BAI

ANNUAL REPORT 2021

ANNUAL REPORT 2021

CONTENT

BANKING IS NO LONGER A PLACE YOU GO.

IT'S SOMETHING YOU DO.

MESSAGE FROM THE **BOARD OF DIRECTORS**

2021 was still a challenging year, but also one of adaptation. The world has learned to deal with the Covid-19 pandemic and economic activity simultaneously. Notwithstanding the inequalities between regions, the vaccination process contributed to a gradual return to normality and improved expectations for the recovery of the global economy. The overall rate of vaccination exceeded 57% at the end of the year, which helped to manage uncertainty, leaving people more confident about the future.

In Angola, the State of Calamity was upheld throughout the year, with some restrictions being kept in place in a more moderate form, although they were aggravated at the end of the year due to the emergence of the Omicron variant. However, an improvement was felt in the country's economic indicators. In 2021, the economy managed to emerge from the long period of economic recession, reflecting a good performance of the non-oil sector. Another important milestone in 2021 was the end of the IMF's 3-year programme of technical assistance and financing to Angola (*Extend Fund Facility*(EFF), whose total value amounted to US$4.5 billion.

Inflation was an issue of concern both domestically and globally, with the BNA (National Bank of Angola) adopting a more restrictive stance with a view to controlling prices. On the foreign exchange domain, one should highlight the appreciation of the Kwanza by about 15% against the Dollar and the BNA's reduced intervention in the sale of foreign currency to the market.

The banking sector recorded a reduction in liquidity levels explained by the BNA's contractionary policy, which limited the growth of monetary aggregates. However, an improvement in the profitability of the system was observed. Additionally, the improvement in the country's rating by Moody's agency was reflected in improved results for the sector.

Despite the economic and social challenges, BAI concluded the Strategic Programme "Geração BAI" (2016-2021) with satisfaction, having achieved a degree of implementation of 93%. During 2021 we will implement a set of programmes associated with the human capital management policy, which aims to make the Bank the best institution to work for in Angola. We have invested in the implementation of a broad programme of biosecurity measures to safeguard the health and well-being of our employees, customers and service providers, which has resulted in a low level of contamination with the Covid-19 virus in the Institution.

Focused on creating the best solutions for our customers, we continue to invest in expanding our distribution channels, improving communications platforms, digital banking and products and services, with a focus on e-Kwanza and its new features. Anticipating the impact that the pandemic crisis would continue to have on the economy, the Bank intensified its lending activity, focused on the manufacturing sector. We have also expanded the network of Banking Agents, to a total of 250 active agents, present in the 18 provinces.

JOSÉ CARLOS CASTRO PAIVA

Chairman of the Board of Directors

LUÍS FILIPE RODRIGUES LÉLIS

Chairman of the Executive Committee

We ended the year with an increase in net profit of around 441%, reaching 141.5 billion kwanzas, essentially explained by the 28% increase in the financial margin. This result produced a return on equity of 39.9%, a return on assets of 4.6% and a regulatory solvency ratio of 34.62%.

With the start of a new cycle of strategic implementation for the five-year period 2022 - 2027, 7 Strategic Axes were outlined to strengthen the Bank's position in terms of efficiency, profitability, growth, digitisation, innovation, customers, employees, risk management and improvement of the information system, in line with the goal of providing the best banking experience in Angola.

Finally, on behalf of the Board of Directors and the Executive Committee, we would like to express our sincere gratitude to all employees and members of the governing bodies for their work and dedication to achieving our vision. We would also like to thank our customers, suppliers and partners for continuing to place their trust in BAI.

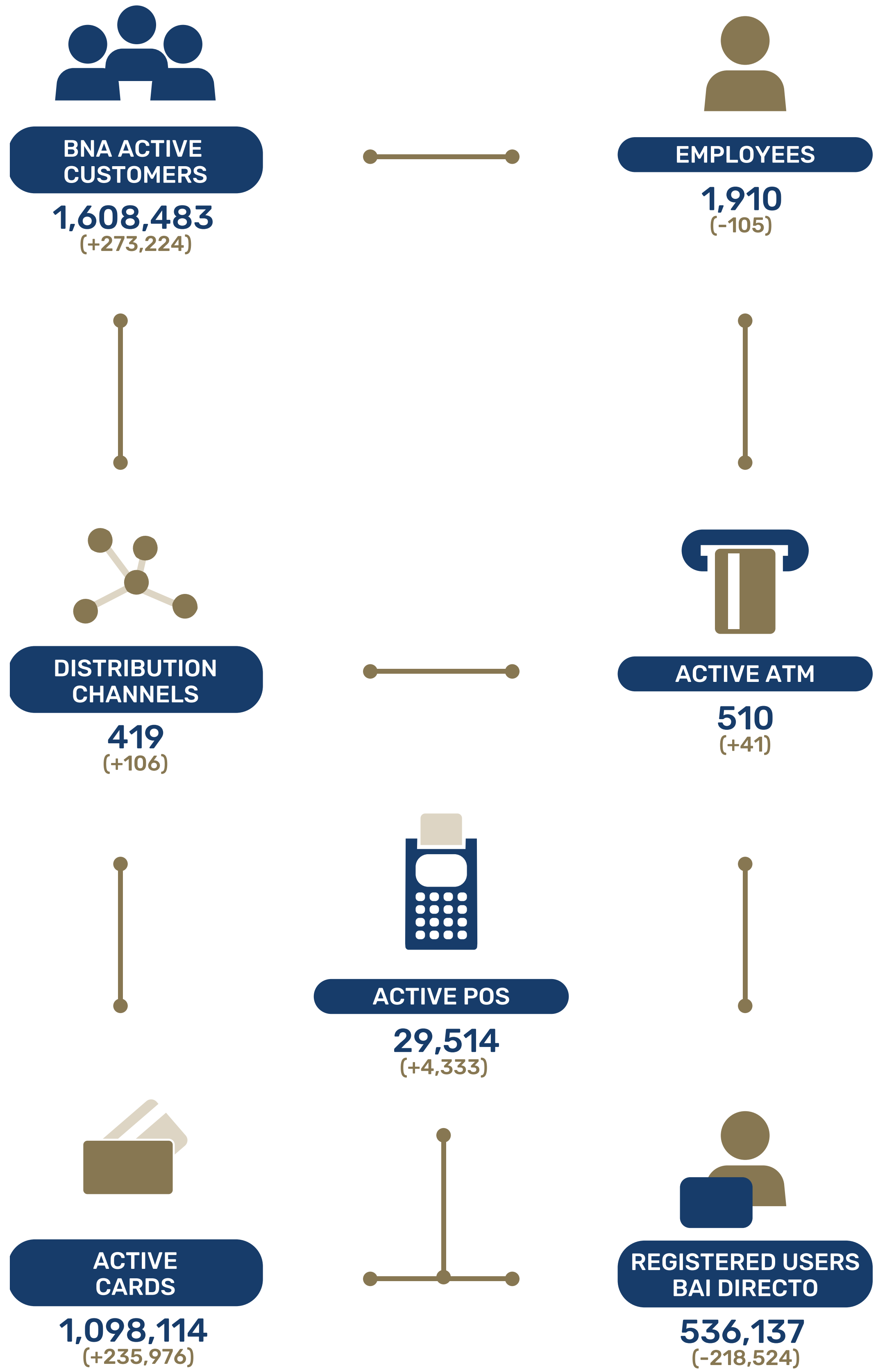
SUMMARY OF THE KEY **INDICATORS** 2

Amounts in billion Kwanzas	Dec. 19	Dec. 20	Dec. 21	Abs	2020/2021
Balance sheet					
Net asset	2,642	3,057	3,039	(18)	(1%)
Customer loans[1]	449	367	357	(10)	(-3%)
Customer resources	2,285	2,705	2,526	(179)	(7%)
Own Funds	298	291	418	127	44%
Results					
Financial Margin	104	132	169	37	28%
Complementary Margin	111	101	37	(64)	(63%)
Banking Income	215	233	206	(27)	(11%)
Administrative costs	66	86	127	41	48%
Net profit	119	29	142	113	394%
Operation					
(No.) Employees BAI	2,025	2,015	1,910	(105)	(5%)
Total Distribution channels[4]	261	313	419	106	34%
(No.) Active customers (BNA)[2]	1,157,290	1,335,259	1,608,483	273,224	20%
(No.) Registered users BAI Directo	824,468	754,661	536,137	(218,524)	(29%)
(No.) Active ATM	424	469	510	41	9%
(No.) Active POS	21,472	25,181	29,514	4,333	17%
(No.) Active cards	669,897	862,138	1,098,114	235,976	27%
Productivity/Efficacy					
(No.) Customers per employee	572	663	842	179	27%
(No.) Customers per branch	7,564	8,559	10,245	1,686	20%
(No.) Employees per branch	13.2	13	12	(1)	(6%)
Core revenue per client (Kz, thousands)	178	174	128	(46)	(26%)
(%) *Cost to Income Ratio*	30.50%	36.90%	61.40%	24.5 p.p.	67%
Profitability					
(%) ROAE	47.70%	9.70%	39.90%	30.2 p.p.	310%
(%) ROAA	5.10%	1.00%	4.60%	3.6 p.p.	361%
Liquidity and fund management					
(%) Loan-to-Deposit Ratio (Net asset / Deposits)	19.60%	13.60%	14.10%	0.6 p.p.	4%
(%) Concentration in deposits = Top 20	43.80%	39.60%	38.90%	(0.7 p.p.)	(2%)
(%) Concentration in loans = Top 20	63.80%	57.10%	51.60%	(5.5 p.p.)	(10%)
Asset quality					
(%) Non performing loans ratio (+90 days)	15.10%	14.20%	11.30%	(2.9 p.p.)	(21%)
(%) Overdue loan ratio (+30 days)	16.20%	15.40%	12.00%	(3.4 p.p.)	(22%)
(%) Loan impairment hedge ratio	34.70%	44.00%	46.90%	2.9 p.p.	7%
(%) Overdue loan impairment hedge ratio	197.30%	255.50%	254.40%	(1.2 p.p.)	0%
(%) Net loan loss[3]	(2%)	5%	0%	(5.0 p.p.)	(98%)
(%) Total Loans / Total Assets	26.00%	21.40%	22.10%	0.7 p.p.	3%
Capital adequacy					
(%) Fixed Assets Ratio	23.60%	36.40%	28.50%	(7.9 p.p.)	(22%)
Regulatory Own Funds (Notice 02/2016)	295	277	392	115	42%
(%) Regulatory Solvency Ratio (Notice 02/16)	17.00%	17.02%	34.62%	17.6 p.p.	103%

[1] Customer loans, net of impairment. [2] Number of active customers (BNA) - SSIF chart rules, entities without duplicates with at least one open account.

[3] Customer Net Loan Impairment free from recovery or retrieval (profit-and-loss account) / Customer loans. [4] The total from Distribution Channels corresponds to Branches and Agencies (155), Banking agents (250) and ATM Center (14).

2.1. SUMMARY TABLE OF OPERATIONAL INDICATORS



2.2. FINANCIAL SUMMARY TABLE

DEPOSITS
2,526 billion Kz
2,705 billion Kz: 2020

LOANS
357 billion Kz
367 billion Kz: 2020

NET ASSET
3,039 billion Kz
3,057 billion Kz: 2020

ADMINISTRATIVE COSTS
127 billion Kz
86 billion Kz: 2020

BANK OFFICER PRODUCT
206 billion Kz
233 billion Kz: 2020

OWN FUNDS REGULATORY
NOTICE N.º 2/2016
392 billion Kz
277 billion Kz: 2020

NET INCOME
142 billion Kz
29 billion Kz: 2020

COST TO INCOME
61.4%
36.9%: 2020

ROAE
39.9%
9.7%: 2020

ROAA
4.6%
1.0%: 2020

SOLVABILITY RATIO REGULATORY
NOTICE N.º 2/2016
34.62%
17.0%: 2020

NON-PERFORMING LOANS
11.3%
14.2%: 2020

2.3. SUMMARY TABLE OF ACHIEVEMENTS AND RECOGNITIONS

NEW INSTITUTIONAL WEBSITE BAI

Our new institutional website, has been optimised creating more favourable conditions and more information on our products
and services.

LAUNCH OF BAI PAGA

BAI PAGA is a payment acceptance solution which allows payments to be received by scanning a QR code or via a reference on BAI Directo or other means authorised by the Bank.

CREATION OF THE COMPANY SECRETARY'S OFFICE (GSS)

The Company Secretary's Office (GSS) is responsible for providing secretarial services at all meetings of the governing bodies, providing access to all necessary information and clarifications, and keeping the minutes of the respective meetings.

LAUNCH OF THE NEW STATEMENTS

BAI presents new proposals for statements for VISA network cards.

BAI TAKES PART IN THE 36TH EDITION OF FILDA

BAI took part in the 36th edition of the Luanda International Fair, considered to be Angola's biggest business fair, and presented the concept "Have you thought about what we can do for your future?" to gather information from customers on how to improve its offer and meet their needs with excellence.

ADVERTISING FESTIVAL 2021

BAI wins the categories of best Digital Platform of the Year with BAI Directo, and best digital event with the é-Kwanza Live events.

EXPO HUÍLA
THE MOST INNOVATIVE STAND

BAI receives the Super Chita and Chita de Ouro awards for having the most innovative stand.

NEW MODEL FOR CHARGING
THE MAINTENANCE FEE ON CURRENT ACCOUNTS

Implementation of a new model for charging the maintenance fee on current accounts, which has been in force since 26 February.

QUALITY
OF DATA

Campaign created to encourage customers to update their account data.

PHISHING
CAMPAIGN

BAI launches a campaign to warn against fraud.

INSTITUTIONAL
CAMPAIGN

BAI launches new institutional campaign with the motto "What can we do for your future?"

BAI AT THE INTRA-AFRICAN
TRADE FAIR IN DURBAN

Angola took part in the 2nd edition of the Intra-African Trade Fair (IATF 2021) which took place from 15 to 21 November, in Durban, South Africa, the theme was "Transforming Africa".

GLOBAL FINANCE DISTINGUISHES
BAI AS THE BEST BANK
IN ANGOLA

The distinction was made in New York, EscFinance.

EUROMONEY
BAI AS THE BEST BANK
IN ANGOLA

BAI is awarded the title of Angola's best bank by Euromoney.

STRATEGIC AND GOVERNANCE MODEL 3

GOVERNANCE
AND STRATEGY MODEL

3.1. CORPORATE GOVERNANCE

The Board of Directors acknowledges the need for and has implemented a corporate governance model in line with the legal, regulatory and statutory dictates and, whenever appropriate, as set forth in the so-called internationally accepted best practices, thus aiming to ensure the appropriate balance of interests of all partners in the pursuit of the bank's corporate purpose.

This model ensures independent supervision and oversight, thus complying with the legislation that regulates our activity.

Information
Tools and devices meant to convey precise and complete information to shareholders.

Internal Rules
Holds specific rules and guidelines on how to proceed, which are listed in the Bank's code of conduct, policies and Service Instructions.

Organisational chart
Allows for a clear separation of business, support and control duties in the entity's multiple bodies.

Regulations
Oversee the performance of the members of the management and supervisory bodies, both in functional aspects and in establishing the duties and obligations of the directors and of the members of the Supervisory Board.

Statutory Rules
Regulate shareholder participation in the Bank, being the guideline for procedures and rights.

3.1.1. CAPITAL STRUCTURE

The Bank's share capital is 157.5 billion kwanzas, fully subscribed and paid up in cash. It is divided into 19,450,000 ordinary shares represented by securities, with a nominal value of Kz 8,100 each.

As at 31 December 2021, the capital was divided among 54 shareholders, none of whom holding qualified participations, as set forth in Article 8 of Notice no. 10/21 of 18 June.

At the General Assembly held on 9 August 2021, the company amended its statutes with a view to qualifying as a public company and initiated the process of a Public Offering on the stock exchange. The transaction is part of the programme for the privatisation of State assets and participations (PROPRIV) approved by Presidential Decree no. 250/19, of 5 August.

3.1.2. CAPITAL COMPOSITION

Since 2017, the Bank has had 972,500 own shares recognised at face value, corresponding to 5% of the share capital. Governing Body member stakes are posted in note to the accounts no. 20.

3.1.3. GOVERNANCE MODEL STRUCTURE

The term of office of the members of the governing bodies is four years, and the current one began in 2018 and ended in December 2021. The governing bodies shall remain in office until the General Assembly is held. The list of the members of the governing bodies is shown on the Bank's institutional website[1].

3.1.4. GENERAL ASSEMBLY

The Shareholders' General Assembly is the highest governing body of the company and represents all of the shareholders. Their deliberations are binding on all of them when taken in accordance with the law and the statutes. It is comprised of all shareholders with voting rights and deliberates on all matters for which the law and the statutes grant it competences. The General Assembly is responsible for:

- Electing and dismissing the members of Governing Bodies, including their chairmen;
- Approving the amendment to the company's articles of association;
- Deliberating on the management report and accounts for the year and proposals for the application of results and the opinion of the Supervisory Board;
- Deliberating on capital increases;
- Deliberating on the application of results;
- Deliberating on matters submitted to it at the request of the management and supervisory bodies; and, in general;
- Deliberating on all matters that are specifically assigned to it by law or the statutes, or that are not included within the responsibilities of other company bodies.

The law and the statutes establish the form of convening and the rules of participation of shareholders and/or their representatives in the sessions of the General Assembly. As of this date, the term and composition of the Board of the General Assembly is as follows:

2018 - 2021	CHAIRMAN	Domingos de Assunção de Sousa de Lima Viegas
2018 - 2021	VICE-CHAIR	Alice Maria Trindade Escórcio
2018 - 2021	SECRETARY	Ana Regina Jacinto da Silva Correia Victor

The Shareholder's General Assembly was convened twice in 2021 and held one ordinary and one extraordinary session. The relevant minutes of these meetings were produced and are deposited with the company.

3.1.5. GOVERNING BODIES' REMUNERATION COMMITTEE (CROS)

The Governing Bodies' Remuneration Committee is responsible for the following:

- The duty of the governing bodies' remuneration committee is to set, implement and review the remuneration policy applicable to the members of governing bodies in accordance with Article 21 of Notice no. 10/21 of 18 June.

- Determine the terms of the supplementary retirement pensions, due to old age or disability, of the directors; and

- Submit, to the Bank's Annual General Assembly, a statement on the remuneration policy of the governing bodies, in accordance with the applicable rules and taking into account the recommendations.

The committee meets at least once a year and comprises three members, none of whom is on the Board of Directors or Supervisory Board. The Remuneration Committee is composed as follows:

2018 - 2021	CHAIRMAN	Joaquim David
2018 - 2021	MEMBER	José Maria Botelho de Vasconcelos
2018 - 2021	MEMBER	Sebastião Pai Querido Gaspar Martins

[1] https://www.bancobai.ao/pt/institucional/governacao/modelo-organizacional/orgaos-sociais-1.

The Governing Bodies' Remuneration Committee (CROS) met twice during 2021 and the relevant minutes were produced and are deposited with the company. The Governing Bodies' Remuneration Committee (CROS) regulation is published on the institutional portal[2] of the company and can be freely consulted.

3.1.6. COMPANY SECRETARY

The Company Secretary and the Alternate Secretary are appointed by the Bank's Board of Directors and leave office at the end of the mandate of the Board that appointed them.

The Company Secretary has the following duties:

- To support the Bank's Governing Bodies and respective Committees in the legal, administrative and logistical areas, ensuring their efficient operation;
- To provide legal advice to the Bank and the Group's companies on corporate governance matters, and it is responsible for promoting the registration process of the respective acts with both the Supervisory Authorities and the Companies Registers;
- To promote and prepare the Bank and Group companies' General Assemblies of Shareholders, as well as to meet shareholder requests and prepare the Corporate Governance Report;
- To contribute and collaborate with all areas of the Bank, either by executing or validating acts or documents;
- To ensure the dissemination of internal institutional communications.

3.1.7. SUPERVISORY BOARD

Under the terms of the legislation, the Supervisory Board is responsible for:

- Supervising the Bank's administration activity;
- Verifying the accuracy of the balance sheets and income statements;
- Checking that the books, accounting records and supporting documents are in order;
- Supervising compliance with the law and the Institution's statutes;
- Calling the General Assembly when the Chairman fails to do so.
- Ensuring compliance with the legal and regulatory provisions and the Bank's statutes;
- Requesting the calling of a General Assembly, under the terms of the law and the statutes, whenever it deems necessary, or calling the General Assembly whenever the Chairman of the respective Board, as part of his competencies, fails to do so;
- Monitoring the appropriateness and effectiveness of the Bank's organisational culture;
- Receiving reports of irregularities submitted by shareholders, employees or others;
- Recommending the hiring of expert services to assist one or more of its members in performing their duties, whenever justified;
- Overseeing the process of selecting the external auditor and recommending their appointment to the General Assembly, as well as being responsible, on an ongoing basis, for supervising their independence;
- Issuing a reasoned opinion on whether or not to maintain the external auditor at the end of each mandate, jointly with the Audit Committee, when it exists;
- Supervising the external audit of the Bank's financial statements;
- Issuing an opinion, before the conclusion of any business dealings, directly or through an intermediary, between holders of qualifying holdings and the institution or Institutions in a controlling or group relationship with it;
- Issuing opinions regarding the transactions and granting of loans mentioned in Article 152(6) of the LRGIF;
- Recording and keeping on file the documentary data concerning the loans granted to members of the Governing Bodies, under the terms of article 152 (4) of the LRGIF and respective related parties;
- Issuing the recommendations it deems necessary to the Board of Directors; and
- Complying with all other duties established in law or in the articles of association.

The Regulations of the Supervisory Board are available on the Bank's institutional website.

[2] https://www.bancobai.ao/media/3721/regulamento-da-comissao-de-nomeacoes-avaliacoes-remuneracoes.pdf

2018 - 2021	CHAIRMAN	Júlio Ferreira Sampaio
2018 - 2021	MEMBER	Moisés António Joaquim
2018 - 2021	MEMBER	Alberto Severino Pereira
2018 - 2021	ALTERNATE MEMBER	Isabel Lopes
2018 - 2021	ALTERNATE MEMBER	Naiole Cristina Cohen dos Santos Guedes

During the 2021 financial year, the Supervisory Board held ten meetings, whose minutes were produced and are deposited with the company. The regulations of the Supervisory Board are published in the institutional portal[3] of the company and can be freely consulted.

3.1.8. EXTERNAL AUDITOR

The external auditor is appointed according to the rules and conditions set forth by Notice no. 9/21 of the BNA, its activity and independence being safeguarded by the monitoring of the Internal Control Committee.

The external audit service is currently provided by the company Ernst & Young Angola (EY), appointed in January 2018. Under the terms of the current legislation, EY may not be hired for the next four (4) years, and the General Assembly must appoint the new external auditor for the period 2022-2025.

3.1.9. BOARD OF DIRECTORS AND RESPECTIVE SPECIALISED COMMITTEES

3.1.9.1. BOARD OF DIRECTORS

The Board of Directors (CA) is the body responsible for the Bank's top management, exercising the necessary or convenient actions for the continuity of the activity. The duties and powers of the Board of Directors are established under the combined provisions of the legislation and regulations governing the activity of commercial companies, financial institutions, capital markets and their respective statutes.

The Board of Directors comprises 13 directors, 7 executive and 6 non-executive, one of the latter being independent in accordance with Notice no. 1/13 (now Notice no. 10/21). The Board of Directors has the following composition and terms of office:

2018 - 2021	BoD CHAIRMAN	José Carlos de Castro Paiva
2018 - 2021	BoD VICE-CHAIRMAN (NE)	Mário Alberto dos Santos Barber
2018 - 2021	BoD VICE-CHAIRMAN (NE)	Theodore Jameson Giletti
2018 - 2021	DIRECTOR (E)	Luís Filipe Rodrigues Lélis
2018 - 2021	DIRECTOR (NEI)	Jaime de Carvalho Bastos
2018 - 2021	DIRECTOR (NE)	Omar José Mascarenhas de Morais Guerra
2018 - 2021	DIRECTOR (NE)	Carlos Augusto Bessa Victor Chaves
2018 - 2021	DIRECTOR (E)	Inokcelina Bem África C. dos Santos
2018 - 2021	DIRECTOR (E)	Simão Francisco Fonseca
2018 - 2021	DIRECTOR (E)	João C. Soares de Moura Oliveira Fonseca
2018 - 2021	DIRECTOR (E)	Hélder Miguel Palege Jasse de Aguiar
2018 - 2021	DIRECTOR (E)	Irisolange A. Soares de Menezes Verdades
2018 - 2021	DIRECTOR (E)	José Carlos Castilho Manuel

NE: *Non-Executive;* ***E:*** *Executive;* ***NEI:*** *Independent Non-Executive*

[3] https://www.bancobai.ao/media/1696/bai-regulamento-do-conselho-fiscal-aprovada-a-reuni%C3%A3o-do- conselho-fiscal-de-04-de-junho-de-2019.pdf

During 2021, the Board of Directors held nine ordinary meetings and one extraordinary meeting, and the relevant minutes were produced and are deposited with the company. The regulation of the Board of Directors,
the curricula vitae of its members are published on the institutional portal[4] and can be freely consulted.

The Board of Directors has the following specialised committees:
• Appointment, Assessment and Remuneration Committee;
• Risk Management Committee;
• Human Resources Committee;
• Internal Control Committee;
• Corporate Governance and Sustainability Committee; and
• Audit Committee.

These committees are governed by the rules set out in their regulations, and meet at least once a quarter or whenever called by their presidents.

The Appointment, Assessment and Remuneration, Internal Control and Audit Committees were created at the end of 2021 to ensure the Bank's adjustment to the new legal and regulatory framework, taking effect from January 2022.

The committees have the following composition:

	Corporate Governance and Sustainability Committee (CGS)	Human Resources Management Committee (CRH)	Appointment, Assessment and Remuneration Committee (CNAR)	Audit Committee (CAD)	Risk Management Committee (CGR)	Internal Control Committee (CCI)
José Carlos de Castro Paiva		Chairman	Chairman			
Mário Alberto dos Santos Barber	Member		Member	Chairman	Member	Chairman
Theodore Jameson Giletti		Member	Member		Chairman	
Jaime de Carvalho Bastos	Chairman			Member		Member
Luís Filipe Lélis	Member	Member				
Carlos Augusto Bessa Victor Chaves	Member			Member		Member
Omar José Mascarenhas de Morais Guerra	Member				Member	
Inokcelina Bem África C. dos Santos	Member					
Irisolange A. Soares de Menezes Verdades					Member	
Hélder Miguel Palege Jasse de Aguiar		Member				
José Carlos Castilho Manuel		Member				
João C. Soares de Moura Oliveira Fonseca					Member	

The regulations of the Board of Directors Committees are available for consultation on the tab of the Bank's institutional portal.

3.1.10. EXECUTIVE COMMITTEE

Under the terms of the legislation and the statutes, the Executive Committee (CE) of the Board of Directors is responsible for the following:

• Managing the Bank's daily activity, ensuring compliance with all applicable legislation and regulations;
• Preparing the annual and multi-annual plans and budgets, as well as any amendments thereto, for approval by the Board of Directors;
• Preparing the accountability documents for approval by the BoD;

[4] *https://www.bancobai.ao/media/3718/regulamento-do-conselho-de-administracao_23-12-21.pdf*

• Approving the internal operating rules;
• Acquisition, sale and encumbrance of intangible fixed assets deemed necessary for the Bank's activities;
• Acquisition, sale and encumbrance of real estate for the Bank's activities;
• Acquisition of services deemed necessary for the Bank's activities;
• Implementation of the human resources policy;
• Exercise of disciplinary powers;
• Opening or closing branches;
• Appointment of proxies to perform specific acts or categories of acts; and
• Actively or passively representation of the company in and out of court, initiating and contesting legal or arbitration proceedings, confessing, withdrawing or acquiescing in any proceedings.

The Executive Committee of the Board of Directors (CE) is composed of seven members appointed by the BoD from among its members. To ensure the segregation of functions pursuant to the legislation and regulations in force, the President of the Executive Committee distributes the areas of responsibility which, on 31 December 2021, had the following structure:

Name and Role	Acronym	Business	Support	Control
Luís Filipe Lélis - Chief Executive Officer				
Office of the President of the Executive Committee	GPCE		•	
Office of the Company Secretary	GSS		•	
Communication and Brand Management Department	DCM		•	
Human Capital Department	DCH		•	
Legal and Contentious Department	DJC		•	
Planning and Control Department	DPC		•	
Inokcelina Ben África Correia dos Santos - Executive Director				
Large Companies Department	DGE	•		
Small and Medium Enterprises Department	DPME	•		
Investment Banking Department	GBI	•		
International and Institutional Relations Department	GRI	•		
Business Portfolio Director - BAI Paga and E-Commerce	PNCE	•		
Business Portfolio Director - Bancassurance	PNBA	•		
Hélder Miguel Palege Jasse de Aguiar - Executive Director				
Customer Ombudsman Office	GPC		•	
Accounting and Finances Department	DCF		•	
Loan Recovery Department	DRC		•	
Loan Analysis Department	DAC		•	
Assets and Logistics Department	DPL		•	
Marketing Department	DMR		•	
Procurement and Contracting Department	DCC		•	
Programme Director - Initial Public Offering	POP		•	

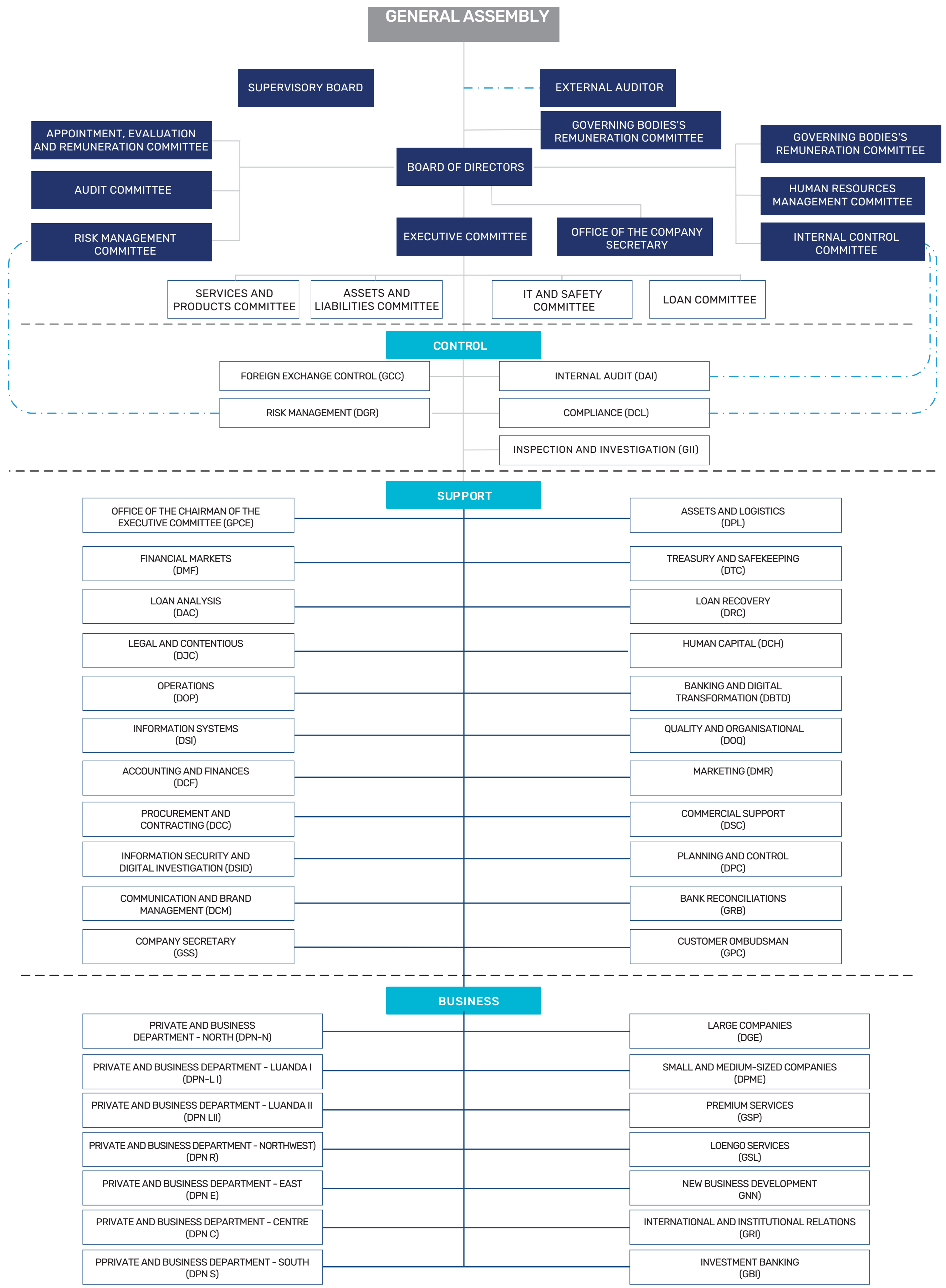
José Carlos Castilho Manuel - Executive Director				
Private and Business Department	DPN	•		
Loengo Services Department	GSL	•		
New Business Development Department	GNN	•		
Business Portfolio Director-é-Kwanza	PNEK	•		
Premium Services Department	GSP	•		
João Cândido Soares Moura Oliveira Fonseca - Executive Director				
Foreign Exchange Control Department	GCC			•
Risk Management Department	DGR			•
Compliance Department	DCL			•
Internal Audit Department	DAI			•
Inspection and Investigation Department	GII			•
Programme Director - Updating the Customer Register	PAC			•
Programme Director - Data Protection	PPD			•
Irisolange Azulay Soares Menezes - Executive Director				
Transaction Department	DOP		•	
Commercial Support Department	DSC		•	
Financial Markets Department	DMF		•	
Treasury and Safekeeping Department	DTC		•	
Bank Reconciliations Office	GRB		•	
Simão Francisco Fonseca - Executive Director				
Quality and Organisational Department	DOQ		•	
Information Systems Department	DSI		•	
Banking and Digital Transformation Department	DBTD		•	
Information Security and Digital Research Department	DSID		•	
Programme Director - Strategic Transformation	PTE		•	

During 2021, the Executive Committee held 23 ordinary meetings, and the relevant minutes were produced and are deposited in the company.

The Executive Committee's regulation is available for consultation on the institutional portal[5] of the company and can be freely consulted.

[5] *https://www.bancobai.ao/media/3719/regulamento-da-comissao-executiva_23-12-21.pdf*

3.1.11. ORGANISATIONAL CHART



3.1.12. INTERNAL CONTROL SYSTEM

The internal control system is defined as the set of strategies, policies, processes, procedures and systems outlined and approved by the Board of Directors, and the actions carried out by this body and other employees, based on the three lines of defence model.

The internal control system is ultimately aimed at ensuring the effective management and control of the risks inherent in the Bank's activity, based on an appropriate control environment involving all employees, who are conscious of their role in this system. In addition to this, the following objectives should also be highlighted:

i. Business continuity and the survival of the institution through the efficient allocation of resources and execution of transactions, risk control, prudent and continuous asset evaluation, outlining and segregation of duties, security and access control to information and communication systems and mitigation of conflicts of interest;
ii. The existence of complete, reliable and timely financial and non-financial accounting and management information that supports decision-making and control processes;
iii. Compliance with legal provisions, internal guidelines and rules of ethics and conduct, in relations with customers, counterparties to transactions, shareholders and supervisors;
iv. The existence of policies, processes or other preventive measures for each risk, as well as systematic control and monitoring to ensure their enforcement and operation as established, with a view to the prompt rectification of any deviations;
v. The integrity, compliance and effectiveness of the process providing reasonable assurance that financial and management information is reliable, timely and complete and that the Bank is in compliance with policies and guidelines, internal and external, as well as laws and regulations applicable to its operation, both internal and external.

In view of these objectives, BAI seeks to guarantee an appropriate control environment and activity, a solid risk management system[6], an efficient information and communication system, and an ongoing monitoring process in order to ensure the quality and efficacy of its own system over time.

The set of policies, strategies, architecture and operational models (processes, procedures and systems) and management instruments defined and approved by the Board of Directors are contained in the set of documents available on the institutional portal (https://www.bancobai.ao/pt/institucional/governacao/estatutos-e-regulamentos) for free consultation.

3.2. STRATEGY AND BUSINESS MODEL

BAI's Strategic Programme, called "Geração BAI" for the five-year period 2016-2021, was established by the development of specific Strategic Projects which were named "Iniciativas Estratégicas" (IE - Strategic Initiatives).

Once the established strategic milestones had been reached, work was carried out to consolidate the results, which meant that in the first cycle the Bank achieved a 93% performance in its general implementation plan. Within this context, o level of execution of “Geração BAI” contributed de modo significativo e alinhadoWith the vision of offering the best banking experience to all customer segments it serves and with the objective of providing a service of excellence, the year 2021 was marked by:

• Development of the business support platforms, with particular emphasis on the Human Capital and Information Systems and Technologies management components, and consequently on the Quality of Management and Accountability Information in carrying out its activity;

• Development of the risk management components, as a way of ensuring a reduced impact caused by changes in the context of the banking system and the regulations in force;

• Development focused on approaching the Mass Market segment, geared towards diversifying the customer and business portfolio, undertaking particular evolution and ensuring critical and basic developments to better and more satisfactorily meet the segment's needs.

[6] *Risk management is the subject of a separate chapter in this Annual Report.*

Concurring to the set objectives, the following developments were identified:

Regarding the strategic vision, BAI continued to defend the basis that constitutes the structure of "Geração BAI", namely:

• Defence of Core segments;

• Development of high-potential segments and looking into new boundaries;

• Transformation of critical support platforms.

In this cycle, "Geração BAI" was divided into two components, business and support, in which each one is composed of five strategic initiatives, whose level of implementation in 2021 is shown in the following table:

DEFEND CORE SEGMENTS AND DEVELOP HIGH-POTENTIAL SEGMENTS

BUSINESS	**SI1 (STRATEGIC INITIATIVE)** Review of BAI's Segmentation Model	**SI2** Value capture in pricing and in effective charging BAI segmentation	**SI3** Implementation and consolidation of a proposal of distinctive value to the Affluent	**SI4** Implementation of a proposal of distinctive value and boosting of Companies	**SI5** Implementation of a proposal of distinctive and profitable value for the Mass Market
STATUS OF IMPLEMENTATION	**100%**	**100%**	**100%**	**98%**	**81%**

TRANSFORMATION OF CRITICAL BUSINESS SUPPORT PLATFORMS

SUPPORT	**SI6** Transformation of Information Systems and Technologies	**SI7** Strengthening of key risk management and internal control processes.	**SI8** Strengthening and cultural transformation of Human Resources	**SI9** Streamlining and automation of customer service processes	**SI10** Strengthening of the Management and Accountability of Employees
STATUS OF IMPLEMENTATION	**100%**	**89%**	**86%**	**89%**	**100%**

With the completion of another strategic cycle of the Bank, called "Geração BAI" for the five-year period 2016-2021, which this year saw its consolidation phase, its closing phase was put in place with a view to the start of the new cycle for the period between 2022 and 2027. Activities were developed concurrently, which ensured the continuity of an approach geared towards materialising the Bank's strategic vision.

During 2021 highly relevant milestones were reached that have contributed to the development towards the conclusion of another cycle.

The year 2021 was marked by the following:

MAR.21

SI5 - Catalogue of products and services, development of new products;

SI7- Implementation of the requirements for new alerts.

APR.21

SI10 - Start of the Phase II project (EDW).

MAY.21

SI5 - Model for assessment/ viability of the correspondent banking services;

SI5- Implementation of é- Kwanza 2.0.

JUN.21

IE5 - Implementation of 25% of the new network of Banking Agents;

SI5- Interfaces.

JUL.21

SI5 - Implementation of 50% of the correspondent banking services.

SEP.21

SI10 - General Procedures of EDW Architecture Management.

OCT.21

SI10 - DMR Data Marts Implementation (Phase II).

NOV.21

SI5 - Implementation of 75% of the correspondent banking services;

SI5 - Implementation of eKZ 2.1;

SI5 - Reach 210,000 registered customers on the é-Kwanza platform.

DEC.21

SI7 - Implementation of the tool for calculating impairment losses and backtesting;

SI7- End of the project to implement the tool for calculating impairment losses and backtesting and;

SI10- Revised target templates, including cost KPI.

In order to ensure the achievement of the strategic objectives, activities were developed which enabled the maintenance of the current strategic cycle and also initiated the design phase of the next strategic cycle, having reframed BAI's vision for the future into 7 axes which will guide the achievement of a greater and better result based on the improvement of operational efficiency, growth of core business, development of digital banking, appreciation and optimisation of capital and available resources as well as the approach to new market opportunities, ensuring progress and regulatory compliance based on the best practices of the sector.

RISK MANAGEMENT

4

RISK MANAGEMENT

4.1. MAIN DEVELOPMENTS IN 2021

In the reference period, the following risk management activities stood out:

- Conducting the Internal Capital Adequacy Assessment Process (ICAAP);
- Conducting the Internal Liquidity Adequacy Assessment Process (ILAAP);
- Conducting the drill for the Central Services' Operational Continuity Plan;
- Testing the Technological Recovery Plan;
- Reverse Stress Test Report and Scenario Analysis.

4.2. RISK MANAGEMENT ORGANISATION AND GOVERNANCE

Risk management is a key element in BAI's strategy in which the Bank identifies, evaluates, monitors and controls, on a daily basis, all risks related to the business in order to ensure legal compliance, financial stability and the customers', partners' and stakeholders' trust, in accordance with the best market practices and recommendations made by supervisors and regulators. The Risk Management System (RMS) is documented through policies, processes and procedures.

Risk management is ruled by the following criteria:
- **Protecting financial stability:** control risks in order to limit the potential negative impact on capital and Bank earnings;
- **Protecting reputation:** reputation is key for good Bank performance and its preservation must be paramount;
- **Transparency:** all risks must be identified in order to maintain a sound understanding of the Bank's financial situation. To that effect, risk description must be accurate and thoroughly assessed in order to support the governing bodies in the decision-making process;
- **Independence:** there is a governing structure that allows identifying, evaluating, following up and controlling risks performed by a department that operates outside the sphere of the Bank's business areas;
- **Limit control:** risk is monitored by placing each risk within the boundaries and limits set by policies.

The RMS includes an autonomous and independent function - the Risk Management Department (DGR). It is hierarchically and functionally dependent on the Board of Directors, supervised by the Risk Management Committee and overseen by a director appointed by the Executive Committee.

The bodies involved in the risk management system and their respective functions are described in note 41 of the notes to the financial statements.

Risk management consists of an internal control and evaluation structure established by three lines of defence:

The **first line of defence** is comprised of risk areas, which must ensure the effectiveness of risk management as part of their direct organisational responsibilities, namely:

- **Inform:** ensure that all material risks are identified, evaluated, mitigated, monitored and reported;

- **Control:** ensure the implementation and compliance with all applicable policies, procedures, limits and other risk control requirements, while proposing updates in controls to ensure that any identified risks are controlled within acceptable boundaries and consistent with standards;

- **Plan and optimise:** align business area strategies or support roles prone to risk and seek to optimise the risk return profile.

The **second line of defence** consists of the independent review process carried out by the Risk Management Department, Foreign Exchange Control Office and Compliance Department teams.

These functions perform an independent review of the management control of the business and support units (first line of defence) and of the processes maintained by the control functions (second line of defence).

The RMD ensures the full effectiveness of the risk management system.

Internal auditing is the **third and last line of defence** at BAI, and it is responsible for regularly evaluating policies, methodologies and procedures to ensure that they are adequate and are being applied effectively.

The Board of Directors has outlined the overall objective of adopting a conservative risk profile for all material risks assumed by the Bank and consequently a low level of risk tolerance, thus ensuring business continuity in terms of profitability and solvency. This profile was determined based on the outlined business strategy and the macroeconomic background in which the Bank operates.

SUPERVISORY AUTHORITIES (BNA, CMC, AGT)

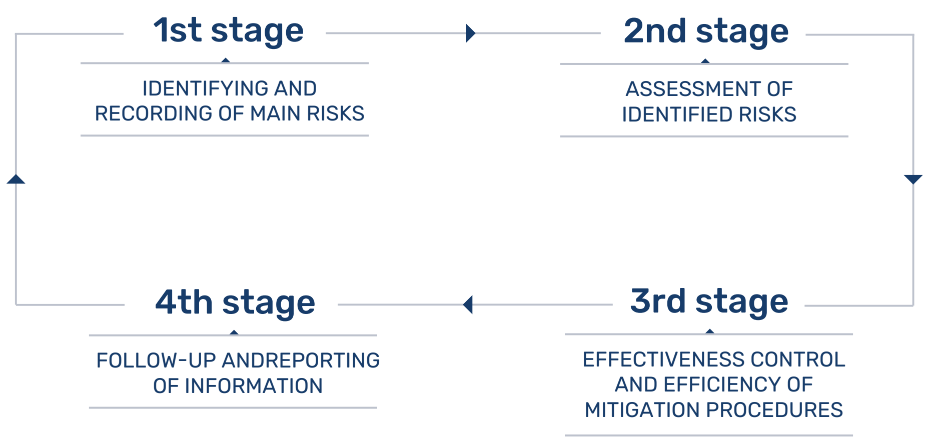
EXTERNAL AUDIT

1ST LINE OF DEFENCE	2ND LINE OF DEFENCE	3RD LINE OF DEFENCE
OPERATIONAL MANAGEMENT	**RISK MANAGEMENT**	**INTERNAL AUDIT**
It includes business and support units that are responsible for: • Risk identification; • Risk assessment and measurement; • Risk acceptance; • Risk monitoring.	It includes the Risk Management Department, Foreign Exchange Control Office and Compliance Department. • Perform an independent review of the management control of the business and support units; • Ensure the effectiveness of the risk management system.	Includes the Internal Audit Department, which is responsible for regularly evaluating internal control and risk management policies, methodologies and procedures.

RISK CATEGORIES INCLUDED IN THE RISK MANAGEMENT SYSTEM

FINANCIAL:	NON-FINANCIAL:
• Loans • Liquidity • Interest rate • Exchange rate • Concentration • Solvency	• Operational • Strategic • Reputation • Technology • Information systems • Compliance

The structure of the Risk Management System is as follows:



4.3. OPERATIONAL RISK

Operational risk (OR) corresponds to the probability of the occurrence of negative impacts on results or capital, resulting from flaws in the analysis, processing or settlement of transactions, internal and external fraud, the subcontracting of resources, inefficient internal decision-making processes, insufficient or inadequate human resources, or the inoperability of infrastructures.

Within the framework of the ICAAP[7], the following subcategories of OR have been identified:
- **Internal fraud:** arising from intentional acts of fraud, misappropriation of assets or circumvention of applicable laws, regulations or internal policies;
- **External fraud:** arising from intentional acts of fraud, misappropriation of assets or circumvention of laws by a third party;
- **Damage to physical assets:** arising from accidental or deliberate damage to the Institution's physical assets (such as acts of vandalism or terrorism);
- **Practices on employment and safety in the workplace** arising from inadequate human resources (policies, recruitment processes, compensation schemes, etc.) and acts inconsistent with labour, safety or health laws or agreements, as well as settlements for personal injury or incidents of discrimination;
- **Execution, delivery and process management:** arising from failures in the execution of operational processes (such as loss of documentation, filling errors) or in process management;
- **Customers, products and trade practices:** arising from an unintentional or negligent failure to meet a professional obligation (including fiduciary and suitability requirements), by the nature or design of the product itself;
- **Business disruption and system failures:** arising from interruptions to business transactions or system failures;
- **Model:** arising from losses related to the development, implementation or inappropriate application of models by the institution in its decision-making (e.g. when pricing the product, valuing financial instruments or monitoring risk limits).

The management of Operational Risk is based on a vision of business, support and control processes, which cuts across the organisation's structural units. It is carried out by the Operational Risk Division of the Risk Management Department, whose mission is to ensure the identification, assessment and monitoring of the OR inherent to the Bank's activity. This type of management is supported by principles, methodologies and control mechanisms, such as:
- Segregation of functions;
- Lines of responslbility;
- Reconciliation activities;
- Validations;
- Automatic alerts;
- Training and awareness-raising;
- Inspections, internal and external audits;
- Standardisation of policies, processes and procedures;
- Existence of different channels for grievances.

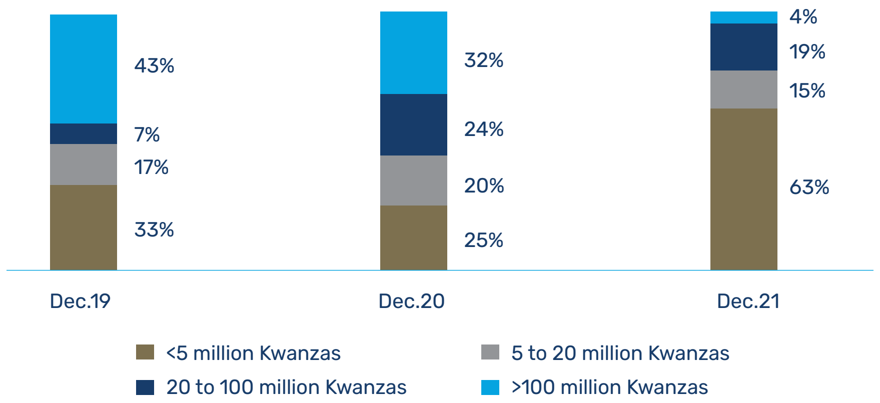
[7] *ICAAP - Internal Capital Adequacy Assessment Process.*

The following points describe the situations detected in each stage of OR management:

Identification and evaluation: in the reference period, 65% of existing processes (business, support and control) were found to have OR mapped, the majority being medium-high level processes with deficient controls.

Control: The following graph presents the distribution over the last 3 years of the value of actual financial losses, resulting from OR events by amount interval:

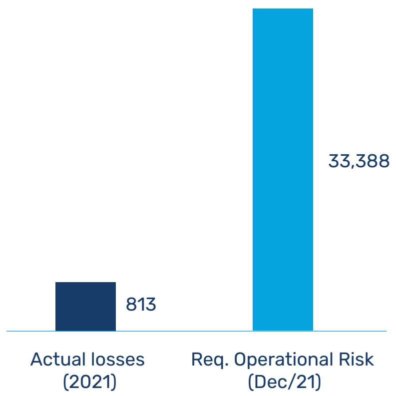
DISTRIBUTION OF THE NUMBER OF LOSSES BY AMOUNT INTERVAL



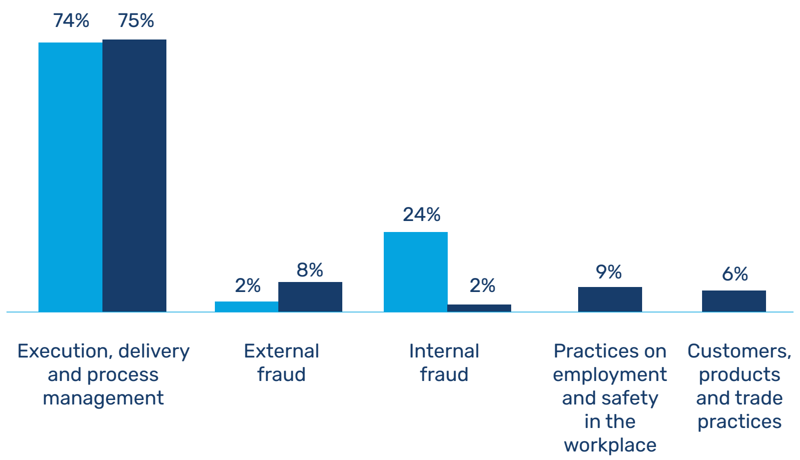
In 2021, 889,274 OR events were recorded, with actual losses of approximately 813 million kwanzas, in the categories "Execution, delivery and process management", "Internal fraud" and "External fraud".

The following charts present the comparison of OR capital requirements against annual losses from OR events and the comparison between actual losses and potential losses by category.

ACTUAL LOSSES FROM OR EVENTS VS OR REQUIREMENTS (MILLION Kz)



ACTUAL LOSSES VS POTENTIAL LOSSES BY OR CATEGORY



4.4. INTERNAL CONTROL AWARENESS PLAN (ICAP)

The risk identification, reporting and control culture is not yet assimilated at all hierarchical levels, despite the ongoing risk management culture dissemination programme. During the reporting period, the following activities were carried out:
• Dissemination of basic concepts on internal control;
• Assessment and dissemination of the status of internal control deficiency resolution;
• Training on the prevention of money laundering and terrorist financing;

4.5. BUSINESS CONTINUITY MANAGEMENT (BCM)

BCM encompasses two components: the Business Continuity Plan, concerning people, premises and equipment, and the Technological Recovery Plan, concerning systems, applications and technological infrastructure.

The following table summarises the activities under the BCM:

Activities		Task description	State	%
Adequacy of Directive No. 11 DSB/DRO/21 of 5 October	Implementation of the action plan for compliance with the Directive.	GAP *analysis*of the standard's adequacy; • Update/draft of the standards; • Capacity-building of the intervening areas.	In progress	50
Workshop	Training and awareness-raising	Training session for the employees of the Treasury and Safekeeping Department (DTC) on the Operational Continuity Plan (PCO).	Completed	100
	Step Up To The Next Level 2021	Presentation on the Technological Recovery Plan to DSI, DSID, DGR and Directors in charge of the respective areas.	Completed	100
Tests and drills	Network/communications test	Checking the functioning of the network and communication system of the alternative site for DTC services.	Completed	100
	TRP[8]	Technological Recovery Plan test, focusing on the transition from the EMIS production system to Torre BAI (role switch testing).	Completed	100
	Drills	Treasury and Safekeeping Department evacuation drill;	Completed	100
		Testing of the DTC Operational Continuity Plan.	Completed	100

4.6. CYBERSECURITY AND INFORMATION SECURITY

To ensure the security, integrity, confidentiality and availability of the electronic security systems, as well as the information platforms and technologies, the Bank has the Information Security and Digital Investigation Department (DSID), whose main purposes in the respective areas include:
• Reviewing, updating and disseminating the Information Systems Access Matrix;
• Verifying and regulating the accesses implemented in the information systems to ensure compliance with the policies (access profiles) outlined in the Access Matrix;

[8] *Technological Recovery Plan.*

• Assessing and tackling information security and cyber security incidents referred by areas and employees, and through the cyber security solution.
• Monitoring the investigation of security incidents related to the information under its responsibility;
• Participating in the meetings of the IT and Security Committee (CIS), providing any clarifications that may be requested;
• Systematically identifying and assessing risks related to Information security;
• Requesting testing and risk analysis on the information systems infrastructure in order to certify that the vulnerabilities and risks of the information systems are adequately addressed;
• Carrying out periodic checks on the approved Information Security Policies to ensure their compliance;
• Ensuring compliance with the current legal and regulatory framework.

Among other duties, the Information Security and Digital Investigation Department seeks to outline and keep up-to-date security policies, processes and standards and checks to ensure adequate management and monitoring of the risks to which the Bank's information structures are exposed (archives, data centres, workstations, servers and networks).

4.7. REPUTATIONAL RISK

Reputational risk is the risk of negative impacts on results or capital resulting from the adverse perception of the financial institution's image by customers, counterparties, shareholders, investors or regulators as a result of the actions of the company or its employees.

Within the framework of the ICAAP, the following subcategories of reputational risk were identified:
• **Specific reputational risk:** arising from the poor perception of the institution's image by customers, counterparties, shareholders, investors or regulators due to the institution's own actions;
• **Banking business risk:** arising from the poor perception of the institution's image by customers, counterparties, shareholders, investors or regulators due to the performance of the banking sector in general;
• **Risk from other activities:** arising from reputational damage in the performance of other non-core activities (e.g.: bancassurance transactions).

The following are measures to mitigate the impact of this risk:
• Complaints management policy (customer guarantees and safeguards);
• Availability of multiple channels of communication with the customer (ensure swift communication directly with the Bank);
• Evaluation of customer satisfaction in communications with BAI;
• Monitoring the level of customer satisfaction;
• Customer Ombudsman;
• Claim forms;
• Institutional Communication (e.g.: websites, in the branches, social networks) / Communication plan;
• Public relations work with the main media (e.g.: newspapers and magazines);
• Educating the customer and human resources to recognise risk events (e.g.: leaflets);
• SLA[9]for the complaints management process.

4.8. STRATEGIC RISK

Risk associated with negative impacts on results or capital resulting from inadequate strategic decisions, failure to meet business objectives, poor implementation of decisions or inability to respond to changes in the banking environment or ecosystem. Within the framework of the ICAAP, the following subcategories of strategic risk were identified:

• **Macroeconomic risk:** arising from the impact of unforeseen changes in the macroeconomic environment;
• **Geopolitical risk:** arising from political and/or economic and/or military developments in certain geographical regions in which the Institution operates or which may indirectly impact its transactions (including changes in the tax system);
• **Business model risk:** arising from competitive disruption in the banking system or obsolescence of the business model of the institution itself;

[9] *Service Level Agreement.*

• **Strategic plan execution risk:** resulting from deviations in the implementation of the strategic plan;
• **Equity risk:** arising from impacts on equity instruments (Financial Holdings);
• **Climate change risk:** arising from climate change and its impacts on society, regions of the planet and ecosystems.

