								
Foreign currency Treasury Bonds	Angolan State	6.40%	200,337,504	145,150,295	1,765,757	90,946	(2,882,972)	199,311,235
Non-adjustable Treasury Bonds	Angolan State	16.13%	62,284,961	62,284,961	2,781,232	32,479	(907,269)	64,191,403
Treasury Bonds indexed to the US Dollar	Angolan State	7.96%	43,623,206	14,322,697	760,378	(974,540)	(614,244)	42,794,800
			306,245,671	221,757,953	5,307,367	(851,115)	(4,404,485)	306,297,438

Changes in impairment losses for financial assets measured at amortized cost were as follows:

AOA thousand

	12-31-2023	12-31-2022
Opening balance	4,404,485	5,443,257
Increases/(Reversals) (Note 33)	(1,404,091)	(842,753)
Foreign exchange differences and other (Note 26)	2,262,368	(196,019)
Closing balance	5,262,762	4,404,485