The following are measures to mitigate the impact of this risk:
• Monitoring of the strategic plan / business, adjustment in the annual budget to cope with any deviations;
• Monitoring and reporting to the Board of Directors and Executive Committee.

4.9. LOAN AND COUNTERPARTY RISK

The loan policy sets forth balance sheet items with loan risk exposure as liquidity applications, bonds, transferable securities and loans. The Board of Directors set the exposure limit of 100% of the regulatory own funds (FPR), without prejudice of the Executive Committee setting a more conservative limit. Thereby, the Bank also uses maximum exposure limits to its counterparties associated with an overall analysis of their situation, through an internal model with financial and economic variables, which is approved and reviewed by the Assets and Liabilities Committee (ALCO).

The Financial Markets Department (DMF) is responsible for monitoring risk positions of domestic and international counterparties and controlling limit compliance.

The Bank may increase its exposure to certain counterparties beyond the limit calculated in the rating model, as long as said counterparty presents collateral as security, accepted by the Bank, to guarantee the transaction, or if this is justified by a strategic decision and duly authorised by the EC.

After collecting all mandatory information for analysis, the commercial area must draw a commercial opinion about the customer. Depending on the type of loan and the requested amount, there may be the need to forward the case to the Loan Analysis Department (DAC) so a risk analysis can be conducted and submitted to the hierarchy for approval according to the provided-for delegation of duties.

The Bank has its own rating (risk factor) and scoring models for classifying credit risk for companies and individuals, respectively.

In the case of companies, rating is attributed following the assessment of (i) company management capabilities, (ii) economic and financial situation, (iii) banking history, (iv) asset quality guarantees and (v) business area. For each of these parameters there are weighing factors that, when multiplied by the classification attributed, will produce a grade. The sum of the grades of the five parameters equals the rating of the company (see table below).

In the case of private customers, the scoring model assesses (i) commercial involvement, (ii) social stability[10], (iii), professional situation and (iv) economic and financial situation. For each of these parameters there are weighing factors that, when multiplied by the classification attributed, will produce a grade for each parameter. The sum of the grades of the four parameters equals the scoring of the customer (see table below).

Risk Level	Risk Class	Percentage result
State	A	Guaranteed by the Angolan Government
Very Reduced	B	> 80
Reduced	C	[70-80]
Moderate	D	[50-70]
High	E	[40-50]
Very High	F	< 40

[10] *Assessed by factors such as seniority in employment, age and housing.*

The rating methodology regarding the corporate segment is still under development.

In addition, the Bank also has tools to assess the national and international loan position of its customers. To assess customers' exposure in the domestic market, BAI uses BNA's Loan Risk Information Central (CIRC). To assess the loan position of companies or economic groups with exposure in other markets, the Bank relies on COFACE[11], which is a financial information platform of companies operating in the European market.

The Loan Committee is a collegiate body which focuses on analysing and approving loan transactions in compliance with the policies and limits set by the Board of Directors, as well as on monitoring the non-compliant loan portfolio. All decisions made involve the active participation and opinion of all committee members; i.e., there are no individual decision-making powers.

The Executive Committee has set a loan decision matrix where multiple subcommittees are involved and periodically meet in light of the abovementioned topics. The decision matrix is only applicable to customers with risk tiers from A to C, after applying BAI's scoring or rating model. Any transaction rated as having a risk above C is decided by the 4th echelon, with the exception of restructuring and renegotiation transactions in which the risk comes from default.

The following table shows the loan decision matrix.

Decision echelon	Decision-making bodies[12]	Periodicity
1st	Commercial Coordinator + Managers + Regional Director.	Weekly
2nd	Heads/Deputy Heads DAC + DRC + GSP + DPME + GSL + DPN + Commercial Coordinators.	Weekly
3rd	1 Director + Heads DAC + DRC + DGE + GSP + DPME + GSL + DPN + DJC	Weekly
4th	BoD + Heads DAC + DRC + DGE + GSP + DPME + GSL + DPN + DJC + DRII + GBI	Biweekly
5th	Board of Directors (CA).	Quarterly

In order to maintain adequate control of the portfolio's credit quality, the Loan Recovery Department (DRC) is responsible for monitoring the portfolio of overdue loans after 45 days, which allows alerting to incidents that may occur in the evolution of risk, with the aim of taking action to mitigate them. The recovery activity is structured according to the commercial segmentation of customers: Private and Corporate, and to specific management models.

Recovery management also has different management stages: preventive management that starts in the commercial network and management of irregular loans, which is DRC's responsibility.

Loan risk analysis and assessment is carried out at the level of risk-taking areas, as well as loan risk control, according to the scope of action.
• DAC performs individual loan risk analysis by transaction and/or economic group, focusing on the private segment, SMEs, large companies, public sector and start-ups in the form of loans to finance treasury and investment;
• The DRC performs irregular loan analysis and off-balance sheet loan portfolio management;
• The DGR performs the collective analysis of risk factors and the follow-up of regulatory and internal loan risk limits.

Loan risk monitoring and follow-up is done by the Executive Committee (EC) and the Board of Directors (BoD) based on the analysis of monthly (EC) and/or quarterly (BoD) loan risk reports produced for that purpose.

[11] *Compagnie Française d'Assurance pour Le Commerce Extérieur.*

[12] *DAC - Loan Analysis Department; DBR - Retail Banking Department; DEI - Corporate and Institutions Department; DRC - Loan Recovery Department; GSP - Premium Services Office; DPME - Small and Medium-Sized Enterprises Department.*

Among other internal limits set by the BoD on loan policy, the limits applicable to loan risk are as follows:

Indicators	Limit	Outlined and followed up by
Maximum personal exposure limit		
One customer or a group of interconnected customers	25% of FPR	BNA/BoD
One customer or a group of interconnected customers - Related parties	10% of FPR	BNA/BoD
A financial institution	100% of the FPR*	BNA/BoD
Risk exposure limit of largest borrowers	300% of the FPR	BNA/BoD
Maximum exposure limit - Companies (% total portfolio)[13]	50%	BoD
Maximum Exposure Limit - Private Customers (% total portfolio)	30%	BoD
Maximum exposure limit - State (% total portfolio)	20%	BoD
Maximum limit according to FPR (% of [(1/15%)* FPR - RCRM)	100%	BoD

** FPR - Regulatory Own Funds*

** Exposure on banking institutions that have their head office in Angola or in countries included in Groups 1 and 2 (as set forth by the BNA) is reduced by 80%.*

The Bank implemented the process of calculating the impairment of its loan portfolio as part of the process of full adoption of international accounting and financial reporting standards (IAS/IFRS[14]) from the 2016 financial year. In effect, the impairment model is based on the life cycle of receivables after identifying a loss event.

Based on IFRS9 and according to the calculation model developed by the Bank, impairment losses are calculated by distributing the assets portfolio by stage 1, 2, 3 segments. For the collective analysis model, loan impairment losses are calculated as follows:
- **Stage 1:** receivables up to 12 months are considered;
- **Stage 2:** commitments receivable up to maturity are considered; and
- **Stage 3** (default transactions): the PD[15] of 100% and the LGD[16] of the risk segment for commitments to maturity are applied.

Half-yearly, based on the criteria stipulated in the standards, including BNA Instruction No. 08/2019, as well as contractual characteristics in relation to indications or default, significant exposures in the asset portfolio are analysed individually. Transactions analysed individually which end with an impairment rate of less than 10% are referred to the collective impairment calculation.

Activities inherent to calculating impairment losses are executed by the following areas:
- **Executive Committee:** responsible for deliberating on the guidelines and processes inherent to the calculation of impairment losses;

- **Risk Management Department:** Responsible for validating and following up on the calculation of impairment losses carried out by the Loan Analysis Department (DAC), Loan Recovery Department (DRC), Financial Markets Department (DMF) and Accounting and Finance Department (DCF), as well as the settings made in the support tool for calculating the collective analysis;

- **DAC, DRC and DCF:** Responsible for calculating impairment losses for the loan portfolio subject to individual analysis; responsible for calculating impairment losses for the loan portfolio subject to individual analysis;

[13] *Including investments in debt instruments.*

[14] *IAS - International Accounting Standards; IFRS - International Financial Reporting Standards.*

[15] *Probability of default.*

[16] *Loss Given Default.*

- **Private Customers and Business Department (DPN), Large Companies Department (DGE), Premium Services Department (GSP), Small and Medium-Sized Enterprises Department (DPME):** responsible for providing support to the DAC, DRC and DCF in calculating impairment losses, regarding the follow-up and collection of information on customers and transactions;

- **Information Systems Department:** responsible for providing support in using the application and for extracting and maintaining information;

- **Internal Audit Department:** responsible for validating the adequacy of the processes outlined for calculating impairment losses, verifying their correct and adequate implementation.

The calculation of impairment losses involves the following activities by implementation cycles:
- **Monthly cycle:**
  1. information extraction;
  2. tool configuration;
  3. impairment calculation;
  4. result assessment;
  5. report;
- **Half-yearly cycle:** individual analysis;
- **Annual cycle:** sensitivity analysis, backtesting and risk factor calculation.

4.10. BALANCE SHEET AND MARKET RISK

Balance sheet and market risk measures the Bank's ability to uphold its obligations (liabilities) given the asset structure on its balance sheet.

It is subject to the following types of risks:

- **Balance sheet interest rate risk**, which is a result of assets and liabilities that are sensitive to interest rate changes;
- **Foreign exchange rate risk**, resulting in the adverse impact on the bank's results or capital that may arise from changes in the exchange rate;
- **Liquidity risk**, consisting of the bank's inability to honour its short-term commitments, or having to incur in significant losses to realise the liquidity of its assets to honour short-term commitments;
- **Insolvency risk**, consisting of the possibility of the bank having insufficient capital levels to honour medium- and long-term commitments or to cope with the risks assumed.

Balance sheet and market risk management is carried out in the first line of defence, by the Financial Markets Department (DMF) through daily reports sent to the BoD, and in the second line of defence by the Risk Management Department, specifically the Balance Sheet and Market Risk Department.

On a monthly basis, an asset and liability management report is made and serves as a foundation for the Asset and Liability Committee (ALCO) to analyse.

The liquidity gap is the comparison between assets and liabilities distributed over periods of residual maturity, thus illustrating the flows of payments and receipts over the time horizon of the transactions. The Bank calculates the Gap of contractual liquidity and the Gap of behavioural liquidity.

In the contractual liquidity Gap, asset and liability amounts are distributed by residual maturity periods, and demand deposits fall within the first time band.

On the other hand behavioural Gap loans are distributed according to the financial plan of each transaction and deposits are distributed based on the average of transactions that represent outflows from the bank (ATM withdrawals, cardless withdrawals and POS payments). All overdue loans, as well as impairments, are excluded from the Gap.

Stress testing is the management technique aimed at assessing the potential effects on an institution's financial conditions resulting from changes in risk factors or stress scenarios according to more plausible exceptional events.

Stress testing is the responsibility of the BoD and the relevant organisational structures and is produced annually (scenario analysis and simulations) and half-yearly (sensitivity analysis).

RISK ASSESSMENT METRICS

Risk	Metrics and tools
Liquidity	• Liquidity Gaps; • Liquidity ratios (LCR[17]); • Largest depositors concentration; • Sensitivity analyses; • Scenario analyses; • Reverse stress tests; • *Net Stable Funding Ratio* (NSFR); • Loan-to-Deposit Ratio; • ILAAP.
Interest rate	• Interest rate gaps; • Profitability ratio evolution; • Sensitivity analyses; • Scenario analyses; • Reverse stress tests; • Monthly interest rates analysis (production) and evolution of the spread; • Repricing gap and Earning at Risk; • Repricing gap of interest rates and Impact on equity and Net interest margin; • Duration gap and impact on own funds; • ICAAP.
Exchange	• Value-at-Risk Model in relation to changes in the exchange rate; • Sensitivity analyses; • Scenario analyses; • Reverse stress tests; • Assessment of foreign exchange exposure limits. • Assessment of foreign exchange position limits. • ICAAP.

The Bank controls balance sheet and market risks through limits set by the BoD, ALCO and BNA (when applicable). The main (internal and external) limits include:

Indicators	Limit	Outlined by
Loan-to-Deposit Ratio in DC[(1)] Loan-to-Deposit Ratio in FC[(1)]	70% 30%	BoD
Loan-to-Deposit Ratio in domestic currency including securities[(1)] Loan-to-Deposit Ratio in foreign currency including securities[(1)]	150%[(2)] 70%	BoD
Liquidity Gap	0% of total liabilities for maturities up to 7 days 5% of total liabilities for maturities up to 1 month	BoD
Solvency ratio*	15%	BoD/ALCO
Foreign exchange exposure limit	5% of the FPR applicable to long and short positions	BNA

** The regulatory minimum limit is 10%*

[17] Liquidity Coverage Ratio.

4.10.1. CAPITAL MANAGEMENT AND SOLVENCY RATIO

Regulatory own funds are calculated in accordance with Notice no. 2/16, of 28 April, Instruction no. 18/16, of 8 August, and BNA letter ref.: 1880/DRO/18, of 3 December, which recommends the inclusion of the current year's results.

The solvency ratio reflects the ratio between regulatory own funds and the sum of the value of regulatory own fund requirements for loan and counterparty risk (Notice No. 3/16), own fund requirements for market risk and counterparty risk in the trading book (Notice No. 4/16) and own fund requirements for operational risk (Notice No. 5/16).

Following the publication of Notice no. 8/21, BNA informed the Bank that the implementation deadline referred to in Article 54 was extended until March 2022, during which period the solvency ratio calculated in accordance with Notice no. 2/16 remains in force. The minimum ratio of total own funds to be complied with under Notices No. 2/16 and Notice No. 8/21 is 10% and 8% respectively.

In 2021, BNA also launched the Supervisory Review and Evaluation Process (SREP), which consists of procedures to be conducted annually by BNA to ensure that each banking financial institution has strategies, internal processes, as well as adequate capital and liquidity for the risks to which it is exposed.

BNA communicated the preliminary results of the SREP to the Bank on 2 February 2022, and expects to disclose the final results during the 1st quarter of 2022, having ascertained compliance with the Pillar 2 capital requirement of 2.75%, the conservation reserve of 2.5%, the reserve for systemically important institutions of 2% and an additional level of Pillar 2 guidelines of 1%.

Thus, the minimum ratio to be met under Notice No. 2/2016 is increased by the requirements stipulated for both Pillar 2 and the reserves referred to in the preceding paragraph, whereby the Bank had to meet a total own funds ratio of 18.25% as at 31 December 2021.

At 31 December 2021 and 2020, the calculation of the regulatory solvency ratio is as follows, standing above the regulatory minimum:

CALCULATION OF THE REGULATORY SOLVENCY RATIO

		31/12/2021	31/12/2020
Regulatory Own Fund Requirements			
Operational risk		32,587,254	33,387,657
Market risk		8,972,635	21,480,240
Loan and counterparty risk		71,703,171	107,713,080
	A	113,263,059	162,580,976
Regulatory own funds	B	392,114,316	276,768,494
Basic own funds	C	391,933,091	276,666,421
Basic own funds Without Deferred tax and subordinated debt	D	377,105,021	276,544,282
Regulatory solvency ratio	E=B/A*10%	34.62%	17.02%
Regulatory solvency ratio considering only basic own funds	F=C/A*10%	34.60%	17.02%
Regulatory solvency ratio considering only basic own funds without deferred tax and subordinated debt	G=D/A*10%	33.29%	17.01%

4.11. COMPLIANCE RISK

4.11.1. COMPLIANCE MISSION

Compliance aims to ensure compliance and correct application of the legal, regulatory, statutory and ethical provisions, best international practices, recommendations and guidelines issued by the competent supervisory bodies.

Compliance is responsible for the detecting, preventing and mitigating compliance risks, which translate into the risk of legal or regulatory sanctions, financial loss or reputational damage as a result of the failure to comply with the enforcement of laws, regulations, code of conduct and sound banking practices.

It fosters the Bank's culture of compliance and the respect of the BAI Group and its employees for all applicable regulations through an independent intervention, together with all the organic units of the Bank.

It is an integral part of the monitoring process of the internal control system and, as the second line of defence of the Bank's internal control, its assessment covers the activities, systems and processes related to the compliance function, particularly with regard to the Prevention of Money Laundering and the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (ML/TF).

4.11.2. ORGANISATIONAL AND FUNCTIONAL MODEL FOR PREVENTING ML/TF

The organic and functional model under the prevention of ML/TF cuts across the whole organisation.

The DCL depends hierarchically on a non-executive director and functionally on an executive director appointed by the Board of Directors (BoD).

With regard to approval, implementation and monitoring, responsibilities are set forth as indicated below:

a) **Board of Directors (BoD):**
i. approve this Policy and any revisions thereto;
ii. foster an institutional culture of ML/TF prevention, based on an adequate and effective internal control system considering, for this purpose, the BCFT/P risks to which the Bank is potentially exposed;
iii.ensure that employees have at their disposal the necessary information to comply with the preventive duties to which the Bank is bound, in particular by making this Policy and other internal regulations available and by promoting the necessary training actions;
iv. promote periodic evaluations of the internal control system's effectiveness;
v. ultimately, endeavour to verify the conformity of this Policy with the legislation in force;
vi. promote a demanding culture when hiring employees to guarantee their commitment to the fight against ML/TF and ensure that, before hiring employees to perform more sensitive duties in this area, their reliability and credibility is assessed;
vii. appoint the compliance officer to perform his/her duties, under the conditions of independence and availability of means required by the applicable rules;
viii. receive, directly through the director responsible for the respective area, reports from those responsible for internal control, containing information relating to the systems for combating ML/TF and the identification of situations that could constitute risks related to such illegal practices.

b) the Executive Committee (EC) is responsible for approving the procedures, rules and other internal instruments necessary for the application of the Policy and, when applicable, for preparing the BoD resolutions.

c) the Compliance Department (DCL) is responsible for:
i. implementing, monitoring and evaluating internal procedures on ML/TF prevention and detection, as well as centralising information and communicating it to the competent authorities;
ii.assessing the actions to be taken upon detection of customers and/or suspicious transactions or beneficiaries in the sanctions lists;
iii. reporting suspicious transactions to the competent authorities, as regards persons, groups and entities referred to in the context of compliance with sanctions - Directive no. 03/DSI/2012;
iv. reporting to the Internal Control Committee (CCI) management information relating to the prevention of ML/TF and propose the adoption of measures it deems necessary.

d) the Internal Audit Department (DAI)is responsible for periodically and independently assessing the procedures, processes and internal controls instituted on the ML/TF prevention programme.

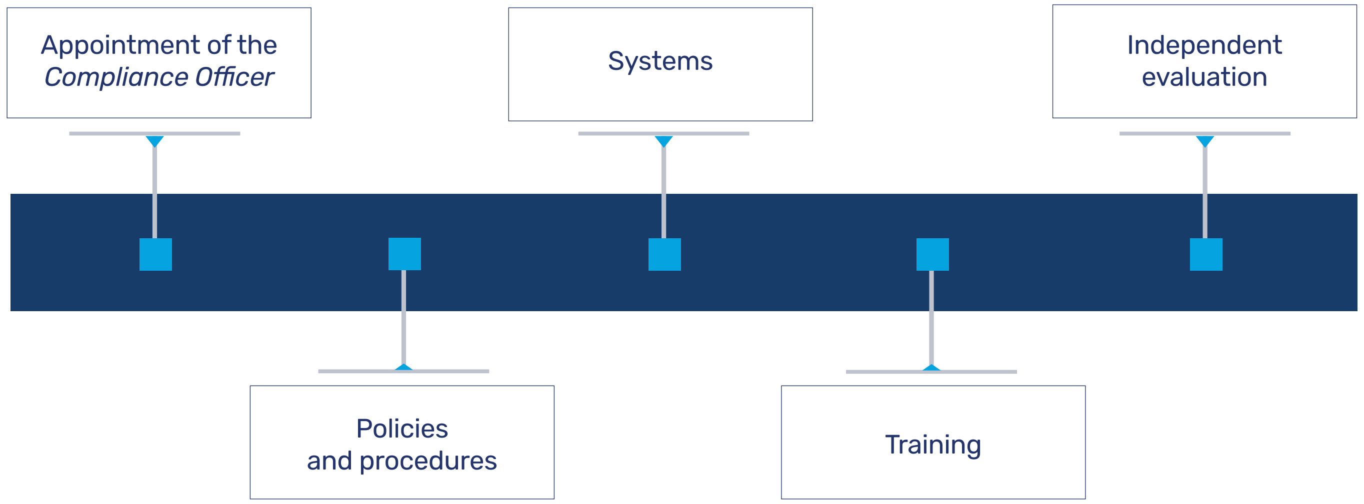
It operates at national level, in accordance with the specific nature of the attributions conferred upon it, and this action may be extended to the financial group within the framework of the activities related to the ML/TF prevention system.

Main activities undertaken by the DCL:

Regulatory Compliance Department (DCR)	Ensures the planning, execution, supervision and reporting of compliance with the regulatory framework not associated with the Bank's measures to combat money laundering and terrorist financing.
Transaction and Customer Monitoring Department (RMO)	Ensures effective compliance with processes and procedures related to the opening and maintenance of accounts, as well as the continuous monitoring of transactions originated and received at the Bank for compliance and reputational risk mitigation under BCFT regulations.
Analysis and Investigation Department (DAI)	Conducts analysis and investigates transactions on a consolidated basis for the purposes of reporting to the competent authorities, internal or external, as well as providing support to business areas in analysing operations compliance.

ML/TF PREVENTION PROGRAMME

The ML/TF prevention programme focuses on five key pillars that enable identifying, assessing, monitoring and mitigating the risks to which the Bank is exposed, namely:



The Bank further understands that it is essential for effective prevention of ML/TF that its ML/TF prevention programme is independently and periodically reviewed in order to assess its effectiveness and identify possible aspects that may need to be adjusted based on the results of such periodic assessment. In the assessment of effectiveness, it is verified whether or not the enhanced or simplified customer due diligence measures adopted on the basis of the identified risk are adequate to mitigate the risk of ML/TF. Monitoring, through periodic independent assessments, the quality, adequacy and effectiveness of the Bank's policies and procedures and controls in relation to the prevention of ML/TF is, therefore, an essential element in ensuring the soundness of its internal system.

The programme relies on an approach based on outlining, identifying and classifying exposure and the sources of risk factors and containment, where potentially vulnerable areas are identified and, in those areas, the associated risks are identified and assessed on an ongoing basis so as to adjust the controls to be established for the different risks. Risk is assessed annually, on an individual basis.

In the context of combating ML/TF practices, it is essential to check and verify the information provided by customers or counterparties, and for the Bank to collect other information on customers in accordance with the specifically identified risk. The Bank therefore acquires and/or guarantees access to suitable, credible and diversified sources of information as regards its origin and nature concerning its employees, depending on their duties.

The Bank also guarantees training for all employees, especially in the governing bodies, control areas and other risk-taking areas. In the table below are some of the main activities undertaken in 2019, 2020 and 2021 by the *Compliance* Department as part of ML/TF prevention.

Description	2021	2020	2019
Operations monitored	5,973	3,548	2,993
Suspicious transaction statements	35	27	12
Termination of business relationships	23	3	6
Rejected business relationships	59	38	15
Training on ML/TF Prevention (no. of participants)	87	1,528	1,780

IMPROVEMENTS IN THE 2021 FINANCIAL YEAR

Activities	Measures
Technical assistance service by the Financial Service Volunteer Corps for strengthening the compliance function.	• Formalisation of the ML/TF prevention programme (approval in February 2022). • Training of employees who perform the compliance function.
Monitoring as part of ML/TF prevention	• Implementation of the trade-based Money Laundering tool (C-Link) module, scheduled to be fully operational in March 2022; • Implementation of the more robust customer and transaction monitoring tool that will allow better follow-up of the relationship with the customer, of the full compliance with the refusal and abstention obligation; • Formalisation of the manual for handling alerts and reporting suspicious transactions; • Remediation of unmonitored alerts.
KYC processes	• Implementation of automatisms for identifying customers with expired identification documentation, thus ensuring that customer data is always up-to-date; • Updating of all customers' accounts (to be completed by May 2022); • Improvement in the input of the level of risk in accounts opened outside the workflow of batch account opening; • Improvements in the account opening process (adapting the account opening form and systems in response to new regulatory requirements); • Improvements in the risk classification process of Politically Exposed Persons and the creation of an internal PEP watch list.
Risk assessment of the Bank	• Assessment of the Bank's processes and products regarding the prevention of ML/TF and implementing improvements (by Q2,2022).
Irregularities channel	• Start of implementation of a specific channel as part of ML/TF prevention with completion scheduled for the 1st quarter of 2022.
Financial group	• Standardisation of ML/TF prevention policies among others (update);
Human capital	• Implementation of criteria for hiring employees as part of ML/TF prevention (*Know Your Employee* form) • The hiring of compliance officers (14 vacancies) is currently underway.
Restrictive measures	• Formalisation of the procedures for freezing and unfreezing funds.

4.12. FOREIGN EXCHANGE CONTROL

Foreign exchange control is a function that arises under BNA's Instruction No. 07/2018, of 19 June, whose main objective is to ensure strict compliance with foreign exchange legislation and regulations in the processing of foreign exchange transactions and their reporting to the BNA.

The foreign exchange control function aims at effectively managing foreign exchange control risks and providing for regulatory sanctions in terms of the rapid identification of areas with potential risk of non-compliance. Accordingly, it established as objectives for 2021:

a. Ensuring reporting to BNA, in accordance with and within the established deadlines;
b. Fostering the implementation of the legal and regulatory provisions and other guidelines issued by BNA in foreign exchange matters;
c. Ensure the settlement of service contracts 2021, in accordance with Notice no. 2/2020 and Circular Letter no. 002/DCC/2020;
d. Ensure the monitoring and control of the operations and transactions carried out, in accordance with the legislation in force.

In 2021, the following work should also be highlighted: (i) control of the operation of foreign currency accounts between foreign exchange residents, (ii) control of the implementation of Directive no. 02/DMA/DCC/2021, which requires recording transactions on the *Bloomberg FXGO BMatch* platform, (iii) implementation of the management module for service and income contracts, and (iv) strengthening of the controls to ensure compliance with regulatory reporting requirements.

The Bank was not the subject of any misdemeanour proceedings in 2021 and achieved a SWIFT x SSIF reconciliation rate of 99%, as a result of the improvements to its applications.

4.13. INTERNAL AUDIT

The Internal Audit Charter outlines the reference terms of the Bank's Internal Audit function, having been drawn up under BNA Notice no. 10/2021, as well as the International Standards for the Professional Practice of Internal Auditing (IPPF), issued by The Institute of Internal Auditors (IIA). The Internal Audit function is assigned to the Internal Audit Department (DAI), which is independent and responsible for monitoring the Bank's internal control system, by developing evaluation initiatives to assess its adequacy and effectiveness, proposing and reporting to the BoD measures to improve the system when identified in its design or implementation.

The performance of this function plays a key role in assessing the compliance and adequacy of the internal control system and the Bank's risk management system, being the third line of defence of the Bank's control.

5 MACROECONOMIC **FRAMEWORK**

MACROECONOMIC FRAMEWORK

5.1 INTERNATIONAL CONTEXT

5.1.1. ECONOMIC GROWTH

2021 was a year of recovery, with world GDP estimated to have expanded by 5.5%, according to the World Bank's Global Economic Prospect published in January 2022. If confirmed, it will be the highest overall growth since 1980. The recovery was based on: (i) the easing of mobility restrictions; (ii) the more accommodative money policies; (iii) the support measures for companies and families, and above all, by (iv) the implementation of the Covid-19 vaccination plans[18].

The United States of America (USA) recorded growth of 5.7% in 2021, recovering from the sharpest fall in GDP since the Second World War of around 3.4%, while the Euro Zone recorded a growth of 5.2%, rebounding faster than initially expected. China, on the other hand, had a growth of 8% in 2021, an acceleration from the 2.2% expansion of 2020, while in sub-Saharan Africa, growth will have been 3.5%, supported also by the rise in the prices of some commodities.

Growth by region (%)

	2020	2021	2022*
Global GDP	-3.4	5.5	4.1
Advanced economies	-4.6	5.0	3.8
Emerging markets	-1.7	6.3	4.6
Sub-Saharan Africa	-2.2	3.5	3.6

Source: *World Bank; * Projection*

For 2022, the main international institutions agree that world growth should slow down, due to threats of new variants of Covid-19, rising inflation, indebtedness and income inequality. The IMF forecasts a growth of 4.9%, slightly more optimistic than the World Bank (4.1%).

World inflation was an indicator of great concern throughout the year, as it reached record high levels, explained by the monetary stimuli, the recovery in demand and the significant increase in the price of energy raw materials.

Despite global inflationary pressures, the interest rates of the world's main central banks remained unchanged in 2021, with the exception of the Bank of England, which raised interest by 10 basis points to 0.25%. However, the reduction, albeit slight, of the asset purchase programmes of the US Federal Reserve (Fed) and the European Central Bank (ECB) was initiated.

Main indicators of advanced and emerging economies (%)

	USA		Eurozone		China		India	
	2020	2021	2020	2021	2020	2021	2020	2021
Inflation	1.4	7.0	-0.3	5.0	0.2	1.5	4.6	5.6
Unemployment	6.7	4.2	8.1	7.2	4.2	3.9	9.1	6.9
Basic interest rate	0.3	0.3	0.0	0.0	4.4	4.4	4.0	4.0

Source: World Bank/Bloomberg/Trading Economics

[18] *There was great inequality in the overall vaccination process amongst continents and countries. Data from the Our Word in Data platform reveals that the global immunisation rate was 57.94% by the end of 2021, with Africa having a rate of only 14.11%.*

5.1.2. FINANCIAL MARKETS

Similar to the trend in financial markets after the first quarter of 2020, the year 2021 continued to be characterised by higher returns on riskier assets. Despite the optimism in the markets, there were some periods of increased volatility associated with the appearance of new variants of the Covid-19 virus and expectations of an anticipated normalisation of the Federal Reserve's monetary policy. These expectations strengthened the US dollar, with the Bloomberg index tracking the dollar against a basket of 10 benchmark currencies appreciating by 6.7%.

In the interbank market, the year 2021 was also marked by the stability of Euribor rates, around the record lows reached at the end of 2020. The 3- and 12-month Euribor rates ended the year at -0.572% and -0.501%, respectively, and are expected to remain at these levels for the next two years, given that the ECB is likely to keep monetary conditions accommodative for some time. Additionally, it should be noted that the London market reference rate, Libor, is has no longer been used for new contracts since the end of 2021.

On the equity market, the stock markets appreciated significantly. The US stock market indices recorded their third consecutive year of gains, in particular the S&P 500, whose 2021 performance was the best in three years. This positive trend was shared by the European stock markets, with the Euro Stoxx 600 closing the year with an appreciation of 22%.

Notwithstanding the positive trend in the markets, there are some risks that may compromise global financial stability, especially the high probability of an upward adjustment in the prices of some financial assets and the sudden reversal of capital flows to emerging economies when interest rates in advanced economies rise.

5.1.3. OIL MARKET

In 2021, average oil prices reached gains of more than 60%, corresponding to the sharpest annual rise since 2009. At the end of 2021, Brent and WTI barrel prices stood at US$79 and US$75, respectively.

Oil market

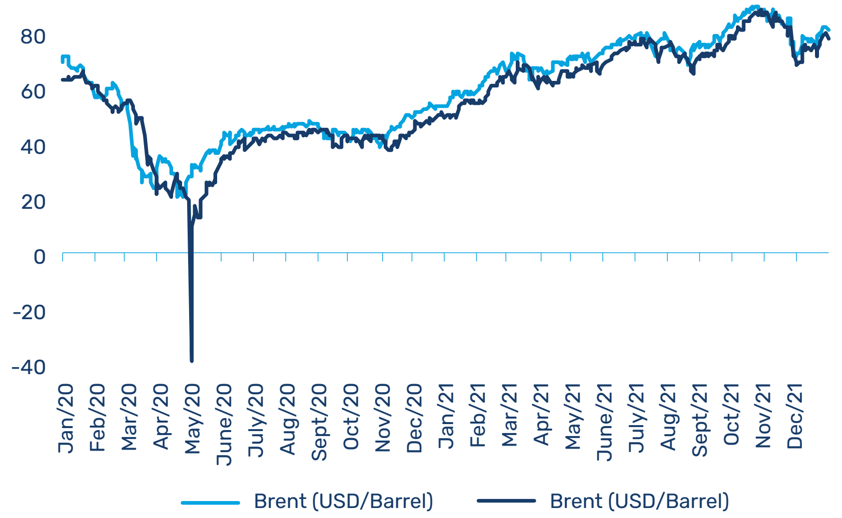
	Demand		
(million barrels/day)	2020	2021	Var.
OECD	42.0	44.5	6.0%
China	13.5	14.5	7.2%
India	4.5	4.8	7.3%
Others	30.9	32.8	5.9%
Total Demand	**91.0**	**96.6**	**6.2%**
	Supply		
OECD	29.1	29.5	1.2%
OPEC	25.7	27.9	8.7%
Others	38.9	31.9	-18.0%
Total Supply	**93.7**	**89.3**	**-4.7%**

Source: OPEC

The rise in oil prices is explained by the inability of OPEC members to increase supply and by a series of disturbances in the market, particularly in the last few months of the year, as well as by the increase in demand. World oil consumption grew by 5.4% by September 2021 to 95.5 million barrels per day.

For 2022, FocusEconomics, which compiles forecasts from more than 40 consultancies, anticipated an average Brent price of between US$64 and US$85 per barrel. However, and despite the positive consensus, there are still some risks to the evolution of the crude price, such as geopolitical risks, weak economic growth, the appearance of new variants of Covid-19 and a possible return of Iranian supply to the market.

EVOLUTION OF OIL PRICES



5.2. NATIONAL CONTEXT

5.2.1. ECONOMIC ACTIVITY

In the third quarter of 2021, GDP was expanding by 0.8% year-on-year. The Angolan economy showed signs of recovery, as a result of expansion in the non-oil sector. The oil sector continued to penalise the economy, falling 11.1%. In the year to September, the economy recorded zero growth.

The lifting of restrictions and the return to normality in the circulation of people and goods helped most non-oil sectors to recover. The agricultural sector continued to perform quite satisfactorily, maintaining a cycle of positive quarterly growth that began in 2019.

GDP growth by sector (%)

	2020	2021		
Economic activity sectors	Annual	I Quarter	II Quarter	III Quarter
Agriculture	4.4	5.2	6	5.5
Fisheries	-7.4	34.4	75	53
Oil	-6.8	-18.7	-12.1	-11.1
Diamonds and other minerals	-9.7	29.3	-9.4	-3.7
Manufacturing industry	2.9	-4.6	0.5	2.6
Energy and Water	2	-0.2	2.4	2.8
Construction	-26	-26.7	-5	7.5
Trade	4.6	26.1	6.9	18.4
Transportation	-38	-5.1	61.1	69.8
Telecommunications	-5.1	-5.3	8.2	2.9
Real Estate	4.7	4	4.5	2
Others	-	-	-	-
Gross Domestic Product	-5.4	-0.5	-0.2	0.8

Source: INE | National Accounts

The unemployment rate stood at 34.1% in the third quarter of 2021, slightly above the 30.6% recorded at the end of 2020, according to INE. Among young people (ages 15 to 24), the unemployment rate increased to 59.2%.

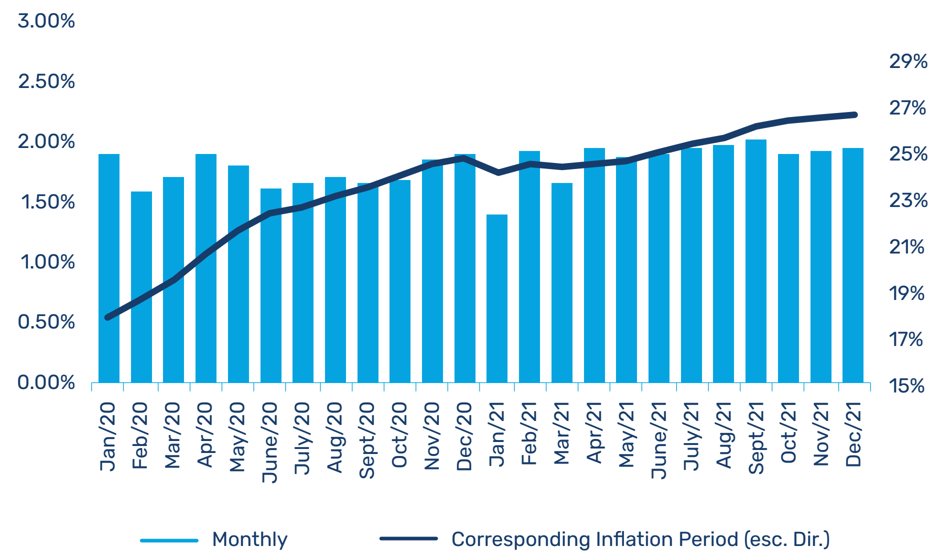
Regarding the health context resulting from the Covid-19 pandemic, Angola is not at the forefront in access to Covid-19 vaccines, which has hindered the economy's greater recovery. The country's vaccination plan is directly dependent on the COVAX programme and on donations received from countries with which it has solid commercial relations. The vaccination process in Angola has been slow, with only 23% of the population having been vaccinated by the end of the year. To reduce the probability that the effects of the pandemic will again limit the growth of the non-oil sector, it will be important that the rate of vaccination in the country grows so that the possible imposition of new restrictions will not constrain economic activity.

As for the outlook for the end of the year, entrepreneurs in various sectors of economic activity seemed more optimistic about the future, with the INE's September Economic Climate Indicator improving year-on-year from -24 to -2 points. Likewise, the Government estimates that GDP will have recovered in 2021, with very slight growth, and foresees an acceleration to 2.45% in 2022.

5.2.1.1. INFLATION

Year-on-year inflation rose in 2021 and closed at 27.03% at the end of the year, up from 25.1% in 2020. The highest price increase was registered in the food and non-alcoholic beverages category (+29.4%), followed by the health sector (23.4%).

INFLATION IN 2021



The acceleration in inflation was also observed on the wholesale platforms, with the Wholesale Price Index (WPI) reaching 31.14% in December. The greatest acceleration was observed in the prices of domestic products, in particular those falling within the class of agriculture, farming of animals, hunting and forestry.

In addition to the trend of accelerating inflation at a global level, a consensual factor to explain the acceleration of price growth in 2021 in the country was the sanitary fence between provinces that imposed some limitation on the distribution of goods, in a context of an inefficient internal productive structure.

For the year 2022, both the authorities and international institutions foresee the beginning of a disinflation phase. The Government anticipates a rate of 18%, in line with the IMF forecast. The average shown in the FocusEconomics consensus, on the other hand, points to an inflation rate of 19.4% in 2022.

5.2.2. FISCAL SECTOR

5.2.2.1. PUBLIC DEBT

In 2021, there was a favourable evolution of the public debt ratio, falling from 128.7% at the end of 2020 to 84.8% in September, according to the Statement of Reasoning for the 2022 General State Budget (OGE 2022). It should be noted that the positive trend in fiscal indicators and a more favourable economic context influenced an improvement in the rating, from Caa1 to B3, by Moody's, maintaining the outlook as stable.

As for external debt, according to BNA, the gross stock stood at 66.9 billion dollars in September (+4% than in December 2020). Despite the increase in the value of external debt, there was a 2% reduction in the debt with China, which is Angola's main lender with a stock of US$21.6 billion. It is also important to note the slight drop in interest rates on Angolan Eurobonds associated with the improvement in the external scenario.

With regard to domestic securitised debt, a total of 1,817 billion kwanzas was issued throughout the year, representing an increase of 7% in relation to the debt obtained in the same period of 2020. On the other hand, the Treasury repaid debts worth 2,259 billion kwanzas, most of which were repayments of Treasury Bills (BT). In short, the net placement of securities on the primary market was negative, particularly in the case of shorter-term securities, which is in line with the strategy of lengthening the public debt profile. The evolution of interest rates also corroborates this objective, with the decrease in Treasury Bill interest rates.

Oil tax revenue also aided this bailout process over and above domestic debt bond issues. These recorded an increase of 49% in 2021, totalling US$9.9 billion. This performance was explained by a rise of 58% in the average price of Angolan crude, which offset a drop of 13% in domestic crude production.

Issuance of securities

billion kwanzas		Jan. to Sep. 20	Jan. to Sep. 21	Var.
OT	Issue	1,221	1,230	1%
	Repurchase	1,660	1,127	-32%
	Net placement	-439	103	
BT (Treasury Bills)	Issue	478	587	23%
	Repurchase	301	1,132	276%
	Net placement	177	-546	
Total Issue		**1,700**	**1,817**	**7%**
Total Repurchase		**1,961**	**2,259**	**15%**

Source: UGD

Interest rates

Instrument	2020	2021
BT 182 days	20.50%	13.98%
BT 364 days	21.00%	16.99%
OTNR 2 years	24.30%	24.50%
OTNR 3 years	24.65%	24.70%

Source: BNA

In the secondary market for Treasury bonds (Bodiva), around 10.1 million bonds were traded, representing around 976.77 billion kwanzas, in 5,930 deals carried out. The value traded was 18% lower than in 2020, with Banco de Fomento Angola (BFA) remaining market leader, followed by BAI and Standard Bank Angola.

The year 2021 was also marked by the end of the IMF's programme of financing and specialised technical advice (Extended Fund Facility, EFF) to Angola. The 6th and final revision of the agreement was concluded on 22 December 2021, with immediate disbursement of US$748 million, bringing the overall amount awarded across the programme to US$4.5 billion.

From the IMF's perspective, the programme, which aimed to restore external and budgetary sustainability, improve governance and diversify the economy, had an overall positive performance, with: (i) the economy returning to an upward growth path and (ii) a strong commitment from the Angolan authorities to continue with economic reform plans after the conclusion of the IMF-supported programme.

5.2.2.2. GENERAL STATE BUDGET 2022

The table below shows some of the main assumptions used in the preparation of the 2022 State Budget:

Evolution of the main assumptions 2020 - 2022

Indicators	2020	2021		2022
		OGE (General State Budget)	PME*	OGE (General State Budget)
End-of-period inflation (%)	25.1	18.7	26.8	18
Oil Prod. (Million Bbl/day)	1,271.00	1,220.40	1,130.40	1,147.90
Average Price of Oil (USD/Bbl)	41,3	39	67,5	59
GDP growth rate at market prices	-5.4	0	0.23	2.45
(a) Oil + Gas	-8.3	-6.2	-10.6	1.6
(b) Non-oil GDP	-4	2.1	5.2	3.08

Source: MINFIN. * Revised Executive Macroeconomic Programming

In the macro-fiscal framework for 2022, the forecast of a zero fiscal balance is noteworthy, which should result in the collection of revenues and expenses of around 11.6 trillion kwanzas. On the revenue side, a slight increase (1.2%) in oil revenues is expected, despite the assumption of a lower average price than in 2021. The expected increase in revenues can be explained by the expected increase in daily production.

The 2022 State Budget provides for funding of 6,884 billion kwanzas, of which 66% will be obtained on the foreign market. As for the disbursement plan, an increase of about 11% is expected compared to 2021.

In terms of financial expenditure, Angola is expected to pay a total of 9,554 billion kwanzas in 2021 in repayments and interest, equivalent to around US$12.6 billion, considering the calculation of the implied exchange rate. This figure will represent an increase of almost 30% compared to the 2021 closing forecast, explained by the increase in the external component. After debt transactions, which represent 42% of total expenditure, comes the social sector, which has a weight of 19%, followed by general public services (15%) and defence and security (8%).

5.2.3. EXTERNAL ACCOUNTS

By the month of September 2021, the balance on the goods account rose to US$14.8 billion, well above the yoy balance recorded. This performance was explained by an increase in the value of exports of around 55%, higher than the rise of only 25% of imports.

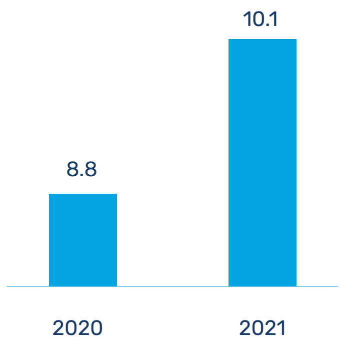
Goods Account

Billion USD

Description	Sep 20	Sep 21	Change
Exports	**15.2**	**23.5**	**55%**
Oil	14.6	22.2	52%
Diamonds	0.5	1.2	140%
Other sectors	0.1	0.1	0%
Imports	**6.9**	**8.7**	**26%**
Fast-moving consumer goods	4.3	5.3	23%
Intermediate consumer goods	0.9	1.2	33%
Capital goods	1.7	2.2	29%
Goods account balance	**8.3**	**14.8**	**78%**

Source: BNA | Balance of Payments

NET INTERNATIONAL RESERVES (BILLION USD)



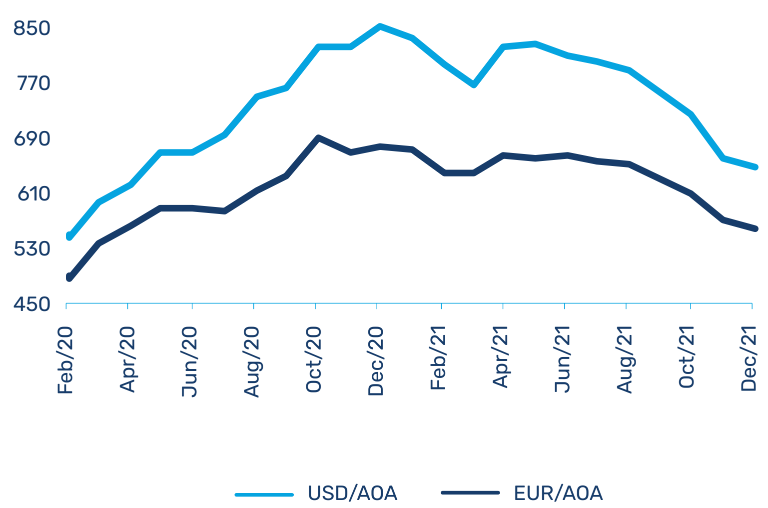
Source: BNA

The lower rise in imports and rise in the value of exports has made it possible to increase gross international reserves by 10% to US$16.1 billion at the end of 2021, which is enough to cover up to 12 months of imports of goods and services, according to BNA. The alleviation of the exchange rate helped reduce pressure on international reserves, which were also supported by the IMF with the allocation of Special Drawing Rights. Thus, the country closed the year with Net International Reserves (NIR) of some US$10.1 billion, an increase of 15% compared to December 2020.

The foreign exchange market is normalised, according to BNA. This perception is based on the fact that there are currently no records of pending foreign exchange transactions due to difficulties in accessing foreign currency in commercial banks, which has also been the basis for the appreciation of the exchange rate[19].

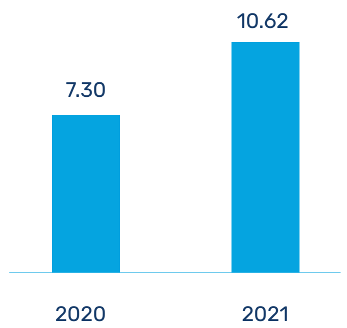
According to data from Bloomberg, foreign currency sales rose 45% to US$10.62 billion, of which only 6% was provided by BNA, thus consolidating BNA's intention to stop being the main provider of foreign exchange on the market. In turn, the exchange rate appreciated 15% against the Dollar and 22% against the Euro, closing 2021 at USD/AOA 554.980 and EUR/AOA 629.020, explained by the greater dynamism in the supply of foreign currencies.

BENCHMARK EXCHANGE RATE



Source: BNA

SALE OF FOREIGN EXCHANGE (BILLION USD)



Source: BNA

[19] *In 2021, the market was marked by greater efficiency in the use of the Bloomberg platform for buying and selling currencies. In addition to the oil companies, other institutions, namely the National Treasury, diamond companies, airlines and others were effectively allowed to participate in the market, selling their currencies to buyers with access to the platform.*

Noteworthy among the measures approved in 2021 for market improvement are the following:

- **Notice no. 02/2021** | Guarantee of settlement, in foreign currency, of export transactions for goods and services of foreign maritime operators calling at national ports.
- **Notice no. 03/2021** | Obligation to settle natural gas exports with foreign currency, which must be deposited in a bank in Angola.
- **Notice no. 04/2021** | Exemption from BNA's authorisation requirement for the execution of merchandise import transactions regardless of the period elapsed since the date of unloading.
- **Notice no. 05/2021** | Increase from US$120,000 to US$250,000 of the annual ceiling for the purchase of foreign currency (or use of own funds) for private transactions.
- **Directive no. 02/DMA/DCC/ 2021** | Extinction of the compulsory requirement for banks to send the Chart of Needs (MdN) to BNA.
- **Instruction no 07/2021 of 10 May** | Adjustment of rules and procedures that Banking Financial Institutions must observe in foreign currency auctions organised by the central bank, repealing Instruction No 19/2019 of 6 November.
- **Notice no. 11/2021 of 2 December** | Establishment of the procedures for foreign exchange operations by non-residents related to: a) external investment in entities without shares admitted to trading on regulated markets; b) external investment in securities and derivative instruments; c) any divestment of the assets referred to in the previous sub-paragraphs; d) income derived from the investments referred to in sub-paragraphs a and b of this Notice. This regulation also applies to foreign exchange transactions relating to foreign investment projects that have been registered with the National Bank of Angola prior to the date of its publication.
- **Instruction no. 23/2021 of 29 October** | Establishment of the conditions for access to the Bloomberg FXGO platform by Airlines and Insurance Companies for negotiating transactions for the purchase and sale of foreign currency.
- **Notice no. 12/2021 of 3 December** | Increase of the limit of the overall foreign exchange position from 2.5% to 5% of its Regulatory Own Funds (FPR), regardless of whether it is a long or short position.

5.2.4. MONETARY AND FINANCIAL SECTOR

Controlling inflation was BNA's main concern in 2021, having adopted a contractionary policy stance in its wide range of monetary policy instruments, which implied limiting the growth of the banking sector's liquidity levels and also of the monetary aggregates. The remaining key rates also underwent slight changes.

Decisions of the Monetary Policy Committee

Date of meeting	BNA Rate	Liquidity-absorbing facility up to 7 days	Liquidity-lending facility overnight	Coefficient of required reserves DC	Coefficient of mandatory reserves FC
Dec 20	15.50%	7.00%	15.50%	22.00%	17.00%
May 21	15.50%	12.00%	25.50%	22.00%	22.00%
Jul 21	20.00%	15.00%	25.00%	22.00%	22.00%
Sep 21	20.00%	15.00%	25.00%	22.00%	22.00%
Nov 21	20.00%	15.00%	25.00%	22.00%	22.00%

Source: BNA

The year 2021 saw relatively few structural changes in the market, with the regulatory changes essentially focusing on prudential and risk aspects of the financial system.The adoption of these monetary policy measures was intended to reverse the effects of the measures to support the economy implemented in 2020 with the emergence of Covid-19 which, according to BNA, resulted in an adverse increase in the system's liquidity. It should also be noted that the restricted monetary base in domestic currency, an operational instrument of BNA's monetary policy, reduced by 3.6% compared to the end of 2020.

REGULATORY FRAMING - MONETARY SECTOR

Scope	Date	Instrument	Description
MONETARY POLICY	Feb 21	Directive no. 01/DMA/DSP	Separation of the Mandatory Reserves (MR) and Free Reserves (FR) accounts of commercial banks, with the obligation to keep at least 100% of the effective callable amount in the MR account, with an authorised excess of up to 1% of its obligation.
		Instruction no. 01/2021	Introduction of a range of 0.1% to 0.2% in the custody fee, depending on the size of the excess liquidity of commercial banks with BNA: 0.1% for excesses above 3 million kwanzas and 0.2% for amounts above 6 million kwanzas.
	Apr 21	Directive no. 06/DMA/DSP/2021	Increase from 22% to 100% of the mandatory reserves coefficient on the balances of Central Government accounts in Domestic Currency (DC).
	Jul 21	Directive no 08/DMA/2021	Increase of the BNA Rate from 15.5% to 20% and of the FCL 7-day and FCO rates to 15% and 25%, respectively.
		Circular Letter No. 04/DCF/2021, 7 July	Recommendation to commercial banks to adjust the interest rates on term deposits, in particular the rates for maturities of 1 year or more, taking into account at least the proportion of the increase in the BNA rate, combined with their liquidity needs;
		Directive no 07/DMA/2021	Increase in the mandatory reserves coefficient in DC from 17% to 22%, with compliance scheduled to begin in August.
	Sep 21	Directive no 10/DIF/DRO/2021	Increase from 12.5% to 16.5% of the interest rate on the Bankita à Crescer savings product;
	Jan 21	Directive no 01/DRO/2021	Allowing for impairments on State exposure in foreign currency resulting from the downgrade of Angola's rating to be exceptionally recorded in domestic currency: The value of impairments should be updated in accordance with change in the exchange rate.
	Mar 21	Directive no 03/DMA/2021	Migration of the non-banking entities securities portfolio from SIGMA5 to CEVAMA[6].
PRUDENTIAL POLICY/ FINANCIAL SYSTEM	Jul 21	Notice no. 08/2021	Establishment of prudential rules that align the Angolan financial system with international standards related to: (i) Prudential Requirements; (ii) Own Fund Requirements; (iii) Supervisory Process and Risk Management and (iv) Market Discipline.
		Instructions no. 10 and 11/2021	Formalisation of the ICAAP (Internal capital adequacy assessment process) and ILAAP (Internal liquidity adequacy assessment process) in the framework of the SREP (Supervisory Review and Evaluation Process).
	Sep 21	Instruction no. 13/2021 and 14/2021	New FPR requirements for operational and liquidity risk
	Oct 21	Instruction no. 21/2021	Limit of 25% of the FPR Tier 1 for large exposures to a counterparty or group of connected counterparties.
	Oct 21	Instruction nos. 15, 16, 17, 18 and 20 of 2021	Regulation on regulatory own fund requirement for credit risk and counterparty credit risk, leverage ratio, market risk, settlement risk and incomplete transactions and credit valuation adjustment risk.

LOANS	Apr 21	Notice no. 06/2021	Extension of the duration of the loans to the real sector of the economy of Notice No 10/2020 until the end of 2021.
	Jul 21	Notice no. 07/2021	Granting of further moratoria on loans for a period of up to 6 months, for customers operating in the culture, sports, education, transport, catering and related sectors.

Source: BNA

The custody fee, whose range was increased to 0.1% - 0.2%[20] continued to influence banks in their choice of other alternatives for investing available resources. In fact, according to BNA, the aim of this measure is to direct the reserves considered surplus towards investments that support the economy. The Interbank Monetary Market (IMM) recorded a drop of over 60% to 3,688 billion kwanzas until November[21] and a generalised increase in Luibor rates, with emphasis on overnight maturity which rose from 9.75% in 2020 to 19% in December 2021.

Monetary Summary

billion kwanzas	Dec 20	Dec 21	Change
Central Government net claims	6,143	4,684	-23.7%
Central Government Loan	8,615	7,457	-13.4%
Central Government deposits	2,472	2,773	12.2%
Private sector	2,472	4,371	76.8%
Companies	3,310	3,534	6.8%
Loans in domestic currency	2,486	2,843	14.4%
Loans in foreign currency	825	691	-16.2%
Private customers	796	837	5.1%
Loans in domestic currency	562	620	10.2%
Loans in foreign currency	234	217	-7.1%
M2 = (M1 + Quasi-money)	12,698	11,492	-9.5%
M2MN	5,841	5,880	0.7%
M2ME (USD)	11	10	-4.7%
M1	6,344	5,703	-10.1%
Notes and coins owned by the public	405	409	1.2%
Demand Deposits	5,939	5,294	-10.9%
In national currency	3,270	3,206	-2.0%
In foreign currency	2,669	2,088	-21.8%
Term deposits	6,354	5,788	-8.9%
In national currency	2,166	2,265	4.6%
In foreign currency	4,188	3,523	-15.9%
Other deposit-like instruments[1]	4.7	5.1	8.5%

[1] Includes securities other than shares and repurchase agreements in local and foreign currency

[20] Applied through Instruction No. 01/2021, depending on the size of excess liquidity of commercial banks with BNA: Incidence of 0.1% to excesses over 3 million kwanzas and 0.2% to excesses over 6 million kwanzas.

[21] As of the close of this analysis, December 2021 data were not available.

The loan stock granted by banks to the private sector increased 6.4% to 4,370.8 billion kwanzas, whilst loans to the Central Government fell 13.4 percent to 7,457.4 billion kwanzas. Still, banking exposure to the Central Government is almost double that to the private sector.

Note that loans to the private sector included 472.6 billion kwanzas granted up to December under Notice 10/2020, which promotes lending to the real sector of the economy, more than 100% of the minimum amount provided for the programme. As for the M2 aggregate, there was a drop of 9.5%, explained by a reduction in the foreign currency deposits of banks, which in turn was also associated with the appreciation of the exchange rate. In turn, considering M2 in domestic currency, it showed a slight growth of 0.7%

As for the soundness of the banking sector, in 2021, there was a deterioration in the Regulatory Solvency Ratio (RSR) to 23.1%, although it remained above the regulatory minimum of 10% required by BNA. Similarly, the ratio considering only Tier 1 capital (better quality) fell by 21.7% to 20.4%.

Banking System Strength Indicators

% end of period	Oct.2020	Oct.2021	Change (p.p.)
Capital Adequacy			
Solvency = FPR/ (APR+ECRC/0.10)	24.18	23.1	-1.1
Basic Own Funds (Tier I) / Risk-Weighted Assets/	21.68	20.4	-1.3
Asset Quality			
FC Loan/Total Loan	32.58	23.9	-8.7
Overdue Loan/Total Loan	19.87	20	0.1
Non-performing loan ratio excluding provisions and Impairments	-33.27	-35.4	2.1
Profitability			
ROA	-1.47	1.8	3.3
ROE	-14.75	21.9	7.2
Total cost / total income	110.13	83	-27.1
Cost-to-income	188.28	66.5	-121.8
Financial Margin / Gross Intermediation Margin	241.48	78.4	-163.1
Liquidity			
Net Assets/ Total Assets	29.91	32.9	3.0
Liquid assets/ short term liabilities	36.27	39.1	2.8
Total loan / total deposits	32.39	36	3.6
ME Liabilities/total liabilities	56.2	51.2	-5.0
Sensitivity and Market Changes			
Net open currency exposure / Own Funds	47.06	23.9	-23.2

Source: BNA

The non-performing loan ratio remained stable at around 20%, although the ratio deducted from provisions and impairments worsened. Return on Assets (ROA) and Return on Equity (ROE) increased, reflecting the significant reduction in the weight of administrative costs (cost-to-income) and the recovery of net profit, which had been very low in the year of the pandemic outbreak. In terms of liquidity ratios, the Loan-to-Deposit ratio is noteworthy, having increased to 36%.

BRAND AND NOTORIETY MANAGEMENT 6

BRAND AND NOTORITY **MANAGEMENT**

In 2021, the main pillars of Brand and Notoriety Management were:
- Completion of the strategic plan for the 2016-2021 period;
- Establishment and promotion of BAI's 25th anniversary;
- Implementation of the internal and external tactical communication plan, with national and international aspects, to showcase the work that has been carried out, and to reinforce our capabilities and our willingness to do more for the future of our customers.

On concluding the Geração BAI Programme, as far as Communication and Brand Management are concerned, we would like to highlight the following:
- Overhaul and introduction of the new, simpler and more modernised corporate identity;
- New model and visual identity of BAI branches, a more personalised and welcoming look;
- Introduction of a service model based on the Banking Agent, closer to the population and with a more cost-efficient investment.

In a year that saw BAI complete 25 years of activity, additional work was carried out to increase the Bank's visibility, in which the added value of our brand, the distinctive and unique aspects and our strategic advantages were highlighted on the national and international scene.

In 2021, we renewed our bank statements, which allowed us to consolidate information on private and corporate credit card statements, Kamba, integrated statement of assets and safekeeping of securities. In a year marked by virtual communications, the initiative has proved vital and successful for the asset management of families and companies.

RENEWED BANK STATEMENTS

PHISHING CAMPAIGN

NEW MODERNISED INSTITUTIONAL WEBSITE

DATA UPDATE CAMPAIGN

CAMPAIGN BAI 25 YEARS

PRESENCE EXPO HUILA

PRESENCE FILDA 2021

Concurrently, internal and external campaigns were developed to alert about the increase in fraud attempts that have been gaining more and more ground in the social environment. We adopted the campaign on an annual basis, internally and externally, because we know that the fight against fraud is relentless.

Equipped with the basic campaigns, the strategy was to implement a modernised institutional portal, using the latest communication technologies in which it is possible for us to link internal communication aimed at our employees - Intranet, Email Marketing and Yammer - to external social networks - Facebook, Instagram, Linkedin and Twitter, ensuring that there is a central official BAI site where all official information can be confirmed first-hand in a transparent, fast and official manner.

Based on the abovementioned platforms, we launched the next phase of consolidation of the internal customer database, through the data update campaign, in which information was provided to customers to send, or deliver in person, the updated data in order to ensure that the management of the individual assets of each one is guaranteed.

The campaign was thought out and executed in phases, and on various channels, in order to balance access to the branches and calls to the 924 100 100 hotline.

After the introduction of various campaigns targeting products and services, we laid the foundations for the BAI 25 years Institutional Campaign, "what can we do for your future?"

The campaign included the participation of various brand ambassadors, running through a summary of images and social events since the inception of the Bank, and towards the future, in which we increasingly serve more Customers, companies and individuals, of all age groups.

The launch of the TV spot BAI 25 years paved the way for the start of a programme commemorating 14 November 1996, marked by activities of an environmental and social nature, culminating with an event for employees, with the presence of historical shareholders, and in which it was possible to renew the vows of commitment to the next 25 years of BAI.

In terms of commercial campaigns, throughout 2021, the Bank permanently upheld the communication of the "Recovery of the Economy" campaign in which we announced our availability to finance short- and medium-term treasury (up to one year), at a time in the economy when companies and independent entrepreneurs needed it most.

In terms of our domestic presence, while still in a phase of some restrictions, we were present at the Expo Huila and Filda 2021 fairs, with good results in terms of commercial contacts and business prospects for the next strategic plan.

In terms of institutional reach on TV, for 3 months we produced a memorable programme of cultural activity in Dance - BAI Dança com Ritmo - in which we achieved a significant reach for the brand, in a period when families were at home, due to the pandemic, and this way, with national content, we reached more than 1,000,000 (one million) Angolan homes with national, professional and inspiring content.

7 SUPPLY AND CHANNELS **MANAGEMENT**

SUPPLY AND CHANNELS **MANAGEMENT**

The Marketing Department (DMR) has the following responsibilities:
• Product and service lifecycle management (supply portfolio);
• Carrying out market and customer satisfaction surveys;
• Conducting research on competition;
• Maintenance of the Bank's price list;
• Supporting the management of customer relations channels and segments to improve the contribution to the banking income.

In 2021, the Marketing Department carried out several activities aligned with the objectives of the Strategic Plan 2016 - 2021 (Geração BAI).

Regarding the development of the supply portfolio, several initiatives and projects were developed, with emphasis on:

CREATION OF A DEDICATED PRODUCT TO SUPPORT PRODESI

Under PRODESI, 34.1 billion kwanzas were disbursed in 2021, representing 60 loans.

PRODUCT UPDATED IN TERMS OF DURATION FROM 30 TO 61 DAYS

Reimbursement from one to two instalments, fees and commissions from APR 36%, usage commission 3.3 flat, allowed a reduction in the change in default rate to 18% between the 10th and the 30th.

DEVELOPMENT OF THE NATIONAL LETTER OF CREDIT

A loan aimed at empowering small peasants, farmers and service providers in related areas.

TIME DEPOSIT (DP) BAI 25 YEARS

Deposit with a very attractive interest rate of 25% (Gross Nominal Annual Rate) that reflects this milestone.

PRODUCT UPDATES DP, INCREASED RETURNS AND DP NET 7

The rates of these 3 products were improved to 13.00%, 20.00% and 6.45%, respectively.

HOMEOWNER LOANS

Long-term loan aimed at the purchase or construction of one's own home.

CAR LOAN

Loan aimed at the acquisition of new vehicles sold by dealerships authorised by the Ministry of Transport.

DOUBLE SALARY LOAN

Consumer loans linked to the Salaries account of employees.

RENOVA LOAN

A loan that allows you to transfer to BAI your credits from other financial institutions.

Additionally, the Marketing Department has developed other noteworthy initiatives such as:
• Development of the BAI Paga and e-Commerce, as part of the strategy and value proposal of the Online Payment Gateway (Multicaixa) to be launched in 2022;
• Celebration of several protocols to meet the needs of companies relevant to our portfolio (Unitel, TOMSA, among others);
• Review of several products in order to improve the performance and increase attractiveness to customers;
• Creation of a product package for sole proprietorships.

In 2021, the Bank further advanced its level of digital transformation, with a focus on customer satisfaction, continuing the launch and innovation of the functionalities of our digital platforms, with emphasis on the following services:

BAI DIRECTO AND BAI PAGA

In addition to reading the QR code, it is now possible to request payments by mobile phone number via BAI PAGA and new profiles were added to the backoffice with the retailer in mind, broadening its scope.

É-KWANZA FUNCTIONALITY

It is the 1st Mobile Money service to provide cardless withdrawal functionality in the country. It also aggregates processes, such as the reference code for inviting friends or retrieving credentials for the web channel.

OPENING OF THE ATM CENTER VILLAS DE LUANDA AND CAFUNFO

BAI continued to implement its channel expansion plan, in order to be closer to its customers and providing them with increasingly engaging and autonomous experiences.

Several internal and external campaigns were developed, most notably:
• Bancassurance products,
• Pensioner Account (to be launched in 2022),
• PAC Express,
• Prepaid and gift card,
• é-Kwanza functionalities,
• Proposals for improving products and services.

7.1. ALTERNATIVE CHANNELS

As a result of the strategy of diversifying the distribution channels for products and services, we currently have various alternative channels to the traditional branches, namely

Non-face-to-face channels

- BAI Directo
- Luena (Virtual Assistant)
- *Contact Centre*(supported by QCC)
- ATM Centers and Automatic Deposit Machines (MDA)

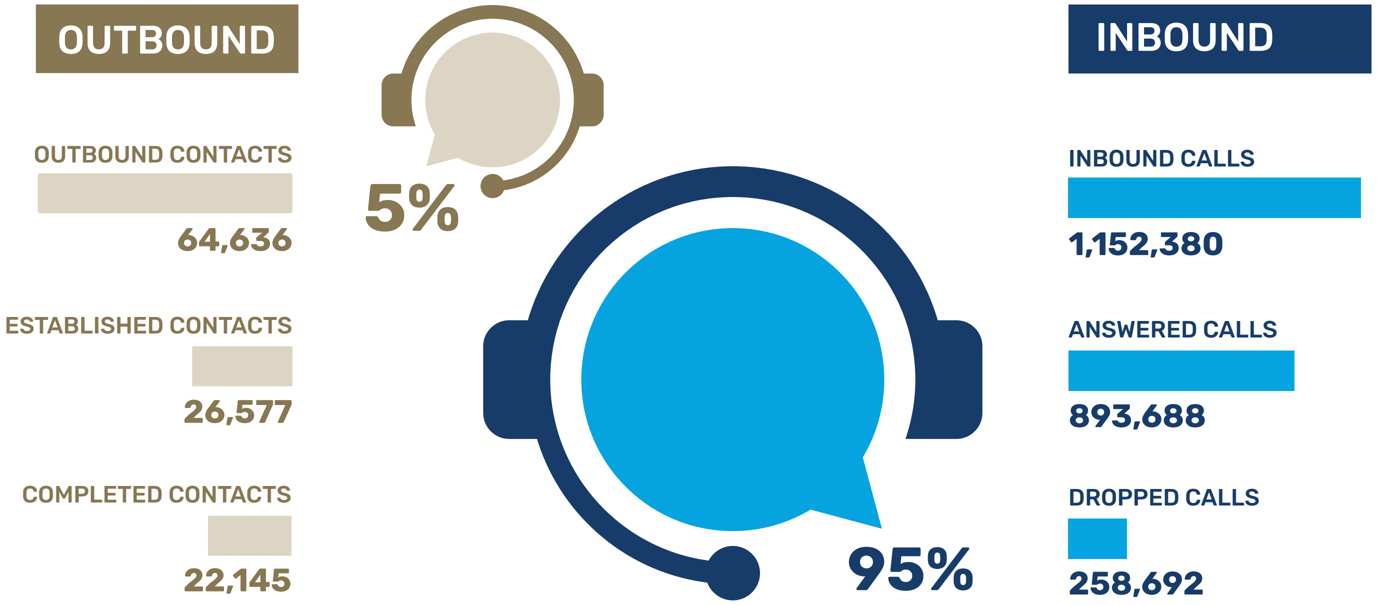
Face-to-face channels

- Banking Agents

With regard to BAI Directo, in 2021 we continued to develop and boost this channel, with a view to offering customers a completely digital experience, in which they may enjoy all the products and services in the BAI portfolio.

The Bank continued to enhance its virtual assistant (LUENA), which, with the use of artificial intelligence training, saw an increase in the number of interactions and responses to customers, with a 151% growth in the number of contacts against the previous year, reaching its highest point with 19,786 customer service and information clarifications, with an 87% response rate.

In relation to the Contact Centre, there was an increase of 45.6% calls received and 42.1% calls answered, making a total of 1,152,380 calls received and 893,688 calls answered. The channel's service satisfaction level is 90% and resolution is 94%.



7.1.1. ATM - AUTOMATED TELLER MACHINES

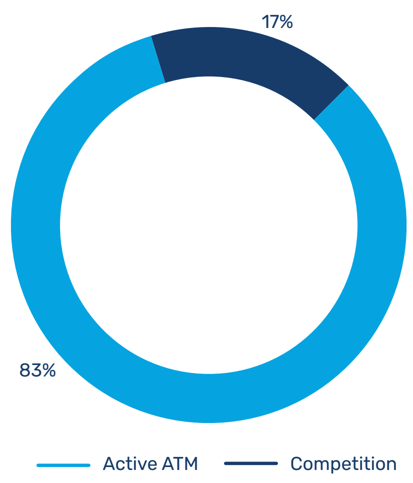
In 2021, BAI's ATM pool had 523 machines registered, of which 510 were active. Compared to the previous year, the number of registered and active ATMs increased by 49 and 41 machines respectively, representing a growth of 10% and 9%, in the same order.

This growth was essentially due to the Channel Expansion Plan (PEC) which enabled new ATMs to be installed and, in the process of converting some branches of its network in face-to-face service points, various sets were installed, growing its ATM network Centers. As for the network of ATM Centers, four more were launched in 2021, totalling 14 ATM Centers distributed in the following geographical areas:

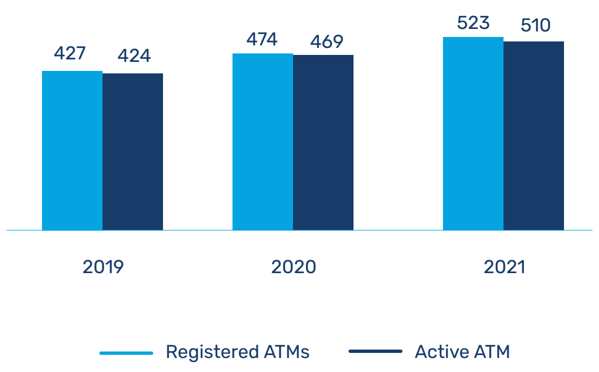
- Luanda: 9 (Boavida, Mabunda, Maianga, Benfica, Kimbango, Cacuaco, Viana Park, Kalawenda and Villas de Luanda);
- Benguela: 2 (Acácias Place and 1°Decembro);
- Huila: 2 (Lubango and Siac Lubango);
- North Luanda: 1 (Cafunfo).

The Bank's market share for registered ATMs stood at 16%, ranking 1st and representing a slight evolution of 1% when compared to 2020. On the other hand, the share of active ATMs was 17% representing an evolution of 2% relative to the same period in the previous year. It should be noted that EMIS registered a total of 3,247 enrolled units and 3,088 active units in 2021.

ACTIVE ATM - MARKET SHARE



ATM EVOLUTION

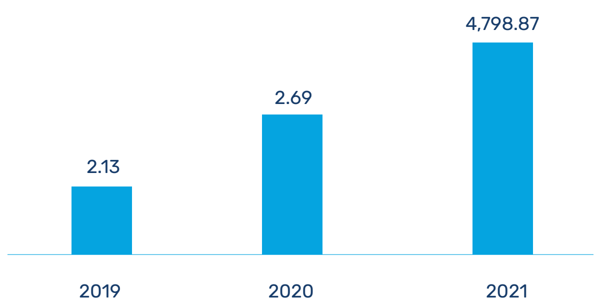


7.1.2. AUTOMATIC DEPOSIT MACHINES (MDA)

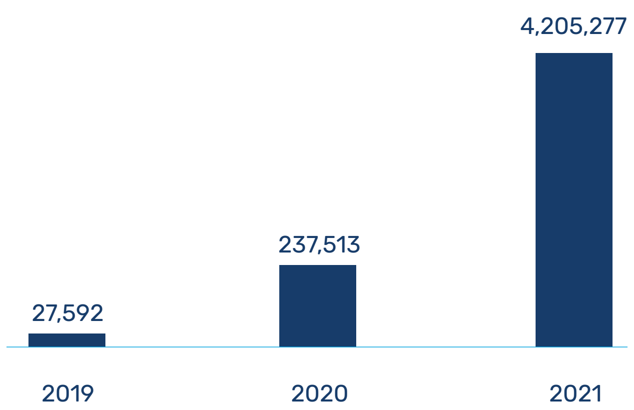
The number of automatic deposit machines (MDA) reached 41 machines, an increase of 18 machines compared to the same period last year (an increase of 78%). With regard to distribution, 37 machines are installed in the Bank's branch network and four in the surfaces of large stores.

The increase in the number of MDAs allowed for growth in the amount of transactions conducted from 57,575 transactions in 2020 to 122,793 transactions in 2021. There was also an exponential increase in the volume of deposits made, from 2.69 million kwanzas to 4,798,870,000 kwanzas.

VOLUME OF DEPOSITS IN MDA (MILLIONS OF KZ)



No. OF MDA TRANSACTIONS



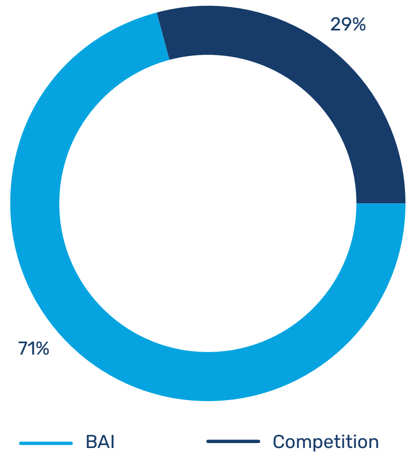
7.1.3. POINT OF SALE TERMINALS (POS)

According to EMIS data, the Angolan payments ecosystem closed 2021 with a total of 147,198 registered POS and 103,262 active POS.

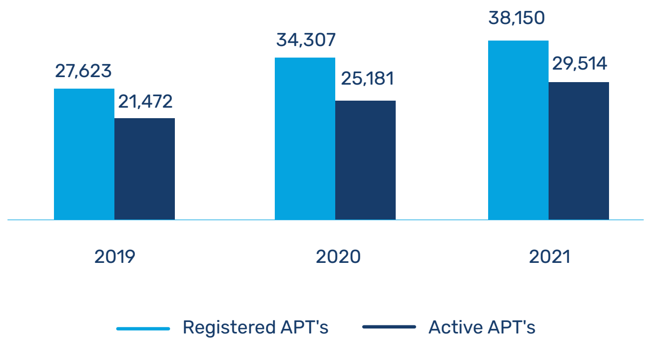
For its part, BAI's POS pool grew to 38,150 registered POS units and 29,514 active units, representing a market share of 29.5% and 28.6%, respectively.

When compared with the 2020 data, the figures shown above represent a growth of 11.2% for registered POS and 17.2% for active POS, which allowed the Bank to become the market leader.

ACTIVE POS - MARKET vs BAI



GROWTH OF POS POOL

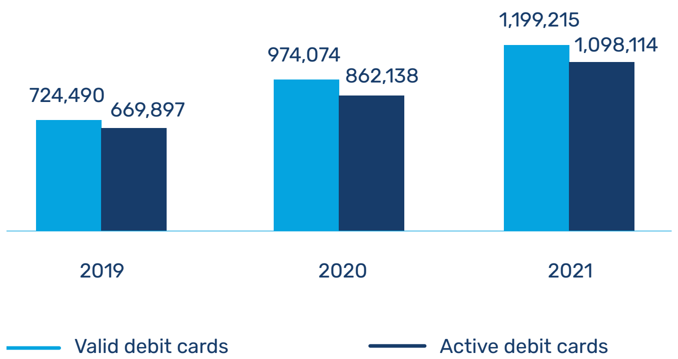


7.1.4. PAYMENT CARDS

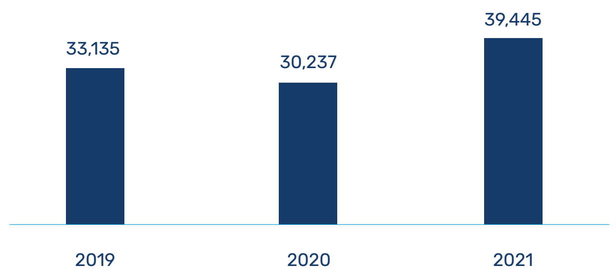
In 2021, the number of valid Multicaixa debit cards (MCX) recorded an increase of 23.11% to 1,199,215 units, when compared to the numbers occurred in 2020. For their part, active cards increased by 27.37% to 1,098,114 cards.

With regard to international debit cards accepted in the Visa network, BAI Kamba, in 2021, there was a 30% growth compared to 2020, totalling 39,445 cards.

MCX CARDS



VISA KAMBA PREPAID CARDS



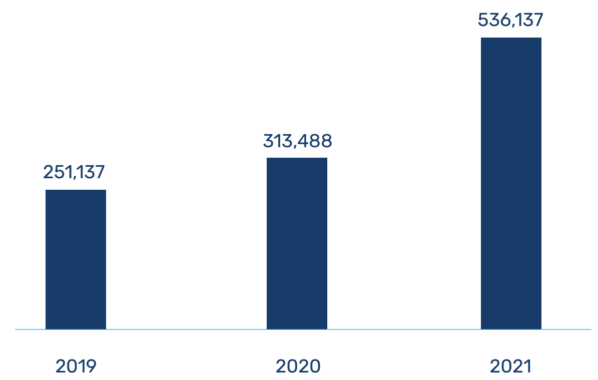
7.1.5. "BAI DIRECTO" MULTICHANNEL PLATFORM

In 2021, the BAI Directo multichannel platform, which includes SMS Banking, Mobile Banking and Internet Banking services, introduced improvements to the application in order to make it more interactive and efficient, most notably the following:

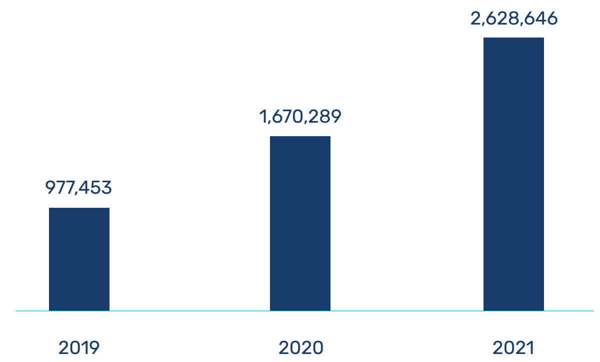
1. Delegation of powers to non-signatory account operators (transactional operators) to operate by creating their own profiles;
2. Simplified process of payments to the State;
3. Implementation of improvements in the user experience of BAI Directo, with the optimisation of interbank transaction times, auto-fill-in of authorisation codes, autonomous recovery of credentials;
4. Implementation of debit card management tools, allowing autonomy in the blocking and management of *caps;*
5. Introduction of new products in the channel such as DP 25 years.

In terms of statistical data, in 2021, the application registered a total of 536,137 users, corresponding to an increase of 71% compared to 2020. There was also a significant increase in the number of transactions (+68%) and in the volume traded (+57%).

No. OF BAI DIRECTO CUSTOMERS



VOLUME OF TRANSACTIONS IN BAI DIRECTO (MILLION KZ)



7.1.5.1. BAI PAGA

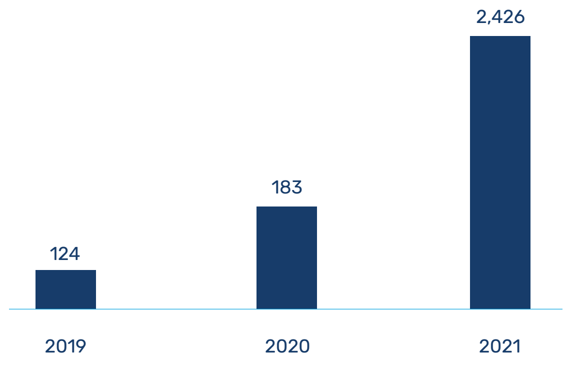
The BAI PAGA feature, which is incorporated in BAI Directo, is a solution for accepting payments through QR code reading, which allows making purchases and sales, online or in person, through a smartphone, tablet or computer.

This solution also introduced new developments, such as:
1. Availability of mobile applications for retailers;
2. Launch of the Landing page and request for subscription via website;
3. Implementation of management profiles for retailers;
4. Integration of the channel for online purchases in association with partners;
5. integration process with reputable partners certified by the main ERPs.

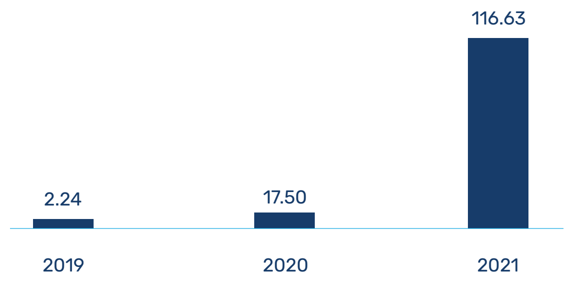
In terms of use, there was an increase of over 100% in the number of registered customers, number of transactions and volume traded.

In 2021, BAI PAGA recorded a total volume of 116.6 million kwanzas and a total of 2,426 retailers subscribed.

No. OF REGISTERED CUSTOMERS



VOLUME (MILLIONS OF KZ)

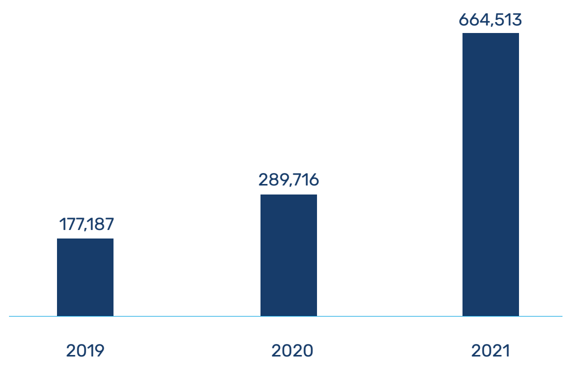


7.1.6. "É-KWANZA" PLATFORM

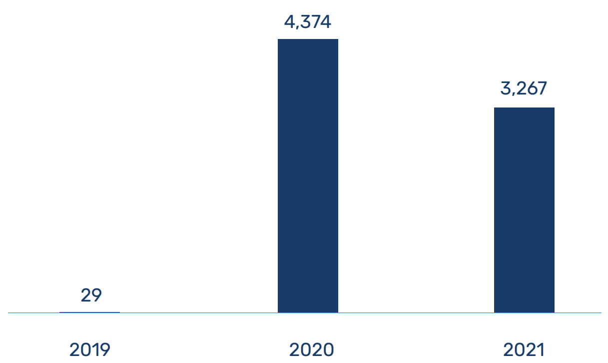
In 2021, BAI continued to invest in its é-Kwanza technological platform, boosting its use. The improvements that have been recorded include:

1.Implementation of the taxi payment function;
2. Implementation of cardless withdrawal;
3. Full implementation of payments for EMIS services;
4. Purchase of e-money for agents via the multicaixa network, so agents no longer need to go to a branch to replenish their é-Kwanza accounts;
5. Removal of the need for a contractual tie with BAI for an entity to be able to provide agent services.

No. OF REGISTERED CUSTOMERS

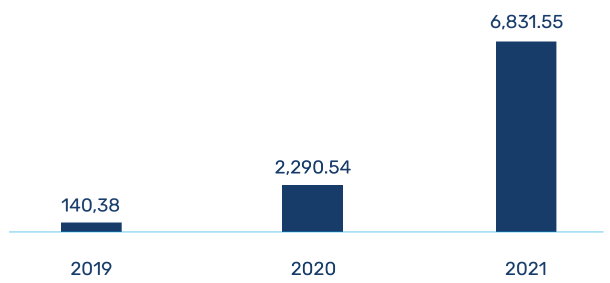


No. OF ACTIVE CUSTOMERS

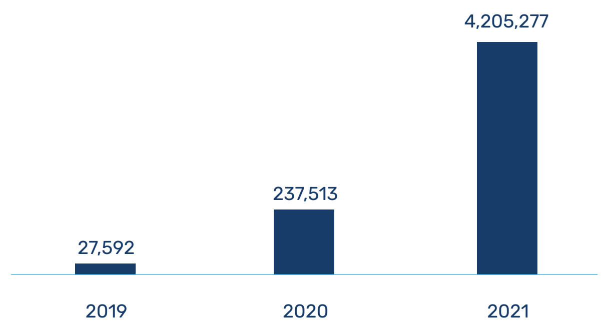


The number of customers registered on the platform grew from 289,716 in 2020, to 664,513 in 2021, explained by the entry of new partners and enhancements. Despite this, the number of active customers fell, which can be explained by the inactivity of customers. Meanwhile, the number and volume of transactions have increased substantially.

VOLUME TRADED IN É-KWANZA
(MILLION KZ)



No. OF TRANSACTIONS



7.1.7. BANCASSURANCE BUSINESS PORTFOLIO

BAI, in partnership with NOSSA Seguros, has been continuously improving its value proposal for customers, with the intention of guaranteeing their interests more effectively.

In 2021, the *Bancassurance* business gained new momentum with the implementation of a new operating model, with new processes and new commercial dynamics.

The following should be noted:
• Implementation of the new *Bancassurance* model, aimed at enabling and accelerating business;
• Creation of conditions for the continued and sustainable growth of the business in the medium and long term;
• Increase of 94% in the Gross Premiums Issued, reaching 2.4 billion kwanzas;
• Renewals of around 36% of the achieved in 2021;
• Development of 5 new solutions for the segments we serve.

The strategy to revitalise the *Bancassurance* business was based on five pillars:

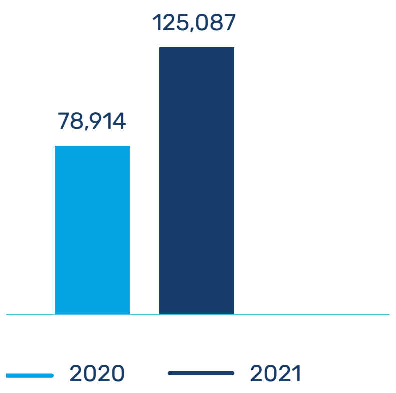
• Simple and adequate offer;
• Integrated systems and processes;
• Commercial dynamics;
• Strategic alignment;
• Attractive remuneration model.

7.1.8. BANKING AGENTS BUSINESS PORTFOLIO

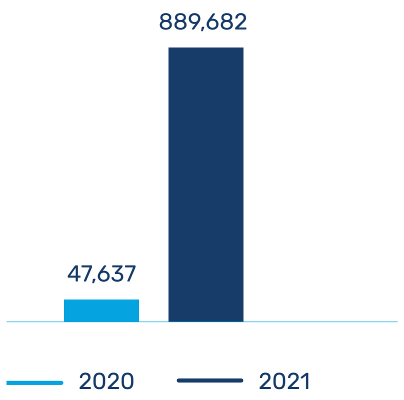
With 250 branches, covering the 18 provinces and 80 municipalities, BAI Banking Agents (BA) are representative entities of the Bank for the provision of financial services through technological solutions and previously established procedures, providing proximity and convenience to customers in remote areas.

In 2021, 46,173 customers were taken on, with a portfolio increase of (+59%). The volume of deposits in the channel showed an increase of 76% over the same period, increasing from 2 billion kwanzas to 3 billion kwanzas. Likewise, there was an increase in the number of transactions by 1,663%, from 47,637 transactions in 2020 to 839,682 transactions in 2021.

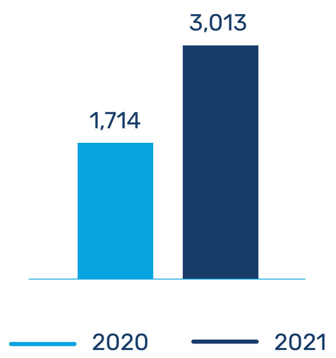
CUSTOMERS



TRANSACTIONS



DEPOSITS (MILLIONS OF KZ)



8 ACTIVITY BY BUSINESS AREA

ACTIVITY
BY BUSINESS AREA

8.1. BUSINESS PROMOTION ARCHITECTURE

BAI, as the largest banking institution in business volume in Angola and a leader in digital disruption, operates in the market with a network of face-to-face and non-face-to-face service points, and a wide range of financial products and services, which consist of offering a distinctive digital experience in accordance with customers' needs.

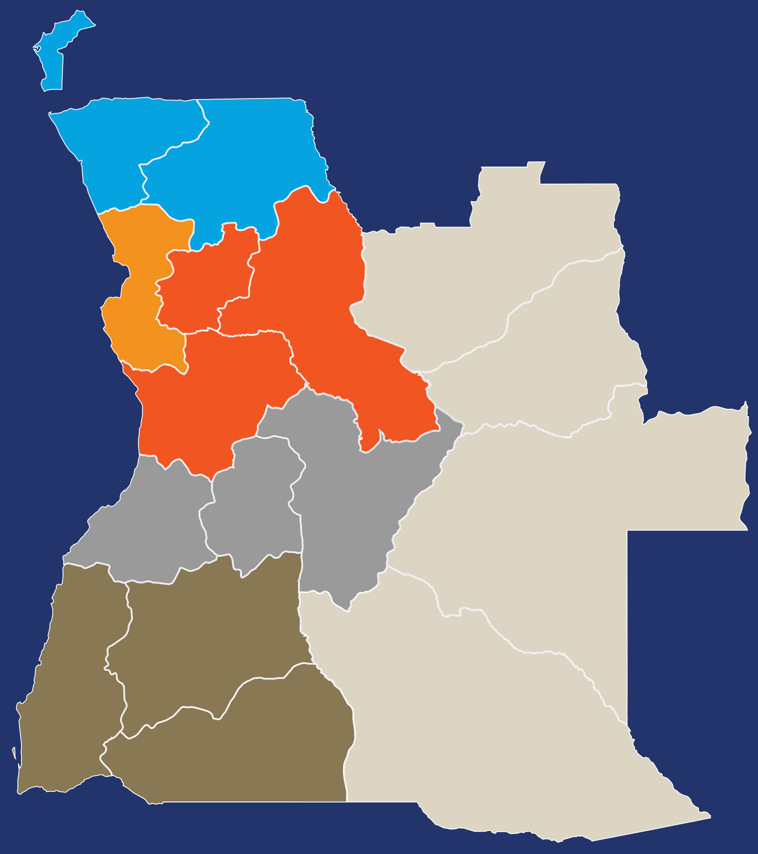
In effective terms, BAI considers the following as its main business areas:

- **Commercial banking:**essentially geared towards gathering resources related to the corporate and institutional segment and lending transactions, including exports financing;
- **Retail banking:** essentially geared towards lending transactions and the gathering of resources related to private customers, with services provided via its network of face-to-face service points and remotely via the internet banking channel, which, in the case of BAI in Angola, has been expanded to the mobile and SMS banking channels;
- **Private banking:**geared towards all private/premium customer activity;
- **Investment banking:** geared towards the provision of financial consulting services and integrated financing solutions for business operation and development, including the transfer of resources and the subscription or acquisition of securities;
- **Correspondent banking services:** involves the provision of foreign currency payment services, account management and transactions on the international markets (mainly geared towards foreign exchange transactions);
- **Insurance activity and management of pension funds:** geared towards the marketing of life and non-life insurance, as well as the management of pension funds; and;
- **Investment fund management:** geared towards the management of Collective Investment Undertakings (OIC), as well as the trading of participation units and the provision of investment consultancy services.

8.2. GEOGRAPHIC PRESENCE

The Bank operates on a national level via seven business departments, with a high profile in all markets, both through on and off-site channels, and based on a business promotion plan that offers a wide range of financial products and services, with the aim of attracting, retaining and building customer loyalty, generating turnover of 3.198 trillion kwanzas and accounting for 53% of the banking income.

NATIONAL GEOGRAPHIC PRESENCE



	PHYSICAL SPACE	NUMBER FROM CLIENTS ASSETS	VOLUME OF BUSINESS (MILLION KZ)	RATIO OF TRANSFORMATION GROSS	NUMBER FROM USERS REGISTERED DIRECT BAI
LUANDA	175	949,769	2,954,783	26%	348,321
CENTRE	85	202,398	79,811	44%	57,233
SOUTH	44	131,247	65,639	30%	41,225
NORTH	32	103,474	39,472	29%	26,129
NORTHEWEST	47	100,817	28,490	27%	32,719
EAST	36	120,778	31,733	50%	30,520

2021 was yet another year of adaptation and resilience, very challenging for everyone and in particular for the business areas, which remained at the forefront of our relationship with customers. This relationship, of course, underwent changes influenced by the pandemic. Despite all the constraints, BAI's branches always kept their doors open to the public, even during lockdown periods.

The Private Customers and Companies segment was mainly supported by a network of 156 branches and agencies throughout the country. The Bank continues to support private customers and companies and upholds its ambition to be the best Bank for employees, customers and society. The business model is divided into two segments: Commercial Banking and Retail Banking. Each of these segments is classified according to the profile of the customers and the types of products and services contracted by them.

	Dec.19	Dec.20	Dec.21	Abs.	%
Customers	**1,157,290**	**1,335,259**	**1,608,483**	**273,224**	**20%**
Companies	69,079	74,049	79,607	5,558	8%
Private customers	1,088,211	1,261,210	1,528,876	267,666	21%
Deposits	**2,285**	**2,705**	**2,526**	**(179)**	**(7%)**
Companies	1,603	1,685	1,573	(112)	(7%)
Private customers	682	1,019	953	(66)	(7%)
Loans	**687**	**655**	**672**	**17**	**3%**
Companies	558	513	514	1	0%
Private customers	129	142	158	16	11%

8.3. COMMERCIAL BANKING

8.3.1. LARGE COMPANIES SEGMENT

The Large Companies Department (DGE) remains committed to finding solutions that best meet the needs of customers in the Large Corporate segment. To provide its customers with products and services, it has a team of 100 employees, 14 less than in 2020, distributed over 10 Business Service Centres and the Head Office.

To boost the penetration rate of digital customers, allowing greater autonomy for customers in various transactions, increasing loyalty and their degree of satisfaction, improvements were made in BAIDIRECTO for the corporate segment during 2021, which will continue in 2022.

Given the pandemic crisis scenario that persisted into 2021, the way of carrying out the activity in the department underwent some changes, namely in the service provided to 4,644 clients, 100 more than in 2020, shifting from totally on-site to mostly remote. The department remained firm in its commitment to correspond to the level of customer expectations, both in the execution and in the monitoring and control of processes, keeping the customer at the centre of the service.

FINANCIAL SUMMARY OF THE ACTIVITY IN 2021

DEPOSITS	LOANS	BUSINESS TURNOVER	BANKING INCOME
1,253 billion Kz (2021)	374 billion Kz (2021)	1,627 billion Kz (2021)	57 billion Kz (2021)
50% BANK	56% BANK	51% BANK	28% BANK
1.14 billion Kz (2020)	398 billion Kz (2020)	1,539 billion Kz (2020)	128 billion Kz (2020)

Reinforcing our proximity to customers has enabled us to gain in-depth knowledge of the companies' operating methods and to strengthen relations with the entities, reducing complaints and increasing the degree of satisfaction of our 1,665 customers, 60% of whom have BAI as their preferred bank for transactions.

The initiatives carried out in 2021 to improve the use of digital channels allowed a cultural transformation and reduction of some resistance that is still observed, and currently the portfolio of digital entities in the segment *Large Corporate* is now 1,328 carrying out regular transactions.

The *Large Corporate* segment's loan portfolio reached a stock of 374 billion kwanzas in 2021, representing an increase of 78 billion kwanzas and a Loan-to-Deposit ratio of 30%, compared to deposits which stood at 1.253 trillion kwanzas. The segment's contribution to the Bank's net interest margin was 44 billion kwanzas, while for the complementary margin it was 13 billion kwanzas.

The degree of activity plan proposed for the segment was carried out satisfactorily, with the following completed:
1.Identification and profiling of its customers, segmenting them by activity;
2. Use of products and services, allowing the identification of the best method to obtain the desired results;
3. Overall customer and employee satisfaction, a fact which enabled *Large Corporate* to achieve a turnover of 1.627 trillion kwanzas.

8.3.2. SMALL AND MEDIUM ENTERPRISES SEGMENT

We consider SMEs to be the necessary force for Angola's recovery and economic growth. At BAI, we recorded a 5% growth in the customer portfolio to 8,124 SME customers. With dedicated SME customer managers and with the support of the relationship managers, it was possible to reinforce customer loyalty actions, better understanding their needs, highlighting the financial support to increase productivity and service provision of the different business initiatives, as well as presenting new payment solutions such as BAIPAGA, Credit Card in Domestic Currency and Letter of Credit in Domestic Currency.

At the very beginning of the year, the TOP 139 SME customers were upgraded to the large segment as part of the segmentation of customers dominated by the manufacturing industry, miscellaneous services and wholesale and retail sectors. The work carried out in terms of marketing and loyalty throughout the year resulted in the creation of a new TOP 240 customers in the SME portfolio, led by the manufacturing industry, trade, miscellaneous services and telecommunications sectors, which will be upgraded to the large companies segment.

In December 2021, the date for assessing compliance with the requirements established in Notice no. 10/2020, of 3 April, BAI granted loans for 60 projects, ensuring compliance with the financing of at least 50 new projects, thus becoming the banking institution that financed the most new projects as part of Notice no. 10/2020;

Sector	No. of Projects
New	**77**
Agribusiness	29
Fisheries	31
Salt	2
Manufacturing Industry	13
Trade and Distribution	1
Wood and its derivatives	1
Restructuring	**5**
Trade	2
Manufacturing Industry	1
Fisheries	2
Overall Total	**82**

Partnerships with consultants in agribusiness have been critical in the decision-making and proper technical monitoring of the projects financed;

The creation of teams dedicated at a regional level to the origination and monitoring of loans to support the manufacturing sector has contributed to BAI's greater proximity and presence in the development of projects;

Training of 33 BAI technicians in loan risk management in the context of Covid-19 in partnership with ISAF/ ABAI and technical training of SME customer managers and business technicians at national level on the analysis and monitoring of small agricultural projects as part of the partnership with PDAC (Agribusiness Development Project);

Overall, the set targets were exceeded, highlighting deposits, POS, BAIDirecto and the generation of new loans.

The SME customer portfolio contributed with an additional 3% in Banking Income, highlighting the financial margin resulting from the active loan portfolio.

8.3.3. INSTITUTIONAL CUSTOMERS SEGMENT

In 2021, retention visits were affected by the Pandemic context, especially those who are inactive and for whom meetings using electronic platforms would be impractical.

Equally impacted was the programme of visits to the main correspondent banks with which BAI works or wishes to establish relationships.

As part of the Bank's representation in international forums, the International and Institutional Relations Department (GRII) was present at the following events:

• Angola-Turkey Business Forum, Ankara;
• *Invest Africa "The Africa Debate"*;
• *Global Business Forum*invited by the Angola-USA Chamber of Commerce and Industry, Dubai;
• *Business Economic Forum* Angola-Turkey, Luanda;
• *Intra-African Trade Fair* 2021, South Africa, Durban.

In terms of Institutional Business, the year was globally positive and the main objectives were achieved. On 31 December 2021, GRII had a portfolio of 563 entities, achieving 94.4% of the target for this indicator.

GRII ended the year with an overall deposit portfolio of 444 billion kwanzas, above the set target, of which 47.9% were in term deposits and 52.1% were demand deposits. On the other hand, GRII's portfolio of investments and financial assets stood at 282 billion kwanzas at the end of the year.

8.3.4. INVESTMENT BANKING SEGMENT

8.3.4.1. SERVICES AND DEGREE OF IMPLEMENTATION OF ACTIVITIES

The Investment Banking Department (GBI) offers a wide range of services aimed at meeting the needs of its customers, namely: Project Finance, Structured Finance, Mergers and Acquisitions (M&A), Support to FDI - Foreign Direct Investment, Financial Advisory for Debt via Capital Markets and Initial Public Offerings (IPO's).

The Investment Banking Department remained constantly committed to pursuing and achieving the Bank's strategies. Throughout 2021, the Investment Banking Department achieved positive results, essentially ensuring the diversification of the Investment Banking products/services portfolio, providing financial advisory services for intra-group IPOs, structuring and setting up transactions on a project risk basis (*Project Finance*) and participation in tenders for financial advisory services relating to the Privatisation Programme carried out by the Angolan Government (PROPRIV).

RETAIL BANKING

The Bank provides Retail Banking services in all eighteen provinces of Angola, offering its Mass Market and Business customers a wide range of financial products and services based on innovation and efficiency.

Retail banking is responsible for private customers and small businesses. With regard to the private customers segment, BAI offers tailor-made services for customers with high financial assets (Private Banking and Premium) and also offers specific services to meet the current needs of the private customers Affluent and Mass-Market segment, such as: Adianta Já loan and Duplo Salário loan.

The strategic plan for the year 2021 was implemented, reaching the target number of active customers, BAI Directo users and service points, resulting in a business turnover of 1.111 trillion kwanzas.

The loan portfolio recorded an increase of 16 billion kwanzas to 158 billion kwanzas in 2021, representing 24% of the Bank's loan portfolio. For its part, the deposit portfolio fell by 66 billion kwanzas to 953 billion kwanzas, representing 38 percent of the Bank's total deposit portfolio.

8.3.5. FINANCIAL AND CAPITAL MARKETS

SUMMARY OF DEVELOPMENTS IN BAI'S ACTIVITY IN THE YEAR 2021

The Financial Markets Department (DMF) gathers and manages the Bank's financial resources, optimising the risk/return ratio when placing surpluses and obtaining funds to cover treasury deficits, as well as promoting the growth and profitability of businesses as part of the capital, foreign exchange and money markets in articulation with the rules applicable to the sector.

With the changes in the regulatory framework, the activity of the Financial Markets Department is undergoing rapid change as a result of the advances in new technologies and the dynamics of the markets themselves.

In fact, as a support structure unit, the Financial Markets Department carries out the following activities:
• Supports the Business Departments in providing financial services to customers;
• Collaborates in setting up transactions of high technical complexity;
• Ensures the management of the customer's securities portfolio;
• It intervenes in the securities market on their behalf;
• Manages the Bank's liquidity management;
• Manages the Bank's securities assets, particularly its securities portfolios, in order to obtain the best return and security.

BUSINESS TURNOVER

The portfolio of assets managed by the DMF amounts to 82.43% of the weight of assets, and is mainly represented by investments in financial assets with 37.78%, followed by investments in Central Banks and Other Credit Institutions with 23.59% and 21.06%, respectively, relating to cash and cash equivalents.

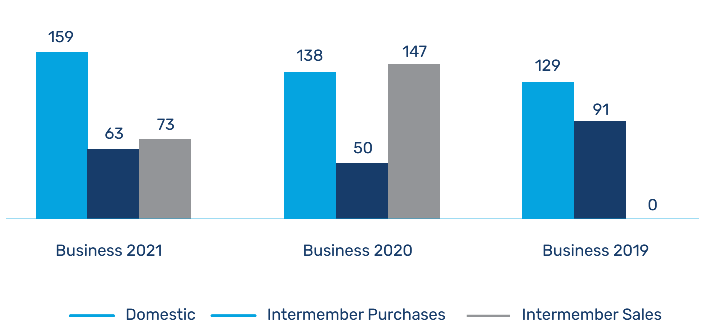
Management of these assets contributed around 70% to the Bank's banking income, which totalled 109 billion kwanzas.

CAPITAL MARKETS

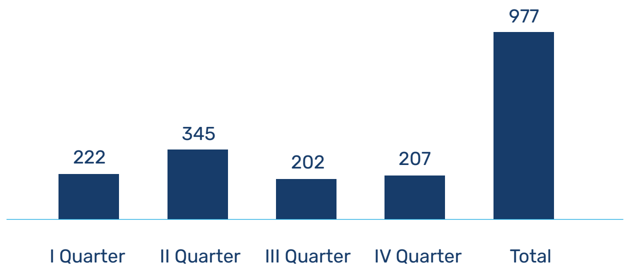
BAI recorded significant growth in its capital market activity, with the following highlights:
• It contributed around 20% to the implementation of the State's Annual Borrowing Plan (PAE), having subscribed an extra 363 billion kwanzas;
• Signed the Preferential Market Operator (OPTT) agreement with the Finance Ministry;
• It received the Tchiluanda Prize 2021 for "Largest amount of interbank purchases in 2020", organised by BODIVA;
• The number of custodial accounts increased by 114% to a total of 6,277 accounts;
• BAI was the holder of the second largest market share with a representation of around 24.26%;

Despite the reduction of 12% in turnover to 295 billion kwanzas, BAI maintained its position as market maker promoting business in the capital market in Angola.

BAI TURNOVER



TOTAL EXCHANGE TRADED



STRATEGIC OUTLOOK FOR ACTIVITY IN THIS SEGMENT IN 2021

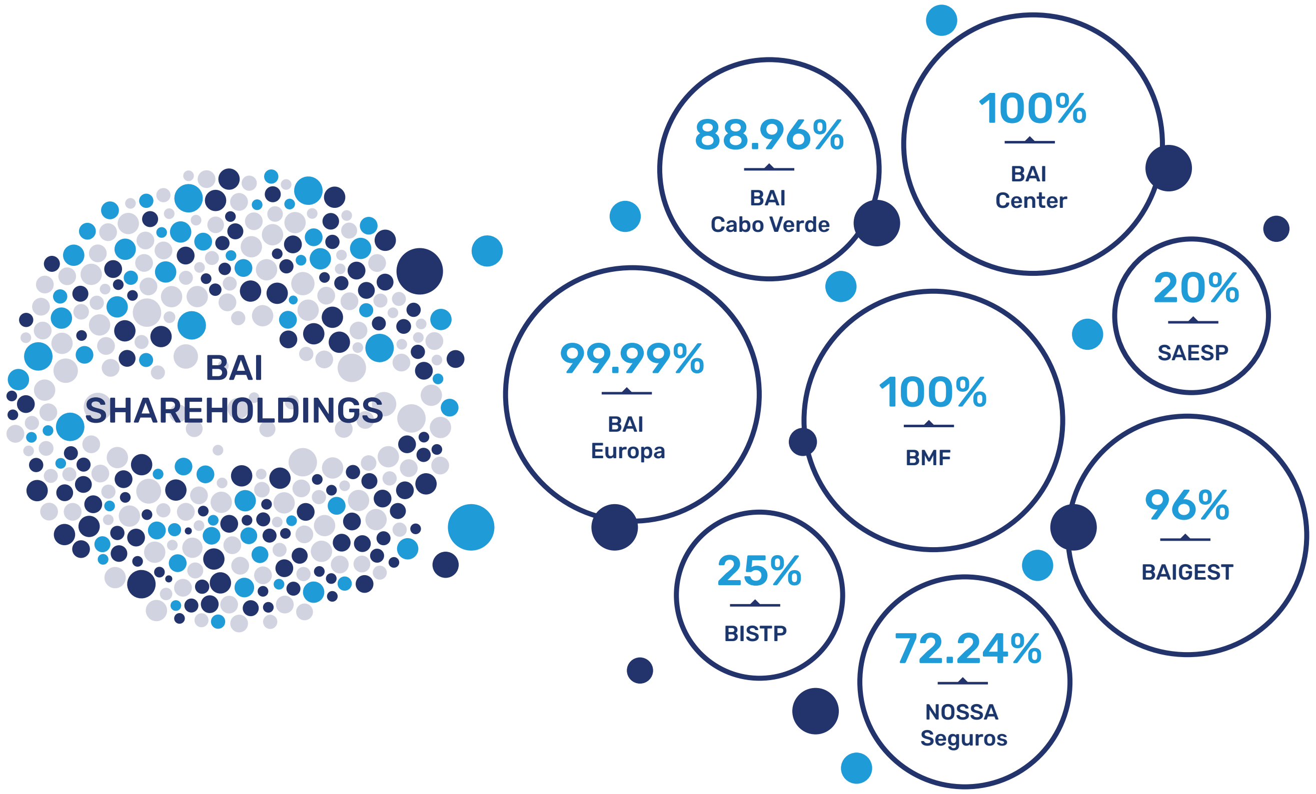
• With 2022 being the last year of the Bank's activity as a financial intermediary, the strategy is to maintain a business model, with a view to making the sector more dynamic and robust;
• To disseminate Capital Market concepts and literacy to the Business Units, as well as to customers.

FINANCIAL HOLDINGS

9

FINANCIAL **HOLDINGS**

Besides the financial sector, BAI also owns shareholdings in other Portuguese-speaking countries such as Portugal, Cape Verde and São Tomé and Príncipe.



Note 1 *Besides the abovementioned entities, the Bank holds a stake in the Angola Capital Partners entity, whose book value is nil.*

Note 2 *The company BAICenter is in process of winding-up and liquidation (see Note 15 of the notes to the financial statements)*

9.1. BAI EUROPE

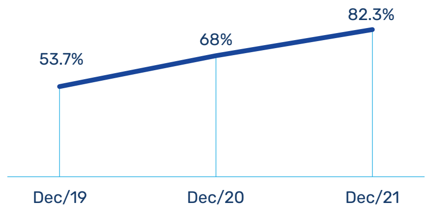
	Dec.19	Dec.20	Dec.21	Change	
Thousand EUR	Audited	Audited	Preliminary	Abs.	%
Investments and Financial Assets	169,765	149,819	225,914	76,094	50.80%
Gross Loans	81,876	85,775	120,334	34,559	40.30%
Impairment	(2,713)	(3,544)	(1,566)	1,978	(55.80%)
Other assets	573,837	354,354	320,412	(33,942)	(9.60%)
Total Assets	**822,765**	**586,404**	**665,094**	**78,689**	**13.40%**
Deposits (CB + OCI + Customers)	726,996	487,116	565,638	78,522	16.10%
Other liabilities	9,498	9,949	9,946	(3)	0.00%
Own Funds	86,270	89,339	89,509	170	0.20%
Total Liabilities + CP	**822,765**	**586,404**	**665,094**	**78,690**	**13.40%**
Banking Income	12,752	9,595	9,573	(22)	(0.20%)
Structure Costs	(6,843)	(6,528)	(7,968)	(1,440)	22.10%
Net Results	2,929	170	957	787	469.90%
No. of employees	41	48	63	15	31.30%
No. of customers	622	1,517	2,130	613	40.40%

In the reporting period, the net result was 957,000 euros, corresponding to an increase of 787,000 euros compared to the same period last year, influenced by the increase in the complementary margin of 1,269,000 euros and the reversal of impairment by 2,069,000 euros.

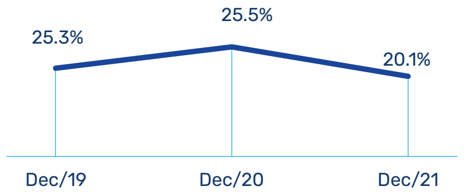
Assets stood at 665,094,000 euros, an increase of 78,689,000 euros compared to the previous year, due to the increase in available-for-sale financial assets by 74,972,000 euros.

Total liabilities amounted to 575,584,000 euros, an increase of 78,519,000 euros when compared with the same period of the previous year, explained by the growth in (i) customer resources and other loans by 41,240,000 euros and (ii) resources from other credit institutions by 37,314,000 euros.

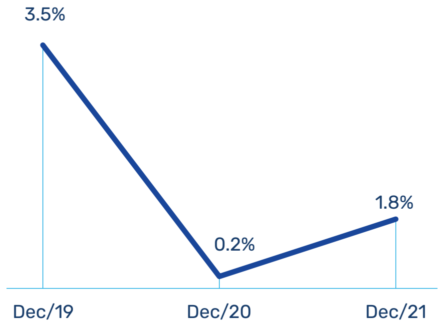
COST-TO-INCOME



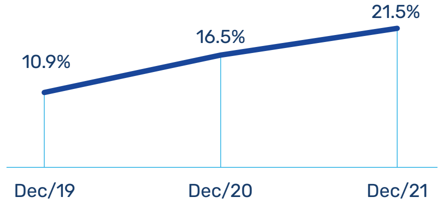
MINIMUM SOLVENCY RATIO (13.75%)



ROAE



LOAN-TO-DEPOSIT RATIO



9.2. BAI MICRO FINANCES (BMF)

(Million Kz)	Dec.19 Audited	Dec.20 Audited	Dec.21 Preliminary	Change Abs.	Change %
Investments and Financial Assets	12,834	12,201	15,202	3,001	24.60%
Gross Loans	1,331	1,457	1,038	(420)	(28.80%)
Impairment	(480)	(603)	(420)	183	(30.40%)
Other assets	7,604	7,560	6,480	(1,080)	(14.30%)
Total Assets	**21,289**	**20,616**	**22,300**	**1,684**	**8.20%**
Deposits (CB* + OCI** + Customers)	12,493	11,127	11,191	64	0.60%
Other liabilities	719	834	955	121	14.60%
Own Funds	8,077	8,655	10,154	1,499	17.30%
Total Liabilities + CP	**21,289**	**20,616**	**22,300**	**1,684**	**8.20%**
Banking Income	2,955	4,332	4,078	(254)	(5.90%)
Structure Costs	(2,272)	(2,780)	(3,272)	(492)	17.70%
Net Results	402	578	1,622	1,044	180.70%
No. of employees	214	224	216	(8)	(3.60%)
No. of customers	133,233	140,678	150,472	9,794	7.00%

** Central Bank;*

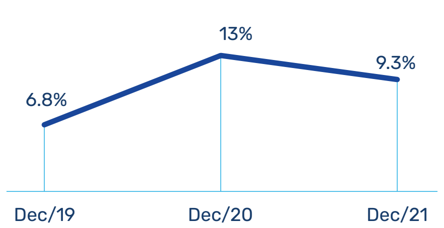
*** Other Credit Institutions*

Net result amounted to 1.622 million kwanzas, an increase of 1.044 million kwanzas in relation to December 2020, influenced by the increase of 53 million kwanzas in complementary margin, with emphasis on the results of securities trading of 1.081 billion kwanzas and the reversal of impairments of 1.782 billion kwanzas.

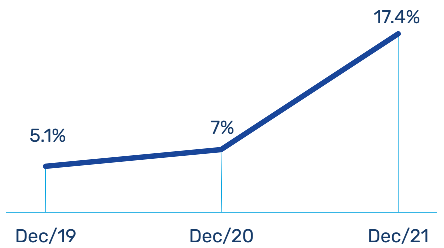
Total assets stood at 22.3 million kwanzas, an increase of 1.684 million kwanzas over the same period of the previous year, influenced by investments held to maturity of 2.158 billion kwanzas.

Total liabilities amounted to 12.146 billion kwanzas, which corresponds to an increase of 185 million kwanzas compared to the previous year, attributable to customer resources and other loans of 64 million kwanzas.

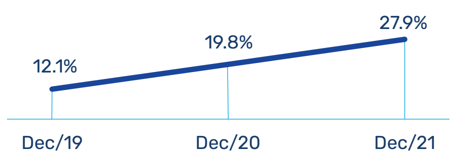
LOAN-TO-DEPOSIT RATIO



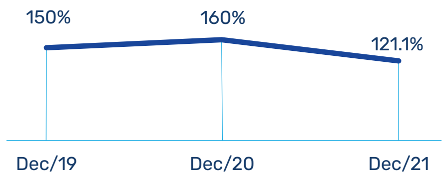
ROAE



NON-PERFORMING LOANS RATIO (+90 DAYS)



MINIMUM SOLVENCY RATIO (10%)



9.3. BAI CAPE VERDE (BAICV)

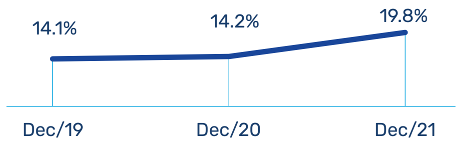
Thousand EUR	Dec.19 Audited	Dec.20 Audited	Dec.21 Preliminary	Change Abs.	Change %
Investments and Financial Assets	55,303	56,179	62,458	6,279	11.20%
Gross Loans	90,803	92,702	99,967	7,265	7.80%
Impairment	(4,220)	(4,305)	(4,880)	(575)	13.30%
Other assets	61,329	69,271	68,174	(1,097)	(1.60%)
Total Assets	**203,215**	**213,847**	**225,719**	**11,872**	**5.60%**
Deposits (CB + OCI + Customers)	176,143	186,272	188,092	1,819	1.00%
Other liabilities	13,053	13,273	15,883	2,610	19.70%
Own Funds	14,019	14,301	21,744	7,443	52.00%
Total Liabilities + CP	**203,215**	**213,847**	**225,719**	**11,872**	**5.60%**
Banking Income	7,173	7,080	8,213	1,134	16.00%
Structure Costs	(5,956)	(6,017)	(6,244)	(227)	3.80%
Net Results	1,131	281	1,443	1,162	412.70%
No. of employees	118	118	133	15	12.70%
No. of customers	31,704	36,002	40,335	4,333	12.00%

BAICV's net result amounted to 1.443 million euros, recording an increase of 1.162 million euros when compared to the same period last year, influenced by the increase in net interest income of 884,000 euros, with emphasis on interest from (i) resources from other credit institutions of 244,000 euros and (ii) customer resources of 326,000 euros.

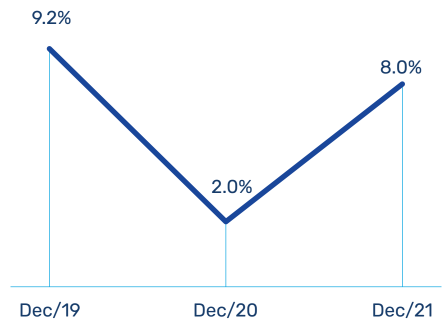
Total assets stood at 225,719,000 euros, representing a growth of around 11,872,000 euros compared to 2020, influenced by demand deposits with the Central Bank at 9,700,000 euros, gross loans at 7,265,000 euros and available-for-sale financial assets at 6,279,000 euros.

Liabilities amounted to 203,975,000 euros, an increase of 4,429,000 euros compared to the previous year, influenced by resources from other credit institutions, customer resources and other loans by 6,319,000 euros.

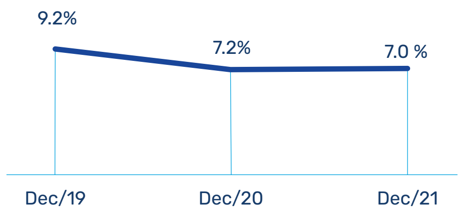
MINIMUM SOLVENCY RATIO (12%)



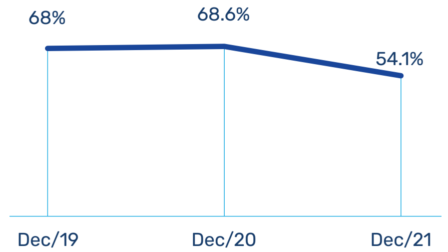
ROAE



NON-PERFORMING LOANS RATIO (90 DAYS)



LOAN-TO-DEPOSIT RATIO



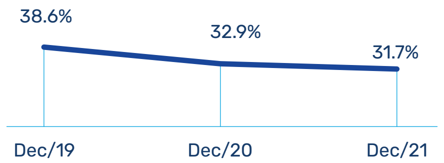
9.4. SÃO TOMÉ AND PRÍNCIPE INTERNATIONAL BANK (BISTP)

	Dec.19	Dec.20	Dec.21	Change	
Thousand EUR	Audited	Audited	Preliminary	Abs.	%
Balance sheet					
Investments and Financial Assets	23,873	16,728	13,637	(3,091)	(18.50%)
Gross Loans	43,568	41,168	36,267	(4,901)	(11.90%)
Impairment	(8,815)	(8,955)	(9,197)	(242)	2.70%
Other assets	55,975	71,239	71,708	469	0.70%
Total Assets	**114,601**	**120,179**	**112,414**	**(7,765)**	**(6.50%**
Customer deposits	89,944	97,815	88,512	(9,303)	(9.50%)
Other liabilities	7,100	4,985	5,560	575	11.50%
Own Funds	17,556	17,378	18,342	964	5.50%
Total Liabilities + CP	**114,601**	**120,179**	**112,414**	**(7,765)**	**(6.50%)**
Banking Income	10,008	8,696	10,284	1,588	18.30%
Structure Costs	(6,351)	(6,156)	(6,442)	(285)	4.60%)
Net Results	2,544	1,454	2,707	1,253	86.20%
No. of employees	158	156	150	(6)	(3.80%)
No. of customers	48,941	52,749	52,749	0	0.00%

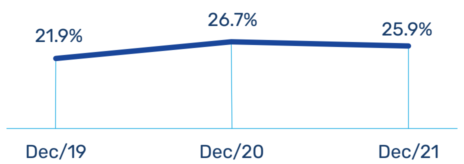
In 2021, assets stood at 112,414,000 euros, a reduction of 7,765,000 euros compared to 2020, influenced by cash and deposits at BCSTP by 6,994,000 euros and net loans by 5,143,000 euros.

Liabilities stood at 94,072,000 euros, a decrease of 8,728,000 euros compared with the previous year, attributable to customer deposits of 9,303,000 euros and the positive effect of other liabilities of 575,000 euros.

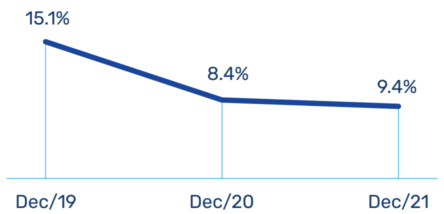
LOAN-TO-DEPOSIT RATIO



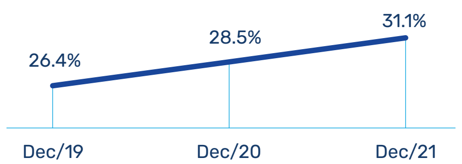
NON-PERFORMING LOANS RATIO (90 DAYS)



ROAE



MINIMUM SOLVENCY RATIO (12%)



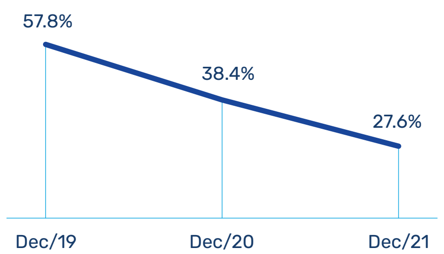
9.5. NOSSA SEGUROS

	Dec.19	Dec.20	Dec.21	Change	
Million Kz	Audited	Audited	Preliminary	Abs.	%
Investments	22,488	27,745	32,037	4,292	15.50%
Reinsurance Technical Provisions	4,309	5,196	7,473	2,277	43.80%
Collection Commissions	5,792	12,492	19,093	6,601	52.80%
Other assets	4,009	7,973	15,838	7,865	98.60%
Total Assets*	**36,598**	**53,406**	**74,441**	**21,036**	**39.40%**
Technical Provisions	14,894	17,647	26,345	8,697	49.30%
Other liabilities	12,784	22,435	31,818	9,383	41.80%
Own Funds	8,920	13,323	16,279	2,956	22.20%
Total Liabilities + CP*	**36,598**	**53,406**	**74,441**	**21,036**	**39.40%**
Technical result	5,583	6,802	11,868	5,065	74.50%
Net Results	4,100	5,118	4,489	(629)	(12.30%)
No. of employees	140	147	156	9	6.10%
No. of branches	25	25	26	1	4.00%

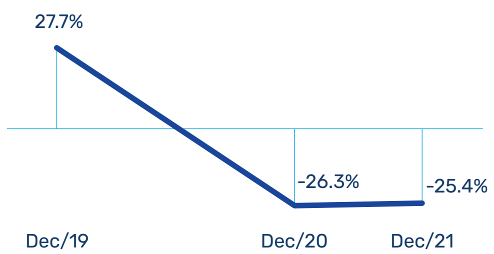
For the period under review, net result amounted to 4.489 billion kwanzas, which represents a reduction of 629 million kwanzas compared to the previous period, essentially influenced by structural costs of 8.718 billion kwanzas and the increase in premiums and their surcharges of 10.697 billion kwanzas.

Assets stood at 74.441 billion kwanzas, an increase of 21.036 billion kwanzas when compared to December 2020, mainly influenced by total premiums in collection totalling 6.601 billion kwanzas and deposits in credit institutions at 3.862 billion kwanzas.

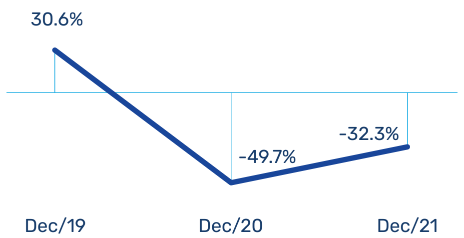
ROAE



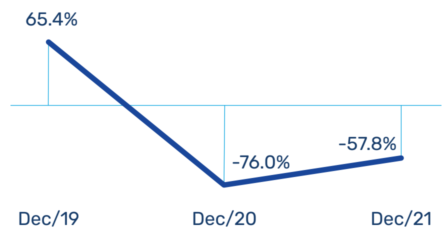
ACCIDENTS



EXPENSE RATIO



COMBINED RATIO



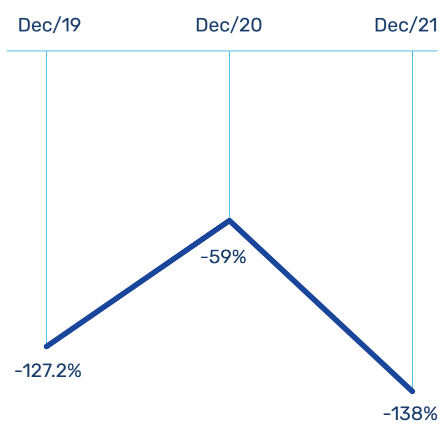
9.6. BAIGEST

Million Kz	Dec.19 Audited	Dec.20 Audited	Dec.21 Preliminary	Change Abs.	Change %
Assets	174	212	160	(52)	(24%)
Equity	83	128	129	1	1%
Income	162	273	281	8	3%
Operating costs	(156)	(227)	(306)	(80)	35%
Net results	(105)	(76)	(179)	(103)	136%
No. of employees	6	7	8	1	14%

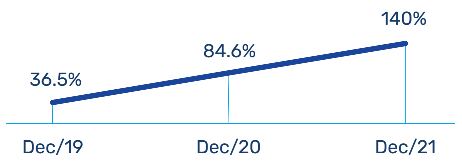
In the period under review, BAIGEST's assets amounted to 160 million kwanzas, representing a reduction of 52 million kwanzas when compared to the same period in the previous year, essentially due to cash and cash equivalents with financial institutions in the amount of 37 million kwanzas and the negative impact of receivables from companies under its management in the amount of 11 million kwanzas.

Negative net profit increased from 76 million kwanzas to 179 million kwanzas, mainly influenced by the increase in taxes.

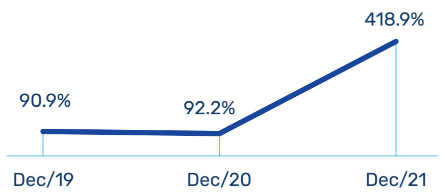
ROE



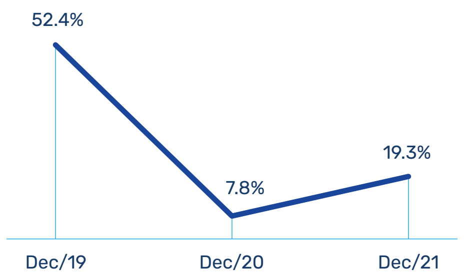
MINIMUM SOLVENCY RATIO (10%)



FINANCIAL AUTONOMY



INDEBTEDNESS



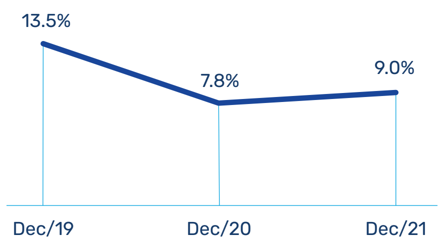
9.7. SAESP (ANGOLAN SOCIETY OF PRIVATE HIGHER EDUCATION)

Million Kz	Dec.19 Audited	Dec.20 Audited	Dec.21 Preliminary	Change Abs.	Change %
Tangible fixed assets	6,358	6,345	6,203	(141)	(2.20%)
Accounts receivable	822	827	1,082	255	30.80%
Cash equivalents	438	122	50	(71)	(58.70%)
Other assets	203	283	351	68	24.00%
Total Assets*	**7,820**	**7,577**	**7,686**	**110**	**1.40%**
Accounts payable	313	163	366	203	124.90%
Other liabilities	745	7,412	325	(7,087)	(95.60%)
Own Funds	6,762	6,982	6,996	14	0.20%
Total Liabilities + CP*	**7,820**	**7,577**	**7,686**	**110**	**1.40%**
Income from services	2,179	1,685	2,479	794	47.10%
Costs Total	(2,087)	(1,917)	(2,425)	(508)	26.50%
Net results	73	220	14	206	(93.60%)

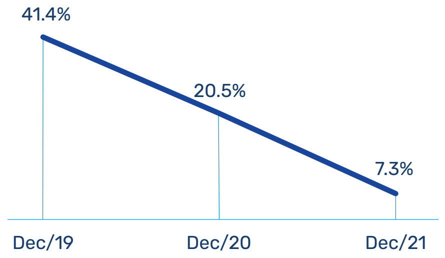
SAESP's net result was positive, standing at 14 million kwanzas, indicating a reduction of 206 million kwanzas in relation to the previous year, with emphasis on: (i) the increase of the structure cost by 508 million kwanzas; (ii) the decrease in non-operating income by 351 million kwanzas and by (iii) the positive effect of interest from the provision of services by 794 million kwanzas.

Total assets stood at 7.686 billion kwanzas, an increase of 110 million kwanzas compared to the same period of the previous year, influenced by current assets, in particular accounts receivable of 255 million kwanzas.

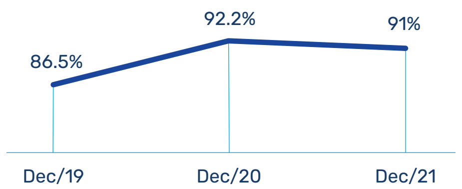
INDEBTEDNESS



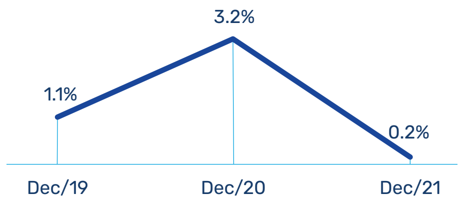
IMMEDIATE LIQUIDITY



FINANCIAL AUTONOMY



ROE



BAI

HUMAN CAPITAL 10

HUMAN CAPITAL

WORKFORCE CHARACTERISATION IN 2021

Human capital is the greatest competitive advantage of any organisation.

The bank has based its human capital management on principles and values centred on the human factor and on socially responsible leadership, involving all hierarchical levels in creating an environment of respect, gender equality, inclusiveness and meritocracy, in order to guarantee operational efficiency, stability and organisational sustainability.

In 2021, BAI had 1,910 employees, which represented a reduction of 105 employees compared to 2020. This reduction was due to employees leaving the company for various reasons, such as resignation from their contracts, dismissals with just cause, deaths, retirements and human capital optimisation measures, especially the extinction of non-core functions and contract terminations by mutual agreement.

For situations of termination due to redundancy and mutual agreement termination processes, BAI provided the employees with an outplacement programme, which involved a compensation package above that which was legally stipulated with the objective of ensuring survival levels until their return to the labour market or the creation of their own business.

				Change	
	2019	2020	2021	Abs.	%
BAI Employees	**2,025**	**2,015**	**1,910**	**(105)**	**(5%)**
Governing Bodies	19	22	21	(1)	(5%)
Control	67	113	76	(37)	(33%)
Support	757	780	643	(137)	(18%)
Business	1,182	1,100	1,170	70	6%

DISTRIBUTION OF EMPLOYEES BY GENDER

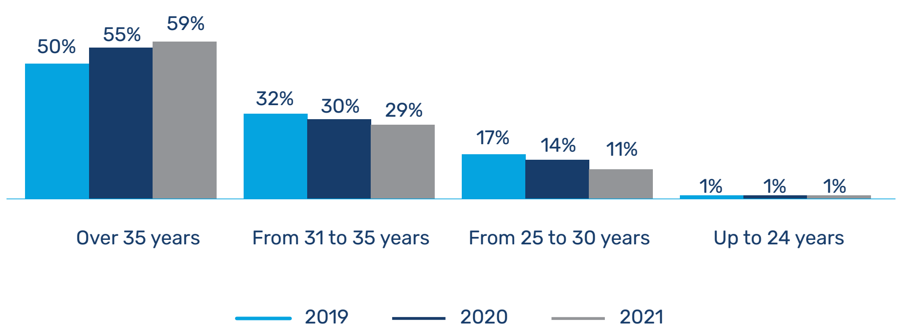
Taking into account gender representativity, based on equal opportunities for men and women, in 2021 BAI's permanent staff was characterised as follows:

	F	M
Board of Directors	-	6
Supervisory Board	2	4
Executive Committee	2	5
Board of the General Assembly	1	1
Direction	29	34
Advisory	-	4
Middle Management	40	54
Management	109	132
Technicians	619	761
Administrative assistants	35	29
Operational	1	-
Others	12	30
Sub-total	**850**	**1,060**

AGE STRUCTURE

Regarding the age distribution in 2021, employees aged over 35 years represented 59% of the total, with the number of employees in this age group showing the greatest growth trend. On average, the age of employees per employee group was 38 years, and the average age of employees in management positions was 42 years.

EMPLOYEES BY AGE GROUP



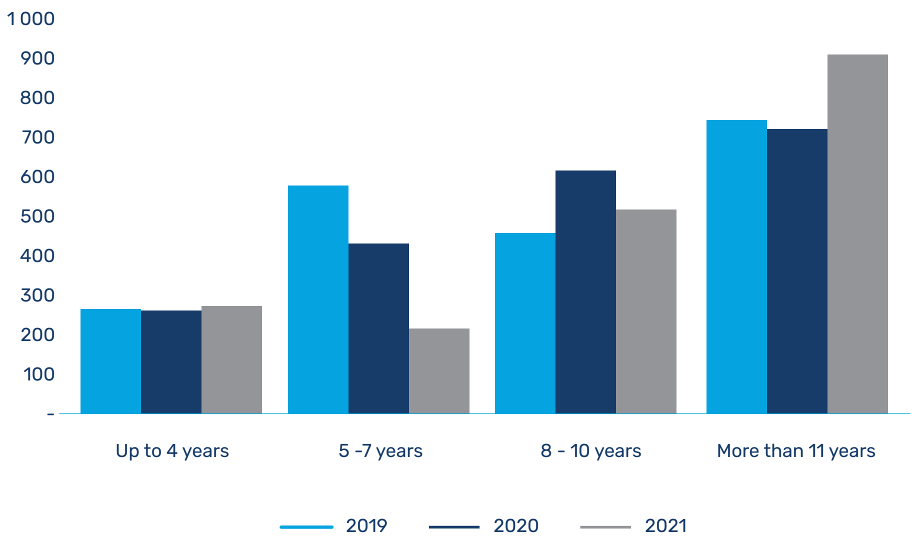
In 2021, the distribution of the workforce by category and age was as follows:

	< 30 years old	From 30 to 50 years old	> 50 years old
Board of Directors	-	1	5
Supervisory Board	-	-	6
Executive Committee	-	4	3
Board of the General Assembly	-	-	2
Direction	-	58	5
Advisory	-	3	1
Middle Management	3	83	8
Management	-	235	6
Technicians	136	1,200	44
Administrative assistants	4	53	7
Operational	-	-	1
Others	13	19	10
Total	**156**	**1,656**	**98**

SENIORITY

In terms of the stability of employment contracts, it should be noted that the trend of previous years has not changed, meaning that, in general, more than 80% of the employees have been with the company for more than 5 years, which shows the effectiveness of the policies for retaining human capital.

EMPLOYEES BY SENIORITY



Taking into account the job category, employees in upper management and department management positions show the most seniority, with an average of 13 years.

ACADEMIC QUALIFICATIONS

Education plays an important role in the acquisition of skills and is a decisive factor for sustainable economic and social growth of the individual, society and organisations.

Therefore, with the growing economic, political, social and cultural transformations of the contemporary world, it is crucial that employees have a high level of education.

With this in mind, with regard to academic qualifications at BAI, it was found that, in 2021, the largest portion of employees had completed higher education (undergraduate, masters and postgraduates).

UP TO UNIVERSITY ATTENDANCE	UNIVERSITY ATTENDANCE	DEGREE	PHD / MASTER'S DEGREE
28%	23%	46%	3%

Compared to 2020, there was an increase of 2 p.p. in employees with higher education, and this increase is due to:

- The departure of employees (higher percentage of less qualified employees leaving);
- The admission of employees, mostly with higher qualifications;
- The implementation of a Scholarship Programme for BAI Employees;
- The strengthening of the programme to encourage self-training as a key element of the strategic area of training policy.

TURNOVER, ADMISSIONS AND DISMISSALS

Since December 2020, 41 new employees have been admitted, with 2 allocated to the commercial network, 24 to central services. On the other hand, there were 145 cases of contract termination, of which 97 were by mutual agreement, 21 by the employee's initiative, 8 due to retirement, 4 due to the death of the employee, 7 resulting from disciplinary dismissal, 1 due to the completion of the commissioned service, 5 due to abandonment of work and 2 due to the termination of the contract. Additionally, the turnover rate followed an upward trend of 5%, registering an increase of 2 p.p, compared to 2020.

	2019	2020	2021
No. of employees	2,025	2,015	1,910
Admissions	29	55	41*
Dismissals	61	61	145
Turnover rate	2%	3%	5%

** Includes 15 trainees under the BAI/ISAF Professional Traineeship Programme.*

It is important to note that, in 2021, 23 employees were transferred from the commercial network to central services.

	New admissions			Dismissals		
	2019	2020	2021	2019	2020	2021
Gender						
Male	10	32	28	40	39	99
Female	19	23	13	21	22	46
Age group						
Up to 24 years	2	6	12	-	-	-
From 25-30 years	20	36	14	-	-	-
From 31-35 years	6	7	11	36	42	58
+ 35 years	1	6	4	25	19	87
Total	**29**	**55**	**41**	**61**	**61**	**145**

STAFF DISTRIBUTION BY AREA

Structure unit	Acronym	Governing Bodies	Control	Support	Business	Total
Executive Committee	CE	7				7
Board of Directors	BoD	6				6
Supervisory Board	CF	6				6
Internal Audit Department	DAI		19			19
Banking and Digital Transformation Department	DBTD			31		31
Loan Analysis Department	DAC			24		24
Human Capital Department*	DCH			54		54
Compliance Department	DCL		16			16
Procurement and Contracting Department	DCC			11		11
Accounting and Finances Department	DCF			21		21
Risk Management Department	DGR		17			17
Large Companies Department	DGE				100	100

STAFF DISTRIBUTION BY AREA

Structure unit	Acronym	Governing Bodies	Control	Support	Business	Total
Financial Markets Department	DMF			13		13
Transaction Department	DOP			85		85
Quality and Organisational Department	DOQ			12		12
Private and Corporate Division Centre	DPN C				121	121
Private and Corporate Division East	DPN E				68	68
Private and Corporate Division Luanda I	DPN LI				327	327
Private and Corporate Division Luanda II	DPN LII				238	238
Private and Corporate Division North West	DPN R				60	60
Private and Corporate Division North	DPN N				72	72
Private and Corporate Division South	DPN S				125	125
Small and Medium Enterprises Department	DPME				15	15
Planning and Control Department	DPC			15		15
Loan Recovery Department	DRC			30		30
Information Security and Digital Research Department	DSID			12		12
Commercial Support Department	DSC			50		50
Treasury and Safekeeping Department	DTC			53		53
Marketing Department	DMR			22		22
Information Systems Department	DSI			63		63
Legal and Litigation Department	DJC			16		16
Communication and Brand Management Department	DCM			16		16
Assets and Logistics Department	DPL			50		50
International and Institutional Relations Department	GRI				5	5
Investment Banking Department	GBI				4	4
Foreign Exchange Control Department	GCC		10			10
New Business Development Department	GNN				13	13
Inspection and Investigation Department	GII		14			14
Bank Reconciliations Office	GRB			17		17
Loengo Services Department	GSL				5	5
Premium Services Department	GSP				17	17
Office of the President of the Executive Committee	GPCE			13		13
Office of the Customer Ombudsman	GPC			1		1
Office of the Company Secretary	GSS			7		7
Board of the General Assembly	MAG	2				2
Others (BAI and BAIGEST associates)				27		27
Total December 2021		**21**	**76**	**643**	**1,170**	**1,910**
Total December 2020		**22**	**113**	**780**	**1,100**	**2,015**
Total December 2019		**19**	**67**	**757**	**1,182**	**2,025**

TRAINING AND CAPACITY-BUILDING

Given the pandemic scenario, the bank continued to favour distance training methodology, where e-learning represented 96% of all training courses.

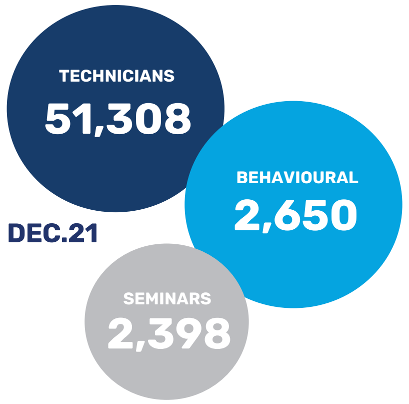
This area saw a positive evolution in the different components compared to the previous year, which resulted in 18 training courses on the main topics (behavioural, technical and seminars), thus consolidating the technical skills necessary to support digital transformation, business, leadership and management at various levels in the institution.

Of the sessions given, 91% were technical training, 4% seminars and 5% behavioural training (Soft Skills), and in 2021, the average number of training hours per participant was 18 hours, which was an increase of 260% compared to 2020.

It should be noted that, in 2021, investment in training was 448.6 million kwanzas, which represents a 6% increase compared to the budgeted amount for training last year.

TRAINING HOURS ACHIEVED

In 2021, a total of 18 training courses were given, 96% of which were transmitted by videoconference and the remainder face-to-face. Of the sessions given, 91% were technical training, 4% were seminars and 5% were behavioural training.



	2021	
Training Courses given	**No. of training hours**	**Participants**
Audit	280	14
Investment Appraisal	100	8
Money Laundering and Fraud Prevention	280	14
Foreign Trade	680	34
Accounting and Financial Analysis	1,216	48
Professional Ethics and Deontology	1,080	126
Process Management	557	39
Human Resources Management	11,144	171
Risk Management	1,504	69
Legislation	224	14
Leadership and Team Management	10,460	139
Financial Markets	1,344	51
Microsoft Office	1,688	66
Banking Transactions and Techniques	7,576	515
Post-Graduation	560	5
Banking Products and Services	14,360	1,165
Seminars	2,783	712
Computer Systems	520	27
Total	**56,356**	**3,217**

REMUNERATION

In 2021, the employees' remuneration was paid based on a salary benchmark study which led to the implementation of a new salary table, preceded by a broad process of salary and functional review based on objective meritocracy criteria with the involvement of all the heads of the structural units. Regarding variable remuneration, it was decided to award an annual performance bonus that involved 74% of the employees.

ALLOWANCES

For the promotion and boost of the é-Kwanza service, which allows customers to make transfers, deposits and withdrawals of cash, conversion of physical cash into electronic cash and vice-versa, payment of goods and services, via mobile phone, upon registration, since September BAI adopted the processing of optional allowances compulsory by law, via electronic wallet, having processed a total of 2.3 billion kwanzas during the period.

In 2021, the compensation allowance was also updated from 8.5% to 12.5% (an increase of 4.p.p.) with a view to strengthening the employees' purchasing power. In addition, as part of the institution's continuous effort to improve the remuneration conditions and benefits for employees, the lunch allowance was adjusted for each working day.

With a focus on regulatory compliance on the exemption of control areas for attributing variable remuneration, but maintaining levels of competitiveness, an allowance was attributed to employees associated with control functions, that is, belonging to the key functions of the internal control system, internal audit, Compliance and risk management.

SOCIAL MEASURES AND OCCUPATIONAL HEALTH

The bank has a Social Fund policy with the objective of providing financial support to cover for expenses of an eminently social nature, namely:

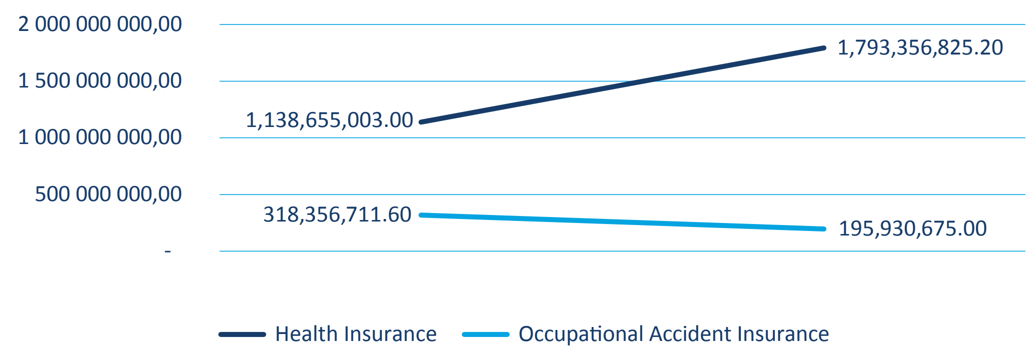
- Situations of calamities, natural catastrophes or accidents, which directly result in serious damage to the employee and his/her family;
- Supplementary support for medical treatment expenses for employees and their children in serious illnesses not covered by health insurance;
- Support in the event of the employee's death, or the death of his/her parents, children and spouse;
- Non-repayable loan coverage for employees in the event of death, except for housing loans, for which the respective guarantees are activated;
- Payment of the co-funding of the health insurance policy granted to employees, their spouses and children, in accordance with the regulations in force concerning health insurance;
- Health insurance policy coverage for minors of deceased employees until they reach the age of 18;
- Support for the education of the children of deceased employees by means of scholarships and educational aid for completing secondary or undergraduate studies at national educational institutions, and for undergraduate studies at educational establishments with a protocol with Banco Angolano de Investimentos, S.A;
- Other initiatives to promote solidarity, social equity and social responsibility actions among employees.

In 2021, the bank spent 53 million kwanzas on social support.

	2021	
Summary of Support Granted	Quantity	Costs
Funeral		
Relative	63	25,200,000
Employee	4	2,500,000
Subtotal	**67**	**27,700,000**
Other Support		
Worker Illness	9	22,888,553
Illness Relative	5	2,686,400
Subtotal	**14**	**25,574,953**
Total	81	53,274,953

HEALTH AND OCCUPATIONAL ACCIDENT INSURANCE COSTS

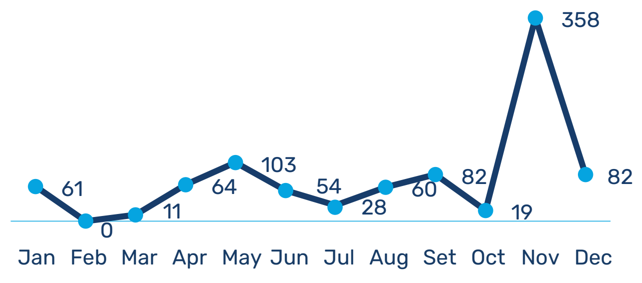
The cost of health insurance saw an increase of 60% compared to 2020, which is justified by the inclusion of coverage for optometry consultations in the insurance. Regarding the significant reduction in the cost with work accident insurance in the year 2021, it is justified by the massive exclusion of employees from that insurance due to the contract termination processes that occurred in that year.



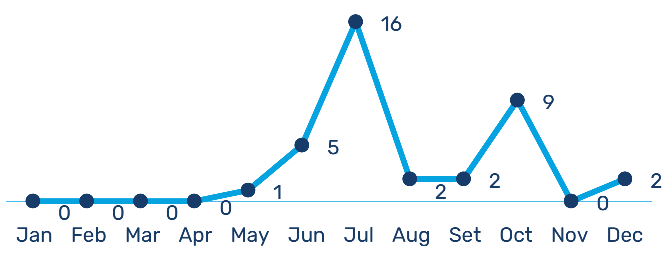
BAI TESTS AND POSITIVE CASES, COVID - 19

In order to mitigate and prevent COVID-19, 922 rapid antigen tests and 37 RT - PCR tests were conducted during the year 2021.

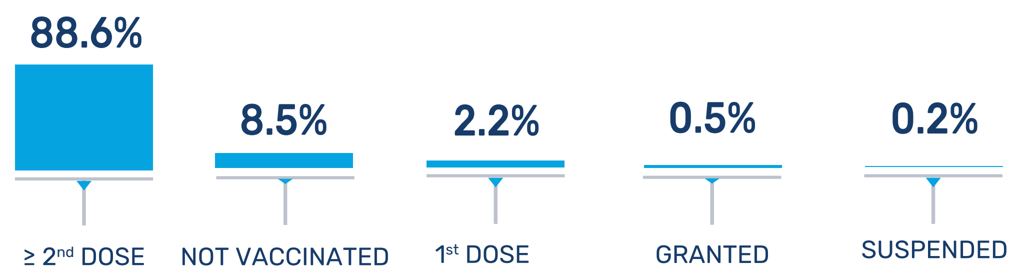
RAPID ANTIGEN TESTS PERFORMED, JAN. TO DEC. 21 TOTAL 922



RT-PCR TESTS PERFORMED, JAN. TO DEC.21 TOTAL 37



WORKFORCE: VACCINATION STATUS COVID - 19



The employees deemed as "Not vaccinated" are mostly employees with data to be updated in the system, so the department is in the process of checking with employees to update the information.

INTERNAL ACHIEVEMENTS - HUMAN CAPITAL POLICIES AND INITIATIVES

Implementation of measures for controlling and mitigating the pandemic	In view of the COVID-19 pandemic situation, the bank adopted a series of internal measures to safeguard its employees and its customers with the implementation of a contingency plan for efficiently managing its workforce, as well as undertaking a series of procedures to combat and control the virus, with emphasis on the internal promotion of the vaccination campaign, the partnership with the Girassol clinic and the MEDIAG laboratories to carry out tests and support urgent situations, occasional disinfection in areas reported with positive cases and the survey to assess the vaccination rate of employees and the regular provision of biosecurity material for employees and customers.
Organisational Environment Survey	With a participation rate of 95% of the employees, the process was successfully concluded, keeping the focus on the active engagement of all in the recommendations to the bank's decisions emphasising greater attention to the aspects of remuneration, performance evaluation and internal communication.
Payment of allowances via e-Kwanza	To promote and boost the é-Kwanza service, since July BAI has adopted the processing of optional allowances compulsory by law via electronic wallet, whose implementation was a success in the institution.
Compensation allowance	Implemented last year in order to minimise the financial burden and the impact on employees' purchasing power, taking into account the increase in the IRT (Labour Income Tax), this allowance saw an increase from 8.5 to 12.5 of the base salary, with effect from the processing of the month of October.
Control function allowance	With a focus on regulatory compliance on the exemption of control areas for attributing variable remuneration, but maintaining levels of competitiveness, an allowance corresponding to 35% of the base salary was attributed to employees associated with control functions, that is, belonging to the key functions of the internal control system, internal audit, Compliance and risk management.
Lunch allowance adjustment	As part of the institution's continuing efforts to improve remuneration conditions and employee benefits, the lunch allowance was adjusted to 8,000.00 Kz (eight thousand kwanzas) for each working day, with effect on the salary for the month of October;
Terminations by mutual agreement due to lack of productivity	Also as part of measures to optimise resources, dimension human capital and reduce costs given the impacts of the COVID-19 pandemic, the negotiation process for termination by mutual agreement due to lack of productivity took place, involving 36 employees. Those concerned were granted a compensation scheme, above that legally established, of two base salaries for each year of actual service up to the limit of seniority, with an acceptance rate of 100%;
Extinction of non-core functions	Also related to the process of optimisation of resources, focus on the core business and reduction of personnel costs, we carried out the extinction in the organisation of the functions considered non-core to the business, and approved the compensation scheme, also above that legally established, of five base salaries for each year of effective service up to the limit of seniority, and also the option of 2 years of contract as service providers in specialised companies. The jobs covered were: pantry worker, cleaning assistant, driver, receptionist and courier;
Inclusion in the health insurance of the Optometry and Lenses service	Inclusion in the current health insurance plan of optometry consultations, which includes the acquisition of lenses, with an annual coverage (ceiling) of 120,000.00 Kz.
Wage processing on the 15th of each month	In order to mitigate the flooding that has been occurring in ATMs and the subsequent mass circulation of manual currency in the domestic economy, in response to the BNA proposal, we have altered the date of payment of employee salaries in the BAI sector.
Extension of working hours in the commercial network	Also in response to a BNA directive that considers that commercial banks must ensure their customers adequate levels of quality of service, BAI approved the model of operating branches on Saturdays, with 61 branches in this process, on a 15-day rotation.
Functional and salary review process	With a focus on the acknowledgement and appreciation of the employees with high performance and potential, 382 employees with above-average performance and high potential were identified throughout the bank, with the purpose of adjusting said salary-related and/or functional framing, based on the history of performance evaluation, demonstration of behaviour aligned with BAI's values, as well as positive performance.

New bank function matrix	In view of the high performance management culture, and the integration of the strategic human capital management processes, the bank's new function matrix was approved and implemented, which clearly establishes the necessary competencies and skills aligned with each person's function and responsibilities, facilitating the integration of critical human capital management processes, with a clear outlining of the specific work areas (technical and management) and visibility up to their career progression limit or stagnation in some cases.
Mobility policy	Focused on achieving regulatory compliance and an efficient and transparent management of the mobility policies and mandatory rotations in the commercial network, in line with the best practices that establish the rules for management.
Implementation of the new salary scale	With a view to improving the levels of internal equity and external competitiveness of the remuneration practice vis-à-vis the market, BAI carried out a salary benchmarking study in the domestic banking sector, resulting in the implementation of the new salary scale, based on a methodology of evaluation and qualification of functions according to the employee's responsibilities and impact on the bank's results. Salary adjustments were made only to those employees considered to be below the minimum level for their current function.
Talent management programme	Aiming to identify, develop and retain BAI's talents, the programme was approved, focusing on the identification of talents through a talent matrix that will allow the institution to analyse their potential in future areas or vacancies in order to create a database for the succession plan for key functions of the organisation.
BAI Scholarship programme	As part of the policy of valuing and training human capital, which aims to allow employees to complete higher education at degree level after working hours in the various study programmes taught by the Higher Institute of Administration and Finance (ISAF), the registration of new applications began in October.
BAI professional traineeships	Created as part of our corporate social responsibility, an opportunity for young graduates to apply the knowledge acquired and exchange experience with BAI professionals, as well as the exchange of new ideas for better matching of profile in the labour market. This programme aims to attract candidates from various areas of knowledge relevant to BAI's *core business*.
Training policy	Focused on compliance with regulatory requirements, this policy specifies and systematises the guidelines and strategy relating to training within the Bank.
Remuneration policy of employees	It is intended to comply with the provisions of articles 186 and subsequent articles of Law no. 14/21, of 19 May - General Scheme of Financial Institutions ("RGIF") and was drawn up in accordance with best practices in the sector, as part of and in accordance with the principles also set forth for the Remuneration Policy of the members of the Governing Bodies. This policy aims to establish the set of principles, rules and procedures by which the form, structure and payment conditions of the employees' remuneration must be determined.
Implementation of a new performance evaluation model (Performance *Model*: Goals and Scorecards (Balanced Score-cards)	With the purpose of promoting the alignment of individual goals with the strategic goals of the organisation and the operational goals of the Organic/Business Units ("cascading" goals), which allows, on the one hand, the promotion of the Employee's personal satisfaction, boosting his/her contribution and individual performance, and on the other hand, greater added value for the Organic/Business Unit and consequently for the Organisation as a whole.
Payment of the performance bonus in the same year as the performance evaluation cycle	Payment of the performance bonus, for the first time in the bank's history, with the salary for the month of December, that is, in the same year as the performance evaluation cycle; establishment of a target of up to 5 (five) salaries as a way of rewarding high performance.

SOCIAL AND CORPORATE SUSTAINABILITY

11

SOCIAL AND CORPORATE **SUSTAINABILITY**

The mission of the BAI Foundation (FBAI) is to contribute to developing a fair, caring and empowered society. To this end, it has developed a series of activities aimed at improving and encouraging individual empowerment, such as, for example, the BAI Scholarship programme, as well as cultural activities which encourage learning outside the classroom context.

Education is the main focus of our action, based on the principle that it plays a role in developing the primordial "asset" of all nations, which is people.

Our pillars of action interconnected with the Sustainable Development Goals (Health and Well-being; Quality Education; Gender Equality and Reduced Inequalities) have allowed us to establish constructive partnerships, cementing the idea that corporate social responsibility can promote change.

In 2021, the FBAI developed and supported projects worth 154.5 million kwanzas, reaching around 95,000 people directly and indirectly.

When reflecting on Corporate Social Responsibility, we linked the Social, Economic and Environmental axes in two community development projects that received particular attention as they encompass the four pillars of the Foundation, Integrated Development Project - Aldeia de Osivambi, in Cunene province and Bairro Verde Força de Vontade located in Luanda in Zango 4.

The Integrated Development Project - Aldeia de Osivambi with 1,000 inhabitants, a school with 4 classrooms and 400 pupils, 1 health post that serves 6,000 patients.

The initial diagnosis highlights: reducing school dropout rates, early pregnancy, youth migration and unemployment by fostering a circular economy system.

To this end, we have initiated an action strategy with the following initiatives:
- Reactivation of solar energy panels;
- Adding two service stations at the health centre;
- Provision of 500 school lunches a day;
- Training for teachers and community agents, with an initial investment of 54 million kwanzas.

The Bairro Verde Força de Vontade, another sustainable partnership since its inception, as its promoters, the Associação dos Amigos de Combate à Luta Contra a Pobreza (Association of Friends Combating Poverty), removed part of the population from the extinct dump of Golf 2 by rehousing them in Zango 4.

This project has 500 families, representing 3,800 inhabitants, 1 primary school, 150 day users at the health post and 3 units producing brooms, blocks and soap.

In 2021 the Foundation's investment was 16 million kwanzas to start activities to strengthen the neighbourhood's self-sustainability, contributing to the construction of 500 social housing units, 30 more jobs in each factory unit, as well as the reorganisation of processes and procedures.

In turn, the following actions were carried out:
- Purchase of 21 products, including machinery and tools;
- Planting of 500 trees;
- Campaign for the collection of plastic bottles, which served as raw material for the production of brooms;
- Purchase of 3 watertank bikes for watering trees and conservation.

IN THE EDUCATION PILLAR:

a) The launch of the "Ser Cidadão" Programme, with the first training of trainers to teach citizenship. Sixty primary school teachers took part in the training, from four schools in Luanda (Zango 3, Kilamba Kiaxi, Viana and Sambizanga), in an investment of 47.9 million kwanzas. This initiative, previously discussed and articulated with the Ministry of Education, aims at increasing the sense of belonging and respect for the common good, improving the behaviour of young people in a social environment, raising awareness to their rights and the rights of others, environmental preservation, national symbols and financial literacy. In 2022, the training sessions will be continued and a holiday camp will be organised during the end-of-year break.

b) Training was given on "Economic and Social Development in Angola in the Post-Covid 19 Future" with Professor Matt Andrews of the Harvard Kennedy School, attended by 98 trainees, including members of the government, academics, managers, company administrators and opinion makers. The Foundation funded the participation of 59 students, in the amount of 40.7 million kwanzas.

c) The scientific research project "Study on the Impact of Public Investment on the Economic Performance of Angola 1994-2020" was launched in partnership with the Centro de Estudos de Investigação Científica da Universidade Católica (Centre for Scientific Research Studies of the Universidade Católica), which will last for two years and will focus on three sectors, Social, Transport and Infrastructure with a total investment of 96.3 million kwanzas. In 2021, 15 million kwanzas were applied in reference to the first semester;

d) Creation of scholarships to support academic qualifications, subdivided into the following modalities:

The Integrated Development Project - Aldeia de Osivambi

O Bairro Verde Força de Vontade

i) "BAI Merit Scholarship Programme" with an investment for the 2021/2022 academic year totalling 271.5 million kwanzas, with 222 merit scholarship holders;
ii) 32 social grants as training incentives to BAI employees;
iii) 24 social support grants provided by tutors and mentors, BAI employees, awarded to students in need.

It should be noted that the grantees are mostly male (96) from Luanda and attend the Accounting and Finance course and this is one of the challenges we aim to tackle in order to increase the number of female students by merit.

IN THE HEALTH PILLAR:

a) Organisation of the Bioethics and Medical Ethics Course, in partnership with CEDUMED - Centro de Estudos avançados em Educação e Formação Médica da Faculdade de Medicina da Universidade Agostinho Neto, given to 250 trainees, with the aim of strengthening the skills of health technicians, of whom 41.5% of the students are trained in general medicine, with 62% female students, with an investment of 48.5 million kwanzas;

b) Support for Research on the Impact of the SARS-Cov 2 and Covid-19 virus, a project under the responsibility of the Scientific Technical Group made up of university professors and specialists to support the National Contingency and Emergency Plan against Covid-19 created by the Ministry of Higher Education, Science, Technology and Innovation, to which the Foundation made a contribution of 10 million kwanzas.

IN THE CULTURE PILLAR:

a) The scheduled cultural activities were attended by 49 speakers, and their dissemination was mostly in an online format.

b) 93,715 people were reached, distributed across our various social platforms, and this was the item with the highest number of views, in order of volume:
i) "Biblioteca do Kandengue" with the reading of children's stories;
ii) "Conversas no Divã" with the aim of addressing mental health issues;
iii) "Meu Mundo Meu Futuro", motivational lectures and stimulation of critical thinking in young people.

c) Two webinars were organised, aimed at raising awareness on capacity-building and artistic empowerment issues:
i) "Multiple Perspectives on Art and Artists in Angola" in partnership with Instituto Camões and Centro Cultural Brasil Angola;
ii) "Cinematography in Angola - Paths and Challenges".

d) The "Tardes de Cacimbo" event was held with the aim of introducing the Foundation's strategic lines and appealing for constructive partnerships, attended by 206 participants and 1,055 views on the digital platforms. The investment in this pillar was 11 million kwanzas.

Other social responsibility projects were supported, such as:
- Health Fair, where doctors from various specialties consulted/attended (free of charge) patients in the municipality of Benfica;
- Children and Youth Festival, which aimed to cultivate interest in cultural activities such as theatre, dance or singing;
- Improvement works to the Talatona Municipal Command Fire Brigade;
- Beginning of the preparation of the "Histórias com Vozes" (Stories with Voices) campaign to showcase beneficiaries supported by the FBAI and whose lives have changed and who are examples of resilience;
- Holding of the VIII Strategic Dialogue in partnership with Instituto Pedro Pires, for Leadership under the main topic "Covid-19 as a pretext to change the world: Africa's contribution" lasting two days in virtual format.

We have invested approximately 6 million kwanzas in all the above projects.

As a Foundation, and with a patron such as BAI, our work began with the organisation of processes, procedures, the creation of mechanisms for analysis, diagnosis, forms to apply for funding, reporting models and project monitoring.

Despite the short period (6 months) in which it was carried out, the overall balance could not have been more satisfactory, since the degree of implementation was around 48%.

The actions carried out were based on three of the four pillars. Although no initiatives in the Sports pillar were undertaken during 2021, several seeds were sown with key partners.

In 2022, we will continue to transform lives, committed to the future, supporting projects that focus on education for citizenship, encouraging child and youth qualification and merit, financial literacy, education for economic sustainability, qualification of health professionals, promotion of cultural projects and stimulating sporting activities.

FINANCIAL ANALYSIS 12

FINANCIAL **ANALYSIS**

In 2021, the Bank's operation generated a net profit of 142 billion kwanzas, 388% higher than the previous year, essentially due to the positive performance of net interest income, which grew 28% to 169 billion kwanzas, driven by the performance of interest and income from investments in financial assets, as well as the recording of the reversal of impairment on other financial assets caused by the reduction of the impairment rate due to the improvement of the sovereign rating in July.

INCOME STATEMENT

				Var. Dec.20 / Dec.21	
Billion kwanzas	Dec.19	Dec.20	Dec.21	Abs.	%
Financial Margin	104	132	169	37	28%
Complementary Margin	111	101	37	(64)	(63%)
Banking Income	215	233	206	(27)	(12%)
Structure Costs	(66)	(86)	(127)	(41)	48%
Impairment for loans	13	(33)	(1)	33	(98%)
Impairment for other financial assets net of reversals and recoveries	(29)	(74)	66	140	(189%)
Impairment for other assets net of reversals and recoveries	(1)	(2)	-	2	(107%)
Provisions net of cancellations	(1)	(1)	(3)	(3)	459%
Current tax	(9)	-	-	-	-
Deferred taxes	(3)	(9)	-	9	(100%)
Net Profit	**119**	**29**	**142**	**113**	**388%**

BANKING INCOME OF AROUND **206** BILLION KWANZAS

FINANCIAL MARGIN

Financial margin stood at 169 billion kwanzas, representing an increase of 28% compared to the same period in the previous year, with the following changes being of particular note:

- Increase in income from investments and financial assets by 38 billion kwanzas (+33%), essentially due to the increase in the average rates of return for Treasury Bonds in Domestic Currency - Not Readjustable (OTMN- NR), Treasury Bills (BT), as well as Treasury Bonds in Foreign Currency (OT-ME), despite the decrease in their value in kwanzas as a result of the appreciation of the domestic currency.

- Increase in interest and charges on customer term deposits by 8% (+4 billion kwanzas), due to the increase in the average rate of return, since the volume of term deposits fell by 217 billion kwanzas.

COMPLEMENTARY MARGIN

				Var. Dec.20 / Dec.21	
Billion kwanzas	Dec.19	Dec.20	Dec.21	Abs.	%
Income from equity instruments	1	1	1	-	32%
Net commissions	14	20	23	3	15%
Income from services and commissions	21	29	34	5	17%
Charges from services and commission	(7)	(9)	(11)	(2)	21%
Income from trading in financial instruments	(1)	9	29	21	244%
Foreign exchange income	100	92	5	(88)	(95%)
Income from the disposal of other assets	(1)	-	(1)	(1)	(340%)
Other operating income	(2)	(21)	(20)	1	(5%)
Net Profit	**111**	**101**	**37**	**(64)**	**(63%)**

Net commissions stood at 23 billion kwanzas, corresponding to growth of 3 billion kwanzas in relation to the previous year, most notably with the following impacts:

- Implementation of the commission on domestic currency transfers over the counter in the second half of the year, which made it possible to collect a total of 6 billion kwanzas.
- An increase of 3 billion kwanzas in commissions related to the closing of POS and withdrawals at ATMs, as a result of changes in the pricing system as well as the surge in operations recorded.
- An increase in income from annual fees and transactions with VISA cards of 900 million kwanzas, as a result of the greater dynamism in card operations.

Income from trading in financial instruments increased by 21 billion kwanzas to 29 billion kwanzas, due to capital gains obtained from the sale of OT-ME and OTMN-NR.

Foreign exchange income fell 95% (-88 billion kwanzas), essentially due to the impact of the appreciation of the domestic currency, which was reflected negatively in the results of the exchange rate fluctuation of indexed Treasury Bonds, as well as in the results of the revaluation of assets and liabilities, recording decreases of 78 billion kwanzas and 13 billion kwanzas, respectively.

STRUCTURE COSTS **+48%**

STRUCTURE COSTS

Staff costs increased by 29% (+12 billion kwanzas):

- Growth in base salaries of 5.0 billion kwanzas, explained by the salary updating of employees considered to be below the minimum level for their function, as well as the adjustment in the compensation allowance, which rose from 8.5% to 12.5%.
- Increase in lunch allowance costs by 500 million kwanzas, resulting from an update made in the second half of the year.
- An increase of 2.7 billion kwanzas in costs with contractual indemnities, resulting from terminations by mutual agreement.

Supplies and services from third parties stood at 60 billion kwanzas, representing an increase of 59% compared to the amount recorded in the same period of the previous year:

- Auditing, consultancy and other specialised technical services costs rose by 7.7 billion kwanzas (+49%), with an increase in consultancy services (+5.2 billion kwanzas, or +75%) and IT services (+1.6 billion kwanzas, or +32%).

- Sundry materials 5.6 billion kwanzas more than in the same period in the previous year (+74%), essentially due to the increase in costs related to the production and personalisation of Multicaixa cards and credit cards, with an increase in both prices and quantity, as well as the costs related to the acquisition of POS.

IMPAIRMENTS

Billion kwanzas	Dec.19	Dec.20	Dec.21	Var. Dec.20 / Dec.21 Abs.	%
Impairment for loans to customers net of reversals and recoveries	13	(33)	(1)	33	(98%)
Impairment for other financial assets net of reversals and recoveries	(29)	(74)	66	140	(189%)
Impairment for other assets net of reversals and recoveries	(1)	(2)	-	2	(107%)
Total	**(17)**	**(109)**	**65**	**175**	**(160%)**

During the period under review, there was a slight reinforcement of impairment for loans to customers, as well as a reversal of impairment for other financial assets, explained by the improvement in Angola's sovereign rating and the subsequent reduction in the impairment rate for exposure to the State (essentially composed of securities), with this remaining classified in stage 1 considering the positive outlook for the economy.

BALANCE SHEET ANALYSIS

Billion kwanzas	Dec.19	Dec.20	Dec.21	Var. Dec.20 / Dec.21 Abs.	%
Balance sheet					
Cash and Cash Equivalents	486	501	640	139	28%
Investments in Central Banks and other CI	630	672	717	45	7%
Investments and Financial Assets	915	1,349	1,148	(201)	(15%)
Loans to customers	449	367	357	(10)	(3%)
Other assets	162	168	177	9	5%
Net Asset	**2,642**	**3,057**	**3,039**	**(18)**	**(1%)**
Customer Resources and Other Loans	2,285	2,705	2,526	(179)	(7%)
Other liabilities	59	61	95	34	56%
Own Funds	298	291	418	127	44%
Liabilities and Own Funds	**2,642**	**3,057**	**3,039**	**(18)**	**(1%)**

CUSTOMER RESOURCES

Billion kwanzas	Dec.19	Dec.20	Dec.21	Var. Dec.20 / Dec.21 Abs.	%
By type					
Demand Deposits	995	1,350	1,401	50	4%
Term Deposits	1,208	1,337	1,120	(217)	(16%)
Other Deposits	82	17	5	(12)	(71%)
Total	**2,285**	**2,705**	**2,526**	**(179)**	**(7%)**
By Currency					
Domestic Currency	750	937	1,075	137	15%
Foreign Currency	1,535	1,767	1,451	(316)	(18%)
M USD (fdp exchange rate)	3,183	2,720	2,614	(106)	(4%)
Total	**2,285**	**2,705**	**2,526**	**(179)**	**(7%)**

Customer resources recorded a 7% decrease (179 billion kwanzas) compared to the previous year, due to the 18% drop in deposits in foreign currency as a result of the appreciation of the exchange rate (15% in USD currency) and the 4% reduction in these deposits in foreign currency, partly explained by the stricter compliance with exchange regulations with regard to the movement of accounts between foreign exchange residents. In turn, deposits in domestic currency increased 15%, above the M2 increase in domestic currency (0.7%).

In sectoral terms, the change in foreign currency deposits is mainly explained by the decrease in deposits from the private non-financial business sector by 28% (243 billion kwanzas) and from the private customers sector by 22% (155 billion kwanzas). With regard to deposits in domestic currency, the increases in the volume of deposits in the private sector by 26% (87 billion kwanzas) and by the Central Government by 188% (25 billion kwanzas) are noteworthy.

CASH AND CASH EQUIVALENTS

Billion kwanzas	Dec.19	Dec.20	Dec.21	Var. Dec.20 / Dec.21 Abs.	%
Cash	23,367	22,867	27,078	4,211	18%
Cash Equivalents at Central Banks	309,953	288,836	526,567	237,731	82%
Cash equivalents in other credit institutions	152,935	188,887	86,142	(102,745)	(54%)
Impairment of cash equivalents with financial institutions	(49)	(27)	(17)	9	(35%)
Credits in the payment system	78	272	282	10	4%
	486,284	**500,836**	**640,051**	**139,215**	**28%**

The balance of cash and cash equivalents increased 28% (+ 139,216 billion kwanzas), resulting from the monetary policy measures implemented during the period under review, with emphasis on the increase in the coefficient of mandatory reserves in foreign currency, which rose from 17% to 22%, influencing the growth of cash equivalents at the central bank by 82% (+ 237,731 billion). On the other hand, cash and cash equivalents in other credit institutions fell by 102,651 billion kwanzas (-54%), essentially due to the reduction in cash and cash equivalents in other credit institutions abroad.

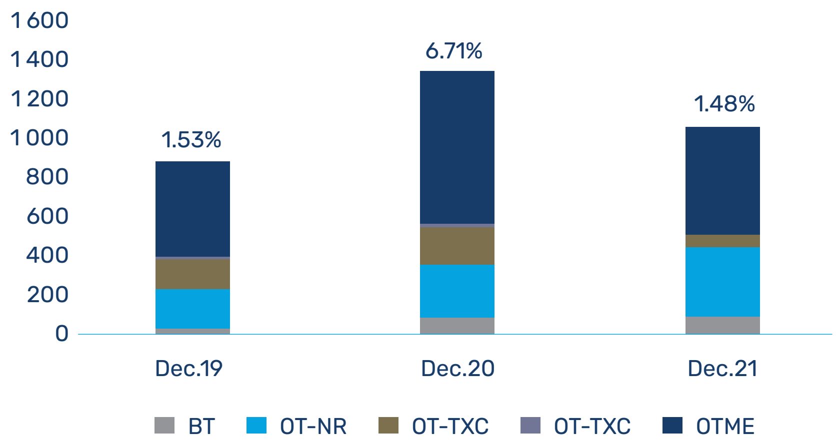
INVESTMENTS AND FINANCIAL ASSETS

Billion kwanzas	Dec.19	Dec.20	Dec.21	Var. Dec.20 / Dec.21 Abs.	Var. Dec.20 / Dec.21 %
Investments at amortized cost	**870**	**1,354**	**1,093**	**(261)**	**(19%)**
(-) Accumulated impairment losses	(13)	(91)	(16)	75	(82%)
Total	**856**	**1,263**	**1,077**	**(187)**	**(15%)**
Financial assets at fair value through profit or loss	**58**	**85**	**71**	**(14)**	**(17%)**
Total IAF	**915**	**1,349**	**1,148**	**(201)**	**(15%)**

The portfolio of investments and financial assets stood at 1,148 billion kwanzas, corresponding to a decrease of 15% (201 billion kwanzas) compared to December 2020. The increase in Treasury Bonds in Domestic Currency - Not Readjustable (OTMN-NR) by 30% (82 billion kwanzas), in the portfolio of investments at amortized cost, was not sufficient to offset the impact of the reduction both at the level of Bonds in foreign currency (essentially explained by the sale of Treasury Bonds in Foreign Currency and the decrease in their real value due to the appreciation of the domestic currency as well as the sales that took place during the year), and at the level of Indexed Treasury Bonds (OTMN-TXC), whose reduction derives from the considerable maturities recorded in the first quarter of the year under review.

The impairment rate on the portfolio improved from 6.71% to 1.48% as a result of the improvement in Angola's rating in July, having maintained its classification in stage 1 of impairment.

INVESTMENTS AT AMORTIZED COST (GROSS)
AND THE IMPAIRMENT RATE (BILLION KWANZAS)



LOANS

Billion kwanzas	Dec.19	Dec.20	Dec.21	Var. Dec.20 / Dec.21 Abs.	Var. Dec.20 / Dec.21 %
Outstanding loans	528	486	480	(5)	(1%)
Defaulting loans	125	113	115	2	2%
Up to 30 days	13	12	35	23	193%
From 30 to 90 days	8	8	8	1	7%
More than 90 days	104	93	72	(21)	(22%)
Interest receivable	34	56	76	21	37%
Gross loans	**687**	**654**	**672**	**18**	**3%**
(-) Accumulated impairment losses	(238)	(288)	(315)	(27)	9%
Net loans	**449**	**367**	**357**	**(10)**	**(3%)**
Overdue loans +30 days	16%	15%	12%	(3%)	(22%)
Defaulting loans (+90 days)	15%	14%	11%	(3%)	(25%)
Defaulting loans	18%	17%	17%	(0%)	(1%)

Gross loans stood at 672 billion kwanzas in December 2021, an increase of 18 billion kwanzas over the same period of the previous year.

This change is explained, essentially, by the following effects:

- Growth in the loan portfolio in domestic currency of around 22% (106 billion kwanzas), mainly due to the increase in the private non-financial business sector by 17% (62 billion kwanzas) and in the private customers sector by 35% (36 billion kwanzas).

- Reduction of the loan portfolio in foreign currency by 50% (88 billion kwanzas), explained by, (i) the decrease in the stock of loans to the Central Government by 63 billion kwanzas, (i) the decrease in the stock of loans to private customers by 20 billion kwanzas, partially explained by the process of converting loans in foreign currency into domestic currency and (iii) the appreciation of the kwanza exchange rate against the USD by 15%.

APPLICATION OF RESULTS PROPOSAL 13

Taking into account the legal and statutory provisions, the Board of Directors proposes that the net profit of 141,541,497,664.39 (One hundred and forty-one billion, five hundred and forty-one million, four hundred and ninety-seven thousand, six hundred and sixty-four kwanzas and thirty-nine cents), for the year ended 31 December 2021, be applied as follows:

	%	Kwanzas
For legal reserves	10	14,154,149,766.44
For free reserves	55	77,847,823,715.41
For dividends	35	49,539,524,182.54

FINANCIAL STATEMENTS 14

APPROVAL FROM THE BOARD OF DIRECTORS

The Board of Directors of BAI - Banco Angolano de Investimentos S.A., is responsible for the preparation, integrity and objectivity of the Financial Statements.

Luanda, 24 February 2022

THE BOARD OF DIRECTORS

JOSÉ PAIVA
Chairman of the Board of Directors

MÁRIO BARBER
Vice-chairman

THEODORE GILETTI
Vice-chairman

JAIME BASTOS
Director

OMAR GUERRA
Director

CARLOS CHAVES
Director

LUÍS LÉLIS
Director

INOKCELINA SANTOS
Director

HÉLDER AGUIAR
Director

SIMÃO FONSECA
Director

JOÃO FONSECA
Director

IRISOLANGE VERDADES
Director

JOSÉ MANUEL
Director

14.1. FINANCIAL STATEMENTS

14.1.1. BALANCE SHEET

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2021 AND 2020

Amounts expressed in thousand kwanzas - mKz except when expressly indicated	Notes	31-12-2021	31-12-2020
Assets			
Cash and cash equivalents at central banks	4	553,645,330	311,703,705
Cash equivalents in other credit institutions	5	86,406,115	189,132,058
Investments in central banks and other credit institutions	6	717,016,222	672,037,748
Financial assets at fair value through profit or loss	7	70,646,786	85,015,575
Financial assets at fair value through other comprehensive income	8	446,155	433,991
Investments at amortized cost	9	1,076,782,432	1,263,492,435
Loans to customers	10	356,920,274	366,758,738
Non-current assets held for sale	11	18,683,114	18,785,798
Other tangible assets	12	100,494,320	94,954,356
Intangible assets	12	11,838,476	5,846,194
Investments in subsidiaries, associates and joint ventures	13	13,146,569	8,927,045
Current tax assets	14	956,162	1,286,181
Deferred tax assets	14	216,851	122,139
Other assets	15	32,050,196	38,408,520
Total Assets		**3,039,249,002**	**3,056,904,482**
LIABILITIES AND EQUITY			
Resources from central banks and other credit institutions	16	23,086,231	7,155,946
Customer resources and other loans	17	2,525,617,614	2,704,505,513
Current tax liabilities	14	3,101,404	3,101,404
Provisions	18	11,986,165	7,937,284
Other liabilities	19	57,057,367	42,833,751
Total Liabilities		**2,620,848,781**	**2,765,533,898**
Share capital	20	157,545,000	157,545,000
Issue premiums	16	(9,204,478)	(9,204,478)
Own shares	17	(739,335)	(739,335)
Revaluation reserves	14	(349,661)	(173,767)
Other reserves and retained earnings	18	129,607,198	115,271,233
Individual net profit for the year	19	141,541,497	28,671,931
Total Equity		**418,400,221**	**291,370,584**
Total Liabilities and Equity		**3,039,249,002**	**3,056,904,482**

The accompanying notes are an integral part of these statements.

14.1.2. INCOME STATEMENTS

INDIVIDUAL INCOME STATEMENTS
FOR THE YEARS ENDED ON 31 DECEMBER 2021 AND 2020

Amounts expressed in thousand kwanzas - mKz except when expressly indicated	Notes	31-12-2021	31-12-2020
Interest and similar income calculated using the effective interest rate method	22	220,363,497	180,390,654
Interest and similar income not calculated using the effective interest rate method	22	8,138,335	7,100,277
Interest and similar charges	22	(59,609,679)	(55,297,960)
Financial margin		**168,892,153**	**132,192,971**
Income from equity instruments	23	1,237,737	935,137
Income from services and commissions	24	33,679,216	28,880,969
Charges from services and commission	24	(10,806,598)	(8,921,250)
Income from financial assets and liabilities at fair value through profit or loss	25	5,158,524	7,929,371
Income from investments at amortized cost	26	24,310,056	626,218
Foreign exchange income	27	4,562,935	92,133,906
Income from the disposal of other assets	28	(932,411)	389,181
Other operating income	29	(19,989,532)	(21,124,616)
Banking income		**206,112,080**	**233,041,887**
Staff costs	30	(54,479,720)	(42,281,674)
Third-party supplies and services	32	(60,448,922)	(37,966,857)
Depreciation and amortisation for the year	33	(11,923,840)	(5,719,897)
Provisions net of cancellations	34	(3,087,123)	(552,619)
Impairment for loans to customers net of reversals and recoveries	35	(637,694)	(33,182,821)
Impairment for other financial assets net of reversals and recoveries	36	65,893,395	(74,389,903)
Impairment for other assets net of reversals and recoveries	37	113,321	(1,714,135)
INCOME BEFORE TAX FROM ONGOING TRANSACTIONS		**141,541,497**	**37,233,981**
Income tax			
Deferred taxes	14	-	(8,562,050)
INCOME AFTER TAX FROM ONGOING TRANSACTIONS		**141,541,497**	**28,671,931**
INDIVIDUAL NET PROFIT FOR THE YEAR		**141,541,497**	**28,671,931**
Shares outstanding	20	18,477,500	18,477,500
Basic and diluted earnings per share (in kwanzas)	20	7,660	1,552

The accompanying notes are an integral part of these statements.

14.1.3. INCOME STATEMENTS

INDIVIDUAL INCOME STATEMENTS
FOR THE YEARS ENDED ON 31 DECEMBER 2021 AND 2020

Amounts expressed in thousand kwanzas - mKz except when expressly indicated	Notes	31-12-2021	31-12-2020
Individual net profit for the year		141,541,497	28,671,931
Other comprehensive income			
Changes resulting from gains/losses on equity instruments at fair value through other comprehensive income			
Gross value	21	(270,607)	193,097
Tax impact	14	94,713	(40,481)
Income not included in the income statement		(175,894)	152,616
Total individual comprehensive income for the year		**141,365,603**	**28,824,547**

The accompanying notes are an integral part of these statements.

14.1.4. STATEMENT OF CHANGES IN EQUITY

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED ON 31 DECEMBER 2021 AND 2020

Amounts expressed in thousand kwanzas - mKz except when expressly indicated

					Revaluation Reserves		Other reserves and retained earnings					
	Notes	Share capital	Issue Premiums	Own shares	Fair-value reserves	Sub-total	Legal reserve	Other reserves	Retained earnings	Sub-total	Individual net profit for the year	Total Equity
Balances as at 31 December 2019		157,545,000	(9,204,478)	(739,335)	(326,383)	(326,383)	-	52,998,947	(20,840,900)	32,158,047	118,733,122	298,165,973
Application of individual net profit for the year												
Transfer to legal reserve		-	-	-	-	-	11,873,312	-	-	11,873,312	(11,873,312)	-
Transfer to other reserves		-	-	-	-	-	-	50,398,974	20,840,900	71,239,874	(71,239,874)	-
Dividend distribution		-	-	-	-	-	-	-	-	-	(35,619,936)	(35,619,936)
Individual comprehensive income for the year		-	-	-	152,616	152,616	-	-	-	-	28,671,931	28,824,547
Balances as at 31 December 2020		157,545,000	(9,204,478)	(739,335)	(173,767)	(173,767)	11,873,312	103,397,921	-	115,271,233	28,671,931	291,370,584
Application of individual net profit for the year					-	-	2,867,193	-	-	2,867,193	(2,867,193)	-
Transfer to legal reserve	21	-	-	-	-	-	-	11,468,772	-	11,468,772	(11,468,772)	-
Transfer to other reserves	21	-	-	-	-	-	-	-	-	-	(14,335,965)	(14,335,965)
Dividend distribution		-	-	-	(175,894)	(175,894)	-	-	-	-	141,541,497	141,365,603
Individual comprehensive income for the year		-	-	-								
Balances as at 31 December 2021		157,545,000	(9,204,478)	(739,335)	(349,661)	(349,661)	14,740,505	114,866,693	-	129,607,198	141,541,497	418,400,221

The accompanying notes are an integral part of these statements.

14.1.5. CASH FLOW STATEMENTS

INDIVIDUAL CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DEC. 2021 AND 2020

Amounts expressed in thousand kwanzas - mKz except when expressly indicated	Notes	31-12-2021	31-12-2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, commissions and other similar income received		240,327,016	185,508,253
Interest, commissions and other similar costs paid		(74,067,954)	(61,069,740)
Payments to employees and suppliers		(103,124,529)	(68,570,968)
Payments and contributions to pension funds and other benefits		(3,727,483)	(3,057,601)
Recovery of loans written off from assets		-	5,747
Other income		18,211,686	35,314,619
CASH FLOWS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		**77,618,736**	**88,130,310**
(Increases)/Decreases in operating assets:			
Investments in central banks and other credit institutions		(136,964,889)	146,284,940
Financial assets at fair value through profit or loss		11,360,689	650,632
Financial assets at fair value through other comprehensive income		(282,772)	(361,643)
Investments at amortized cost		169,406,043	(261,579,051)
Loans to customers		25,034,305	124,442,224
Non-current assets held for sale		766,402	(760,643)
Other assets		3,977,992	10,359,873
NET CASH FLOW FROM OPERATING ASSETS		**73,297,770**	**19,036,332**
Increases/(Decreases) in operating liabilities:			
Resources from central banks and other credit institutions		15,907,077	1,027,037
Customer resources and other loans		85,228,057	(100,763,444)
Other liabilities		(7,588,905)	(29,348,846)
NET CASH FLOW FROM OPERATING LIABILITIES		**93,546,229**	**(129,085,253)**
Net cash from operating activities before income taxes		244,462,735	(21,918,611)
Income tax paid		-	(7,724,923)
NET CASH FROM OPERATING ACTIVITIES		**244,462,735**	**(29,643,534)**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Dividends received	23	1,237,737	1,195,591
Acquisitions of other tangible assets, net of disposals	12	(14,309,351)	(14,939,591)
Acquisitions of intangible assets, net of disposals	12	(8,896,217)	(4,120,420)
Acquisitions of shares in subsidiaries, associates and joint ventures, net of disposals	13	(4,219,524)	-
NET CASH FROM INVESTMENT ACTIVITIES		**(26,187,355)**	**(17,864,420)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend distribution	21	(14,335,965)	(35,619,936)
Payments of lease liabilities	19	(1,543,282)	(1,349,671)
NET CASH FROM FINANCING ACTIVITIES		**(15,879,247)**	**(36,969,607)**
CHANGE IN CASH AND CASH EQUIVALENTS		**202,396,133**	**(84,477,561)**
Cash and cash equivalents at the beginning of the period		500,835,763	486,284,423
Effects of the change in exchange rate on cash and cash equivalents		(63,180,451)	99,028,901
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**640,051,445**	**500,835,763**
CASH AND CASH EQUIVALENTS INCLUDES:			
Cash	4	27,078,399	22,867,478
Demand deposits at Banco Nacional de Angola	4	526,566,931	288,836,227
Cash equivalents in other credit institutions	5	86,406,115	189,132,058
		640,051,445	**500,835,763**

The accompanying notes are an integral part of these statements.

ANNEX TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 AND 2020

1. INTRODUCTORY NOTE

Banco Angolano de Investimentos, S.A., (hereinafter called "Bank" or "BAI"), with head office in Luanda, is a private capital Bank, including non-resident entities. The Bank was founded on 14 November 1996. Its commercial practice started on 4 November 1997. On 11 January 2011, the Bank changed its commercial name from Banco Africano de Investimentos, S.A. to Banco Angolano de Investimentos, S.A.

The corporate object of the Bank is to conduct banking activities, within the terms and limits set by the National Bank of Angola (hereinafter called "BNA"), engaging in the acquisition of resources owned by third parties in the form of deposits, deposit certificates and cash bonds, which it uses, along with its own resources, to grant loans, make deposits at the BNA, investments in financial institutions, purchase bonds or other assets for which it is duly authorised. It also provides other banking services and carries out foreign currency transactions, having at its disposal a national network of 155 branches.

The financial statements were approved by the Board of Directors and authorised for issue on 25 February 2022.

2. ACCOUNTING POLICIES

2.1 BASES OF PRESENTATION

Under the provisions of BNA Notice no. 5/2019, of 30 August, the Bank's financial statements are prepared on a going-concern basis and in accordance with the International Accounting and Financial Reporting Standards (IAS/IFRS). The financial statements now presented refer to the Bank's individual activity as at 31 December 2021, as required by corporate law. The IAS/IFRS require these statements to be preceded or disclosed together with the consolidated financial statements and the Bank is proceeding with their a posteriori disclosure.

The IAS/IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and by the bodies that respectively preceded them.

Individual financial statements are quantified in thousand Kwanzas (mKz) and are rounded off to the nearest thousand, and are also prepared according to the historical cost principle, except for financial assets measured at fair value through profit or loss and financial assets measured through other comprehensive income.

Preparing financial statements in accordance with the IAS/IFRS requires the Bank to apply judgements and estimates and use assumptions that affect accounting policies, income amounts, costs, assets and liabilities. Changes in those assumptions or differences between these and reality may have an impact on real estimates and judgements. Areas where a greater level or judgement or complexity is applied, or where significant assumptions and estimates are used in preparing financial statements, are detailed in Note 3, namely estimates made on the impact of the Covid-19 pandemic (Note 3.6).

BNA, the Angolan Bank Association ("ABANC") and the Bank's Board of Directors are of the opinion that the requirements set forth in IAS 29 – Financial reporting in hyperinflationary economies - were not met for the Angolan economy to be considered hyperinflationary during the financial years ended on 31 December 2017 and 2018, and, therefore, decided not to apply the IAS 29 provisions to the financial statements as at those dates.

During the financial years ended on 31 December 2020 and 2021, the requirements set out in IAS 29 were no longer met. Nevertheless, due to the fact that the Bank did not apply IAS 29 in the financial years 2017 and 2018, as at 1 January 2019, the Bank did not have its balance sheet adjusted to the requirements provided for in this accounting standard.

The accounting policies and calculations were applied consistently with those used in the financial statements as at 31 December 2020.

2.2 FOREIGN CURRENCY TRANSACTIONS

Assets and liabilities in foreign currency are recorded according to the multi-currency system, i.e., in the corresponding currency of denomination.

Transactions in foreign currency are converted to Kwanzas at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are converted to Kwanzas at the average exchange rate published by the BNA at the date of the balance sheet. Costs and income regarding foreign exchange differences, realised or potential, resulting from currency conversion are recognised in results, in the Foreign Exchange Results item (Note 28).

Non-monetary assets and liabilities denominated in foreign currency are converted to Kwanzas according to the following methodology:
- Recorded at historical cost - at the exchange rate on the date of the transaction;

- Recorded at fair value - at the exchange rate on the date in which the fair value is calculated and recognised against profit or loss, except for the ones recognised as financial assets at fair value through other comprehensive income, whose difference is recorded against equity.

The reference exchange rates of the Kwanza against the United States Dollar (USD) and the Euro (EUR) were as follows:

Reference financial year	USD	EUR
31-12-2021	554.981	629.015
31-12-2020	649.604	798.429

2.3 FINANCIAL INSTRUMENTS

(i) Classification, initial recognition and subsequent measurement in accordance with IFRS 9 - Financial Instruments, financial assets can be classified into three categories with different measurement criteria (amortized cost, fair value through profit or loss and fair value through other comprehensive income).

Asset classification depends on the contractual cash flow characteristics and the business model associated with them.

Regarding the contractual cash flow characteristics, the criteria is to assess if they only reflect the payment of principal and interest (SPPI - Solely Payments of Principal and Interest).

As for business model, the norm identifies two models that are relevant to the Bank's business:
- Business model whose objectives are achieved by obtaining the asset's contractual cash flows (Hold to collect); and,
- Business model whose objectives are achieved by both collecting the contractual cash flows from the asset and from its sale (Hold to collect and sell).

A debt financial instrument that (i) is managed under a business model whose objective is to hold the financial assets in the portfolio and receive all their contractual cash flows and (ii) has contractual cash flows on specified dates that correspond solely to the payment of principal and interest on the principal amount owed - should be measured at amortized cost, unless it is designated at fair value through profit or loss under the fair-value option - "Hold to Collect".

A debt financial instrument that (i) is managed under a business model whose objective is achieved by either collecting contractual cash flows or selling the financial assets and (ii) contains contractual provisions that give rise to cash flows that correspond solely to the payment of principal and interest on the principal amount owed - should be measured at fair value against other comprehensive income ("FVOCI"), unless it is designated at fair value through profit or loss under the fair-value option - "Hold to Collect and Sell".

All other debt financial instruments should be measured at fair value through profit or loss ("FVPL").

The Bank has assessed its business models based on a wide range of indicators, most notably its business plan and current risk management policies.

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level, as this procedure better reflects how the business is managed and how information is made available to management bodies. The information considered includes:
- Policies and objectives set for the portfolio and the practical operability of such policies. In particular, the way the management strategy focuses on payments of contracted interest, keeping a certain profile of interest rate, combining the duration of financial assets with that of the liabilities that fund these assets or the fulfilment of cash flows through the disposal of assets;
- The way in which the portfolio performance is assessed and reported to the Bank's key management bodies;
- The risks that affect the business model performance (and the financial assets held as part of that business model) and the manner in which such risks are managed;
- The remuneration of business managers (e.g. the extent to which compensation depends on the fair value of assets under management or the contractual cash flows received); and
- The frequency, volume and periodicity of sales from previous financial years, the reasons for such sales and expectations on future sales. However, sales information should not be considered separately and should instead be part of an overall assessment on how the Bank establishes objectives for financial asset management and how cash flows are generated.

Financial assets held for trading and whose performance is evaluated on a fair-value basis are measured at fair value through profit or loss due to not being held for contractual cash flows or to collect contractual cash flows and sell those financial assets.

Assessment of whether contractual cash flows correspond only to capital and interest payment.

For the purposes of this assessment, "capital" is defined as the fair value of the financial asset upon initial recognition. "Interest" is defined as consideration for the time value of money and the loan risk associated with the amount outstanding over a given period of time and for other risks and costs associated with the activity (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing instruments whose contractual cash flows relate solely to payment of capital and interest, the Bank considered the instrument's original contractual terms. This assessment involves analysing whether the financial asset contains a contractual term that allows the periodicity or amount of the contractual cash flows to be altered so that they do not meet the SPPI condition. In the assessment process, the Bank took into consideration:
- Contingent events that may change the periodicity and amount of cash flows;
- Leverage features;
- Prepayment and maturity extension terms;
- Terms that may limit the Bank's right to claim cash flows in relation to specific assets (e.g. non-recourse financing); and
- Features that may change the compensation for the time value of money (e.g. periodic resetting of interest rates).

As mentioned before, for the "Hold to Collect" business model, in order to assess sale frequency and outcome, a few quantitative thresholds were put in place taking into account previous experiences. The threshold for frequency is set by the number of transactions in a specific period. The threshold for outcome is set based on the accounting value weight on the part of the total portfolio to be alienated. Sales forecast on financial assets classified according to this model do not exceed the Bank's set thresholds.

As for the remaining financial instruments, namely own capital instruments and derivatives, they are, by definition, classified at fair value through profit or loss. For equity instruments, there is an irrevocable option to determine that all fair-value changes be recognised under other comprehensive income, in which case only dividends are recognised under results even at the time of their derecognition/sale.

Loan granted and accounts receivable

Loan granted and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not rated in an active market and that are not intended to be sold in the short term. These include loans granted to customers, cash and cash equivalents, investments in credit institutions and other amounts receivable that are not tradable in an active market. They are registered for the contracted amounts when originated by the Bank or by the paid amounts when procured from other entities. Loan granted and accounts receivable are initially recognised at their fair value plus transaction costs, and then valued at amortized cost, based on the effective interest rate method, and then presented in the balance sheet deducted from impairment losses. Interest recognised through the effective interest rate method is linearly recognised in the financial margin.

Loan granted and accounts receivable are derecognised from the balance sheet when (i) the Bank's contractual rights to its respective cash flows expired, (ii) the Bank transferred all risks and benefits associated with them, or (iii) despite the Bank holding part but not all risks and benefits associated with it, asset control was transferred.

Reclassifications

Financial assets must be reclassified whenever a change in the business model occurs. In this situation, all portfolio financial assets that were modified by the business model must be reclassified, with the measurements and classification requirements regarding the new category now being applied from the reclassification date, and no income, losses or interests previously recognised should be restated. Financial assets, in their reclassification date, are measured at fair value.

Investment reclassification in capital instruments measured at fair value through other comprehensive income is not allowed, nor is it for financial instruments designated at fair value through profit or loss.

Reclassification of financial liabilities is not allowed.

Loan sale

Gains and losses obtained through definitive loans sale are recorded under the income statement item "results from the alienation of other assets (Note 27). These gains and losses correspond to the difference between the set sale value and the balance sheet value of those assets, net of impairment losses.

Derecognition

i) The Bank derecognises a financial asset when, and only when:
- The contractual rights to the cash flows from the financial asset expire; or
- Transfers the financial asset as set forth in (ii) and (iii) below and such transfer meets the conditions for derecognition in accordance with (iv).

ii) The Bank transfers a financial asset if, and only if, one of the following situations occurs:
- Transfers the contractual rights to receive the cash flows of the financial asset; or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an agreement that meets the conditions in (iii).

iii) When the Bank retains the contractual rights to receive the cash flows of a financial asset ("original asset"), but assumes a contractual obligation to pay those cash flows to one or more entities ("final recipients"), the Bank treats the transaction as a financial asset transfer if, and only if, all of the following three conditions are met:
- The Bank has no obligation to pay amounts to the final recipients unless it receives equivalent amounts arising from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;
- As per the transfer agreement, the Bank is prohibited from selling or pledging the original asset other than as collateral to the final recipients for the obligation to pay them cash flows; and
- The Bank has an obligation to remit any cash flows it receives on behalf of the final recipients without material delay. In addition, it does not have the right to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period between the date of receipt and the date of required delivery to the final recipients, and interest received as a result of such investments is passed to the final recipients.

iv) When the Bank transfers a financial asset (see ii above), it should assess to what extent it retains the risks and benefits resulting from the ownership of that asset. In this case:
- If the Bank substantially transfers all the risks and benefits resulting from the ownership of such financial asset, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained with the transfer;
- If the Bank substantially retains all risks and benefits resulting from the ownership of the financial asset, it shall continue to recognise the financial asset;
- If the Bank neither transfers nor retains substantially all the risks and benefits resulting from the ownership of the financial asset, it shall determine whether it has retained control of the financial asset. In this case:
  a) If the Bank has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained with the transfer; and
  b) If the Bank has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

v) The transfer of risks and benefits referred to in the preceding paragraph is evaluated by comparing the Bank's exposure, before and after the transfer, to the variability in the amounts and timing of the net cash flows resulting from the transferred asset.

vi) The question of whether or not the Bank has retained control (see iv above) of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the entity is deemed not to have retained control. In all other cases, the entity is deemed to have retained control.

Assets pledged as collateral by the Bank through repurchase agreements and other transactions are not derecognised because the Bank holds substantially all risks and benefits based on the predetermined repurchase price, thus not meeting the derecognition criteria.

Financial liabilities are derecognised when the underlying obligation is settled, expires or is cancelled.

Loan changes

The Bank occasionally renegotiates or modifies the contractual cash flows of loans and advances to customers. In these situations, the Bank assesses whether the new contract terms are substantially different from the original terms. The Bank performs this analysis considering, among others, the following factors:

- If the debtor is in financial difficulty, if the modification merely reduces the contractual cash flows to an amount that the debtor can be expected to repay;
- Whether any significant new terms, such as profit-sharing or equity-based return, have been introduced that substantially affect loan risk;
- Significant extension of the contract maturity when the debtor is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency in which the loan was contracted;
- Inclusion of a collateral, guarantee or other credit enhancement that significantly affects the loan risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognises the original financial asset and recognises the new asset at fair value, calculating its new effective interest rate. The date of renegotiation is considered the date of initial recognition for the purposes of calculating impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognised financial asset is impaired at initial recognition, especially when the renegotiation is related to the debtor's failure to make the originally agreed-upon payments. Differences in the carrying amount are recognised in results, as a derecognition gain or loss.

If the terms of the contract are not significantly different, the renegotiation, or modification, does not result in derecognition and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a gain or loss from this modification in results. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for impaired, originated or acquired financial assets).

Following the modification, the Bank may determine that the credit risk has improved significantly and that the assets have moved from stage 3 to stage 2 (ECL lifetime) or from stage 2 to stage 1 (ECL 12 months). This situation can only occur when the performance of the modified asset is in accordance with the new terms of the contract during a period of twelve consecutive months. Additionally, the Bank continues to monitor if there has been a significant increase in credit risk on these assets, applying specific models for modified assets.

Asset write-off policy

The Bank recognises a written-off loan when it has no reasonable expectations of recovering the asset in its entirety. This record occurs after all the actions undertaken by the Bank have proved unsuccessful and all the conditions for its tax deductibility have been met.

Guarantees and irrevocable commitments

Liability for guarantees given and irrevocable commitments are recorded in off-balance sheet items for the amount at risk, with the interest, commissions or other income flows being recorded in the income statement over the period of these transactions.

Performance guarantees are initially recognised at fair value, which is normally shown by the value of commissions received over the lifetime of the contract. Upon breach of contract, the Bank has the right to reverse the guarantee, the amounts being recognised under Loans and advances to customers after the transfer of the compensation for losses to the beneficiary of the guarantee.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include own capital and debt instruments that are recorded upon initial recognition at fair value. Gains and losses relating to subsequent changes in fair value are reflected in a specific own capital item called "Fair-value reserve" until their sale where they are reclassified to results for the year, with the exception of capital instruments that remain in equity.

The inherent interest is calculated in accordance with the effective interest rate method and recorded in the income statement under the item "Interest and similar income".

Income from equity instruments is recognised in the income statement item "Income from equity instruments" on the date of attribution. According to this criterion, anticipated dividends are recorded as income in the year when their distribution is decided.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from subsequent valuation at fair value are recognised in the income statement.

The fair value of financial assets at fair value through profit or loss traded in asset markets is their most representativebid price, within the "bid-ask" interval or their closing rating as at the balance sheet date. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques which include price appraisal models or "discounted cash flows" techniques.

When "discounted cash flows" techniques are used, future financial flows are estimated in accordance with management expectations and the discount rate used corresponds to the market rate for financial instruments with similar characteristics. In price assessment models, all data correspond to information on market prices.

Sale transactions with repurchase agreement

Bonds sold with repurchase agreement are kept in the portfolio where they were initially recorded. Funds received are recorded at the settlement date, in a specific liability account, with periodic interest payment.

Impairment losses

IFRS 9 determines that the concept of impairment based on expected losses is applied to all financial assets except financial assets measured at fair value through results and equity instruments measured at fair value through own capital, thus anticipating the recognition of loan losses in the financial statements of institutions.

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

The Bank measures the expected loss individually, or on a collective basis, for portfolios of financial instruments that share similar risk characteristics. The measurement of impairment for loss is based on the present value of the asset's expected cash flows using the asset's original nominal interest rate, regardless of whether it is measured individually or collectively. Individually analysed transactions that have individual impairment rates of less than 10% are referred to the collective impairment calculation process by homogeneous groups.

According to the standard, there are two methods for calculating impairment losses: (i) individual analysis and (ii) collective analysis.
The objective of individual analysis is to ensure a more judicious analysis of the situation of customers with exposures considered individually significant in the Bank. The significance of the exposures is determined by reference to qualitative and quantitative criteria that reflect the size, complexity and risk associated with the portfolio.

The assessment of the existence of impairment losses in individual terms is determined through an analysis of total loan exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses, at each balance sheet date, the existence of objective evidence of impairment.

The analysis of each customer/economic group, as well as the existence of impairment losses, should take into consideration, among others, the following factors:

- Contractual aspects, assessing potential non-compliance with contractual terms, or the existence of loans restructured due to customers' financial difficulties;
- Financial aspects, assessing the potential reduction in gross revenues, or net income;
- Assessment of the guarantees received, including their nature, actual formalisation, valuation and degree of coverage in accordance with BNA Directive No. 13/DSB/DRO/2019, of 27 December, on the Recommendations for Implementing the AQA Methodologies for the Financial Year;
- Other aspects, assessing potential instability in the management/shareholder structure, or the existence of insolvency proceedings.

In accordance with Instruction no. 08/2019 of 27 August on impairment losses for the loan portfolio ("Instruction no. 08/2019"), customers/economic groups whose exposure is equal to or greater than 0.5% of the Bank's own funds must be analysed individually. The Bank also considers the twenty largest private customers as individually significant exposures. In addition, customers/economic groups whose credit exposures are not individually significant, but for which objective evidence of impairment is observed, should also be analysed whenever they are equal or greater than 0.1% of the Bank's own funds.

For the remaining segments of the loan portfolio, and for the individually significant exposures that do not show signs of impairment, the Bank carries out a collective analysis to determine impairment losses.

The expected loan risk loss is a probability-weighted estimate of the present value of loan 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 nominal interest rate of the financial instruments.

Instruments subject to impairment calculation are divided into three stages taking into consideration their loan risk level, as follows:

- **Stage 1:** No significant increase in loan risk since the time of initial recognition. In this case, the impairment will reflect expected loan losses resulting from default events that may occur within 12 months after the reporting date;
- **Stage 2:** Instruments in which it is considered that a significant increase in loan risk has occurred since initial recognition, but for which no objective evidence of impairment exists yet. In this case, impairment will reflect the expected loan losses resulting from default events that may occur over the expected residual life of the instrument;
- **Stage 3:** Instruments for which there is objective evidence of impairment as a result of events that resulted in losses. In addition, the contagion criterion is also taken into account, whereby it is sufficient for one transaction to show evidence of default for all the transactions of the client to be classified as stage 3. In this case, the amount of impairment will reflect the expected loan losses over the expected residual lifetime of the instrument.

With the exception of purchased or originated credit-impaired financial assets (referred to as POCI), impairment losses should be estimated by an amount equal to:

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

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

- Assessing the existence of a significant increase in risk since the time of initial recognition; and
- Incorporation of forward-looking information in the calculation of the estimated loss (Expected Credit Loss - ECL)

ECL Calculation

ECLs are weighted estimates of loan losses determined as follows:

- Financial assets without signs of impairment as at the reporting date: the present value of the difference of all cash shortfalls (e.g. the difference between cash flows due to the entity in accordance with the contract and cash flows 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 estimated cash flows;
- Undrawn loan commitments: the present value of the difference between the contractual cash flows that are owed to the Bank if the commitment is realised and the cash flows that the Bank expects to receive; and
- Financial guarantees: the amount of expected payments to be reimbursed minus the amounts the Bank expects to recover.

The Bank's approach to determining impairment losses for loans subject to collective analysis has as an inherent concept the establishing of homogeneous segments considering the quality of its assets and, in first instance, the customer's loan risk characteristics, and, in second instance, the transaction's risk characteristics. This way, the Bank ensures that, for the purposes of analysing these exposures and determining risk parameters (Probability of Default - PD and Loss Given Default - LGD), they present similar risk characteristics. The creation of these segments has assumptions of materiality for each segment (in order to allow estimating the respective risk profile) and of relevance or adequacy of this segmentation to the various processes relating to loan risk management in the Bank. The Bank's impairment model starts by segmenting the loan portfolio customers into different groups, namely into public sector, large companies, small and medium enterprises, and for private customers into consumer loans, credit cards, housing loans and overdrafts. The model then segments customer transactions in the large companies segment between the commercial and services sectors.

Regarding the balances recorded in the items "Cash and cash equivalents at central banks" and "Cash equivalents at other credit institutions", "Investments in central banks and other credit institutions" and "Investments at amortized cost", the analysis of expected losses is performed in accordance with the following assumptions:

- The items "Cash and cash equivalents with central banks" and "Cash equivalents in other credit institutions" checks the rating of the entity or, if this is not available, that of the country where it is based. In accordance with Directive no. 13/DSB/DRO/2019, a Probability of Default ("PD") equivalent to 1/12 (one twelfth) of the twelve-month PD is considered in view of the counterparty's rating (or of the country where the counterparty is based, if it has no rating) Moody's "Sovereign default and recovery rates, 1983-2020" and a 60% LGD for all counterparties that have not experienced a significant increase in loan risk.
- The item "Investments in central banks and in other credit institutions - Interbanking money market" verifies the rating of the entity or, if not possible, that of the country where it is based. In accordance with Directive no. 13/DSB/DRO/2019, a Probability of Default is considered taking into account the rating of the counterparty (or the country where the counterparty is based, if it is not rated) Moody's "Sovereign default and recovery rates, 1983-2019" and a 60% LGD for all counterparties that have not experienced a significant increase in loan risk;
- With regard to the balances under item "Investments at amortized cost" regarding Angolan public debt securities in national and foreign currency, the PD for sovereign debt of the rating associated with the Angolan Government obtained by studying Moody's "Sovereign default and recovery rates, 1983- 2020" and the LGD associated with verified sovereign default events indicated in the same study (60%), in accordance with Directive no. 13/DSB/DRO/2019.

Significant increase in loan risk

Classification as stage 2 is based on the observation of a significant increase in the level of loan risk. As the standard does not determine how to measure this significant increase, and the Bank does not currently have rating and scoring models with the necessary maturity. The classification as stage 2 is made based on objective triggers observed on the basis of available information, such as days in arrears, indication of restructuring and estimated probability of default.

Triggers for significant increase in loan risk are detected through automatic processes and complemented by manual processes, based on information residing in the Bank's information systems, such as days in arrears and information on the restructured status.

The policy of significant loan risk increase, specific for public debt securities considers, among other information (i) the information published by the International Monetary Fund (IMF) in its report on public debt sustainability and (ii) the rating assigned by all major rating agencies.

ECL measurement inputs

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

- *Probability of Default* (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Credit Conversion Factors (CCF); and
- These parameters are obtained through internal statistical models and other relevant historical data, adjusted to reflect the forward-looking information. The Bank uses the CCF set by the Central Bank in specific regulations.

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 degree of counterparty or exposure risk, the associated PD estimate is also changed.

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 recovery rates history after counterparties have defaulted. The LGD models consider the 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 present value allowed under the contractual terms, including amortisations. For financial commitments and guarantees, the EAD value considers both the amount of loan drawn down and the expectation of the potential future amount that may be drawn down in accordance with the contract.

As described above, with the exception of financial assets that consider a 12-month PD as they do not present a significant increase in loan risk, the Bank calculates the ECL value taking into account the risk of default during the contract's maximum contractual maturity period.

Forward-looking information

Under this new model based on the requirements set forth in IFRS 9, the measurement of expected losses also requires the inclusion of forward-looking information with the inclusion of future trends and scenarios, namely macroeconomic data. Within this sphere, the estimates of expected loan impairment losses now include multiple macroeconomic scenarios whose implicit probability of materialisation is assessed considering past events, current situation and future macroeconomic trends.

In this context, the Bank used a linear regression model to capture the impact of macroeconomic factors with significant influence on the probability of default. In this model, 3 different scenarios were considered with assigned weighting: i) a base scenario corresponding to cautious economic development (70%); ii) a favourable scenario corresponding to optimistic economic growth (10%); and, iii) an adverse scenario (20%). These weightings associated with the scenarios are set forth in Directive no. 13/DSB/DRO/2019, of 27 December 2019.

As part of the assessment of the Covid-19 Pandemic impacts, the Bank adjusted the macroeconomic scenarios with significant influence on the probability of default, considering two adverse scenarios and one base scenario (Note 3.6).

Backtesting exercises
The Bank checks whether the estimation of the PD curves adequately reflects the default rates of out-of-history observations through backtesting exercises. The exercise consists of setting a period (usually 12 months) of data observed outside the estimation period of the PD curves, called the test period. The Bank conducted the backtesting exercise with reference to 31 October 2021 and concluded that:
• 97.25% of the cases pass the adherence tests with a significance level of 99% and 95%;
• 0.64% of cases only pass the test with a 95% significance level; and,
• 2.10% fail both tests.

In view of the results, the Bank considered that the PD curves of the impairment model adhere to the reality.

Financial assets in impairment
A financial asset is in impairment when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred.

Financial assets in loan impairment are referred to as assets classified as stage 3. The Bank adopted the internal definition of non-performing loans as a criterion for identifying stage 3 loans. The Bank considers that a transaction is in default in the following situations:
• If it is overdue with a breach of materiality limits for a consecutive period exceeding 90 days;
• If it has off-balance sheet interest (interest written off more than 90 days ago);
• If it is in a normal situation, but the last record of default was less than 365 days ago;
• If at the debtor's level there is at least one transaction in default, the whole debtor exposure is considered in default (cross default);
• If the customer has an individual impairment higher than 40%.

Purchased or originated credit-impaired (POCI) financial assets
Purchased or originated credit-impaired (POCI) financial assets are assets that have objective evidence of credit impairment at the time of their initial recognition. An asset is credit-impaired if one or more events have occurred that have a negative impact on the asset's estimated future cash flows.

The two events leading to the origin of a POCI exposure are presented as follows:
• Financial assets originated following a recovery process, where there have been changes in the terms and conditions of the original contract, which presented objective evidence of impairment resulting in its derecognition and the recognition of a new contract that reflects the loan losses incurred;
• Financial assets acquired at a significant discount, to the extent that the existence of a significant discount reflects loan losses incurred at the time of their initial recognition.

On initial recognition, POCIs are not impaired. Instead, lifetime expected loan losses are incorporated in the effective interest rate calculation. Consequently, at initial recognition, the gross carrying amount of POCI (opening balance) is equal to the net carrying amount before it is recognised as POCI (difference between the opening balance and the total discounted cash flows).

In the subsequent measurement, an ECL is always calculated with a PD lifetime and its changes are registered against results. Associated interest is calculated by applying the effective interest rate to the asset's net book value.

Impairment loss recognition
The Bank recognises impairment loss for expected loan loss in financial instruments as follows:
• Financial assets at amortized cost: impairment losses on financial assets at amortized cost reduce the book value of these financial assets against the respective item in the income statement;
• Debt instruments at fair value through other comprehensive income: impairment losses for these instruments are recognised in the income statement against other comprehensive income (they do not reduce the carrying amount of these financial assets);
• Loan by signature: impairment losses associated with loans by signature are recognised in liabilities under item "Provisions for loan by signature against results".

Financial liabilities
Financial liabilities essentially correspond to resources from central banks, other credit institutions and customer deposits. These liabilities are initially valued at fair value, which normally corresponds to the consideration received, net of transaction costs, and are subsequently recorded at amortized cost, in accordance with the effective interest rate method on a straight-line basis.

Changes in the fair value of financial liabilities resulting from changes in the entity's own loan risk, to be recognised in equity, unless this accounting treatment generates "accounting mismatch". Subsequent reclassifications of these changes to results are not permitted, not even when these liabilities are repurchased.

2.4 EQUITY INSTRUMENTS

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

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

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

2.5 OTHER TANGIBLE ASSETS

(i) Recognition and measurement
Other tangible assets are stated at acquisition cost minus 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 future economic benefits are likely to flow to the Bank. Expenditure on maintenance and repair is recognised as a cost as it is incurred on an accrual basis.

(ii) Depreciation
Land is not depreciated. For the other assets, depreciation is calculated on a straight-line basis, in accordance with the following periods of expected useful life:

	Number of years
Own service properties	50
Works on rented properties	2 to 10
Furniture and material	10
Machines and tools	6 to 10
IT equipment	3 to 10
Transport material	4
Other tangible assets	3 to 10

When there is an indication that an asset may be impaired, IAS 36 - Asset impairment requires that its recoverable amount be estimated and an impairment loss should be recognised whenever the net book value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is determined as the higher of its net selling price and its value in use, which is calculated based on the net present value of estimated future cash flows possibly arising from the continued use and ultimate disposal of the asset.

As mentioned in Note 2.21, this item includes assets under right of use arising from lease contracts.

2.6 INTANGIBLE ASSETS

Software
Costs incurred with the acquisition of software from third entities are capitalised, as well as additional expenses borne by the Bank necessary to its implementation. These costs are amortized on a straight-line basis over the estimated useful life, which is normally of 3 years.

Expenses with research and development projects
Costs directly associated with the development of software applications that will probably generate future economic benefits beyond one financial year are recognised and registered as intangible assets.

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

2.7 TRANSACTIONS WITH REPURCHASE AGREEMENT

Securities sold with repurchase agreement (repo) for a fixed price or for a price which is the same as the sale price plus a lender's return interest are not derecognised from the balance sheet (see Note 2.3). 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 deferred over the life of the agreement using the effective interest rate method.

Securities bought with resale agreement (reverse repo) for a fixed price or for a price which is the same as the purchase price plus a lender's return interest are not recognised in the balance sheet and the purchase value is recorded under loans to other credit institutions or to customers, as appropriate. The difference between purchase and resale price is treated as interest and deferred over the life of the agreement using the effective interest rate method.

2.8 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are carried in the Bank's financial statements at historical cost minus any impairment losses.

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to variability in returns from its involvement with that 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 voting rights of the associate. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is presumed not to 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:
• Representation in the Board of Directors or equivalent managing body;
• Participation in policy-outlining processes, including decisions on dividends and other distributions;
• Material transactions between Bank and associate;
• Management staff exchange; and
• Supply of essential technical information.

Dividends are recorded as income in the financial year its distribution to subsidiaries and associates is decided.

Impairment
The recoverable value of investment 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 investment in subsidiaries and associates and their book value. Impairment losses identified are recorded against profit or loss, being subsequently reversed by profit or loss, in case of reduction in the amount of the estimated loss at a later period.

2.9 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED TRANSACTIONS

Non-current assets, groups of non-current assets held for sale (groups of assets together with the corresponding liabilities, which include at least one non-current asset) and discontinued transactions are classified as held for sale when there is an intention to alienate such assets and liabilities and the assets or groups of assets are available for immediate sale and their sale is highly likely.

The Bank also classifies as non-current assets held for sale, the assets acquired only with the objective of a later sale which are available for immediate sale and their sale is highly probable.

Right before their classification as non-current assets held for sale, all non-current assets and all assets and liabilities included in a group of assets for sale are measured according to applicable IFRS. After their reclassification, those assets or groups of assets are measured to the lower cost between their cost and their fair value deducted from sale costs.

The Bank classifies also as non-current assets held for sale the properties received by loan recovery, which are initially measured at the lower value between their fair value net of sale costs and the book value of the existing loan on the date when the asset was received in lieu of payment or judicially sold. These assets are recorded for the amount calculated in its assessment and their Immediate Transaction Probable Value ("PVTI") is used against the recovered loan value and the respective specific provisions established.

Also recorded in this item are properties and real estate developments under construction and which are meant to be sold to Bank employees, while being subject to periodical valuations for calculating possible impairment losses.

Assets recorded under this item are not amortized, but instead valued at the lower value between their deed and their fair value, deducting costs incurred from the sale (at least 5% over PVTI). These assets' fair value is determined based on periodic valuations made by external valuers. In addition, in compliance with Directive no. 13/DSB/DRO/2019, this appreciation is adjusted based on specific discount rates according to the date of the valuation. Whenever the value resulting from those valuations (net of sale costs) is inferior to their book value, impairment losses will be registered under "Impairment of other assets, net of reversals and recoveries".

Given the possibility of occurrence of circumstances considered improbable or outside the Bank's control, the sale of these assets may not be concluded up to a year after their classification date. Under these circumstances, the Bank maintains its commitment with the plan to sell the assets undertaking efforts such as, among other, hiring an intermediary agent and specialist, active advertising, sale price revision according to the context, in order to be reasonable regarding the current fair value.

When the legal term of 2 years expires without the assets being sold (extendable by BNA's authorisation), a new valuation will be made in order to calculate an updated market value, for the possible establishment of the corresponding impairment. Thus, the Bank is in the process of implementing the strategies (i) of sale with the support of a specialised real estate intermediary (ii) transfer to a real estate investment fund, which have not yet materialised as at the date of this report.

2.10 TAX ON PROFITS

Tax on profits recorded in profit or loss include the effect of current and deferred taxes. Taxes are recognised in the income statement except when related to items that are carried under equity, which implies their recognition in equity. Deferred taxes recognised in equity arising from the revaluation of financial assets at fair value through other comprehensive income and cash flow hedging derivatives are subsequently recognised in profit or loss when gains or losses giving rise to them are recognised under profit or loss.

i. Current taxes
Current taxes correspond to the amount calculated in relation to the taxable income for the year, using the tax rate in force or substantially approved by the tax authorities at the balance sheet date and any adjustments to the taxes of previous years.

According to the interpretation of IFRIC 23 - Uncertainty Regarding Income Tax Treatment, the Bank records current taxes when there is uncertainty as to whether a certain tax treatment is accepted by the Tax Authority in relation to income tax.

With the publication of Law no. 19/14, of 22 October, and amendments published by Law no. 4/19, of 18 April, Industrial Tax is subject to provisional payment in a single instalment to be paid in August, calculated by applying a 2% rate to the profit or loss derived from financial intermediation transactions, calculated in the first six months of the previous tax year, excluding income subject to Capital Gains Tax ("IAC"), regardless of the existence of taxable income in the year.

Under the legislation in force, industrial and other tax returns may be subject to review and correction by the tax authorities in the five years following the financial year to which they are related.

Law 26/20, of 20 July, has increased the Industrial Tax rate for activities in the banking sector from 30% to 35%. On the other hand, this Law creates rules with relevant impacts on the determination of taxable profit, such as:
• Exclusion of the tax relevance of unrealised exchange differences from the calculation of earnings and costs taxable profit.
• Provisions constituted on guaranteed loans will no longer be accepted as deductible costs, except for the part not hedged.

The assumptions for applying the above rules for determining taxable profit are described in Note 3.4.

Deferred taxes
Deferred tax assets and liabilities correspond to the amount of tax to be recovered or paid in future years resulting from temporary deductible or taxable differences between the value of assets and liabilities on the balance sheet and their tax base, used in determining taxable profit (IAS 12).

Deferred tax liabilities are recognised for all taxable temporary differences except goodwill, which is not deductible for tax purposes, among the differences resulting from the initial recognition of assets and liabilities that do not affect either the accounting or tax profit, and of differences related to investment in subsidiaries to the extent that they are not likely to 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 addition, it is probable that taxable profit will be available and against which a deductible temporary difference can be utilised when there are sufficient taxable temporary differences relating to the same tax authority and the same taxable entity that are expected to reverse (i) in the same period as the expected reversal of the deductible temporary difference; or (ii) in the periods in which a tax loss arising from the deferred tax asset can be carried back or forward. In such circumstances, the deferred tax asset is recognised in the period in which the deductible temporary differences arise.

As established in IAS 12 - Income Tax, paragraph 74, the Bank offsets deferred tax assets and liabilities whenever: (i) it has a legally enforceable right to offset current tax assets and liabilities; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities that intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future financial year in which the deferred tax liabilities or assets are expected to be settled or recovered.

ii. Capital Gains Tax ("IAC")
The IAC focuses generally on income from the Bank's financial investments. The rate varies between 5% (in the case of interest, amortisation or repayment premiums and other forms of remuneration on public debt securities, bonds, shareholdings or other similar securities issued by any company, which are admitted to trading on a regulated market and have a maturity of three years or more) and 15%.

Additionally, under the terms of the Industrial Tax Code, the IAC itself (Article 18) is not accepted as deductible expenditure for the purposes of determining the taxable income, as well as, on the other hand, income subject to IAC (Article 47) will be deducted from the taxable profit.

2.11 REMAINING TAXATION

i. Wealth Taxes
Property Tax ("IP")
The IP is levied at a 0.5% rate on the equity value of the Bank's own properties for developing its normal business when the equity value exceeds Kz 5 million.

The Property Tax Code (CIP), Law No. 20/20 of 9 July 2020, repeals the Urban Property Tax (IPU) Code and the Regulation for the settlement and collection of inheritance and gift tax and SISA on the onerous property transfer.

The new CIP established a concept of single tax on real estate property, consolidating in a single code the tax scheme applicable to property ownership, lease and transfer, with all urban and rural property now being subject to the new rules. Thus, the IP is levied at a 0.1% or 0.5% rate on the property value of the Bank's own property used for normal business purposes when its property value is lower or higher than Kz 5 million, respectively. Additionally, IP is levied at a 0.6% rate on construction land.
Regarding properties leased by the Bank, as lessee, Law no. 20/20 of 9 July determines that the Bank withholds the IP due, at a 15% rate, on the payment or delivery of lease relating to these properties, and the amount withheld must be delivered to the State within 30 days following the one regarding the amount withheld.

The Bank, in its capacity as landlord, shall settle and pay the IP, at a 15% rate, by reference to the lease received in the previous year, in the months of January and July of the year in question, in the case of lease hold property whose tenant is not a person with organised accounts.

In addition, under the terms of article 18 of the Industrial Tax Code, the IP is not accepted as a deductible expense for the purposes of determining the taxable income, as well as the maintenance and repair costs of leased properties, considered as expenses in calculating the IP.

Tax on Transfers of Property
Under the terms of the abovementioned new law, in its article 5, all the property tax norms contained in Legislative Decree no 230, of 21 May 1931, which approves the Regulation for the Settlement and Collection of the Tax on Inheritance and Donations and the Sisa Tax on the Transfer of Property against Payment are revoked, maintaining in force the norms applicable to the scheme of the Tax on Inheritance and Donations relating to property, until they are regulated in a specific Decree.

The tax on the transfer of property is 2%, in accordance with Article 18 of Law 20/20 of 9 July, levied on all acts which involve the perpetual or temporary transfer of property of any value, kind or nature, whatever the denomination or form of the title (e.g. acts involving the transfer of improvements to rural or urban property, the transfer of property through donations with contributions or pensions or the transfer of property through donations).

ii. Other taxes
Value-Added Tax
The Value-Added Tax ("VAT") Code, approved by Law no. 7/19 ("Law 7/19"), published in the Official Journal on 24 April 2019, and amended by Law no. 17/19 of 13 August, introduced a new consumption tax in the Angolan legislation, which came into force on 01 October 2019. In fact, VAT revoked and replaced the Consumption Tax in force in the Angolan legal system until that date.

The Bank, as taxpayer registered with the Tax Office of Major Taxpayers, was mandatorily included, since the entry into force of VAT, in the General Scheme of this tax, being obliged to comply with all the declarative rules and obligations provided for in this context.

As a general rule, commissions and expenses charged for services provided by the Bank (substituting Stamp Duty) are levied at a 14% VAT rate. The remaining financial intermediation transactions are exempt from VAT, on which the Stamp Duty will continue to be levied, when due.

In this regard, since the Bank is a taxpayer which carries out taxed transactions and VAT-free transactions, it also has restrictions on the right to deduct VAT paid to suppliers, so the Bank proceeds to deduct the tax by applying the methods provided for in the legislation in force - with the exception of VAT for expenses expressly excluded from the right to deduct.

On a monthly basis, the Bank has the obligation to comply with the obligations associated with VAT, namely (i) submitting the periodic statement to the General Tax Authority, including the respective Annexes, in which it determines the amount of VAT to be paid to the State (or the possible loan generated), (ii) paying the tax ascertained, by the last day of the month following that to which the transactions carried out pertain, and (iii) the remaining reporting obligations, such as the reporting of the SAF-T(AO) Invoicing and Purchase of Goods and Services files.

According to the legislation in force, periodic VAT statements may be subject to review and correction by the tax authorities in the five years following the year to which they refer.

The Bank is also subject to indirect taxes, namely customs duties, stamp duty, Excise Tax, as well as other fees.

iii. Tax substitution
As part of its activity, the Bank assumes the role of tax substitute, withholding taxes related to third parties, which it subsequently delivers to the State.

Capital Gains Tax ("IAC")
In accordance with Presidential Legislative Decree no. 2/14, of 20 October, the Bank withholds IAC at the rate of 10% on interest on term deposits paid to customers.

Stamp Duty
According to Presidential Legislative Decree no. 3/14, of 21 October, the Bank is responsible for the settlement and delivery of the Stamp Duty due by its customers (e.g., financing, interest on financing collection), with the Bank proceeding with the payment of the tax, at the rates provided for in the Stamp Duty Scale.

Industrial Tax
In accordance with the provisions of article 67(1) of Law no. 26/20, of 20 July - Law amending the CII, the provision of services of any nature is subject to taxation, with withholding tax at a 6.5% rate for taxable persons with known residence and permanent establishment in Angola. However, taxable persons who provide services of any nature without known residence and permanent establishment in Angola are subject to withholding tax at a 15% rate.

2.12 EMPLOYEE BENEFITS

i. Set contribution plans

For established contribution plans, responsibilities related to the benefit attributable to the Bank's employees are recognised as an expense for the year when due. Prepaid contributions are recognised as an asset if a refund or reduction of future payments is available.

ii. Benefits associated with termination of service

Benefits associated with the termination of service are recognised as a cost, when it occurs earlier, between the time when the Bank can no longer withdraw the offer of those benefits or when the Bank recognises costs associated with a restructuring. If the benefits are not expected to be net within 12 months, then they are discounted.

iii. Short-term employee benefits

Short-term employee benefits are recorded as a cost once the associated service has been provided. A liability is recognised for the amount expected to be settled, if the Bank has a legal or constructive present obligation to pay this amount as a result of a service provided in the past by the employee and that obligation can be reliably estimated.

Law No. 07/2015, of 15 June - General Labour Law, determines that the amount of vacation allowance payable to workers in a given year is a right acquired by them in the immediately preceding year. Consequently, in the year, the Bank records the amounts related to vacation and vacation allowance payable in the following year.

iv. Social Fund

The Bank's Social Fund aims to provide financial support to employees to cover for expenses of an eminently social nature, with a view to preventing, reducing or solving problems arising from work, personal or family conditions, in the face of serious and urgent situations.

Financial appropriations of the Social Fund are made exclusively following approval by the Board of Directors for the allocation to each economic year of a percentage of the profits before taxes. Unused appropriations each year are carried over to the following year's budget.

v. Variable remuneration paid to employees and directors

The remuneration of employees and administrators may include a variable component, as a result of their individual performance and that of the Bank (performance bonuses), and in line with that set forth in Notice no. 1/13, of 19 April. The Board of Directors and the Remuneration Committee of the members of the governing bodies are responsible for evaluating and setting the respective criteria. The variable remuneration attributed is recorded against results in the year to which it relates.

2.13 PROVISIONS

Provisions are recognised when (i) the Bank has a present obligation (legal or arising from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is probable for the payment to be demanded and (iii) a reliable estimate of the value of that obligation can be made.

The measurement of provisions takes into account the principles set forth in IAS 37 with regard to the best estimate of the expected cost, the most likely outcome of the actions in progress and taking into account the risks and uncertainties inherent to the process.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate, being reversed against results in proportion to the payments that are not probable.

Provisions are derecognised through their use for the obligations for which they were initially constituted or in cases where they cease to be observed.

2.14 INTEREST RECOGNITION

Results referring to interest on financial assets and liabilities instruments measured at amortized cost are recognised in the items interest and similar income or interest and similar charges (financial margin), using the effective interest rate method. Interest on financial assets at fair value through other comprehensive income is also recognised in the financial margin as well as financial assets and liabilities at fair value through profit or loss.

Interest calculation includes commissions paid or received considered as an integral part of the effective interest rate, transaction costs and all premiums or discounts directly related to the transaction, except for financial assets and liabilities at fair value through profit or loss.

In the case of financial assets or groups of similar financial assets for which impairment losses have been recognised, interest recorded in the income statement is determined based on the interest rate used to discount future cash flows when measuring the impairment loss.

Specifically with regard to the overdue loan interest registration policy, the following aspects are considered in accordance with IFRS 15 and IFRS 9:

- Interest on overdue loans with real collateral until the prudently assessed coverage limit is reached is recorded against results under the assumption that there is a reasonable probability of recovery; and
- Interest already recognised and unpaid on loans overdue for more than 90 days that are not covered by real collateral are cancelled, and they are only recognised when received because their recovery is considered remote.

For financial assets classified in stage 3, interest is recognised in the income statement, in the financial margin, based on its net impairment book value.

2.15 RECOGNITION OF DIVIDENDS

Dividends (income from equity instruments) are recognised in the income statement when the right to receive them is attributed. Dividends are presented in the results of financial transactions, net results from other financial instruments at fair value through profit or loss or other income, depending on the classification of the underlying instrument

2.16 RECOGNITION OF INCOME FROM SERVICES AND COMMISSIONS

Income from services and commissions is recognised according to the following criteria:

- When they are obtained as services are rendered, they are recognised in the income statement of the year to which they refer in accordance with IFRS 15;
- When they result from the provision of services, they are recognised when the service is concluded in accordance with IFRS 15;
- When they are an integral part of the effective interest rate of a financial instrument, income from services and commissions is recorded in the financial margin in accordance with IFRS 9.

2.17 FIDUCIARY ACTIVITIES

Assets held as part of fiduciary activities are not recognised in the Bank's financial statements. The results obtained with services and commissions from these activities are recognised in the income statement of the year in which they occur.

2.18 INCOME FROM FINANCIAL TRANSACTIONS

Income from financial transactions includes gains and losses generated by financial assets and liabilities at fair value through profit or loss, namely from trading portfolios and other assets and liabilities at fair value through profit or loss, including dividends associated with these portfolios. These results also include gains on the sale of financial assets at fair value through other comprehensive income and investments at amortized cost.

2.19 CASH AND CASH EQUIVALENTS

For the purposes of preparing the cash flow statement, cash and cash equivalents comprise the amounts recorded in the balance sheet with a maturity of less than three months counting from the balance sheet date, which include the total balances of the items "Cash and deposits in central banks" and "Cash and cash equivalents in other credit institutions" (Notes 4 and 5), not considering impairments established.

2.20 FINANCIAL GUARANTEES AND COMMITMENTS

Financial guarantees are contracts that oblige the Bank to make specific payments in order to reimburse the holder for a loss incurred as a result of a debtor failing to make a payment.
Irrevocable commitments are intended to provide loans 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, the initial fair value being amortized over the useful life of the guarantee or commitment. Subsequently, the liability is recorded at the higher value between the amortized amount and the present value of any payment expected to be settled.

2.21 LEASES

In accordance with IFRS 16, the Bank, from the lessee's perspective, recognised assets under right of use which represent its rights to use the underlying assets and liabilities of the lease representative of its obligations to make lease payments.

Definition of lease
The Bank determines at the start date of the contract whether an agreement is or contains a lease in accordance with IFRS 16. The Bank assesses whether a contract is or contains a lease based on the definition of lease. According to IFRS 16, a contract is, or contains, a lease if it transfers the right to use an identified asset (the underlying asset) for a certain period, in exchange for a consideration.

On the start date or when revaluating a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease and non-lease component based on its individual relative price. However, for leases where the entity is a lessee, it does not separate the non-lease components and considers the lease and non-lease components as a single lease component.

Lessee
The Bank rents or leases several assets, namely properties where the Bank's branches are located and spaces for the installation of ATM and other infrastructures.

As lessee, the Bank previously recognises assets under right of use and lease liabilities for some classes of assets.

The Bank does not recognise assets under right of use and lease liabilities for short-term leases, whose lease term is equal to or less than 12 months, and leases of low-value assets (e.g., computer equipment). The Bank recognises lease payments associated with these leases as expenses on a straight-line basis over the lease term.

The Bank presents the assets under right of use in Other tangible assets, i.e., in the same line of items in which it presents the underlying assets of the same nature that it owns.

The Bank presents the lease liabilities in Other liabilities in the Balance Sheet.

Assets under right of use
Assets under right of use are initially measured at cost and, subsequently, at cost minus any accumulated depreciation and impairment losses, and adjusted for any remeasurements of the lease liability. The assets under right of use are depreciated from the entry into force until the end of the useful life of the underlying asset, or until the end of the lease term, when inferior.

The cost of the asset under right of use includes:
- The amount of the initial measurement of the lease liability;
- Any lease payments made on or before the effective date, minus any lease incentives received;
- Any initial direct costs incurred by the lessee; and
- An estimate of the costs to be borne by the lessee with the dismantling and removal of the underlying asset, the restoration of the location where it is located or the restoration of the underlying asset to the condition required by the lease terms and conditions, unless those costs are incurred to produce inventories.

Lease liabilities
The lease liability is initially measured at the present value of the lease payments to be paid over the lease term, discounted at the implied lease rate or, if the rate cannot be easily determined, at the Bank's incremental financing rate. The Bank generally uses its incremental financing rate as a discount rate which incorporates the risk-free interest rate curve plus a risk spread.

The incremental financing rate is a discount rate that the Bank would obtain to attain, with the same maturity and similar guarantee, the funds necessary for acquiring the underlying asset.

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

Lessor
When the Bank acts as lessor, it determines at the start of the lease whether it is a financial or an operational 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 so, the lease is a financial lease; if not, it is an operational lease. As part of that assessment, the Bank considers certain indicators, such as whether the lease comprises the largest part of the asset's economic life.

Financial lease agreements are recorded in the balance sheet as loans granted for the value equivalent to the net investment made in the leased assets, together with any estimated unguaranteed residual value. Interest included in instalments charged to customers is recorded as income while repayments of principal, also included in the instalments, are deducted from the value of loan to customers. The recognition of interest reflects a constant periodic rate of return on the lessor's remaining net investment.

If an agreement contains both lease and non-lease components, the Bank shall apply IFRS 15 to allocate the contractual amounts.

The Bank recognises lease payments received under operating leases as revenue on a straight-line basis over the lease period, as Other operating income.

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 judgments and make the necessary estimates to decide the most appropriate accounting treatment. The main accounting estimates and judgments used in the application of accounting principles by the Bank are presented in this Note, with the objective of improving the understanding of how their application affects the Bank's reported results and their disclosure. A broader description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements. A broader description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if a different treatment were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present the Bank's financial position and the results of its transactions in a truthful and appropriate manner in all materially relevant aspects.

3.1 IMPAIRMENT OF FINANCIAL ASSETS AT AMORTIZED COST OR FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The critical judgments with the greatest impact on the recognised impairment amounts of financial assets at amortized cost and at fair value through other comprehensive income are as follows:

Business model assessment: the classification and measurement of financial assets depends on the results of the SPPI test and the establishing of the business model. The Bank determines the business model according to how it wants to manage the financial assets and the business objectives. The Bank monitors whether the classification of the business model is appropriate based on the analysis of the anticipated derecognition of assets at amortized cost or at fair value through other comprehensive income, assessing whether a prospective change is necessary.

3.2 FAIR VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value is based on market prices, when available, and in the absence of prices it is determined based on the use of prices of similar recent transactions and carried out under market conditions, or based on valuation methodologies based on future cash flow techniques discounted considering market conditions, time value, the profitability curve and volatility factors.

These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a given model, could result in financial results different from those reported.

3.3 IMPAIRMENT LOSSES ON LOANS TO CUSTOMERS

The Bank periodically reviews its loan portfolio in order to assess the existence of impairment losses, as referred to in the accounting policy described in Note 2.3.

The loan portfolio assessment process is subject to various estimates and judgments in order to determine whether an impairment loss should be recognised. This process includes factors such as the probability of default, loan ratings, the value of the collateral associated with each transaction, the recovery rates and estimates of both future cash flows and the moment of receipt.

Alternative methodologies and the use of other assumptions and estimates could result in different levels of impairment losses recognised, with the subsequent impact on the Bank's results.

The calculation of loan-related impairment is based on assessments of collateral for loan transactions, such as real estate mortgages (individual analysis). These were made on the assumption that all real estate market conditions would be maintained during the life of the transactions, corresponding to the best estimate of the fair value of said collateral at the balance sheet date.

The Bank monitors whether the classification of the business model is appropriate based on the analysis of early derecognition of loans and assesses whether a prospective change in the classification is necessary:

- Significant increase in loan risk: as mentioned in Note 2.3 - Financial instruments, the transfer of an asset from stage 1 to stage 2 for the purpose of determining the respective impairment is determined based on the significant increase in its loan risk, and IFRS 9 does not objectively set forth what constitutes a significant increase in loan risk;

- Determining assets with similar loan risk characteristics: when expected loan losses are measured in a collective model, financial instruments are grouped based on the same risk characteristics. The Bank monitors the adequacy of loan risk characteristics in order to ensure that the appropriate reclassification of assets is carried out in the event of a change in loan risk characteristics;

- Models and assumptions used: the Bank uses several models and assumptions to measure the estimated expected loan losses. Judgment is applied in identifying the most appropriate model for each type of asset as well as in determining the assumptions used in these models. In addition, in compliance with the IFRS 9 regulation, which explains the need for the impairment result to consider multiple scenarios, a methodology for incorporating scenarios into risk parameters was implemented. Thus, the collective impairment calculation considers several scenarios with a specific weighting, based on the internal methodology set forth on scenarios - outlining multiple perspectives of macroeconomic evolution, with a relevant probability of occurrence.

3.4 TAXES ON PROFITS

The Bank is subject to taxation under Industrial Tax, being considered a Group A taxpayer.

Income taxes (current or deferred) are reflected in the financial year's income statement, except in cases where the transactions that originated them have been reflected in other equity items. In these situations, the corresponding tax is also reflected against equity, without affecting the income for the year.

The calculation of the current tax estimate for the years ended 31 December 2021 and 2020 was determined under the terms of the Industrial Tax Code in force for each of those dates, the applicable tax rates being 35% and 30%, respectively.

Tax returns are subject to review and correction by the tax authorities for a period of five years, which may extend up to ten years, and may result, due to different interpretations of tax legislation, in possible corrections to taxable income for the 2015 to 2021 financial years.

Tax losses determined in a given year, as provided for in paragraph 1 of article 48 of the Industrial Tax Code (CII), can be deducted from taxable profits for the following five years.

In order to determine the overall amount of tax on profits, it was necessary to make certain interpretations and estimates. There are several transactions and calculations for which the determination of payable taxes is uncertain during the normal business cycle.

With the change in the CII, for the purposes of calculating the estimated tax, the following assumptions were adopted in accordance with the understanding and information available at the balance sheet date:

- **Unrealised changes in exchange rate:**
  a) Potential changes in revaluation items of assets and liabilities indexed to foreign currency excluded from transactions due during the year; and
  b) Revaluation of the net position of foreign currency assets and liabilities during the year.

- **Impairments on secured loans - nominal value of collaterals taking into account:**
  a) Reinforcements of impairment on existing loans during the year;
  b) Recognition of impairment on new loans granted during the year.

The assumptions made by the Bank when determining income tax for the year and deferred taxes is still subject to approval by the Tax Authority.

Deferred taxes are calculated based on the tax rates expected to be in force on the date of the reversal of temporary differences, which correspond to the rates approved or substantially approved on the balance sheet date. Thus, for the years ended on 31 December 2021 and 2020, deferred tax was, in general terms, calculated based on a rate of 35%.

Other interpretations and estimates could result in a different level of taxes on profits, current and deferred, recognised in the year.

3.5 LEASES

The relevant judgement made by management in the application of the Bank's accounting policies and the main sources of uncertainty in the estimates were the same as those related to accounting as a lessee of leases under IFRS 16.

For contracts in which it is in the lessee position 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 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 or not the Bank will exercise such options has an impact on the lease term, which significantly affects the amount of the lease liabilities and the assets under recognised right of use.

The Bank has the option, namely in real estate lease agreements, to lease assets for additional terms of 1 to 20 years. The Bank applies judgement when assessing whether it is reasonably certain to exercise the renewal option. That is, it considers all the relevant factors that create an economic incentive to exercise the renewal.

When measuring lease liabilities, the Bank discounts payments using its incremental financing rate, which is determined using the risk-free interest rate curve (interest rate on Treasury bonds not readjustable at 3 years) plus a Bank risk spread. The incremental financing rate is the discount rate that the Bank would get to obtain, with the same maturity and similar guarantee, the funds necessary for acquiring the underlying asset, which is estimated at 23%.

3.6 IMPACTS OF THE COVID-19 PANDEMIC

The Board of Directors continues to monitor the evolution of the pandemic, in Angola and worldwide, and the estimated impact that it may have on the Bank. Thus, when these impacts are estimated to be relevant, decisions are being taken that defend the interests of the different stakeholders, including employees, depositors, customers and shareholders.

The measures taken by the Executive to contain the virus have significantly affected economic activity, with subsequent impacts on the banking activity. The reduction in economic activity coupled with the need to maintain services at minimum levels in various sectors affected the socio-economic capacity of the Bank's customers.

Since 2020, the Bank has incorporated the effects of the pandemic into macroeconomic scenarios and risk factors when estimating ECLs. However, it was not possible to reliably segregate or isolate the quantitative impact on ECL associated with the pandemic from the set of remaining risk factors.

Due to continued uncertainty as the pandemic evolves, the degree of subjectivity and volatility of the associated estimates is greater. As such, the estimates include assumptions that, should they materialise differently, may have an impact on the figures presented.

The Bank is monitoring the current and potential impacts that may occur in financial assets, due to increased counterparty risk, and in non-financial assets, due to a macroeconomic change that may lead to adjustments in the current value of those assets, such as tangible and intangible assets, other non-current assets held for sale and changes in the expectations of recoverability of deferred tax assets.

4. CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This item has the following composition:

	31-Dec-21	31-Dec-20
Cash		
In domestic currency	22,781,822	19,143,511
In foreign currency	4,296,577	3,723,967
Demand deposits at Banco Nacional de Angola		
In domestic currency	254,749,087	204,741,899
In foreign currency	272,622,776	84,094,328
	554,450,262	**311,703,705**
Impairments	**(804,932)**	**-**
	553,645,330	**311,703,705**

The item Demand deposits at the BNA includes the deposits made to satisfy the mandatory reserve scheme.

As at 31 December 2021, these reserves are established in accordance with BNA's Instruction No. 02/2021, of 6 July 2021 and Directives No. 05/DMA/2021, of 5 May 2021 and No. 07/DMA/2021, of 6 July 2021, which are summarised as follows:

Reserve Base	Calculation	Coefficient in Domestic Currency	Coefficient in Foreign Currency
Central Government	Daily	22%	100%
Local Governments and Municipal Administrations	Daily	22%	100%
Other Sectors	Weekly	22%	22%

Compliance with mandatory reserves, for a given weekly observation period, is carried out taking into account, among others, the average value of customer deposit balances with the Bank during that period.

In accordance with Directive No 07/DMA/2021, of 6 July 2021, mandatory reserves in foreign currency can be fulfilled by 50% with the amounts deposited with the BNA and 50% with Treasury bonds in foreign currency issued in December 2015. In turn, there must be a deposit in domestic currency for an amount corresponding to two percentage points of the foreign currency coefficient.

On 31 December 2021, the total amount due (Central Government, Local Governments, Local Administrations and Other sectors) amounts to Kz 638,081,050,000 (2020: Kz 529,961,155,000). Of the total amount due, 25% was being met with Treasury bonds in foreign currency.

On 31 December 2021, an amount of Kz 15,738,810,000 (2020: Kz 39,252,777,000) relating to loans granted to the real sector of the economy, in accordance with Notice 10/2020, was being deducted from total liabilities.

The change in the item Demand deposits at Banco Nacional de Angola - In foreign currency, is due to the increase in the coefficient of mandatory reserves in foreign currency from 17% to 22%.

As at 31 December 2021, the expected impairment losses for Cash equivalents at central banks show the following trend:

	31-Dec-2021	31-Dec-2020
Opening balance	-	-
Allocation for the year (Note 36)	804,932	-
Final balance	**804,932**	-

5. CASH AND CASH EQUIVALENTS IN OTHER CREDIT INSTITUTIONS

This item has the following composition:

	31-Dec-21	31-Dec-20
Cash and cash equivalents in credit institutions in the country		
Other assets	281,460	271,694
Cash and cash equivalents in credit institutions abroad		
Demand deposits	86,141,765	188,792,995
Other assets	134	93,950
	86,423,359	**189,158,639**
Impairments	**(17,244)**	**(26,581)**
	86,406,115	**189,132,058**

As at 31 December 2021, the item Cash equivalents at credit institutions abroad - Demand deposits presents an amount of Kz 177,913,000 (2020: Kz 241,518,000), which aims to guarantee the provisioning at the corresponding Bank for daily settlements of the use of VISA cards for later settlement with the customer.

The change in the item Cash equivalents at credit institutions abroad - Demand deposits is due to the allocation of liquidity to mandatory reserves and to the change in exchange rate that occurred during the year.

As at 31 December 2021, the expected impairment losses for Cash at other credit institutions show the following trend:

	31-Dec-21	31-Dec-20
Opening balance	**26,581**	-
Allocation for the year (Note 36)	12,100	26,581
Reversal for the year (Note 36)	(17,077)	-
Note 36	(4,977)	26,581
Adjustments (including exchange rate effect)	(4,360)	-
Final balance	**17,244**	**26,581**

6. INVESTMENTS IN CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This item has the following composition:

	31-Dec-21	31-Dec-20
Investments in central banks and other credit institutions in the country		
Interbank money market	38,200,000	41,600,000
Interest receivable	210,452	186,594
Transactions for the purchase of securities from third parties with resale agreement	186,455,849	3,044,336
	224,866,301	**44,830,930**
Investments in credit institutions abroad		
Interbank money market	444,541,151	575,512,073
Collateral deposits	67,236,525	86,856,833
Interest receivable	577,055	378,328
	512,354,731	**662,747,234**
	737,221,032	**707,578,164**
Impairments	**(20,204,810)**	**(35,540,416)**
	717,016,222	**672,037,748**

The change in the item Transactions for the purchase of securities from third parties with resale agreement corresponds to the biggest investment made by the Bank in this instrument, as part of a short-term liquidity management strategy.

The schedule of investments in central banks and other credit institutions, including interest receivable, by maturity as at 31 December 2021 and 2020, is as follows:

	31-Dec-21	31-Dec-20
Up to three months	515,709,488	555,273,412
From three to six months	72,397,696	40,331,847
From six months to one year	93,431,736	111,972,905
From one to three years	55,682,112	-
	737,221,032	**707,578,164**

The schedule of investments in central banks and other credit institutions, including interest receivable, by currency as at 31 December 2021 and 2020, is as follows:

	31-Dec-21	31-Dec-20
AKZ	224,866,301	44,830,930
USD	486,311,106	625,523,563
EUR	26,043,625	37,223,671
Total	**737,221,032**	**707,578,164**

Investments in central banks and other credit institutions, on 31 December 2021 matured interest at a weighted average rate of 14.77% in domestic currency (2020: 7.84%) 0.33% in Euros (2020: 0.39%) and 0.47% in dollars (2020: 0.48%). The change in the weighted average interest rate in domestic currency is due to the increase in investments in transactions for the purchase of securities from third parties with resale agreement as well as the remuneration rate of this instrument.

As at 31 December 2021 and 2020, the item Investments in credit institutions abroad - Collateral deposits and interest receivable corresponds to liquidity investments that collateralise loan transactions granted by corresponding banks in the amounts of Kz 67,254,885,000 and Kz 86,875,968,000, respectively.

On 31 December 2021, the item Investments in credit institutions abroad - Interbank money market includes the amounts of Kz 2,443,255,000 (2020: Kz 3,105,211,000) that collateralise loan operations granted by BAI Cape Verde.

Exposures related to investments in other credit institutions classified in stage 1 represent around 98.19% and those classified in stage 3 represent 1.81%.

As at 31 December 2021, impairment losses for investments in central banks and other credit institutions show the following trend:

	31-Dec-21	31-Dec-20
Opening balance	**35,540,416**	**25,846,910**
Allocation for the year (Note 36)	24,724,000	26,899,823
Adjustment Stage 3	(293,121)	(25,873,490)
Reversal for the year (Note 36)	(24,195,912)	-
Note 36	234,967	1,026,333
Uses	(13,889,000)	-
Adjustments (including exchange rate effect)	(1,681,573)	8,667,173
Final balance	**20,204,810**	**35,540,416**

On 31 December 2021, the allocations were mostly explained by the reinforcement of impairment due to the change in risk factors arising from the entities' rating. The transfer of impairment occurred during the year is essentially explained by the payment-in-kind process as mentioned in Note 11.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item has the following composition:

	31-Dec-21	31-Dec-20
Financial assets at fair value through profit or loss		
Bonds and other fixed income securities		
From public issuers		
Treasury Bonds in domestic currency		
Not readjustable	17,546,347	22,234,556
Indexed to the US Dollar exchange rate	5,704,044	34,135,844
Treasury Bonds in foreign currency	44,242,109	22,095,568
From other issuers	65,087	87,725
Other variable income securities		
Investment units	3,087,950	6,461,882
Shares	1,249	-
	70,646,786	**85,015,575**

In accordance with the accounting policy described in Note 2.3, financial assets at fair value through profit or loss are those acquired with the objective of being traded in the short term regardless of their maturity and those that do not comply with the SPPI criterion (solely payments of principal and interest).

On 31 December 2021 and 2020, financial assets measured at fair value through profit or loss show the following valuation levels:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Bonds and other fixed income securities				
From public issuers	-	23,252,784	44,239,716	67,492,500
From other issuers	-	65,087	-	65,087
Other variable income securities				
Investment units	-	-	3,087,950	3,087,950
Shares	-	1,249	-	1,249
Balance at 31 December 2021	**-**	**23,319,120**	**47,327,666**	**70,646,786**
Financial assets at fair value through profit or loss				
Bonds and other fixed income securities				
From public issuers	-	56,370,400	22,095,568	78,465,968
From other issuers	-	87,725	-	87,725
Other variable income securities				
Investment units	-	6,461,882	-	6,461,882
Balance at 31 December 2020	**-**	**62,920,007**	**22,095,568**	**85,015,575**

In accordance with IFRS 13, financial instruments are measured in accordance with the valuation levels described in Note 40. The fair value of Treasury Bonds in foreign currency is based on the securities valuation curve through the sum of the daily rates of the American Treasury Bonds and the country risk premium, which is used in the discount factor with the objective of determining the clean price.

As at 31 December 2021 and 2020, securities measured at fair value through profit or loss have the following residual maturity terms:

	Less than three months	Between three months and one year	From one to five years	More than five years	Undetermined duration	Total
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
From public issuers	-	295,491	51,163,485	16,033,524	-	67,492,500
From other issuers	-	46,268	18,819	-	-	65,087
Other variable income securities						
Investment units	-	1,788,878	-	197,192	1,101,880	3,087,950
Shares	-	-	-	-	1,249	1,249
Balance at 31 December 2021	**-**	**2,130,637**	**51,182,304**	**16,230,716**	**1,103,129**	**70,646,786**
Financial assets at fair value through profit or loss						
Bonds and other fixed-income securities						
From public issuers	5,723,264	9,947,022	62,795,682	-	-	78,465,968
From other issuers	-	-	-	87,725	-	87,725
Other variable income securities						
Investment units	-	-	-	6,461,882	-	6,461,882
Balance at 31 December 2020	**5,723,264**	**9,947,022**	**62,795,682**	**6,549,607**	**-**	**85,015,575**

The value of Investment Units with undetermined duration relates to the investment in the FIPA I fund, which is in the process of liquidation.

As at 31 December 2021 and 2020, securities measured at fair value through profit or loss have the following characteristics:

31-Dec-2021	Average rate	Nominal value	Acquisition cost	Accrued interest	Fair-value adjustment	Balance Sheet Value
Financial assets at fair value through profit or loss						
Bonds and other fixed-income securities						
Non-readjustable bonds	16.44%	19,117,174	16,074,841	685,394	786,112	17,546,347
Treasury Bonds in foreign currency	6.59%	43,507,181	43,507,181	589,412	145,516	44,242,109
Bonds indexed to the US Dollar exchange rate	5.00%	5,665,155	5,675,132	51,580	(22,668)	5,704,044
Other foreign currency bonds	4.00%	4,525,134	4,525,134	18,819	(4,478,866)	65,087
Other variable income securities						
FIPA I	n.a.	n.a.	4,417,334	n.a.	(3,315,454)	1,101,880
FIPA II	n.a.	n.a.	2,782,377	n.a.	(993,499)	1,788,878
Carlyle	n.a.	n.a.	523,251	n.a.	(326,059)	197,192
Shares	n.a.	n.a.	1,249	n.a.	-	1,249
		72,814,644	**77,506,499**	**1,345,205**	**(8,204,918)**	**70,646,786**

31-Dec-2020	Average rate	Nominal value	Acquisition cost	Accrued interest	Fair-value adjustment	Balance Sheet Value
Financial assets at fair value through profit or loss						
Bonds and other fixed-income securities						
Non-readjustable bonds	14.40%	22,507,600	19,400,144	987,782	1,846,630	22,234,556
Treasury Bonds in foreign currency	5.90%	22,560,747	22,560,747	473,837	(939,016)	22,095,568
Bonds indexed to the US Dollar exchange rate	5.96%	31,013,290	32,709,794	659,037	767,013	34,135,844
Other foreign currency bonds	n.a.	5,743,898	5,743,898	27,510	(5,683,683)	87,725
Other variable income securities						
FIPA I	n.a.	n.a.	7,637,332	n.a.	(5,000,064)	2,637,268
FIPA II	n.a.	n.a.	6,431,618	n.a.	(3,064,647)	3,366,971
Carlyle	n.a.	n.a.	2,008,089	n.a.	(1,550,446)	457,643
		81,825,535	**96,491,622**	**2,148,166**	**(13,624,213)**	**85,015,575**

On 31 December 2021, the change in the item Financial assets at fair value through profit or loss - Other variable-income securities - FIPA I and II is due to the negative performance of some businesses in the investment portfolios as well as the exchange rate effect arising from the appreciation of the domestic currency.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item has the following composition:

	Cost [1]	Reserves Change in fair value	Balance sheet value
Financial assets at fair value through other comprehensive income			
Shares	1,137,484	(691,329)	446,155
Balance at 31 December 2021	**1,137,484**	**(691,329)**	**446,155**
Financial assets at fair value through other comprehensive income			
Shares	854,712	(420,721)	433,991
Balance at 31 December 2020	**854,712**	**(420,721)**	**433,991**

The change in the item Shares during the year ended 31 December 2021 corresponds to the increase in the Bank's shareholding in EMIS, SA.

In accordance with the accounting policy described in Note 2.3, debt securities at fair value through other comprehensive income are impaired in accordance with the model set forth under IFRS 9.

All exposures related to financial assets at fair value through other comprehensive income are in stage 1.

As at 31 December 2021 and 2020, financial assets at fair value through other comprehensive income, net of impairment, show the following valuation levels:

	Level 1	Level 2	Level 3	At cost	Total
Financial assets at fair value through other comprehensive income					
Shares	-	-	446,155	-	446,155
Balance at 31 December 2021	**-**	**-**	**446,155**	**-**	**446,155**
Financial assets at fair value through other comprehensive income					
Shares	-	-	433,991	-	433,991
Balance at 31 December 2020	**-**	**-**	**433,991**	**-**	**433,991**

In accordance with IFRS 13, financial instruments are measured in accordance with the valuation levels described in Note 40.

At 31 December 2021 and 2020, financial assets at fair value through other comprehensive income include only equity instruments with an undetermined duration.

At 31 December 2021 and 2020, financial assets at fair value through other comprehensive show the following characteristics:

31-Dec-2021	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium / Discount	Fair-value/ impairment adjustment	Balance Sheet Value
Financial assets at fair value through other comprehensive income												
Shares	EMIS	Angola	Financial Institutions	AKZ	n.a.	n.a.	n.a.	793,208	n.a.	n.a.	(359,074)	434,134
Shares	New Cimangola	Angola	Manufacturing industry	AKZ	n.a.	n.a.	n.a.	344,276	n.a.	n.a.	(332,255)	12,021
							-	**1,137,484**	**-**	**-**	**(691,329)**	**446,155**

31-Dec-2020	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium / Discount	Fair-value/ impairment adjustment	Balance Sheet Value
Financial assets at fair value through other comprehensive income												
Shares	EMIS	Angola	Financial Institutions	AKZ	n.a.	n.a.	n.a.	510,436	n.a.	n.a.	(88,466)	421,970
Shares	New Cimangola	Angola	Manufacturing industry	AKZ	n.a.	n.a.	n.a.	344,276	0	n.a.	(332,255)	12,021
							-	**854,712**	**-**	**-**	**(420,721)**	**433,991**

The operation in the fair-value reserve during the year is detailed in Note 21.

At 31 December 2021 and 2020, respectively, the fair-value reserves, net of deferred tax associated with assets valued at fair value through other comprehensive income, amount to Kz -175,894,000 and 152,616,000 (Note 21).

9. INVESTMENTS AT AMORTIZED COST

This item has the following composition:

	31-Dec-21	31-Dec-20
Investments at amortized cost		
Bonds and other fixed-income securities		
From public issuers		
Treasury Bills	100,021,265	87,335,681
Treasury Bonds in domestic currency		
Not readjustable	368,000,917	284,663,880
Indexed to the US Dollar exchange rate	55,640,634	188,753,445
Indexed to Treasury Bills	-	8,566,652
Treasury Bonds in foreign currency	569,337,555	785,048,129
	1,093,000,371	**1,354,367,787**
Impairments	(16,217,939)	(90,875,352)
	1,076,782,432	**(1,263,492,435)**

The fair value of the investment portfolio at amortized cost is presented in Note 40, as part of the disclosure requirements set out in IFRS 7 and IFRS 9.

All exposures related to investments at amortized cost are in stage 1. In spite of the adverse effects of the Covid-19 pandemic on the Angolan economy, as at 31 December 2021, the Bank concluded that there would be no significant increase in credit risk on the public debt.

During the year ended 31 December 2021, the Bank sold treasury bonds in foreign currency in the nominal amount of Kz 70,227,178,000, which are within the thresholds set as per the policy disclosed in note 2.3, whose gains were recognised in note 26. Consequently, the associated impairment was reversed (Note 36). The remaining change in this item is due to maturities and changes in the exchange rate.

The change in the item Treasury Bonds in domestic currency indexed to the exchange rate of the US Dollar is due to maturities and changes in the exchange rate occurred during the year.

As at 31 December 2021, the item Treasury Bonds in domestic currency - Not readjustable includes securities in the amount of Kz 20,499,990,000, provided as guarantee to the General Tax Administration (AGT) under the ongoing tax procedures (Notes 14 and 38).

Investments at amortized cost present the following residual maturity terms:

	Less than three months	Between three months and one year	From one to five years	More than five years	Total
Investments at amortized cost					
Bonds from national public issuers					
Treasury Bills	23,453,363	76,567,902	-	-	100,021,265
Treasury Bonds in domestic currency					
Not readjustable	14,034,208	181,113,635	172,853,074	-	368,000,917
Indexed to the US Dollar exchange rate	-	12,492,976	36,375,905	6,771,753	55,640,634
Treasury Bonds in foreign currency	-	270,639,577	294,612,962	4,085,017	569,337,555
Impairments	(562,461)	(8,022,537)	(7,471,848)	(161,093)	(16,217,939)
Balance at 31 December 2021	**36,925,110**	**532,791,552**	**496,370,093**	**10,695,677**	**1,076,782,432**
Investments at amortized cost					
Bonds from national public issuers					
Treasury Bills	49,970,444	37,365,237	-	-	87,335,681
Treasury Bonds in domestic currency					
Not readjustable	37,800,182	70,815,025	176,048,673	-	284,663,880
Indexed to the US Dollar exchange rate	126,605,746	557,753	53,663,321	7,926,625	188,753,445
Indexed to Treasury Bills	8,566,652	-	-	-	8,566,652
Treasury Bonds in foreign currency	-	64,995,725	715,253,766	4,798,638	785,048,129
Impairments	(15,023,184)	(11,474,288)	(63,512,097)	(865,783)	(90,875,352)
Balance at 31 December 2020	**207,919,841**	**162,259,452**	**881,453,663**	**11,859,480**	**1,263,492,435**

As at 31 December 2021 and 2020, investments at amortized cost present the following characteristics:

31-Dec-2021	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Impairment	Balance Sheet Value
Investments at amortized cost												
Bonds from national public issuers												
Treasury Bills	State	Angola	Government	AKZ	n.a.	14.24%	107,713,197	92,379,679	7,641,586	-	(1,484,116)	98,537,149
Treasury Bonds in domestic currency												
Not readjustable	State	Angola	Government	AKZ	n.a.	15,65%	385,038,500	335,444,778	11,869,023	20,687,116	(5,461,330)	362,539,587
Indexed to the US Dollar exchange rate	State	Angola	Government	AKZ	USD	5.26%	23,710,182	54,296,794	605,620	738,220	(825,595)	54,815,039
Treasury Bonds in foreign currency	State	Angola	Government	USD	n.a.	6.35%	589,302,135	556,435,976	6,159,859	6,741,720	(8,446,898)	560,890,657
							1,105,764,014	**1,038,557,227**	**26,276,088**	**28,167,056**	**(16,217,939)**	**1,076,782,432**

31-Dec-2020	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium/ Discount	Impairment	Balance Sheet Value
Investments at amortized cost												
Bonds from national public issuers												
Treasury Bills	State	Angola	Government	AKZ	n.a.	21.45%	93,873,517	86,606,378	729,303	-	(5,934,460)	81,401,221
Treasury Bonds in domestic currency												
Not readjustable	State	Angola	Government	AKZ	n.a.	14.95%	298,469,600	260,952,973	10,287,780	13,423,127	(18,500,181)	266,163,700
Indexed to the US Dollar exchange rate	State	Angola	Government	AKZ	USD	6.68%	186,052,768	184,470,038	3,726,542	556,864	(12,796,961)	175,956,483
Treasury Bonds in foreign currency	State	Angola	Government	AKZ	n.a.	25.90%	8,000,000	8,000,000	566,652	-	(582,104)	7,984,548
							1,460,228,245	**1,312,657,980**	**23,574,197**	**18,135,610**	**(90,875,352)**	**1,263,492,435**

At 31 December 2021 and 2020, the impairment losses on investments at amortized cost show the following operations:

	31-Dec-21	31-Dec-20
Opening balance	**90,875,352**	**13,315,351**
Allocation for the year	4,227,846	75,465,822
Reversal for the year	(72,197,206)	(2,102,252)
Note 36	(67,969,360)	73,363,570
Adjustments (including exchange rate effect)	(6,688,053)	4,196,432
Final balance	**16,217,939**	**90,875,352**

As at 31 December 2021, the Bank reversed expected impairment losses for the reduction of PD due to the upgrade of the sovereign rating by Moody's, Fitch and S&P agencies, which revised this rating in September 2021, January and February 2022, respectively.

10. LOANS TO CUSTOMERS

This item has the following composition:

	31-Dec-21	31-Dec-20
Loans at amortized cost		
Domestic loans		
Companies	**423,527,253**	**422,897,270**
Loans	401,009,016	395,071,475
Current account and overdraft loans	21,935,167	27,799,605
Loan cards	583,070	26,190
To private customers	**122,676,548**	**99,983,972**
Housing	35,084,949	40,641,290
Consumption and other	87,591,599	59,342,682
	546,203,801	**522,881,242**
Foreign loans		
Companies		
Loans	10,567,702	18,550,541
	10,567,702	**18,550,541**
Non-performing loans and interest		
Up to 30 days	34,657,672	11,843,656
From 30 to 90 days	8,371,685	7,810,802
90 or more days	72,196,706	93,103,665
	115,226,062	**112,758,123**
	671,997,565	**654,189,906**
Impairment losses	(315,265,085)	(288,149,500)
	356,732,480	**366,040,406**
Loans at fair value through profit or loss		
Gross book value	589,783	792,090
Fair-value adjustment	(401,989)	(73,757)
	187,794	**718,333**
	356,920,274	**366,758,738**

Non-performing loans include all loan transactions overdue for more than one day, including overdue and outstanding instalments.

Loans to customers include the amount of Kz 187,794,000 (2020: Kz 718,333,000) related to loans measured at fair value through profit or loss, as they do not comply with the requirements of IFRS 9 regarding the SPPI criterion (see note 2.3).

The following disclosures on loans and impairment exclude loans at fair value through profit or loss as they are not subject to impairment.

As at 31 December 2021 and 2020, loans and impairment by situation and risk segment are broken down as follows:

	Exposure at 31-Dec-2021			Impairment at 31-Dec-2021		
Segment	**Total exposure**	**Loans in compliance**	**Defaulting loans**	**Total impairment**	**Loans in compliance**	**Defaulting loans**
Cards	2,682,239	2,682,239	-	36,054	36,054	-
Consumption	98,289,193	84,848,685	13,440,507	8,719,563	4,975,436	3,744,127
Overdrafts	2,043,163	60,674	1,982,489	1,009,008	3,322	1,005,686
Large companies	427,182,782	362,834,879	64,347,903	273,757,423	232,948,029	40,809,395
Housing	55,012,301	35,084,949	19,927,351	15,212,792	4,072,750	11,140,042
Small companies	53,307,472	37,779,717	15,527,755	16,006,108	5,135,154	10,870,954
Public sector	33,480,415	33,480,359	56	524,136	524,079	58
Total	**671,997,565**	**556,771,503**	**115,226,062**	**315,265,085**	**247,694,824**	**67,570,261**

	Exposure at 31-Dec-2020			Impairment at 31-Dec-2020		
Segment	**Total exposure**	**Loans in compliance**	**Defaulting loans**	**Total impairment**	**Loans in compliance**	**Defaulting loans**
Cards	2,468,143	2,409,865	58,278	34,675	34,675	-
Consumption	68,739,292	56,647,045	12,092,247	5,629,638	1,959,165	3,670,473
Overdrafts	3,091,774	285,772	2,806,002	759,643	10	759,633
Large companies	383,635,188	330,697,988	52,937,200	247,537,826	215,676,044	31,861,782
Housing	68,115,197	40,641,290	27,473,907	14,569,641	1,518,108	13,051,532
Small companies	38,959,281	21,568,792	17,390,489	13,469,276	2,332,713	11,136,563
Public sector	89,181,032	89,181,032	-	6,148,802	6,148,797	5
Total	**654,189,907**	**541,431,784**	**112,758,123**	**288,149,500**	**227,669,512**	**60,479,989**

Due to its nature, the Bank classifies overdrafts as non-performing loans, except authorised overdrafts, as long as they do not exceed the authorised maturity.

The item Cards represents the exposure to credit cards from private entities in accordance with the segmentation applied under the collective impairment model.

As mentioned in the chapter on activity by business area of the Management Report, on 31 December 2021, the loans disbursed by the Bank under Notice 10/2020, of 3 April, represented 3% of the total portfolio. For loans granted or restructured under this Notice, the total cost of the loan to the borrower, including the interest rate and commissions, cannot exceed 7.5% per year ("all-in-cost"). In turn, the Bank can deduct the total amount of the loan from the amount of its reserve requirement. Within this context, regarding new loans granted under Notice no. 10/2020, with a maximum interest rate of 7.5% and release of the reserve requirement, the Bank considers that the fair value of the loans does not differ from the nominal value considering that the interest rate of the transactions exceeds the initial loan risk spread of the debtor.

As at 31 December 2021 and 2020, the breakdown of non-performing loans and impairment by maturity is as follows:

	Exposure at 31-Dec-2021							
Segment	Non--performing loans	Up to 30 days	From 30 to 90 days	More than 90 days	Impairment on non-performing loans	Up to 30 days	From 30 to 90 days	More than 90 days
Consumption	13,440,507	8,115,006	491,073	4,834,429	3,744,127	624,949	98,350	3,020,829
Overdrafts	1,982,489	33,966	11,210	1,937,314	1,005,686	369	107	1,005,210
Large companies	64,347,903	23,316,341	7,357,082	33,674,480	40,809,395	4,011,033	7,357,063	29,441,300
Housing	19,927,351	2,884,985	367,578	16,674,789	11,140,042	578,495	65,784	10,495,763
Small companies	15,527,755	307,318	144,743	15,075,694	10,870,954	14,046	8,907	10,848,001
Public sector	56	56	-	-	58	58	-	-
Total	**115,226,062**	**34,657,672**	**8,371,685**	**72,196,706**	**67,570,261**	**5,228,949**	**7,530,210**	**54,811,102**

	Exposure at 31-Dec-2021							
Segment	Non--performing loans	Up to 30 days	From 30 to 90 days	More than 90 days	Impairment on non-performing loans	Up to 30 days	From 30 to 90 days	More than 90 days
Cards	58,278	58,278	-	-	-	-	-	-
Consumption	12,092,247	4,802,941	3,095,572	4,193,734	3,670,473	276,283	764,737	2,629,453
Overdrafts	2,806,002	84,229	1,620,967	1,100,806	759,633	7,171	17,500	734,963
Large companies	52,937,200	5,606	616,643	52,314,951	31,861,782	4,149	42,421	31,815,212
Housing	27,473,907	5,859,609	1,804,516	19,809,782	13,051,532	665,947	446,088	11,939,498
Small companies	17,390,489	1,032,992	673,104	15,684,393	11,136,563	247,045	147,705	10,741,813
Public sector	-	-	-	-	5	-	-	5
Total	**115,226,062**	**34,657,672**	**8,371,685**	**72,196,706**	**60,479,988**	**1,200,595**	**1,418,450**	**57,860,944**

As at 31 December 2021 and 2020, the breakdown of non-performing loans and impairment by stages is as follows:

	Exposure at 31-Dec-2021							
Segment	Non-performing loans	Stage 1	*Stage 2*	Stage 3	Impairment on non-performing loans	Stage 1	Stage 2	Stage 3
Consumption	13,440,507	6,547,590	1,898,698	4,994,219	3,744,127	504,428	181,298	3,058,401
Overdrafts	1,982,489	32,657	11,209	1,938,624	1,005,686	2	100	1,005,584
Large companies	64,347,903	10,186,487	19	54,161,397	40,809,395	30,374	0	40,779,021
Housing	19,927,351	59,421	2,309,564	17,558,366	11,140,042	153	305,907	10,833,981
Small companies	15,527,755	111,890	146,407	15,269,458	10,870,954	593	5,260	10,865,100
Public sector	56	56	-	-	58	58	-	-
Total	**115,226,062**	**16,938,101**	**4,365,896**	**93,922,065**	**67,570,261**	**535,608**	**492,566**	**66,542,087**

	Exposure at 31-Dec-2020				Exposure at 31-Dec-2020			
Segment	Non-performing loans	Stage 1	*Stage 2*	Stage 3	Impairment on non-performing loans	Stage 1	Stage 2	Stage 3
Cards	58,278	2,409	-	55,869	-	-	-	-
Consumption	12,092,247	4,671,688	2,958,908	4,461,651	3,670,473	228,071	714,829	2,727,573
Overdrafts	2,806,002	32,640	1,599,480	1,173,882	759,633	51	13,944	745,638
Large companies	52,937,200	-	-	52,937,200	31,861,782	-	-	31,861,782
Housing	27,473,907	5,042,188	826,851	21,604,867	13,051,532	157,221	97,324	12,796,988
Small companies	17,390,489	82,397	347,914	16,960,178	11,136,563	3,832	56,341	11,076,390
Public sector	-	-	-	-	5	-	-	5
Total	**112,758,123**	**9,831,323**	**5,733,152**	**97,193,648**	**60,479,989**	**389,175**	**882,437**	**59,208,376**

As at 31 December 2021 and 2020, the breakdown of non-performing loans with impairment by maturity is as follows:

	Exposure at 31-Dec-2021				Exposure at 31-Dec-2020			
Segment	Non-performing loans with impairment	Up to 30 days	From 30 to 90 days	More than 90 days	Non-performing loans with impairment	Up to 30 days	From 30 to 90 days	More than 90 days
Cards	-	-	-	-	58,278	58,278	-	-
Consumption	13,440,507	8,115,006	491,073	4,834,429	12,092,247	4,802,941	3,095,572	4,193,734
Overdrafts	1,982,489	33,966	11,210	1,937,314	2,806,002	84,229	1,620,967	1,100,806
Large companies	64,347,903	23,316,341	7,357,082	33,674,480	52,937,200	5,606	616,643	52,314,951
Housing	19,927,351	2,884,985	367,578	16,674,789	27,473,907	5,859,609	1,804,516	19,809,782
Small companies	15,527,755	307,318	144,743	15,075,694	17,390,489	1,032,992	673,104	15,684,393
Public sector	56	56	-	-	-	-	-	-
Total	**115,226,062**	**34,657,672**	**8,371,685**	**72,196,706**	**112,758,123**	**11,843,656**	**7,810,802**	**93,103,665**

As at 31 December 2021 and 2020 the composition of non-performing loans without impairment was nil.

As at 31 December 2021 and 2020, the composition of overdue loans with impairment by stages is presented as follows:

	Exposure at 31-Dec-2021				Exposure at 31-Dec-2020			
	Default Stage				Default Stage			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to customers								
Loans and overdue interest								
With impairment assigned on the basis of an individual analysis	-	-	71,749,071	71,749,071	-	2,705,163	58,432,307	61,137,470
With impairment assigned on the basis of a collective analysis	16,938,101	4,365,896	22,172,994	43,476,991	9,831,323	3,027,989	38,761,341	51,620,653
Total	**16,938,101**	**4,365,896**	**93,922,065**	**115,226,062**	**9,831,323**	**5,733,152**	**97,193,648**	**112,758,123**

Loans to customers by stage are broken down as follows:

	31-Dec-2021			
	Stage 1	Stage 2	Stage 3	Total
Loans at amortized cost				
Gross value	189,063,689	99,501,892	383,431,984	671,997,565
Impairment losses	(7,565,401)	(10,552,019)	(297,147,664)	(315,265,085)
	181,498,287	**88,949,873**	**86,284,320**	**356,732,480**
Loans at fair value through profit or loss	-	-	-	187,794
Total	**181,498,287**	**88,949,873**	**86,284,320**	**356,920,274**

	31-Dec-2020			
	Stage 1	Stage 2	Stage 3	Total
Loans at amortized cost				
Gross value	117,133,484	135,628,327	401,428,094	654,189,906
Impairment losses	(5,459,481)	(9,700,676)	(272,989,344)	(288,149,500)
	111,674,003	**125,927,651**	**128,438,750**	**366,040,406**
Loans at fair value through profit or loss	-	-	-	718,333
Total	**111,674,003**	**125,927,651**	**128,438,750**	**366,758,738**

As at 31 December 2021, loans to customers were broken down as follows:

	31-Dec-2021				
			Default Stage		
	Outstanding loans and interest receivable	Stage 1	Stage 2	Stage 3	Total
Loans to customers					
With impairment assigned on the basis of an individual analysis					
Loans and interest	335,243,226	-	-	71,749,071	406,992,296
Impairment	(239,416,794)	-	-	(57,860,705)	(297,277,499)
	95,826,432	**-**	**-**	**13,888,365**	**109,714,797**
With impairment assigned on the basis of a collective analysis					
Loans and interest	221,528,277	16,938,101	4,365,896	22,172,994	265,005,268
Impairment	(8,278,030)	(535,608)	(492,566)	(8,681,382)	(17,987,585)
	213,250,248	**16,402,493**	**3,873,330**	**13,491,612**	**247,017,683**
Total	**309,076,679**	**16,402,493**	**3,873,330**	**27,379,978**	**356,732,480**

	31-Dec-2020				
			Default Stage		
	Outstanding loans and interest receivable	Stage 1	Stage 2	Stage 3	Total
Loans to customers					
Without impairment	-	-	-	-	-
With impairment assigned on the basis of an individual analysis					
Loans and interest	385,026,320	-	2,705,163	58,432,307	446,163,790
	(219,329,480)	-	(649,242)	(49,026,994)	(269,005,715)
	165,696,841	**-**	**2,055,922**	**9,405,313**	**177,158,075**
With impairment assigned on the basis of a collective analysis					
Loans and interest	156,405,463	9,831,323	3,027,989	38,761,341	208,026,116
Impairment	(8,340,032)	(389,175)	(233,195)	(10,181,383)	(19,143,785)
	148,065,431	**9,442,148**	**2,794,794**	**28,579,958**	**188,882,331**
Total	**313,762,272**	**9,442,148**	**4,850,715**	**37,985,271**	**366,040,406**

The matrix for transfer of exposure by stages between 1 January and 31 December 2021 is as follows:

	31-Dec-2021			
	Stage 1	Stage 2	Stage 3	Total
Stage on 01-01-2021				
Stage 1	40,631,011	12,735,829	2,932,689	56,299,529
Stage 2	42,445,799	18,661,475	10,742,479	71,849,753
Stage 3	6,257,201	63,740,144	368,625,180	438,622,525
Exposure originated during 2021	99,729,678	4,364,443	1,131,637	105,225,758
Total	**189,063,689**	**99,501,892**	**383,431,984**	**671,997,565**

	31-Dec-2020			
	Stage 1	Stage 2	Stage 3	Total
Stage on 01-01-2020				
Stage 1	49,162,730	49,130,392	23,988,942	122,282,064
Stage 2	13,159,231	25,397,193	71,736,506	110,292,929
Stage 3	6,028,680	6,561,839	267,315,827	279,906,346
Exposure originated during 2020	48,782,844	54,538,903	38,386,820	141,708,566
Total	**117,133,484**	**135,628,327**	**401,428,094**	**654,189,906**

Impairment migration by stages between 01 January and 31 December 2021 is as follows:

	31-Dec-2021			
	Stage 1	Stage 2	Stage 3	Total
Stage on 01-01-2021				
Stage 1	1,502,671	1,545,287	707,709	3,755,668
Stage 2	647,824	3,532,566	3,440,402	7,620,792
Stage 3	145,879	3,053,752	292,737,781	295,937,412
Exposure originated during 2021	5,269,028	2,420,414	261,771	7,951,213
Total	**7,565,401**	**10,552,019**	**297,147,664**	**315,265,085**

	31-Dec-2020			
	Stage 1	Stage 2	Stage 3	Total
Stage on 01-01-2019				
Stage 1	2,164,208	3,058,069	14,377,299	19,599,576
Stage 2	377,466	1,589,453	42,806,827	44,773,747
Stage 3	258,253	755,006	203,488,762	204,502,020
Exposure originated during 2019	2,659,554	4,298,148	12,316,456	19,274,158
Total	**5,459,481**	**9,700,676**	**272,989,344**	**288,149,500**

As at 31 December 2021 and 2020, loans to customers and impairment by currency including loans at fair value are as follows:

Amounts expressed in thousands of Kwanzas - mKz

	31-Dec-2021		31-Dec-2020	
Currency	Loans to customers	Impairment	Loans to customers	Impairment
AKZ	585,434,927	258,736,395	479,367,723	221,752,076
USD	85,761,775	56,378,229	173,858,398	66,336,724
EUR	800,862	150,460	963,785	60,700
Total	**671,997,565**	**315,265,084**	**654,189,907**	**288,149,500**

At 31 December 2021 and 2020, the composition of the loan portfolio by residual maturities including loans at fair value is as follows:

	31-Dec-21	31-Dec-20
Up to three months	26,557,450	21,547,259
From three months to one year	15,008,269	115,647,386
From one to five years	216,582,693	123,989,536
More than five years	290,097,918	280,253,859
Undetermined duration	123,939,028	113,470,198
Total	**672,185,359**	**654,908,238**

The loan amount considered as undetermined duration corresponds to the amount of non-performing loans.

As at 31 December 2021 and 2020, loans and impairment are broken down as follows by year of concession:

31-Dec-2021	2018 and earlier			2019			2020			2021			Total		
Segment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment
Cards	9,882	1,589,055	34,982	838	186,875	157	2,401	656,415	448	11,656	249,894	467	24,777	2,682,239	36,054
Consumption	1,816	2,695,049	1,783,356	3,735	5,425,973	754,308	15,719	19,901,454	1,046,544	81,830	70,266,716	5,135,354	103,100	98,289,193	8,719,563
Overdrafts	3,271	1,049,978	561,943	430	209,398	109,622	415	635,005	332,458	2,344	148,781	4,985	6,460	2,043,163	1,009,008
Large Companies	311	187,630,826	147,984,184	18	119,445,242	101,181,432	51	47,791,225	14,442,896	90	72,315,488	10,148,911	470	427,182,782	273,757,423
Housing	784	27,793,879	9,974,613	336	7,651,341	1,371,169	195	9,252,375	1,867,902	243	10,314,706	1,999,108	1,558	55,012,301	15,212,792
Small Companies	732	13,392,322	9,996,715	51	3,612,212	1,139,327	131	10,240,214	1,808,037	2,599	26,062,723	3,062,028	3,513	53,307,472	16,006,108
Public sector	93	20,757,156	318,307	41	6,889	9,606	8	4,732	1,746	24	12,711,637	194,477	166	33,480,415	524,136
Total	**16,889**	**254,908,266**	**170,654,101**	**5,449**	**136,537,932**	**104,565,622**	**18,920**	**88,481,421**	**19,500,031**	**98,786**	**192,069,946**	**20,545,331**	**140,044**	**671,997,565**	**315,265,085**

31-Dec-2020	2017 and earlier			2018			2019			2020			Total		
Segment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment
Cards	8,691	-	32,207	1,197	-	1,836	838	-	54	2,514	2,468,143	579	13,240	2,468,143	34,675
Consumption	1,174	2,923,188	1,938,588	1,522	2,664,408	571,824	10,433	21,476,178	1,645,047	23,420	41,675,518	1,474,180	36,549	68,739,292	5,629,638
Overdrafts	2,000	163,987	65,852	244	7,478	3,607	92	2,269	297	4,705	2,918,039	689,887	7,041	3,091,774	759,643
Large companies	300	170,381,821	118,255,577	33	35,290,662	23,773,023	26	111,070,057	85,667,316	76	66,892,648	19,841,910	435	383,635,188	247,537,826
Housing	863	44,159,594	12,073,699	151	3,830,373	186,054	368	9,097,329	1,062,668	298	11,027,902	1,247,219	1,680	68,115,197	14,569,641
Small companies	641	13,427,127	8,978,161	53	2,923,591	1,040,057	40	4,127,471	1,009,811	965	18,481,092	2,441,248	1,699	38,959,281	13,469,276
Public sector	58	67,298,529	4,608,740	27	(1,724)	19,267	39	3,316,981	257,026	32	18,567,247	1,263,769	156	89,181,032	6,148,802
Total	**13,727**	**298,354,245**	**145,952,824**	**3,227**	**44,714,787**	**25,595,667**	**11,836**	**149,090,285**	**89,642,218**	**32,010**	**162,030,589**	**26,958,791**	**60,800**	**654,189,906**	**288,149,500**

As at 31 December 2021 and 2020, loans and impairment by type of quantification are broken down as follows by risk segment:

31-Dec-2021	Individual analysis		Collective analysis		Total	
Segment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Cards	21,113	29,408	2,661,126	6,646	2,682,239	36,054
Consumption	6,787,778	2,544,926	91,501,415	6,174,638	98,289,193	8,719,563
Overdrafts	2,187	2,188	2,040,976	1,006,820	2,043,163	1,009,008
Large companies	351,941,611	272,387,766	75,241,171	1,369,658	427,182,782	273,757,423
Housing	8,440,829	8,390,571	46,571,472	6,822,220	55,012,301	15,212,792
Small companies	19,068,913	13,615,050	34,238,560	2,391,058	53,307,472	16,006,108
Public sector	20,729,866	307,590	12,750,549	216,546	33,480,415	524,136
Total	**406,992,296**	**297,277,499**	**265,005,268**	**17,987,585**	**671,997,565**	**315,265,085**

31-Dec-2020	Individual analysis		Collective analysis		Total	
Segment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Cards	-	24,008	2,468,143	10,667	2,468,143	34,675
Consumption	3,796,759	1,741,440	64,942,533	3,888,197	68,739,292	5,629,638
Overdrafts	1,207	1,207	3,090,567	758,436	3,091,774	759,643
Large companies	328,786,771	241,720,416	54,848,417	5,817,410	383,635,188	247,537,826
Housing	9,254,724	9,253,982	58,860,473	5,315,658	68,115,197	14,569,641
Small companies	17,588,140	10,335,147	21,371,141	3,134,129	38,959,281	13,469,276
Public sector	86,736,190	5,929,515	2,444,842	219,288	89,181,032	6,148,802
Total	**446,163,790**	**269,005,715**	**208,026,116**	**19,143,785**	**654,189,906**	**288,149,500**

The assessment of the existence of impairment losses in individual terms is determined through an analysis of total loan exposure on a case-by-case basis. As mentioned in Note 2.3, the Bank considers individually significant exposures when the amount is equal to or greater than 0.5% of the institution's regulatory own funds, as well as the twenty largest private customers.

Loans that were individually analysed on 31 December 2021 represent 61% of the loan portfolio and 94% of the total impairment. It should be noted that loans subject to individual analysis for which it has been concluded that there are no objective signs of impairment are transferred to collective analysis.

As at 31 December 2021 and 2020, loans and impairment by type of quantification are broken down as follows by geographical area:

31-Dec-2021	Individual analysis		Collective analysis		Total	
Geographical area	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Angola	396,424,595	297,120,696	265,005,268	17,987,585	661,429,863	315,108,281
Other Countries	10,567,702	156,804	-	-	10,567,702	156,804
Total	**406,992,296**	**297,277,499**	**265,005,268**	**17,987,585**	**671,997,565**	**315,265,085**

31-Dec-2020	Individual analysis		Collective analysis		Total	
Segment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Angola	427,613,250	267,745,206	208,026,116	19,143,785	635,639,365	286,888,991
Other Countries	18,550,541	1,260,509	-	-	18,550,541	1,260,509
Total	**446,163,790**	**269,005,715**	**208,026,116**	**19,143,785**	**654,189,906**	**288,149,500**

As at 31 December 2021, the sectoral concentration of loans to customers is presented as follows:

31-Dec-2021	Loans to Customers			Guarantees provided and documentary loans (Note 38)	Total exposure	Impairment	
Activity sector	Due	Accrued Interest receivable	Overdue			Value	Impairment / Total exposure
State	**20,160,041**	**575,529**	**15**	**5,360,006**	**26,095,591**	**315,697**	**1.21%**
Companies	**338,028,580**	**75,330,805**	**79,875,699**	**68,476,275**	**561,711,360**	**297,315,924**	**52.93%**
Real estate development	106,199,716	60,387,026	4,561,763	-	171,148,505	148,858,556	86.98%
Extractive industry	42,296,974	3,652,697	16,751,470	3,291,394	65,992,534	53,033,518	80.36%
Agribusiness	41,291,568	9,592,417	763,453	-	51,647,438	36,491,972	70.66%
Manufacturing industry	26,193,786	127,947	11,157,942	11,777,924	49,257,598	15,762,389	32.00%
Construction	12,517,275	18,429	20,674,258	1,266,394	34,476,356	8,494,612	24.64%
Trade	86,664,661	900,464	14,189,704	27,000,778	128,755,606	21,922,815	17.03%
Services	11,489,942	266,002	5,308,405	23,653,668	40,718,017	7,703,400	18.92%
Fisheries	5,291,617	107,667	2,893,213	1,471,895	9,764,392	3,050,697	31.24%
Hospitality and tourism	10,451	-	771,726	-	782,177	633,361	80.97%
Agriculture	5,122,584	278,135	2,074,008	14,223	7,488,950	885,357	11.82%
Others	950,008	21	729,757	-	1,679,786	479,246	28.53%
Private customers	**122,214,695**	**461,853**	**35,350,348**	**653,602**	**158,680,498**	**25,002,897**	**15.76%**
Consumption	87,153,875	437,724	15,484,842	653,602	103,730,042	9,790,106	9.44%
Housing	35,060,820	24,129	19,865,507	-	54,950,456	15,212,792	27.68%
Total	**480,403,316**	**76,368,187**	**115,226,062**	**74,489,884**	**746,487,448**	**322,634,518**	**43.22%**

31-Dec-2020	Loans to Customers			Guarantees provided and documentary loans (Note 38)	Total exposure	Impairment	
Activity sector	Due	Accrued Interest receivable	Overdue			Value	Impairment / Total exposure
State	**85,166,578**	**1,569,612**	**6**	**-**	**86,736,196**	**5,929,517**	**6.84%**
Companies	**302,074,090**	**53,541,426**	**70,447,489**	**67,947,273**	**494,010,279**	**267,083,295**	**54.06%**
Real estate development	107,094,305	46,975,283	3,830,736	-	157,900,324	133,892,498	84.80%
Extractive industry	53,710,303	793,512	15,047,244	1,201,490	70,752,549	54,394,916	76.88%
Agribusiness	41,423,477	4,701,963	2,351,955	1,727,419	50,204,814	28,519,599	56.81%
Manufacturing industry	17,372,585	183,498	24,432,943	5,438,259	47,427,286	13,413,099	28.28%
Construction	19,682,117	696,439	7,726,825	4,998,050	33,103,430	7,118,532	21.50%
Trade	47,285,372	-	8,955,691	42,860,453	99,101,517	20,222,256	20.41%
Services	11,610,459	131,845	2,552,780	11,632,938	25,928,023	4,991,708	19.25%
Fisheries	2,157,243	2,837	2,893,159	5,296	5,058,535	3,080,470	60.90%
Hospitality and tourism	266,303	33,371	759,229	27,066	1,085,969	625,328	57.58%
Agriculture	1,471,925	22,677	1,733,794	-	3,228,395	766,627	23.75%
Livestock farming	-	-	50,485	-	50,485	3,430	6.80%
Others	-	-	112,647	56,302	168,949	54,833	32.46%
Private customers	**98,604,256**	**475,821**	**42,310,628**	**4,630,451**	**146,021,156**	**21,167,135**	**14.50%**
Consumption	57,996,617	448,992	14,836,721	4,630,451	77,912,781	6,597,494	8.47%
Housing	40,607,639	26,829	27,473,907	-	68,108,375	14,569,641	21.39%
Total	**485,844,923**	**55,586,860**	**112,758,123**	**72,577,724**	**726,767,631**	**294,179,947**	**40.48%**

The amount of guarantees provided and documentary loans represents the exposure after application of the conversion factors considered in the Bank's impairment model. This amount includes documentary loans and guarantees provided to the tax authority relating to tax procedures in progress as described in Note 38.

The impairment amount includes the impairment stock for guarantees provided and documentary loans described in Note 18.

As at 31 December 2021 and 2020, loans and impairment are broken down as follows by sector of economic activity:

31-Dec-2021	Individual analysis		Collective analysis		Total	
Activity sector	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
State	**20,729,866**	**307,590**	**5,719**	**8,106**	**20,735,585**	**315,697**
Companies	**371,010,524**	**286,002,816**	**122,224,560**	**3,969,155**	**493,235,084**	**289,971,971**
Real estate development	169,654,778	148,784,648	1,493,727	73,908	171,148,505	148,858,556
Extractive industry	60,631,006	52,847,267	2,070,135	163,344	62,701,140	53,010,612
Agribusiness	51,587,250	36,484,899	60,187	7,073	51,647,438	36,491,972
Manufacturing industry	23,244,872	14,416,062	14,234,803	385,044	37,479,675	14,801,107
Construction	22,156,296	8,092,137	11,053,667	181,299	33,209,962	8,273,436
Trade	30,406,315	14,260,626	71,348,514	1,879,720	101,754,829	16,140,347
Services	7,384,793	6,807,552	9,679,557	548,034	17,064,349	7,355,585
Fisheries	3,196,398	2,841,074	5,096,099	201,319	8,292,497	3,042,393
Hospitality and tourism	453,905	454,068	328,272	179,293	782,177	633,361
Agriculture	1,974,614	694,065	5,500,113	191,292	7,474,727	885,357
Others	320,299	320,417	1,359,487	158,828	1,679,785	479,246
Private customers	**15,251,907**	**10,967,093**	**142,774,989**	**14,010,324**	**158,026,896**	**24,977,417**
Consumption	6,811,079	2,576,521	96,265,362	7,188,104	103,076,440	9,764,625
Housing	8,440,829	8,390,571	46,509,627	6,822,220	54,950,456	15,212,792
Total	**406,992,296**	**297,277,499**	**265,005,268**	**17,987,585**	**671,997,565**	**315,265,085**

31-Dec-2020	Individual analysis		Collective analysis		Total	
Activity sector	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
State	**86,736,196**	**5,929,517**	**-**	**-**	**86,736,196**	**5,929,517**
Companies	**346,374,905**	**252,055,560**	**79,688,101**	**9,169,831**	**426,063,005**	**261,225,392**
Real estate development	156,171,689	133,813,564	1,728,635	78,934	157,900,324	133,892,498
Extractive industry	66,810,878	53,992,894	2,740,181	224,498	69,551,059	54,217,392
Agribusiness	46,696,122	28,299,000	1,781,274	203,978	48,477,395	28,502,978
Manufacturing industry	18,277,416	11,335,638	23,711,611	1,626,319	41,989,027	12,961,957
Construction	21,750,459	5,447,916	6,354,922	969,848	28,105,381	6,417,765
Trade	26,991,268	11,593,100	29,249,796	4,860,102	56,241,064	16,453,202
Services	4,164,088	3,595,750	10,130,997	653,709	14,295,085	4,249,460
Fisheries	3,579,261	2,967,946	1,473,978	112,466	5,053,239	3,080,412
Hospitality and tourism	453,665	428,459	605,238	196,722	1,058,903	625,181
Agriculture	1,460,788	570,959	1,767,607	195,667	3,228,395	766,627
Livestock farming	-	-	50,485	3,430	50,485	3,430
Others	19,271	10,334	93,377	44,156	112,647	54,490
Private customers	**13,052,690**	**11,020,638**	**128,338,015**	**9,973,954**	**141,390,705**	**20,994,592**
Consumption	3,797,966	1,766,655	69,484,364	4,658,296	73,282,330	6,424,951
Housing	9,254,724	9,253,982	58,853,651	5,315,658	68,108,375	14,569,641
Total	**446,163,790**	**269,005,715**	**208,026,116**	**19,143,785**	**654,189,906**	**288,149,500**

The position of restructured loans as at 31 December 2021 and 2020 can be broken down as follows:

	31-Dec-21	31-Dec-20
Opening balance of the restructured loan portfolio (gross of impairment)	**322,789,239**	**258,999,122**
Restructured loans in the year	45,751,185	31,835,747
Accrued interest on the restructured loan portfolio	73,925,801	53,278,714
Settlement of restructured loans (partial or total)	(36,648,206)	(21,324,343)
Final balance of the restructured loan portfolio (gross of impairment)	**405,818,019**	**322,789,239**

As at 31 December 2021 and 2020, restructured loans by amounts due, interest and overdue are presented as follows:

	Loans				
31-Dec-2021	Due	Interest receivable	Overdue	Total	Impairments
Companies	249,541,552	73,513,404	52,580,539	375,635,495	253,983,646
Private customers					
Consumption	7,690,350	403,921	477,823	8,572,094	2,312,005
Housing	15,957,601	8,476	5,644,353	21,610,430	5,505,651
	23,647,952	412,397	6,122,176	30,182,524	7,817,655
Total	**273,189,504**	**73,925,801**	**58,702,715**	**405,818,020**	**261,801,301**

	Loans				
31-Dec-2020	Due	Interest receivable	Overdue	Total	Impairments
Companies	199,559,223	53,263,901	50,651,874	303,474,997	221,786,427
Private customers					
Consumption	467,465	12,917	860,225	1,340,607	680,185
Housing	11,622,301	1,895	6,349,439	17,973,635	3,012,207
	12,089,766	14,813	7,209,664	19,314,242	3,692,392
Total	**211,648,988**	**53,278,714**	**57,861,538**	**322,789,239**	**225,478,818**

As at 31 December 2021 and 2020, the detail of restructured loans by situation and restructuring measure is presented as follows:

31-Dec-2021	Loans in compliance			Defaulting loans			Total		
Measure applied	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment
Modality change	-	-	-	1	3,902,549	3,902,549	1	3,902,549	3,902,549
Conversion of the loan into domestic currency	355	15,736,846	3,164,281	152	4,552,679	1,544,872	507	20,289,525	4,709,153
Term extension	96	31,455,828	5,983,424	58	10,295,837	3,477,556	154	41,751,665	9,460,980
Term extension with grace period	27	153,844,324	80,521,686	37	38,503,288	34,339,397	64	192,347,612	114,861,083
Grace period	6	92,418,744	74,041,083	6	1,445,984	1,080,812	12	93,864,728	75,121,894
Rate reduction	4	53,659,562	53,744,835	1	2,378	807	5	53,661,941	53,745,642
Total	**488**	**347,115,304**	**217,455,308**	**255**	**58,702,715**	**44,345,993**	**743**	**405,818,019**	**261,801,301**

31-Dec-2020	Loans in compliance			Defaulting loans			Total		
Measure applied	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment
Modality change	1	3,994,499	2,955,929	-	-	-	1	3,994,499	2,955,929
Conversion of the loan into domestic currency	255	11,252,014	976,169	197	4,802,696	1,033,850	452	16,054,710	2,010,019
Term extension	55	16,343,608	3,340,544	54	2,067,063	1,288,199	109	18,410,671	4,628,743
Term extension with grace period	22	100,553,817	67,345,057	29	48,035,752	32,330,922	51	148,589,570	99,675,980
Grace period	3	85,563,420	67,429,784	16	2,956,026	1,430,468	19	88,519,446	68,860,251
Rate reduction	1	47,220,343	47,347,896	-	-	-	1	47,220,343	47,347,896
Total	**337**	**264,927,702**	**89,395,379**	**296**	**57,861,538**	**36,083,439**	**633**	**322,789,239**	**225,478,818**

As at 31 December 2021 and 2020, the detail of restructured loans by situation and restructuring measure is presented as follows:

31-12-2021	Stage 1			Stage 2			Stage 3			Total		
Measure applied	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment
Modality change	-	-	-	-	-	-	1	3,902,549	3,902,549	1	3,902,549	3,902,549
Conversion of the loan into domestic currency	23	1,563,703	99,527	316	13,020,816	1,582,954	168	5,705,006	3,026,672	166	20,289,525	4,709,153
Term extension	2	2,331,736	59,763	90	22,607,363	3,102,952	62	16,812,565	6,298,265	55	41,751,665	9,460,980
Term extension with grace period	-	-	-	17	49,562,221	2,640,972	47	142,785,391	112,220,111	39	192,347,612	114,861,083
Grace period	-	-	-	3	212,331	5,184	9	93,652,397	75,116,710	7	93,864,728	75,121,894
Rate reduction	1	21,694	1,284	2	2,380	166	2	53,637,866	53,744,192	1	53,661,941	53,745,642
Total	**26**	**3,917,133**	**160,573**	**428**	**85,405,112**	**7,332,230**	**289**	**316,495,774**	**254,308,498**	**269**	**405,818,019**	**261,801,301**

31-Dec-2021	Stage 1			Stage 2			Stage 3			Total		
Measure applied	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment
Modality change	-	-	-	-	-	-	1	3,994,499	2,955,929	1	3,994,499	2,955,929
Conversion of the loan into domestic currency	135	6,322,117	100,208	176	5,907,296	437,586	141	3,825,297	1,472,224	452	16,054,711	2,010,019
Term extension	33	866,241	30,357	25	2,725,468	462,670	50	14,818,962	4,135,716	108	18,410,671	4,628,743
Term extension with grace period	6	1,091,865	196,994	5	1,382,837	197,523	40	146,114,867	99,281,463	51	148,589,570	99,675,980
Grace period	-	-	-	1	212,596	4,310	19	88,306,850	68,855,941	20	88,519,446	68,860,251
Rate reduction	-	-	-	-	-	-	1	47,220,343	47,347,896	1	47,220,343	47,347,896
Total	**174**	**8,280,224**	**327,559**	**207**	**10,228,198**	**1,102,089**	**252**	**304,280,818**	**224,049,170**	**633**	**322,789,239**	**225,478,818**

As at 31 December 2021 and 2020, the detail of loans in compliance and default by cure and restructuring is presented as follows:

	Loans in compliance					Defaulting loans		
31-Dec-2021	Total Exposure	Regular	Of which cured	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	2,682,239	2,595,969	86,270	-	2,682,239	-	-	-
Consumption	98,289,193	76,741,980	12,434	8,094,271	84,848,685	12,962,684	477,823	13,440,507
Overdrafts	2,043,163	60,674	-	-	60,674	1,982,489	-	1,982,489
Large companies	427,182,782	50,953,447	779	311,880,653	362,834,879	18,233,209	46,114,694	64,347,903
Housing	55,012,301	19,101,310	17,562	15,966,077	35,084,949	14,282,998	5,644,353	19,927,351
Small companies	53,307,472	26,604,726	688	11,174,303	37,779,717	9,061,910	6,465,845	15,527,755
Public sector	33,480,415	33,480,359	-	-	33,480,359	56	-	56
Total	**671,997,565**	**209,538,466**	**117,732**	**347,115,304**	**556,771,503**	**56,523,347**	**58,702,715**	**115,226,062**

	Loans in compliance					Defaulting loans		
31-Dec-2020	Total Exposure	Regular	Of which cured	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	2,468,143	2,409,865	-	-	2,409,865	58,278	-	58,278
Consumption	68,739,292	56,166,419	245	480,382	56,647,045	11,232,022	860,225	12,092,247
Overdrafts	3,091,774	285,772	-	-	285,772	2,806,002	-	2,806,002
Large companies	383,635,188	80,561,934	-	250,136,054	330,697,988	8,784,433	44,152,767	52,937,200
Housing	68,115,197	28,674,931	342,162	11,624,197	40,641,290	21,124,468	6,349,439	27,473,907
Small companies	38,959,281	18,881,722	-	2,687,070	21,568,792	10,891,382	6,499,107	17,390,489
Public sector	89,181,032	89,181,032	-	-	89,181,032	-	-	-
Total	**654,189,907**	**276,161,675**	**342,407**	**264,927,703**	**541,431,784**	**54,896,585**	**57,861,538**	**112,758,123**

As at 31 December 2021 and 2020, the detail of the impairment of restructured loans in compliance and default by cure and restructuring is presented as follows:

	Impairment on loans in compliance			Impairment on loans in compliance		Impairment on non-performing loans		
31-Dec-2021	Total impairment	Regular	Of which cured	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	36,054	36,029	25	-	36,054	-	-	-
Consumption	8,719,563	2,888,030	919	2,086,487	4,975,436	3,518,610	225,518	3,744,128
Overdrafts	1,009,008	3,322	-	-	3,322	1,005,686	-	1,005,686
Large companies	273,757,423	22,717,294	1,654	210,229,081	232,948,029	3,196,733	37,612,662	40,809,395
Housing	15,212,792	885,107	959	3,186,684	4,072,750	8,821,075	2,318,967	11,140,042
Small companies	16,006,108	3,182,087	10	1,953,057	5,135,154	6,682,107	4,188,846	10,870,954
Public sector	524,136	524,079	-	-	524,079	58	-	58
Total	**315,265,085**	**30,235,948**	**3,567**	**217,455,308**	**247,694,824**	**23,224,268**	**44,345,993**	**67,570,261**

	Impairment on loans in compliance			Impairment on loans in compliance		Impairment on non-performing loans		
31-Dec-2020	Total impairment	Regular	Of which cured	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	34,674	34,674	-	-	34,674	-	-	-
Consumption	5,629,638	1,916,414	26	42,725	1,959,165	3,033,013	637,460	3,670,473
Overdrafts	759,643	10	-	-	10	759,633	-	759,633
Large companies	247,537,826	27,728,167	-	187,947,877	215,676,044	2,599,562	29,262,220	31,861,782
Housing	14,569,640	497,271	28,024	992,813	1,518,108	11,032,138	2,019,394	13,051,532
Small companies	13,469,276	1,920,749	-	411,964	2,332,713	6,972,198	4,164,365	11,136,563
Public sector	6,148,802	6,148,797	-	-	6,148,797	5	-	5
Total	**288,149,500**	**38,246,082**	**28,050**	**189,395,379**	**227,669,511**	**24,396,549**	**36,083,439**	**60,479,988**

As at 31 December 2021 and 2020, the detail of total loans by internal risk rating is presented as follows:

Exposure at 31-Dec-2021	Low-risk rate		Medium-risk rate			High-risk rate		
Segment	Minimum (A)	Very low (B)	Low (C)	Moderate (D)	High (E)	Very high (F)	Maximum (G)	Total
Cards	10,710	1,479,420	1,095,459	8,427	3,453	77	84,694	2,682,239
Consumption	6,108	53,525,724	35,383,508	4,016,374	1,107,893	124,113	4,125,472	98,289,193
Overdrafts	-	76,102	23,305	6,516	7,214	4,329	1,925,697	2,043,163
Large companies	8,343	180,959,228	138,472,358	639,490	8,859,082	-	98,244,281	427,182,782
Housing	-	28,949,903	8,405,335	77,594	479,153	137,183	16,963,134	55,012,301
Small companies	101,636	14,066,835	23,079,526	378,025	1,416,024	985,293	13,280,133	53,307,472
Public sector	20,398,798	8,340	13,073,278	-	-	-	-	33,480,415
Total	**20,525,594**	**279,065,551**	**219,532,768**	**5,126,427**	**11,872,819**	**1,250,996**	**134,623,411**	**671,997,565**

Exposure at 31-Dec-2021	Low-risk rate		Medium-risk rate			High-risk rate		
Segment	Minimum (A)	Very low (B)	Low (C)	Moderate (D)	High (E)	Very high (F)	Maximum (G)	Total
Cards	16,347	250,763	1,980,447	16,525	28,956	3,542	171,563	2,468,143
Consumption	62,481	2,620,961	59,990,120	1,800,284	872,271	129,198	3,263,977	68,739,292
Overdrafts	(152)	15,113	2,140,419	494,354	245,471	5,870	190,699	3,091,774
Large companies	12,983,933	5,381,996	257,737,114	2,833,601	12,651,582	2,271,831	89,775,131	383,635,188
Housing	(202)	30,624,854	15,909,882	844,371	1,069,632	475,968	19,190,692	68,115,197
Small companies	3,452,549	53,982	19,328,893	973,212	900,670	2,007,650	12,242,324	38,959,281
Public sector	18,548,817	170	70,632,045	-	-	-	-	89,181,032
Total	**35,063,772**	**38,947,840**	**427,718,921**	**6,962,347**	**15,768,582**	**4,894,059**	**124,834,385**	**654,189,906**

As at 31 December 2021 and 2020, loans have the following composition by geographical area, including loans at fair value:

	Geographical area		
31-Dec-2021	Angola	Others	Total
Private customers	158,140,695	-	158,140,695
Companies	480,564,249	-	480,564,249
Public sector	12,744,830	-	12,744,830
State	10,167,883	10,567,702	20,735,585
Total	**661,617,657**	**10,567,702**	**672,185,359**

	Geographical area		
31-Dec-2020	Angola	Others	Total
Private customers	141,391,269	-	141,391,269
Companies	424,335,938	-	424,335,938
Public sector	2,444,836	-	2,444,836
State	68,185,655	18,550,541	86,736,196
Total	**636,357,698**	**18,550,541**	**654,908,239**

On 31 December 2021 and 31 December 2020, the Bank has loans granted in foreign countries which result from a syndicated bank facility to finance the Angolan Government.

As at 31 December 2021 and 2020, the loan portfolio presents the following composition by sectors of activity:

31-Dec-2021	Loans to customers				Impairment	
Activity sector	In compliance	In default	Total exposure	Relative weight	Value	%
State	**20,735,570**	**15**	**20,735,585**	**3.09%**	**315,697**	**1.52%**
Companies	**413,359,385**	**79,875,699**	**493,235,084**	**73.40%**	**289,971,971**	**58.79%**
Real estate development	166,586,742	4,561,763	171,148,505	25.47%	148,858,556	86.98%
Extractive industry	45,949,670	16,751,470	62,701,140	9.33%	53,010,612	84.54%
Agribusiness	50,883,985	763,453	51,647,438	7.69%	36,491,972	70.66%
Manufacturing industry	26,321,733	11,157,942	37,479,675	5.58%	14,801,107	39.49%
Construction	12,535,704	20,674,258	33,209,962	4.94%	8,273,436	24.91%
Trade	87,565,125	14,189,704	101,754,829	15.14%	16,140,347	15.86%
Services	11,755,944	5,308,405	17,064,349	2.54%	7,355,585	43.10%
Fisheries	5,399,284	2,893,213	8,292,497	1.23%	3,042,393	36.69%
Hospitality and tourism	10,451	771,726	782,177	0.12%	633,361	80.97%
Agriculture	5,400,719	2,074,008	7,474,727	1.11%	885,357	11.84%
Others	950,028	729,757	1,679,785	0.25%	479,246	28.53%
Private customers	**122,676,548**	**35,350,348**	**158,026,896**	**23.52%**	**24,977,417**	**15.81%**
Consumption	87,591,599	15,484,842	103,076,440	15.34%	9,764,625	9.47%
Housing	35,084,949	19,865,507	54,950,456	8.18%	15,212,792	27.68%
Total	**556,771,503**	**115,226,062**	**671,997,565**		**315,265,085**	**46.91%**

31-Dec-2020	Loans to customers				Impairment	
Activity sector	In compliance	In default	Total exposure	Relative weight	Value	%
State	**86,736,190**	**6**	**86,736,196**	**13.26%**	**5,929,517**	**6.84%**
Companies	**355,615,516**	**70,447,489**	**426,063,005**	**65.13%**	**261,225,392**	**61.31%**
Real estate development	154,069,588	3,830,736	157,900,324	24.14%	133,892,498	84.80%
Extractive industry	54,503,815	15,047,244	69,551,059	10.63%	54,217,392	77.95%
Agribusiness	46,125,440	2,351,955	48,477,395	7.41%	28,502,978	58.80%
Manufacturing industry	17,556,084	24,432,943	41,989,027	6.42%	12,961,957	30.87%
Construction	20,378,556	7,726,825	28,105,381	4.30%	6,417,765	22.83%
Trade	47,285,372	8,955,691	56,241,064	8.60%	16,453,202	29.25%
Services	11,742,305	2,552,780	14,295,085	2.19%	4,249,460	29.73%
Fisheries	2,160,080	2,893,159	5,053,239	0.77%	3,080,412	60.96%
Hospitality and tourism	299,674	759,229	1,058,903	0.16%	625,181	59.04%
Agriculture	1,494,602	1,733,794	3,228,395	0.49%	766,627	23.75%
Livestock farming	-	50,485	50,485	0.01%	3,430	6.80%
Others	-	112,647	112,647	0.02%	54,490	48.37%
Private customers	**99,080,077**	**42,310,628**	**141,390,705**	**21.61%**	**20,994,592**	**14.85%**
Consumption	58,445,609	14,836,721	73,282,330	11.20%	6,424,951	8.77%
Housing	40,634,468	27,473,907	68,108,375	10.41%	14,569,641	21.39%
Total	**541,431,783**	**112,758,123**	**654,189,906**		**288,149,500**	**44.05%**

As at 31 December 2021 and 2020, the average interest rate of the loan portfolio by currency is as follows:

Weighted average rate	31-Dec-2021	31-Dec-2020
In domestic currency	18.65%	15.04%
In foreign currency	7.93%	6.43%

As at 31 December 2021, the Bank held only one purchased or originated credit-impaired loan operation (POCI) classified under amortized cost.

As at 31 December 2021 and 2020, the breakdown of loans by stages and days of default is as follows:

Exposure at 31-Dec-2021	Total Exposure	Stage 1	Stage 2		Stage 3		
Segment		Up to 30 days	Up to 30 days	From 30 to 90 days	Up to 30 days	From 30 to 90 days	More than 90 days
Cards	2,682,239	2,369,754	86,975	-	225,510	-	-
Consumption	98,289,193	80,227,744	6,218,129	436,171	6,463,727	55,054	4,888,368
Overdrafts	2,043,164	88,684	313	10,908	5,643	302	1,937,314
Large companies	427,182,782	30,467,886	63,382,394	19	292,300,939	7,357,062	33,674,480
Housing	55,012,300	19,178,070	14,961,877	185,901	3,829,987	181,507	16,674,959
Small companies	53,307,472	23,289,425	14,206,480	12,725	585,020	140,770	15,073,052
Public sector	33,480,415	33,442,125	-	-	38,290	-	-
Total	**671,997,565**	**189,063,689**	**98,856,168**	**645,724**	**303,449,116**	**7,734,695**	**72,248,173**

Exposure at 31-Dec-2020	Total Exposure	Stage 1	Stage 2		Stage 3		
Segment		Up to 30 days	Up to 30 days	From 30 to 90 days	Up to 30 days	From 30 to 90 days	More than 90 days
Cards	2,468,143	2,347,289	1,693	-	119,160	-	-
Consumption	68,739,292	23,117,989	37,168,842	2,958,908	1,163,155	136,664	4,193,734
Overdrafts	3,091,774	318,329	2,841	1,596,659	48,831	24,309	1,100,806
Large companies	383,635,188	5,384,227	26,261,240	-	299,058,127	616,643	52,314,951
Housing	68,115,197	30,034,383	14,391,468	826,851	2,075,049	977,665	19,809,782
Small companies	38,959,281	7,596,715	12,238,844	347,578	2,766,225	325,526	15,684,393
Public sector	89,181,032	48,334,552	39,833,404	-	1,013,076	-	-
Total	**654,189,907**	**117,133,484**	**129,898,332**	**5,729,996**	**306,243,623**	**2,080,807**	**93,103,666**

As described in note 2.3, 3 transactions that in the course of the individual assessment of impairment have impairment rates above 40% are classified in stage 3. In this context, it can be seen that at 31 December 2021 and 2020, there are exposures of significant sums (essentially restructured) classified in stage 3 with up to 30 days overdue.

As at 31 December 2021 and 2020, the breakdown of impairment by stages and days of default is as follows:

Impairment at 31-Dec-2021	Total Exposure	Stage 1	Stage 2		Stage 3		
Segment		Up to 30 days	Up to 30 days	From 30 to 90 days	Up to 30 days	From 30 to 90 days	More than 90 days
Cards	36,054	475	25		35,554	-	-
Consumption	8,719,564	3,199,110	402,013	79,236	1,999,262	19,113	3,020,829
Overdrafts	1,009,008	2,441	1	99	1,249	8	1,005,210
Large companies	273,757,424	1,671,420	4,567,523	0	230,720,119	7,357,062	29,441,300
Housing	15,212,792	857,465	1,712,240	44,137	2,081,540	21,647	10,495,763
Small companies	16,006,108	1,311,074	3,746,615	129	91,511	8,777	10,848,001
Public sector	524,136	523,417	-	-	719	-	-
Total	**315,265,085**	**7,565,401**	**10,428,417**	**123,602**	**234,929,954**	**7,406,608**	**54,811,102**

Impairment at 31-Dec-2020	Total Impairment	Stage 1	Stage 2		Stage 3		
Segment		Up to 30 days	Up to 30 days	From 30 to 90 days	Up to 30 days	From 30 to 90 days	More than 90 days
Cards	34,675	31	20	-	34,624	-	-
Consumption	5,629,638	697,918	1,118,094	714,829	419,436	49,908	2,629,453
Overdrafts	759,643	52	1	13,943	7,128	3,557	734,963
Large companies	247,537,826	376,445	3,155,386	-	212,148,361	42,421	31,815,212
Housing	14,569,641	251,235	733,155	97,324	1,199,665	348,764	11,939,498
Small companies	13,469,276	796,473	1,084,512	56,340	698,772	91,365	10,741,813
Public sector	6,148,802	3,337,326	2,727,073	-	84,399	-	5
Total	**288,149,500**	**5,459,481**	**8,818,241**	**882,435**	**214,592,385**	**536,015**	**57,860,944**

As at 31 December 2021 and 2020, the detail of the average risk factors associated with impairment is as follows:

31-Dec-2021	Probability of default (PD)			Loss given default (LGD)		
Segment	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Cards	0.31%	0.87%	100.00%	2.65%	2.65%	2.52%
Consumption	6.87%	18.75%	100.00%	46.40%	41.33%	56.82%
Overdrafts	68.24%	97.47%	100.00%	3.38%	3.22%	47.61%
Large companies	2.78%	15.61%	100.00%	4.09%	11.16%	8.16%
Housing	56.00%	60.94%	100.00%	15.75%	18.81%	30.41%
Small companies	5.40%	40.74%	100.00%	14.93%	14.64%	30.20%
Public sector	2.47%	2.47%	2.47%	60.00%	60.00%	60.00%
	20.30%	**33.84%**	**86.07%**	**21.03%**	**21.69%**	**33.67%**

31-Dec-2020	Probability of default (PD)			Loss given default (LGD)		
Segment	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Cards	0.08%	0.14%	97.55%	1.69%	1.71%	6.15%
Consumption	8.78%	11.94%	99.84%	34.14%	34.58%	42.77%
Overdrafts	43.15%	98.06%	99.89%	14.35%	15.20%	40.56%
Large companies	1.46%	6.75%	95.33%	7.22%	9.89%	12.83%
Housing	35.67%	36.90%	95.09%	17.78%	19.12%	27.73%
Small companies	13.07%	49.36%	90.69%	18.10%	18.83%	35.05%
Public sector	11.33%	11.33%	11.33%	60.00%	60.00%	60.00%
	16.22%	**30.64%**	**84.25%**	**21.90%**	**22.76%**	**32.16%**

The probabilities of default (PD) reported above correspond to the average of the PDs of the first month of the transactions, weighted by the exposure of said transactions in each segment. Loss given default (LGD) also corresponds to the arithmetic mean of the LGD of each transaction in the segment. The probability of default for the Public Sector segment is associated with Angola's rating published in Moody's study on the date in question, in accordance with the methodology for calculating impairment in force in the Bank.

As at 31 December 2021 and 2020, impairment losses showed the following operations:

	31-Dec-21	31-Dec-20
Opening balance	**288,149,500**	**238,246,930**
Reinforcements	62,796,472	104,293,144
Adjustment Stage 3 (Note 22)	(21,461,810)	(22,833,659)
Reversals	(42,027,083)	(53,161,649)
Note 35	(692,421)	28,297,836
Replacements	17,848,568	-
Uses	(1,346,198)	(21,282,831)
Adjustments (including exchange rate effect)	11,305,635	42,887,565
Final balance	**315,265,084**	**288,149,500**

The amount of adjustments includes, in addition to the exchange rate effect, the cancellation of income in the financial margin that was considered in the income statement due to restructurings carried out during the year. During the year ended 31 December 2021, the Bank received in lieu of payment State bonds to settle loans granted under the Angola Investe programme, in the gross amount of Kz 14,192,246,000. This transaction generated a loss of Kz 6,355,669,000, as disclosed in Note 35.

As at 31 December 2021 and 2020, the detail of the fair value of the properties received in lieu of payment, by age, is as follows:

	31-Dec-2021				
Time elapsed since receipt in lieu of payment / execution	< 1 year	≥ 1 year and < 2.5 years	≥ 2.5 years and < 5 years	≥ 2.5 years and < 5 years	Total
Land					
Urban	-	-	1,140,804	493,355	1,634,160
Rural	-	-	-	3,092,067	3,092,067
	-	**-**	**1,140,804**	**3,585,422**	**4,726,227**
Buildings under construction					
Commercial	-	-	244,245	-	244,245
	-	**-**	**244,245**	**-**	**244,245**
Buildings completed					
Commercial	-	189,405	1,457,071	-	1,646,476
Housing	-	1,773,147	19,736	1,395,664	3,188,547
	-	**1,962,552**	**1,476,807**	**1,395,664**	**4,835,023**
Total	**-**	**1,962,552**	**2,861,856**	**4,981,087**	**9,805,495**

	31-Dec-2020				
Time elapsed since receipt in lieu of payment / execution	< 1 year	≥ 1 year and < 2.5 years	≥ 2.5 years and < 5 years	≥ 2.5 years and < 5 years	Total
Land					
Urban	-	-	1,169,904	684,001	1,853,905
Rural	-	-	-	2,914,762	2,914,762
	-	**-**	**1,169,904**	**3,598,763**	**4,768,667**
Buildings under construction					
Commercial	-	-	244,245	-	244,245
	-	**-**	**244,245**	**-**	**244,245**
Buildings completed					
Commercial	-	605,457	1,908,641	-	2,514,098
Housing	1,788,417	-	19,736	1,980,736	3,788,889
	1,788,417	**605,457**	**1,928,377**	**1,980,736**	**6,302,987**
Total	**1,788,417**	**849,702**	**3,098,281**	**5,579,499**	**11,315,899**

As at 31 December 2021 and 2020, the amount of guarantees or other collateral enforced under loans granted is presented in Note 11.

As at 31 December 2021 and 2020, the forward-looking information considering claims analysed on an individual basis is represented as follows:

31-Dec-2021	Loan exposure value	Recoverable value (present value of estimated future cash flows)	Expected impairment losses
Base scenario	406,992,296	113,991,752	293,000,529
Favourable scenario	406,992,296	113,501,588	293,490,693
Adverse scenario	406,992,296	72,202,376	334,789,905

31-Dec-2020	Loan exposure value	Recoverable value (present value of estimated future cash flows)	Expected impairment losses
Base scenario	446,163,790	188,065,897	258,097,893
Favourable scenario	446,163,790	157,975,354	288,188,437
Adverse scenario	446,163,790	139,168,764	306,995,026

As at 31 December 2021, the forward-looking information considered in determining the forward-looking adjustment of the collective analysis is presented as follows:

	2022	2023	2024	2025	2026
GDP growth rate					
Base scenario	-0.50%	0.90%	-0.70%	1.40%	1.30%
Favourable scenario	3.00%	3.90%	3.80%	2.90%	3.20%
Adverse scenario	-1.70%	-3.80%	-3.20%	-2.70%	-2.40%
Inflation rate					
Base scenario	23.30%	23.30%	21.50%	15.70%	13.70%
Favourable scenario	10.00%	8.00%	6.00%	6.00%	6.00%
Adverse scenario	25.80%	25.20%	24.10%	24.50%	24.20%
M2 Growth Rates					
Base scenario	17.70%	15.90%	13.10%	10.40%	8.50%
Favourable scenario	13.80%	13.30%	12.40%	12.70%	12.50%
Adverse scenario	12.80%	12.50%	9.30%	9.30%	8.80%
GDI growth rates					
Base scenario	16.60%	18.00%	19.50%	18.30%	16.20%
Favourable scenario	17.90%	18.90%	19.90%	20.90%	20.90%
Adverse scenario	10.90%	10.40%	5.20%	5.60%	6.00%

As at 31 December 2021 and 2020, the exposure to credit risk by financial asset, rating and stage is presented as follows:

31-Dec-2021	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Total
Loans to customers				
Level A	20,482,938	-	42,656	20,525,594
Level B	82,421,516	81,039,981	115,604,053	279,065,551
Level C	81,456,693	17,005,741	121,070,334	219,532,768
Level D	3,535,134	1,004,003	587,289	5,126,427
Level E	1,125,334	56,696	10,690,789	11,872,819
Level F	251	1,988	1,248,757	1,250,996
Level G	41,823	393,482	134,188,106	134,623,411
Total gross book value	**189,063,689**	**99,501,892**	**383,431,984**	**671,997,565**
Impairments	(7,565,401)	(10,552,019)	(297,147,664)	(315,265,085)
Net book value	**181,498,287**	**88,949,873**	**86,284,320**	**356,732,480**

31-Dec-2020	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Total
Loans to customers				
Level A	19,908,641	53,528	15,101,603	35,063,772
Level B	21,072,502	11,866,606	6,008,732	38,947,840
Level C	74,391,821	118,368,589	234,958,510	427,718,921
Level D	724,421	3,492,497	2,745,430	6,962,347
Level E	368,299	567,879	14,832,403	15,768,582
Level F	227,251	858	4,665,951	4,894,059
Level G	440,549	1,278,369	123,115,466	124,834,385
Total gross book value	**117,133,484**	**135,628,327**	**401,428,094**	**654,189,906**
Impairments	(5,459,481)	(9,700,676)	(272,989,344)	(288,149,500)
Net book value	**111,674,004**	**125,927,651**	**128,438,751**	**366,040,406**

As at 31 December 2021 and 2020, the funding-to-guarantee ratio of the corporate, construction and property development and housing segments is as follows:

Segment /Ratio	31-Dec-2021					
	Number of properties	Number of other real guarantees	Stage 1	Stage 2	Stage 3	Impairment
Companies						
No associated guarantee	n.a	n.a	139,289,321	67,399,512	149,342,496	113,570,868
< 50%	155	286	7,722,059	1,638,426	167,060,521	143,189,374
≥ 50% and < 75%	6	33	3,200,846	4,493,498	19,858,062	18,744,612
≥ 75% and < 100%	13	7	2,710,517	999,701	9,203,420	9,141,390
≥ 100%	67	52	16,962,875	9,822,978	17,281,033	15,406,049
	241	**378**	**169,885,618**	**84,354,115**	**362,745,532**	**300,052,293**
Housing						
No associated guarantee	n.a	n.a	11,640,443	11,852,704	15,281,042	11,715,783
< 50%	112	344	3,822,258	2,466,313	4,949,540	2,979,275
≥ 50% and < 75%	3	4	49,280	29,914	-	15,312
≥ 75% and < 100%	42	5	1,397,610	407,689	192,325	170,842
≥ 100%	116	55	2,268,479	391,157	263,545	331,580
	273	**408**	**19,178,070**	**15,147,777**	**20,686,452**	**15,212,792**
Total	**514**	**786**	**189,063,688**	**99,501,892**	**383,431,984**	**315,265,085**

Segment /Ratio	31-Dec-2020					
	Number of properties	Number of other real guarantees	Stage 1	Stage 2	Stage 3	Impairment
Companies						
No associated guarantee	n.a.	n.a.	76,635,385	95,617,456	177,200,542	129,132,099
< 50%	26	402	5,362,312	4,412,691	154,359,526	7,804,681
≥ 50% and < 75%	5	28	2,413,545	3,739,761	17,609,911	15,555,760
≥ 75% and < 100%	13	21	510,914	801,415	20,116,964	11,323,632
≥ 100%	44	82	2,176,946	15,838,685	9,278,656	109,763,688
	88	**533**	**87,099,102**	**120,410,008**	**378,565,599**	**273,579,860**
Housing						
No associated guarantee	n.a.	n.a.	14,556,409	8,434,391	12,451,062	6,853,711
< 50%	268	447	12,676,423	5,676,575	9,867,284	7,360,279
≥ 50% and < 75%	2	6	33,840	39,832	5,287	14,651
≥ 75% and < 100%	44	4	1,021,105	312,310	310,928	131,235
≥ 100%	99	52	1,746,606	755,211	227,935	209,764
	413	**509**	**30,034,383**	**15,218,319**	**22,862,496**	**14,569,640**
Total	**501**	**1,042**	**117,133,484**	**135,628,327**	**401,428,094**	**288,149,500**

As at 31 December 2021 and 2020, the detail of the fair value of the collateral underlying the loan portfolio of the corporate and housing segments, is as follows:

31-Dec-2021	Companies				Housing			
	Properties		Other real guarantees		Properties		Other real guarantees	
Fair value	Number of properties	Amount	Number of properties	Amount	Number of properties	Amount	Number of properties	Amount
< 50 M Kz	53	963	50	1,123	268	324	66	138
>= 50 M Kz and < 100 M Kz	32	2,186	56	3,868	5	367	3	230
>= 100 M Kz and < 500 M Kz	68	12,200	173	37,999	6	1,876	15	5,365
>= 500 M Kz and < 1 B Kz	4	2,429	36	25,318	45	34,302	108	78,508
>= 1 B Kz and < 2 B Kz	4	6,971	37	49,603	23	30,081	180	231,416
>= 2 B Kz and < 5 B Kz	3	8,400	11	26,629	16	51,035	35	96,124
>= 5 B Kz	100	91,615,409	34	63,922,513	170	6,404,211	65	9,195,680
Total	**264**	**91,648,558**	**397**	**64,067,053**	**533**	**6,522,196**	**472**	**9,607,460**

31-Dec-2021	Companies				Housing			
	Properties		Other real guarantees		Properties		Other real guarantees	
Fair value	Number of properties	Amount	Number of properties	Amount	Number of properties	Amount	Number of properties	Amount
< 50 M Kz	50	673,076	503	375,017	385	2,993,138	472	1,064,994
>= 50 M Kz and < 100 M Kz	8	626,291	9	662,001	19	1,191,106	14	1,033,753
>= 100 M Kz and < 500 M Kz	14	3,104,923	9	2,170,948	9	1,656,782	21	4,527,099
>= 500 M Kz and < 1 B Kz	6	4,495,566	4	2,945,388	-	-	-	-
>= 1 B Kz and < 2 B Kz	5	7,199,674	2	2,900,000	-	-	1	1,305,907
>= 2 B Kz and < 5 B Kz	2	6,479,757	2	5,922,411	-	-	1	2,955,052
>= 5 B Kz	3	46,763,829	4	38,065,777	-	-	-	-
Total	**88**	**69,343,117**	**533**	**53,041,542**	**413**	**5,841,026**	**509**	**10,886,805**

As at 31 December 2021 and 2020, the detail of the fair value and net book value of the properties received in lieu of payment, by type of property, is as follows:

Type of property	31-Dec-2021			31-Dec-2020		
	Number of properties	Asset fair value	Net book value	Number of properties	Asset fair value	Net book value
Land						
Urban	6	1,634,160	1,634,160	5	1,853,905	1,853,905
Rural	3	3,092,067	3,092,067	3	2,914,762	2,914,762
	9	**4,726,227**	**4,726,227**	**8**	**4,768,667**	**4,768,667**
Buildings under construction						
Commercial	1	244,245	244,245	1	244,245	244,245
	1	**244,245**	**244,245**	**1**	**244,245**	**244,245**
Buildings completed						
Commercial	4	1,646,476	1,646,476	4	2,514,098	2,514,098
Housing	6	3,188,547	3,188,547	6	3,788,889	3,788,889
	10	**4,835,023**	**4,835,023**	**10**	**6,302,987**	**6,302,987**
Total	**20**	**9,805,495**	**9,805,495**	**19**	**11,315,899**	**11,315,899**

11. NON-CURRENT ASSETS HELD FOR SALE

This item has the following composition:

	31-Dec-21	31-Dec-20
Properties		
Properties received in lieu of payment	12,195,226	13,677,019
Other properties	219,989	282,155
Impairments	(2,389,731)	(2,361,120)
	10,025,484	**11,598,054**
Investments in subsidiaries		
BAI Micro Finanças, S.A.	11,686,179	10,216,293
Impairments	(3,028,549)	(3,028,549)
	8,657,630	**7,187,744**
	18,683,114	**18,785,798**

The Bank maintains the expectation of selling the properties within one year. For properties recognised in this item for more than 1 year, the Bank makes its best effort to dispose of them within the period established by the regulator, and is preparing a strategy to transfer them to a real estate investment fund (Note 2.9).

As at 31 December 2021, receipts arising from the disposal of properties received in lieu of payment in the amount of Kz 651,122,000 are recorded under the item Other receivables - Deposits received - disposal of properties received in lieu of payment (Note 19). The amounts receivable from the sale of these properties in the amount of Kz 267,432,000 are recorded under Other assets - Sale of properties received as payment in lieu of payment (Note 15).

The item Other properties includes the investment in a building acquired by the Bank in 2008, with a view to its sale to the Bank's employees at similar prices to those at which it was acquired.

As at 31 December 2021 and 2020, the Bank recognises as a non-current asset held for sale, the stake in BAI Micro Finanças, S.A. considering the Bank's intention to sell this asset and taking into account the signing of a purchase and sale agreement with an Angolan business group. In February 2022, Banco Nacional de Angola communicated the rejection of the transaction, and the Bank proceeded to return the deposit paid by the promissory buyer as established in the contract. As the BNA's decision was made very recently, BAI is still evaluating the subsequent actions to be taken.

The operation in Non-current assets held for sale for the year was as follows:

31-Dec-2021	Balances as at 31-12-2020					Impairment (Note 37)		Balances as at 31-12-2021		
	Gross value	Accumulated impairment	Entries	Disposals	Transfers / Adjustments	Allocations	Reversals	Gross value	Accumulated impairment	Net value
Properties received in lieu of payment	13,677,019	(2,361,120)	-	(1,143,462)	(338,331)	(28,611)	-	12,195,226	(2,389,731)	9,805,495
Other properties	282,155	-	-	(62,166)	-	-	-	219,989	-	219,989
Investments in subsidiaries	10,216,293	(3,028,549)	-	-	1,469,886	-	-	11,686,179	(3,028,549)	8,657,630
Total	**24,175,467**	**(5,389,669)**	**-**	**(1,205,628)**	**1,131,555**	**(28,611)**	**-**	**24,101,394**	**(5,418,280)**	**18,683,114**

31-Dec-2020	Balances as at 31-12-2019					Impairment (Note 37)		Balances as at 31-12-2020		
	Gross value	Accumulated impairment	Entries	Disposals	Transfers / Adjustments	Allocations	Reversals	Gross value	Accumulated impairment	Net value
Properties received in lieu of payment	12,843,678	(2,204,539)	1,788,417	(955,076)	-	(156,581)	-	13,677,019	(2,361,120)	11,315,899
Other properties	381,534	-	-	(99,379)	-	-	-	282,155	-	282,155
Investments in subsidiaries	10,171,009	(3,539,518)	45,284	-	-	(126,582)	637,551	10,216,293	(3,028,549)	7,187,744
Total	**23,396,221**	**(5,744,057)**	**1,833,701**	**(1,054,455)**	**-**	**(283,163)**	**637,551**	**24,175,467**	**(5,389,669)**	**18,785,798**

During the financial year ended 31 December 2021, the Bank:
- Disposed of non-current assets held for sale in the amount of Kz 1,205,628,000 (2020: Kz 1,054,455,000); and
- Received two (2) properties in lieu of payment by way of loan recovery processes amounting to Kz 13,889,000 gross, and attributed a null book value considering that this is the net value of the assets at the date of the payment in accordance with the accounting policy (Note 2.9). This credit transaction was received as part of a restructuring of investments in other credit institutions.

The fair value of the properties received in lieu of payment through loan recovery processes, as at 31 December 2021, is presented in Note 10.

The item "Non-current assets held for sale" includes three properties whose legalisation processes are in progress, and no adjustments are expected as a result of the completion of these processes.

12. OTHER TANGIBLE AND INTANGIBLE ASSETS

As at 31 December 2021 and 2020, this item, as well as the operations during these years, are presented as follows:

	Gross value					Depreciation, amortisation and impairments				Net value	
31-Dec-2021	Balance as at 31-12-2020	Acquisitions	Disposals, write-offs and other adjustments	Transfers	Balance as at 31-12-2021	Balance as at 31-12-2020	Amortisations for the financial year	Disposals, write-offs and other adjustments	Balance as at 31-12-2021	Balance as at 31-12-2021	Balance as at 31-12-2020
Other tangible assets											
Properties											
For own use	39,316,979	2,031,022	-	2,424,240	43,772,241	(5,725,143)	(811,879)	-	(6,537,022)	37,235,219	33,591,835
Works on rented properties	6,508,244	830,576	-	86,671	7,425,490	(3,379,796)	(740,494)	(38)	(4,120,328)	3,305,162	3,128,448
Equipment	32,353,266	7,630,836	(1,454,082)	8,363,892	46,893,912	(14,849,834)	(6,825,246)	1,248,242	(20,426,839)	26,467,073	17,503,432
Other tangible assets	791,315	-	(24,352)	-	766,963	(399,127)	(79,505)	25,313	(453,318)	313,645	392,188
Other tangible assets in progress	25,832,360	2,154,788	(13,252)	(1,762,184)	26,211,712	-	-	-	-	26,211,712	25,832,360
	104,802,164	**12,647,222**	**(1,491,687)**	**9,112,619**	**125,070,318**	**(24,353,900)**	**(8,457,124)**	**1,273,517**	**(31,537,507)**	**93,532,811**	**80,448,263**
Advances on account of tangible fixed assets	**10,396,418**	**2,317,933**	**(46,515)**	**(9,430,799)**	**3,237,038**	-	-	-	-	**3,237,038**	**10,396,418**
Assets under right of use	**5,201,159**	**177,579**	-	-	**5,378,738**	**(1,091,487)**	**(562,780)**	-	**(1,654,266)**	**3,724,470**	**4,109,672**
	120,399,741	**15,142,734**	**(1,538,201)**	**(318,180)**	**133,686,093**	**(25,445,387)**	**(9,019,904)**	**1,273,517**	**(33,191,773)**	**100,494,319**	**94,954,353**
Intangible assets											
Organisation and expansion costs	754,214	-	-	-	754,214	(754,214)	-	-	(754,214)	-	-
Automatic data processing systems	6,879,441	4,809,410	(1,426,365)	2,497,930	12,760,417	(4,259,310)	(2,903,935)	994,692	(6,168,553)	6,591,864	2,620,131
	7,633,655	**4,809,410**	**(1,426,365)**	**2,497,930**	**13,514,631**	**(5,013,524)**	**(2,903,935)**	**994,692**	**(6,922,767)**	**6,591,864**	**2,620,131**
Intangible assets in progress											
Automatic data processing systems	3,226,063	3,861,968	-	(1,841,419)	5,246,611	-	-	-	-	5,246,611	3,226,063
	3,226,063	**3,861,968**	-	**(1,841,419)**	**5,246,611**	-	-	-	-	**5,246,611**	**3,226,063**
	10,859,718	**8,671,378**	**(1,426,365)**	**656,511**	**18,761,242**	**(5,013,524)**	**(2,903,936)**	-	**(6,922,767)**	**11,838,475**	**5,846,194**
	131,259,459	**23,814,112**	**(2,964,566)**	**338,331**	**152,447,336**	**(30,458,911)**	**(11,923,840)**	**1,273,517**	**(40,114,540)**	**112,332,794**	**100,800,547**

	Gross value					Depreciation, amortisation and impairments				Net value	
31-Dec-2021	Balance as at 31-12-2019	Acquisitions	Disposals, write-offs and other adjustments	Transfers	Balance as at 31-12-2020	Balance as at 31-12-2019	Acquisitions	Disposals, write-offs and other adjustments	Transfers	Balance as at 31-12-2020	Balance as at 31-12-2020
Other tangible assets											
Properties											
For own use	38,603,009	564,406	(40,587)	190,151	39,316,979	(4,944,938)	(784,131)	3,925	(5,725,144)	33,591,835	33,658,071
Works on rented properties	5,892,700	265,886	68,619	281,039	6,508,244	(2,749,252)	(630,166)	(378)	(3,379,796)	3,128,448	3,143,448
Equipment	19,378,599	3,293,607	-	9,681,060	32,353,266	(12,333,193)	(2,552,272)	35,631	(14,849,834)	17,503,432	7,045,406
Other tangible assets	791,315	-	-	-	791,315	(318,071)	(81,056)	-	(399,127)	392,188	473,244
Other tangible assets in progress	17,980,353	8,349,486	12,147	(509,626)	25,832,360	-	-	-	-	25,832,360	17,980,353
	82,645,976	**12,473,385**	**40,179**	**9,642,624**	**104,802,164**	**(20,345,454)**	**(4,047,625)**	**39,178**	**(24,353,901)**	**80,448,263**	**62,300,522**
Advances on account of tangible fixed assets	-	**17,881,904**	-	**(7,485,486)**	**10,396,418**	-	-	-	-	**10,396,418**	-
Assets under right of use	**4,979,092**	**222,067**	-	-	**5,201,159**	**(540,337)**	**(551,150)**	-	**(1,091,487)**	**4,109,672**	**4,438,755**
	87,625,068	**30,577,356**	**40,179**	**2,157,138**	**120,399,741**	**(20,885,791)**	**(4,598,775)**	**39,178**	**(25,445,388)**	**94,954,353**	**74,932,245**
Intangible assets											
Organisation and expansion costs	754,214	-	-	-	754,214	(754,282)	-	68	(754,214)	-	(68)
Automatic data processing systems	5,186,663	1,095,245	165,546	431,987	6,879,441	(3,138,188)	(1,121,122)	-	(4,259,310)	2,620,131	2,048,475
	5,940,877	**1,095,245**	**165,546**	**431,987**	**7,633,655**	**(3,892,470)**	**(1,121,122)**	**68**	**(5,013,524)**	**2,620,131**	**2,048,407**
Intangible assets in progress											
Automatic data processing systems	798,490	2,851,370	8,190	(431,987)	3,226,063	-	-	-	-	3,226,063	798,490
	798,490	**2,851,370**	**8,190**	**(431,987)**	**3,226,063**	-	-	-	-	**3,226,063**	**798,490**
	6,739,367	**3,946,615**	**173,736**	-	**10,859,718**	**(3,892,470)**	**(1,121,122)**	-	**(5,013,524)**	**5,846,194**	**2,846,897**
	94,364,435	**34,523,971**	**213,915**	**2,157,137.86**	**131,259,459**	**(24,778,261)**	**(5,719,897)**	**39,178**	**(30,458,912)**	**100,800,547**	**77,779,142**

The item Other tangible assets in progress - Own use includes the amount of Kz 22,323,618,000 (2020: Kz 21,873,052,000) relating to the acquisition of a property in the "Torres Kianda" building located in Luanda. During the financial year ended 31 December 2021, the Bank made payments in the amount of Kz 450,566,000 under the construction contract. The Bank expects this asset to be completed by 31 December 2022.

During the year ended 31 December 2021, the bank acquired Other tangible assets - Equipment, namely ATM and MDA (Automatic Deposit Machines) and security equipment, amounting to Kz 2,623,885,000 and Kz 2,512,927,000, respectively.

The item Other tangible assets includes own service buildings whose legalisation processes are still in progress, and no adjustments are expected as a result of the completion of those processes.

As at 31 December 2021, the item Advances on account of tangible fixed assets corresponds to the acquisition of IT equipment (Kz 1,134,756,000), advances for the purchase of vehicles (Kz 1,066,127,000) and security equipment (Kz 952,833,000). As at 31 December 2021, the Bank does not hold any tangible fixed assets with restrictions on ownership or pledged as security for liabilities.

The item intangible assets - Data processing system includes acquisitions in the amount of Kz 5,449,239,000, related to the investment that the Bank is making in strengthening its cybersecurity systems.

13. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

This item has the following composition:

	Effective participation (%)		Balance sheet value	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
Investments in subsidiaries				
Domestic				
NOSSA - Nova Sociedade Seguros Angola, S.A.	72.24%	72.24%	1,074,661	1,074,661
BAIGEST, S.A.	96.00%	96.00%	60,000	60,000
SAESP, S.A.	20.00%	20.00%	1,194	1,195
GRINER, S.A.	-	2.30%	-	-
Abroad				
BAI Europa, S.A.	99.99%	99.99%	4,322,614	4,322,614
BAI Cabo Verde, S.A.	88.96%	83.85%	7,681,933	3,462,409
BAI Center, S.A.	100.00%	100.00%	2,950	2,950
Angola Capital Partners, LLP	47.50%	47.50%	-	-
Investments in associates				
Abroad				
Banco Internacional de São Tomé e Príncipe, S.A.	25.00%	25.00%	65,136	65,136
Accumulated impairment losses			(61,920)	(61,920)
			13,146,569	**8,927,045**

During the financial year ended 31 December 2021, the Bank made a capital increase in the subsidiary BAICV, SA in the amount of EUR 6 million (Kz 3,359,319,000), with its stake in that entity increasing to 88.96%.

During the year ended 31 December 2021, the Bank did not record additional impairment losses for Investments in subsidiaries, associates and joint ventures.

The balances of asset, liability and off-balance sheet transactions with the Bank's subsidiaries are detailed in Note 39.

As at 31 December 2021, the financial information on participated entities is as follows (values in mKz converted at the year-end exchange rate):

							31-Dec-2021
	Currency	Reference date	Net assets	Equity	Net profit	Equity participation	Book value net of impairment
BAI Europa, S.A.*	Kz	31-12-2021	417,903,216	56,140,080	977,898	56,134,466	4,322,614
BAI Cabo Verde, S.A.*	Kz	31-12-2021	141,980,374	13,677,321	907,811	12,167,345	7,681,933
NOSSA - Nova Soc. Seguros Angola, S.A.*	Kz	31-12-2021	74,441,414	16,278,696	4,488,995	11,759,730	1,074,661
Banco Internacional de São Tomé e Príncipe, S.A.*	Kz	31-12-2021	70,710,205	11,537,267	1,702,916	2,884,317	65,136
SAESP *	Kz	31-12-2021	7,686,101	6,996,100	14,003	1,399,220	1,194
Angola Capital Partners, LLP	Kz	31-12-2020	5,356,794	4,953,405	524,338	2,352,867	-
BAIGEST, S.A.*	Kz	31-12-2021	160,236	129,353	(179,069)	124,179	-
BAI Center, S.A.	Kz	31-10-2021	423,279	(1,405,955)	75,397	(1,405,955)	1,030
							13,146,569

* Unaudited financial statements.

Non-financial sector entities without a direct or relevant participation, but controlled by the Bank, in accordance with Note 39, have a minor weight in the total net assets of the BAI Group.

14. TAXES

As at 31 December 2021 and 2020, this item is detailed as follows:

	31-Dec-21	31-Dec-20
Current tax assets		
Taxes to be recovered	956,162	1,286,181
Current tax liabilities		
Tax contingencies - Industrial tax	(3,101,404)	(3,101,404)
Tax recoverable/(payable at the end of the financial year)	**(2,145,242)**	**(1,815,223)**

Current tax assets include tax receivables totalling Kz 846,940,356,000.

The balance of the item Current tax liabilities - Tax contingencies - Industrial tax corresponds to provisions set up arising from the tax inspections that occurred in 2018 to the financial years 2013 and 2014. In the current year, the Bank challenged the General Tax Authority's response to its hierarchical appeal on the 2014 notification, and a court decision is pending at the date of approval of these financial statements. The Bank believes that the contingencies recognised in this context are sufficient in view of the prospects of conclusion of the process.

As at 31 December 2021 and 2020, the deferred tax assets recognised in the balance sheet showed the following composition:

	Assets		Net		Liabilities	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
Financial instruments	216,851	122,139	-	-	216,851	122,139
Potential change in exchange rate	-	-	(9,215,530)	(22,416,245)	(9,215,530)	(22,416,245)
Impairment for the year not accepted	-	-	9,215,530	6,848,172	9,215,530	6,848,172
Tax losses generated	-	-	-	15,568,073	-	15,568,073
Deferred Tax Assets/(Liabilities)	**216,851**	**122,139**	**-**	**-**	**216,851**	**122,139**

With the publication of Law no. 26/20, of 20 July - Law amending the Industrial Tax Code, new rules were introduced in determining taxable income, namely (i) the exclusion from tax relevance in calculating taxable profit of income and costs with unrealised exchange differences, and (ii) the non-acceptance as deductible costs of the provisions constituted on secured loans, except for the part that is not covered. At 31 December 2021, the Bank recognised deferred tax liabilities relating to potential positive exchange rate changes in the amount of Kz 9,203,886,000 and deferred tax assets relating to matters concerning "unaccepted impairment for the year" relating to secured loans in the same amount, given the existence of sufficient taxable temporary differences related to the same tax authority that are expected to reverse in the same period as the expected reversal of the deductible temporary difference. For this reason, the Bank has offset these deferred tax assets and liabilities.

The operations in the deferred tax items of the balance sheet had the following offsetting entries:

	31-Dec-2021			31-Dec-2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Opening balance	**122,139**	**-**	**122,139**	**8,803,348**	**(78,679)**	**8,724,669**
Recognised as profit or loss	-	-	-	(8,640,728)	78,679	(8,562,050)
Recognised in reserves - Other comprehensive income	94,713	-	94,713	(40,481)	-	(40,481)
Final balance	**216,851**	**-**	**216,851**	**122,139**	**-**	**122,139**

The reconciliation of the tax rate, in what concerns the amount recognised in the income statement, can be analysed as follows:

	31-Dec-2021		
	Impact on results	Impact on tax	%
Income before taxes	**141,541,497**	**49,539,524**	**35.0%**
Provisions not foreseen	29,344,787	10,270,676	7.3%
Capital Gains Tax (IAC) and Property Tax (IP)	12,678,869	4,437,604	3.1%
Amortisations	312,192	109,267	0.1%
Income subject to IAC and IP	(170,182,624)	(59,563,918)	-42.1%
Income from loan transactions	(2,468,514)	(863,980)	-0.6%
Unrealised favourable changes in exchange rate	29,974,071	10,490,925	7.4%
Deductible provisions	(8,178,854)	(2,862,599)	-2.0%
Increase in donations 40%	-	-	0.0%
Other adjustments	3,162,249	1,106,787	0.8%
Tax profit / (Tax loss)	**36,183,674**	**12,664,286**	
Tax losses carried forward	(214,981,620)	-	
Income tax	**-**	**-**	

	31-Dec-2020		
	Impact on results	Impact on tax	%
Income before taxes	**37,233,981**	**13,031,893**	**35.0%**
Provisions not foreseen	23,166,303	8,108,206	21.8%
Capital Gains Tax (IAC) and Property Tax (IP)	6,922,366	2,422,828	6.5%
Amortisations	193,014	67,555	0.2%
Income subject to IAC and IP	(112,818,849)	(39,486,597)	-106.0%
Income from loan transactions	(8,536,809)	(2,987,883)	-8.0%
Unrealised favourable changes in exchange rate	(64,046,414)	(22,416,245)	-60.2%
Deductible provisions	(3,428,680)	(1,200,038)	-3.2%
Increase in donations 40%	(4,152,091)	(1,453,232)	-3.9%
Other adjustments	2,501,106	875,387	2.9%
Tax profit / (Tax loss)	**(122,966,073)**	**(43,038,126)**	
Deferred taxes		8,562,049	23.0%
Income tax		**8,562,049**	**23.0%**

As at 31 December 2021 and 2020, the provision for tax contingencies shows the following operations:

	31-Dec-21	31-Dec-20
Opening balance	**3,101,404**	**3,100,921**
Adjustments	-	483
Final balance	**3,101,404**	**3,101,404**

Income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan Government, whose issue is regulated by Presidential Decree No. 259/10, of 18 November, and Presidential Decree No. 31/12, of 30 January, benefit from exemption from all taxes.

Additionally, Presidential Legislative Decree No. 5/11, of 30 December (revised and republished through Presidential Legislative Decree No. 2/14, of 20 October), introduced a rule subjecting to IAC on the income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan Government.

Nevertheless, in accordance with the provisions of Article 47 of the Corporate Tax Code (Law No. 19/14, of 22 October), in force since 1 January 2015, and amended by Law No. 26/20, of 20 July, in determining the taxable amount, all income subject to IAC shall be deducted.

Accordingly, in determining the taxable income as at 31 December 2021 and 2020, such income has been deducted from the taxable income.

Likewise, the expense ascertained with the settlement of IAC is not fiscally accepted to ascertain the taxable income, as provided for in Article 18(1)(a) of the Industrial Tax Code (CII).

Without prejudice to the above, with regard to income from public debt securities, according to the latest understanding of the General Tax Authority (AGT) addressed to ABANC (letter with reference number 196/DGC/AGT/2016, dated 17 May 2016), only those arising from securities issued on or after 1 January 2013 are subject to this tax.

It should also be noted that, according to AGT's position, the exchange revaluations of public debt securities issued in domestic currency but indexed to foreign currency, issued since 1 January 2013, should be subject to Industrial Tax until IAC is in a position to carry out the due withholding tax.

15. OTHER ASSETS

This item has the following composition:

	31-Dec-21	31-Dec-20
Other assets at fair value through profit or loss		
Supplies and supplementary services in subsidiary and associated companies		
SAESP, S.A.	7,614,153	7,614,153
BAI Cape Verde	3,774,090	-
BAIGEST, S.A.	550,000	370,000
EMIS, S.A.	7,147	7,147
BAI Center, S.A.	-	10,608,540
BAI Micro Finanças, S.A.	-	2,000,000
	11,945,390	**20,599,840**
Change in fair value		
SAESP, S.A.	(3,188,954)	(3,188,954)
BAIGEST, S.A.	(420,646)	(273,984)
EMIS, S.A.	(616)	(190)
BAICenter, S.A.	-	(3,589,194)
BAI Micro Finanças, S.A.	-	(688,298)
	(3,610,216)	**(7,740,620)**
	8,335,174	**12,859,220**
Other assets at amortized cost		
Central Government - Ministry of Finance	779,377	512,792
Debtors - Novinvest	393,638	393,638
Debtors - BAI INVEST	362,576	1,359,919
Advances to suppliers	295,891	231,796
Debtors - Nossa Seguros	108,481	510,937
Debtors - Loans	-	1,985,804
Others	1,876,665	2,453,516
	3,816,628	**7,448,402**
Deferred charge expenses		
Maintenance and technical assistance	618,097	147,575
Insurance	-	287,757
Others	64,376	35,426
	682,473	**470,757**
Other assets		
Adjustment to employee loans (IAS 19)	14,280,202	14,488,624
Active transactions to be settled	5,116,596	7,829,106
Operational risk incidents	536,952	199,061
Value Added Tax (VAT)	378,589	398,795
Disposal of properties received in lieu of payment	267,432	186,660
Others	108,848	154,437
	20,688,618	**23,256,683**
Impairments	**(1,472,697)**	**(5,626,543)**
	32,050,196	**38,408,519**

As at 31 December 2021 and 2020, the item Other assets at fair value through profit or loss - Supplies and supplementary services in subsidiary and associated companies - SAESP, S.A. includes the amount of Kz 4,425,199,000 (2020: Kz 4,425,199,000) corresponding to the fair value of the supplementary services made, which do not bear interest or have a set repayment term. These supplies are measured at fair value through profit or loss according to the assumptions referred in Note 40.

As at 31 December 2021 and 2020, the item Other assets at fair value through profit or loss - Supplies and supplementary services in subsidiary and associated companies - BAICV includes the equivalent amount in Kz 3,774,090,000, referring to the fair value of supplies made to that company in Euros, which are remunerated annually at the Euribor 12M interest rate plus a spread of 1% with a 1.5% cap. These supplies are measured at fair value through profit or loss.

As at 31 December 2021, the variation in the item Other assets at fair value through profit or loss - Supplies and supplementary services in subsidiary and associated companies - BAI Micro Finanças, S.A results from the reclassification of the loans granted to this entity to the item Non-current assets held for sale (Note 11).

As at 31 December 2021, the variation in the item Other assets at fair value through profit or loss - Supplies and supplementary services in subsidiary and associated companies - BAI Center, S.A. results from the repayment of the respective amount (EUR 12 million, equivalent to Kz 8,307,372,000) by this entity under the winding-up and liquidation process. BAICENTER Sociedade Unipessoal S.A. was set up with the objective of being the owner and manager of the building called "BAIcenter", which was to be its exclusive activity. In May 2021, the sole shareholder decided to simultaneously wind up and liquidate the company in order to comply with the limit on holding equity interests in non-financial entities set forth in BNA Notice no. 9/2016 of 22 June (current Notice no. 8/2021 of 18 June). At the date of drafting this report, this process is pending the registration of the winding-up and liquidation at the registry office.

As at 31 December 2021 and 2020, the balance of the item Central Government - Ministry of Finance is related to tax collection commissions under the service agreement signed between both parties.

As at 31 December 2021, the variation in the item Debtors - BAI INVEST, corresponds to the conversion of supplies made to that company into loans.

As at 31 December 2021, the change in the item Advances to suppliers corresponds to the payment of orders placed with suppliers, whose goods have not yet been received.

As at 31 December 2021, the change in the item Debtors - Loans, corresponds to the write-off of loans to related entities, which were fully provisioned and for which the Bank had no expectation of receiving any amount, since all the efforts to recover them have been exhausted.

As at 31 December 2021, the balance of the item Other assets at amortized cost - Others includes the amount of Kz 1,028,789,000 (2020: Kz 841,324,000) referring to value added tax on interbank transactions pending settlement. This item also includes the amount of Kz 450,329,000 (2020: Kz 304,002,000) related to receivables for reallocation of costs to subsidiaries.

The item Other assets - expenses with deferred charges corresponds to payments on account of third-party supplies and services whose fulfilment, in accordance with the respective contracts, and charging as costs occurs during a certain period. These services are mostly related to information security consulting services.

As at 31 December 2021 and 2020, the balance of the item Other assets - Adjustment to loans to employees amounting to Kz 14,280,202,000 (2020: Kz 14,488,624,000), corresponds to the impact of the application of IAS 19 - Employee benefits. In effect, the Bank, like most Angolan financial institutions, grants loans to its employees at interest rates below those applied to its customers. This benefit allows the employee to have a much lower effort rate than if his loans were at a market rate, which is why the opportunity cost to the Bank should be accounted for, in line with that set forth in IAS 19.

As at 31 December 2021, the item Other assets - Active transactions pending settlement includes the amount of Kz 4,902,675,000 related to interest subsidies of loans receivable from two customers under the housing loan protocols agreed with the Bank. The change in this item as at 31 December 2021 is due to the write-off of receivables that were fully provided for as at that date, since it is the Bank's expectation that these amounts will not be recovered.

The item Operational risk incidents corresponds to transactions pending settlement related to operational risk, mainly due to the fact that they are under internal investigation or whose legal proceedings are ongoing, and the Bank has recognised impairment losses to face the associated risks.

As at 31 December 2021 and 2020, the operation in impairment for other assets is as follows:

	31-Dec-21	31-Dec-20
Opening balance	**5,626,543**	**8,100,801**
Reinforcements (Note 37)	982,481	2,246,019
Reversals (Note 37)	(1,124,413)	(177,496)
Uses	(4,011,910)	(4,542,782)
Adjustments	(4)	-
Final balance	**1,472,697**	**5,626,543**

The use of impairments occurred during the year is essentially due to the write-off of loans, as explained in the previous paragraph.

During the financial year ended 31 December 2021, the Other assets at fair value through profit or loss classified in level 3 show the following operations:

	31-Dec-21	31-Dec-20
Book value (net) at beginning of year	**12,859,220**	**11,318,327**
Total gains/losses recorded:		
Change in fair value	2,169,801	13,708
Change in exchange rate	(870,679)	1,527,185
Acquisitions	3,954,090	-
Repayments	(8,307,372)	-
Transfers (Note 11)	(1,469,886)	-
Book value (net) at the end of the year	**8,335,174**	**12,859,220**

16. RESOURCES FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This item has the following composition:

	31-Dec-21	31-Dec-20
Resources from credit institutions in the country		
Other resources	11,695,378	7,155,946
	11,695,378	**7,155,946**
Resources from credit institutions abroad		
Very short-term resources	11,390,853	-
	11,390,853	**-**
	23,086,231	**7,155,946**

The balance of the item Resources from credit institutions in the country - Other resources is related to amounts to be offset with other credit institutions in the payment system.

The balance of the item Resources from credit institutions abroad - Very short-term resources corresponds to overdraft positions with correspondent banks arising from the settlement of transactions recorded at 31 December 2021, whose settlement occurred on the first working day of the following year.

As at 31 December 2021 and 2020, the Resources from other credit institutions have a residual maturity of up to 3 months.

	31-Dec-21	31-Dec-20
Up to three months	23,086,231	7,155,946
	23,086,231	**7,155,946**

17. CUSTOMER RESOURCES AND OTHER LOANS

This item has the following composition:

	31-Dec-21	31-Dec-20
Demand deposits of residents		
Domestic currency		
Companies	363,466,325	285,422,346
Private customers	246,062,082	214,783,480
Public administration sector	69,350,690	45,930,970
Public business sector	18,945,423	39,222,350
	697,824,520	**585,359,145**
Foreign currency		
Companies	336,535,654	467,382,857
Private customers	236,210,362	163,559,794
Public administration sector	98,050,224	79,600,600
Public business sector	20,254,415	39,278,169
	691,050,655	**749,821,420**
	1,388,875,175	**1,335,180,565**
Demand deposits of non-residents		
Foreign currency	8,800,354	10,965,679
Domestic currency	2,835,206	4,258,132
	11,635,560	**15,223,810**
Total demand deposits	**1,400,510,735**	**1,350,404,376**
Term deposits in domestic currency		
Companies	175,097,643	157,421,204
Private customers	163,633,870	108,205,872
Public administration sector	29,063,499	71,998,974
Public business sector	350,532	2,123,065
Non-residents	2,513,696	1,406,388
	370,659,240	**341,155,504**
Term deposits in foreign currency		
Companies	345,786,330	455,547,087
Private customers	298,476,704	524,361,020
Public business sector	99,896,580	4,612,188
Public administration sector	-	1,074,572
Non-residents	666,636	672,953
	744,826,250	**986,267,821**
Total term deposits	**1,115,485,490**	**1,327,423,325**
Total interest payable on term deposits	4,691,317	9,820,294
Total term deposits and interest payable	**1,120,176,807**	**1,337,243,619**
Other deposits	4,930,072	16,857,518
Total customer deposits	**2,525,617,614**	**2,704,505,513**

As at 31 December 2021 and 2020, the item Other deposits refers to the amounts that are captive for the settlement of CDI contracted with the Bank. The change in the item is due to the reduction in the volume of letter of credit transactions carried out by the Bank during the year.

The breakdown of customer resources, namely term deposits, by residual maturities, as at 31 December 2021 and 2020, is presented as follows:

	31-Dec-21	31-Dec-20
Domestic currency		
Up to three months	183,113,661	215,450,542
From three to six months	55,401,980	55,927,856
From six months to one year	120,843,203	60,274,839
More than a year	11,300,395	9,502,268
	370,659,239	**341,155,505**
Foreign currency		
Up to three months	205,223,006	130,448,591
From three to six months	341,279,268	300,681,417
From six months to one year	188,390,783	541,948,963
More than a year	9,933,193	13,188,849
	744,826,250	**986,267,820**
	1,115,485,489	**1,327,423,325**

As at 31 December 2021 and 2020, customer term deposits, excluding interest payable, had the following structure by currency and average interest rate:

	31-D ec-2021		31-Dec-2020	
	Average interest rate	Amount	Average interest rate	Amount
In Kwanzas	13.53%	370,659,239	13.64%	341,155,504
In United States Dollars	2.44%	743,886,784	2.48%	963,323,128
In Euros	0.15%	939,466	0.24%	22,944,693
		1,115,485,489		**1,327,423,325**

18. PROVISIONS

The provisions that have been set up can be detailed as follows:

	31-12-21	31-12-20
Provisions for probable liabilities:		
Cases in litigation	3,935,931	1,400,002
Customer complaints	666,073	316,357
Tax contingencies (Note 14)	14,728	14,728
Operational risk incidents under investigation	-	175,750
	4,616,732	**1,906,837**
Provision for signature loans		
Stage 1	163,879	924,895
Stage 2	4,436,142	193,883
Stage 3	2,769,412	4,911,669
	7,369,433	**6,030,447**
	11,986,165	**7,937,284**

The balance of the item Provisions aims to cover duly identified contingencies arising from the Bank's activity, being reviewed at each reporting date in order to reflect the best estimate of the amount and respective probability of payment.
As at 31 December 2021 and 2020, the balance of the item Tax contingencies in the amount of Kz 14,728,000 is intended to cover tax contingencies relating to stamp duty arising from the assessment notices issued by the tax authorities under the tax inspections for the year 2014, as mentioned in Note 14.

The item Provision for signature loans refers to the provision determined under the application of the credit impairment model used by the Bank on off-balance sheet credit-related liabilities assumed with customers (Note 39), as set out in Note 2.3.

As at 31 December 2021 and 2020, the provisions show the following operations:

	31-12-21	31-12-20
Opening balance	**7,937,284**	**2,834,745**
Provisions for probable liabilities		
Reinforcements (Note 34)	3,264,851	564,108
Reversals (Note 34)	(177,728)	(11,488)
Uses	(264,808)	(756,678)
Change in exchange rate	(112,420)	-
	2,709,895	**(204,058)**
Provisions for probable liabilities		
Reinforcements (Note 35)	7,303,437	5,147,580
Reversals (Note 35)	(5,973,322)	(262,595)
Adjustments	8,871	421,612
	1,338,986	**5,306,597**
Final balance	**11,986,165**	**7,937,284**

19. OTHER LIABILITIES

This item has the following composition:

	31-12-21	31-12-20
Taxes payable - own	4,761,302	1,845,210
Creditors for the acquisition of goods and rights	4,389,569	5,440,873
Taxes on income from employment	1,982,664	655,699
Taxes payable - withheld from third parties	1,332,140	1,697,054
Social security charges payable	937,743	734,290
Creditors for services rendered	-	27,772
Other amounts payable	-	5,779
Other receivables		
Transactions pending settlement	4,597,447	5,394,233
Deposits received - disposal of properties received in lieu of payment	651,122	371,167
Visa swipe transactions	366,363	166,388
é-Kwanza Network Manager	-	979,439
Others	8,903,448	3,218,056
Salaries and other remunerations		
Holidays and holiday allowance	4,493,133	3,001,045
Productivity bonus	4,380,266	3,186,722
Other administrative costs	6,871,003	2,714,690
Advances from customers - BAI Kamba prepaid cards	6,182,853	5,895,160
Lease liability	4,898,521	5,107,904
Social Fund	2,296,523	2,376,385
Resources linked to foreign exchange transactions	13,272	15,885
	57,057,367	**42,833,751**

As at 31 December 2021, the change in the item Own taxes payable is due to the increase in IAC related to the accrual of income from public debt securities in the portfolio on that date.

The item Creditors for the acquisition of goods and rights refers to invoices associated with the provision of services and acquisition of goods to be settled with the Bank's suppliers on that date.

The item Other receivables - Transactions pending settlement, includes the amounts of Kz 2,910,321,000 (2020: Kz 3,489,562,000) and Kz 1,187,339,000 (2020: Kz 1,378,279,000), relating to amounts to be repaid to the Ministry of Finance and dormant account balances, respectively.

As at 31 December 2021, the item Other receivables - Deposits received - disposal of properties received in lieu of payment corresponds to the amounts paid arising from the promissory contracts concluded with various promissory purchasers of the assets received in lieu of payment, classified under the item non-current assets held for sale. These amounts are settled after all the risks and benefits associated with the property have been transferred to the promissory purchasers and the respective assets are derecognised (Note 11).

As at 31 December 2021, the item Other receivables - Other includes the amount of Kz 6.5 billion related to the deposit received as part of the BMF sale process. This amount was returned to the promissory purchaser in February 2021 under the terms of the contract (see Notes 11 and 43). This item also includes the amount of Kz 1,414,401,000 (2020: Kz 1,429,545,000) related to the sums paid by the Ministry of Economic Affairs under the interest subsidy protocol signed with the Bank, as well as the amount of Kz 456,326,000 (2020: Kz 577,007,000), related to collateral received from local banks under the VISA representation protocol.

As at 31 December 2021 and 2020, the balance of the item Other administrative costs includes the amount of Kz 6,870,390,000 (2020: Kz 2,714,690,000) related to the constitution of accrued costs with third-party supplies and services provided and not yet invoiced by suppliers.

The item Advances from customers - BAI Kamba prepaid cards, in the amount of Kz 6,182,853,000 (2020: Kz 5,895,160,000), corresponds to the balances that customers have yet to use in their Kamba cards. The BAI Kamba product is a personalised pre-paid card of the Visa network issued by the Bank, through which the customer can make payments and withdrawals at home and abroad, without having to turn to credit.

The item Social Fund, in the amount of Kz 2,296,523,000 (2020: Kz 2,376,385,000), corresponds to the value of the Social Fund as at 31 December 2021 whose allocation has not yet been made under its regulation (Note 2.12 iv.).

The item Lease liability, in the amount of Kz 4,898,521,000 (2020: Kz 5,107,904,000) corresponds to the present value of lease payments to be settled over the lease term, as described in Note 2.21. As at 31 December 2020, the maturity analysis of lease liabilities by residual terms is presented as follows:

	31-Dec-21	31-Dec-20
1 to 5 years	525,272	721,578
Over 5 years	4,373,249	4,386,326
Total lease liabilities	**4,898,521**	**5,107,904**

20. CAPITAL, SHARE PREMIUM AND OWN SHARES

ORDINARY SHARES

As at 31 December 2021 and 2020, the Bank's share capital of Kz 157.545 billion was represented by 19,450,000 ordinary shares, fully subscribed and paid up by different shareholders, most notably:

	31-Dec-2021			31-Dec-2020		
	Number of shares	% held	Amount	Number of shares	% held	Amount
Sonangol Holding Limitada - SGPS	1,653,250	8.50%	13,391,325	1,653,250	8.50%	13,391,325
Oberman Finance Corp	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Dabas Management Limited	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Mário Abílio R. M. Palhares	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Theodore Jameson Giletti	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Lobina Anstalt	972,500	5.00%	7,877,250	972,500	5.00%	7,877,250
Coromasi Participações Lda	923,875	4.75%	7,483,388	923,875	4.75%	7,483,388
Mário Alberto dos Santos Barber	752,715	3.87%	6,096,992	752,715	3.87%	6,096,992
Others	11,257,660	57.88%	91,187,045	11,257,660	57.88%	91,187,045
	19,450,000	**100.00%**	**157,545,000**	**19,450,000**	**100.00%**	**157,545,000**

As this report was being drawn up, the preparation of the public offer for the sale of 10% of the Bank's share capital held by the shareholders Sonangol, SGPS and Endiama, EP under the Privatisation Programme 2019-2022 ("PROPRIV"), approved by Presidential Decree no. 250/19, of 5 August, amended by Presidential Order no. 76/20, of 29 May, was underway.

The capital shares held by members of the governing bodies (Article 446(3), Law no. 1/04, of 13 February - Commercial Companies Act), are broken down as follows:

Shareholders	Position	Acquisition	No. Shares	% Held
Theodore Giletti	Vice-Chairman of the Board of Directors	nominal	972,500	5.00%
Mário Barber	Vice-Chairman of the Board of Directors	nominal	752,715	3.87%
Luís Lélis	Director	nominal	583,500	3.00%
Hélder Aguiar	Director	nominal	97,250	0.50%
Inokcelina dos Santos	Director	nominal	97,250	0.50%

OWN SHARES

Under the terms and conditions permitted by law, the Bank may acquire its own shares and carry out all legally authorised transactions thereon. Own shares are recorded in capital accounts at acquisition value and are not subject to revaluation.

As at 31 December 2021 and 2020, the Bank has recognised in this item own shares in the nominal amount of Kz 739,335,000 (non-revalued amount) corresponding to 5% of the share capital, acquired in 2017, which may be sold after the Bank's share capital goes public.

ISSUE PREMIUMS

As at 31 December 2021 and 2020, the balance of this item in the amount of Kz 9,204,478,000 corresponds to the share premium paid for the acquisition of the own shares referred to above.

21. RESERVES, RETAINED EARNINGS AND OTHER COMPREHENSIVE INCOME

LEGAL RESERVE

This item consists entirely of the Legal reserve, which can only be used to cover accumulated losses or to increase Capital.

The Financial Institutions Act establishes that a legal reserve of no less than 10% of net profits in each financial year must be created up to a limit equivalent to the value of the share capital.

REVALUATION RESERVES, RESERVES FOR MONETARY REVALUATION OF SHARE CAPITAL, OTHER RESERVES AND RETAINED EARNINGS

As at 31 December 2021 and 2020, the operations in revaluation reserves, other reserves and retained earnings were as follows:

		Other reserves and retained earnings			
	Fair-value reserves (Financial assets at fair value through other comprehensive income)	Legal reserve	Other reserves and Retained Earnings	Total Other Reserves and Retained Earnings	Total
Balance as at 31 December 2019	**(326,383)**	**-**	**32,158,047**	**32,158,047**	**31,831,664**
Changes in fair value	193,097	-	-	-	193,097
Tax impact	(40,481)	-	-	-	(40,481)
Constitution of reserves	-	11,873,312	71,239,874	83,113,186	83,113,186
Balance as at 31 December 2020	**(173,767)**	**11,873,312**	**103,397,921**	**115,271,233**	**115,271,233**
Changes in fair value	(270,607)	-	-	-	(270,607)
Tax impact	94,714	-	-	-	94,714
Constitution of reserves	-	2,867,193	11,468,772	14,335,965	14,335,965
Balance as at 31 December 2021	**(349,660)**	**14,740,505**	**114,866,693**	**129,607,198**	**129,257,538**

By unanimous resolution of the General Assembly held on 30 March 2021, it was decided to distribute to the shareholders dividends corresponding to 50% of the net profit obtained in the previous year, and the remaining amount was applied in the item Other reserves. The dividend per outstanding share (i.e., less own shares) corresponded to Kz 776.

FAIR-VALUE RESERVES (REVALUATION RESERVES)

Fair-value reserves represent potential capital gains and losses relating to the financial assets at fair value through other comprehensive income, net of impairment losses recognised in the income statement in the year and/or in previous years, and deferred taxes.

The operation in the fair-value reserve, net of deferred taxes, is as follows:

	31-Dec-2021	31-Dec-2020
Previous balance	**(173,767)**	**(326,383)**
Gross change in fair value	(270,607)	193,097
Deferred taxes recognised in reserves	94,714	(40,481)
Balance at the end of the year	**(349,660)**	**(173,767)**

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit by the average number of ordinary shares outstanding during the year.

	31-Dec-2021	31-Dec-2020
Net profit for the year	141,541,497	28,671,931
Weighted average number of ordinary shares issued	19,450,000	19,450,000
Weighted average number of own shares in portfolio	972,500	972,500
Weighted average number of ordinary shares outstanding	18,477,500	18,477,500
Basic earnings per share	**7,660**	**1,552**

Basic earnings per share are not different from the diluted earnings per share as there are no capital instruments with dilutive effect at the balance sheet date.

22. FINANCIAL MARGIN

This item has the following composition:

	31-Dec-2021			31-Dec-2020		
	Of assets /liabilities at amortized cost and fair value through other comprehensive income	Of assets /liabilities at fair value through profit or loss	Total	Of assets/ liabilities at amortized cost and fair value through other comprehensive income	Of assets /liabilities at fair value through profit or loss	Total
Interest and similar income						
Interest on customer loans	59,431,359	-	59,431,359	56,175,040	-	56,175,040
Interest on investments at amortized cost	147,422,605	-	147,422,605	110,209,206	-	110,209,206
Interest on financial assets at fair value through profit or loss	-	8,138,335	8,138,335	-	7,100,277	7,100,277
Interest on cash equivalents and investments in credit institutions	13,509,534	-	13,509,534	14,006,408	-	14,006,408
	220,363,497	**8,138,335**	**228,501,832**	**180,390,654**	**7,100,277**	**187,490,931**
Interest and similar charges						
Interest on customer resources	(58,438,836)	-	(58,438,836)	(54,123,381)	-	(54,123,381)
Interest on leases	(1,121,190)	-	(1,121,190)	(1,147,219)	-	(1,147,219)
Interest on resources from central banks and other credit institutions	(49,653)	-	(49,653)	(27,360)	-	(27,360)
	(59,609,679)	**-**	**(59,609,679)**	**(55,297,960)**	**-**	**(55,297,960)**
Financial margin	**160,753,818**	**8,138,335**	**168,892,153**	**125,092,694**	**7,100,277**	**132,192,971**

In the years ended 31 December 2021 and 2020, the item Interest on customer loans includes the amounts of Kz 2,468,514,000 and Kz 8,536,809,000, respectively, relating to income from credit transactions with the Ministry of Finance.

The item Interest on loans also includes the amount of Kz 1,322,005,000 (2020: Kz 3,085,072,000) relating to the effect of loans granted to employees, in accordance with IAS 19. The item Interest on customer loans includes the positive effect of Kz 3,379,219,000 (2020: Kz 2,062,836,000) related to commissions and other income accounted for according to the effective interest rate method on a straight-line basis, as explained in Note 2.3.

As at 31 December 2021 and 2020, the item Interest on cash equivalents and investments in credit institutions includes the amounts of Kz 6,954,171,000 and Kz 1,522,258,000, respectively, relating to interest on transactions for the purchase of third-party securities with repurchase agreement contracted with BNA.

As at 31 December 2021 and 2020, the negative effect of the adjustment of credit transactions in stage 3 in the item Interest on customer loans in accordance with IFRS 9 is Kz 21,461,810,000 and Kz 22,833,659,000, respectively. The item Interest on leases refers to the interest cost related to lease liabilities recognised under the implementation of IFRS 16, as described in the accounting policies (Note 2.21).

23. INCOME FROM EQUITY INSTRUMENTS

This item has the following composition:

	31-Dec-2021	31-Dec-2020
Income from investments in subsidiaries and associates		
NOSSA - Nova Sociedade Seguros Angola, S.A.	1,109,005	740,440
Banco Internacional de São Tomé e Príncipe, S.A.	128,732	194,697
	1,237,737	**935,137**

24. INCOME FROM SERVICES AND COMMISSIONS

This item has the following composition:

	31-Dec-21	31-Dec-20
Income from services and commissions		
For banking services provided	26,309,135	23,390,947
For foreign exchange transactions	3,384,227	2,911,982
For commitments to third parties	2,770,172	2,019,253
For transactions carried out on behalf of third parties	407,347	271,620
For guarantees provided	162,755	169,369
Other commissions received	645,580	117,798
	33,679,216	**28,880,969**
Charges from services and commission		
For banking services provided by third parties	(8,596,647)	(6,863,173)
For commitments to third parties	(1,071,573)	(1,102,616)
For other services provided	(1,138,378)	(955,461)
	(10,806,598)	**(8,921,250)**
	22,872,618	**19,959,719**

As at 31 December 2021, the change in the item Income from services and commissions is due to the increase in the volume of transactions carried out compared with the previous year.

25. INCOME FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This item has the following composition:

	31-Dec-2021			31-Dec-2020		
	Income	Costs	Total	Income	Costs	Total
Financial assets at fair value through profit or loss						
Bonds and other fixed-income securities						
From public issuers	12,683,465	(7,178,816)	5,504,649	15,954,537	(7,734,912)	8,219,625
Other variable income securities	-	(2,512,093)	(2,512,093)	-	(1,866,236)	(1,866,236)
	12,683,465	**(9,690,909)**	**2,992,556**	**15,954,537**	**(9,601,148)**	**6,353,389**
Loans to customers						
Credits not complying with SPPI	-	(3,833)	(3,833)	2,718,675	(1,067,693)	1,650,982
	-	**(3,833)**	**(3,833)**	**2,718,675**	**(1,067,693)**	**1,650,982**
Other financial assets and liabilities at fair value through profit or loss						
Other financial assets	2,169,801	-	2,169,801	-	(75,000)	(75,000)
	2,169,801	**-**	**2,169,801**	**-**	**(75,000)**	**(75,000)**
	14,853,266	**(9,694,742)**	**5,158,524**	**18,673,212**	**(10,743,841)**	**7,929,371**

This item records the potential gain on the fair value Kz 2,191,548,000 (2020: Kz 2,737,646,000) and the gain on the sale of securities recorded in the financial assets portfolio at fair value through profit or loss Kz 7,250,350,000 (2020: Kz 5,429,596,000), as set forth in Note 2.3

26. INCOME FROM INVESTMENTS AT AMORTIZED COST

This item has the following composition:

	31-Dec-2021			31-Dec-2020		
	Income	Costs	Total	Income	Costs	Total
Investments at amortized cost						
Bonds and other fixed income securities						
From public issuers	26,599,765	(2,289,710)	24,310,056	822,094	(195,876)	626,218
	26,599,765	**(2,289,710)**	**24,310,056**	**822,094**	**(195,876)**	**626,218**

As at 31 December 2021, the change in income from investments at amortized cost is mainly due to the capital gain obtained with the sale of Treasury Bonds in foreign currency, as mentioned in Note 9.

27. FOREIGN EXCHANGE RESULTS

This item has the following composition:

	31-Dec-2021			31-Dec-2020		
	Income	Costs	Total	Income	Costs	Total
Revaluation of foreign exchange position	5,797,385,606	(5,798,570,825)	(1,185,220)	5,012,969,616	(5,002,925,454)	10,044,162
Revaluation of assets and liabilities indexed to the USD	16,707,832	(28,091,765)	(11,383,933)	111,854,468	(50,772,795)	61,081,673
Purchase and sale of foreign currency	18,427,318	(1,295,230)	17,132,088	25,953,620	(4,945,549)	21,008,071
	5,832,520,756	**(5,827,957,820)**	**4,562,935**	**5,150,777,704**	**(5,058,643,798)**	**92,133,906**

This item includes the income arising from the exchange revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.2.

As at 31 December 2021, the negative results from the revaluation of the foreign exchange position and of the assets and liabilities indexed to the USD are essentially due to the appreciation of the Kwanza against foreign currencies.

The item revaluation of assets and liabilities indexed to the USD includes the amount of Kz 11,536,562,000 related to the revaluation of the year of indexed securities with reference to 31 December 2021 (2020: Kz 56,186,057,000), which was added to the taxable income, as mentioned in Note 14.

28. INCOME FROM THE SALE OF OTHER ASSETS

This item has the following composition:

	31-Dec-21	31-Dec-20
Gains on other tangible assets	77,704	-
Gains on non-current assets held for sale	227,467	382,143
	305,171	**382,143**
Losses on other tangible assets	(4,764)	7,038
Losses on non-current assets held for sale	(1,232,818)	-
	(1,237,583)	**7,038**
	(932,411)	**389,181**

As at 31 December 2021, the loss on non-current assets held for sale corresponds to the adjustment of the purchase price of a property acquired in 2013 to be sold to employees.

29. OTHER OPERATING INCOME

This item has the following composition:

	31-Dec-21	31-Dec-20
Other operating income		
Income from the provision of miscellaneous services	52	190,346
Recovery of interest and overdue loan expenses	-	6,247
Other operating income	1,094,309	1,315,384
	1,094,361	**1,511,977**
Other operating charges		
Taxes and fees not levied on income	(15,343,518)	(7,992,518)
Contributions - Deposit Guarantee Fund	(1,934,019)	(1,360,842)
Debt relief	(686,580)	(555,952)
Penalties applied by regulators	(196,688)	(695,923)
Insufficient estimated industrial tax	-	(386,315)
Other operating costs and charges	(2,923,087)	(11,645,043)
	(21,083,892)	**(22,636,593)**
	(19,989,531)	**(21,124,616)**

The item Other operating income - Taxes and fees not levied on income includes the amount of Kz 12,678,869,000 (2020: Kz 6,535,338,000) relating to capital gains tax. The change in the item at 31 December 2021 is due to the increase in the respective tax associated with the increase in income from public debt securities.

The item Other operating charges - Contributions - Deposit Guarantee Fund corresponds to the payment of the periodic contribution to the Deposit Guarantee Fund, in accordance with Notice no. 1/19, of 11 January, of the BNA.

The item Other operating charges - Debt relief refers to the losses assumed by the Bank as part of the restructuring and write-off of loans, which were already fully covered by the recognition of impairment losses.

As at 31 December 2020, the item Other operating charges - Other operating costs and charges includes the amount of Kz 10,837,235,000 relating to the donation granted to the Ministry of Health as a result of the Covid-19 Pandemic context.

30. STAFF COSTS

This item has the following composition:

	31-Dec-2021	31-Dec-2020
Wages and salaries	22,311,295	17,349,203
Other remuneration	20,517,314	18,024,254
Post-employment benefit costs	4,080,690	3,057,601
Social Security and Mandatory Charges	4,054,521	2,825,654
Other costs	3,515,900	1,024,962
	54,479,720	**42,281,674**

As at 31 December 2021, the change in Staff costs, except the item Other costs, is due to the wage updating made by the Bank in order to compensate the employees for the loss of purchasing power and the impacts caused by the Covid-19 pandemic.

The item Other remuneration includes the amount of Kz 1,637,164,000 (2020: Kz 3,085,072,000) referring to the effect of loans granted to employees, in accordance with IAS 19.

The item Post-employment benefit costs includes the amount of Kz 2,967,078,000 (2020: Kz 2,351,309,000) related to contributions to the Social Security fund. This item also includes the amount of Kz 760,405,000 (2020: Kz 706,292,000) relating to contributions to the BAI Pension Fund, as set forth in Note 31.

The change in the item Other costs is essentially due to indemnities paid by the Bank for contract terminations by mutual agreement.

The costs of remuneration and other benefits attributed to the Board of Directors and Supervisory Board during the financial years ended 31 December 2021 and 2020 are presented as follows:

31-Dec-2021	Board of Directors	Board of the General Assembly	Supervisory Board	Total
Wages and salaries	3,147,991	1,909	56,006	3,205,906
Other remuneration	5,811,240	-	-	5,811,240
Post-employment benefit costs	353,207	-	-	353,207
	9,312,438	**1,909**	**56,006**	**9,370,353**

31-Dec-2020	Board of Directors	Board of the General Assembly	Supervisory Board	Total
Wages and salaries	1,009,429	3,000	47,661	1,060,090
Other remuneration	1,950,702	-	-	1,950,702
Post-employment benefit costs	214,800	-	2,040	216,840
	3,174,931	**3,000**	**49,701**	**3,227,632**

The number of employees of the Bank, considering permanent and fixed-term contract employees, is broken down by professional category as follows:

	31-Dec-2021		31-Dec-2020	
	Average for the financial year	End of the financial year	Average for the financial year	End of the financial year
Directors	13	13	13	13
Direction and coordination	63	63	56	58
Leadership and management	326	335	321	324
Technicians	1,403	1,389	1,411	1,413
Administrative assistants	60	69	93	91
Other employees	44	41	120	116
	1,909	**1,910**	**2,014**	**2,015**

On 31 December 2021, the change in the number of employees is essentially due to the termination of contracts by mutual agreement.

31. EMPLOYEE BENEFITS

Law No. 07/04, of 15 October, which regulates the Angolan Social Security system, provides for the granting of retirement pensions to all Angolan workers registered with Social Security. The value of these pensions is calculated based on a scale proportional to the number of years worked, applied to the average gross monthly salary received in the years immediately prior to the date on which the worker ceases their employment. In accordance with Decree no. 7/99, of 28 May, the contribution rates for this system are 8% for the employer and 3% for the employees. In 2004, the Bank assumed the commitment, on a voluntary basis, through the establishment of a pension fund, to provide its employees, or their families, with cash benefits for complementary retirement due to old age, disability, early retirement and death grants, under the terms agreed upon in the contract establishing the "BAI Pension Fund".

Until 31 December 2009, the Bank had granted, on a voluntary basis, in the established benefit modality, a supplement for old age, disability, early retirement and survivor pensions to its employees. On 21 November 2012, Order no. 2529/12 was published in the Official Gazette, approved by the Ministry of Finance, whose single point was the approval of amendments to the pension plan and to the contract of constitution of the Bank's employees Pension Fund, which thus changed from a set benefit pension plan to a set contribution plan, through voluntary membership.

Following this amendment to the Fund, the established benefit pension plan was maintained for existing pensioners and for participants who had terminated their contractual relationship with the Bank, with rights acquired up to 31 December 2009.
It should also be noted that, between 2010 and December 2013, the Bank created provisions relating to its potential contribution of 6% on employees' wages and decided that it will consider this year, even if there is no contribution from employees, as pensionable service time of the participants who joined the Fund.

The management of the "BAI Pension Fund" was transferred from the now extinct AAA Pensões, S.A. to NOSSA - Nova Sociedade Angolana de Seguros de Angola, S.A. dated 31 October 2013, in accordance with the Order of the Ministry of Finance dated 28 October 2013.

The Bank began to discount a monthly amount corresponding to 3% of the salary of the employees who joined the Fund, maintaining its 6% contribution on the salary of said employees.

With regard to the amount to be reimbursed to employees previously covered by the Set Benefit Plan and who were transferred to the Set Contribution Pension Plan, the Fund currently has the allocation required to meet this responsibility.
With regard to the Established Benefits Plan that was still in force, it was decided to settle all liabilities to all participants in this fund (former employees and pensioners), so this fund is fully settled as at 31 December 2015. This whole process was monitored and authorised by ARSEG.

32. THIRD-PARTY SUPPLIES AND SERVICES

This item has the following composition:

	31-Dec-2021	31-Dec-2020
Audits, consultancy and other specialised technical services	23,342,421	15,488,790
Various materials	13,107,263	7,538,839
Communications	9,323,232	7,819,676
Security, conservation and repairs	6,904,295	2,556,226
Rents and leases	3,293,672	1,981,469
Publications, publicity and advertising	2,460,821	1,636,496
Insurance	1,638,437	615,633
Water and energy	221,512	176,835
Transport, travel and accommodation	157,269	152,893
	60,448,922	**37,966,857**

As at 31 December 2021, the item Rents and leases includes the amounts of Kz 1,915,054,000 and Kz 183,096,000, respectively, related to low-value asset leases and short-term leases, as described in the accounting policies (Note 2.21).

As at 31 December 2021, the increase in the item Third-party supplies and services is due to the various investments made by the Bank with emphasis on the various consultancy projects (Kz 10,806,337,000) and cybersecurity (Kz 6,467,891,000), as well as the expansion of electronic channels (Kz 9,076,497,000).

33. DEPRECIATION AND AMORTISATION FOR THE YEAR

This item has the following composition:

	31-Dec-21	31-Dec-20
Other tangible assets		
Equipment	6,825,247	2,552,272
Properties	1,552,373	1,414,297
Assets under right of use	562,782	551,150
Other tangible assets	79,504	81,056
	9,019,904	**4,598,775**
Intangible assets		
Automatic data processing systems	2,903,936	1,121,122
	11,923,840	**5,719,897**

As at 31 December 2021, the change in the item Equipment is due to the acquisition of new equipment, as well as the transition to fixed assets of equipment acquired in previous years that were recorded as tangible assets in progress.

34. PROVISIONS NET OF CANCELLATIONS

This item has the following composition:

	31-Dec-2021	31-Dec-2020
Allocation for the year (Note 18)	3,264,851	564,107
Reversal for the year (Note 18)	(177,728)	(11,488)
	3,087,123	**552,619**

35. IMPAIRMENT FOR CUSTOMER LOANS NET OF REVERSALS AND RECOVERIES

This item has the following composition:

	31-Dec-2021	31-Dec-2020
Loans to customers		
Allocation for the year net of reversals (Note 10)	20,769,389	51,131,495
Adjustment Stage 3 (Notes 10 and 22)	(21,461,810)	(22,833,659)
	(692,421)	**28,297,836**
Loan by signature		
Allocation for the year net of reversals (Note 18)	1,330,115	4,884,985
	637,694	**33,182,821**

As mentioned in note 10, during the year ended 31 December 2021, this item includes the loss of Kz 6,355,669,000 resulting from a transaction in lieu of payment.

36. IMPAIRMENT FOR OTHER FINANCIAL ASSETS NET OF REVERSALS AND RECOVERIES

This item has the following composition:

	31-Dec-2021	31-Dec-2020
Allocation for the year		
Cash and cash equivalents at central banks (Note 4)	804,932	-
Cash equivalents in other credit institutions (Note 5)	12,100	-
Investments in central banks and other credit institutions (Note 6)	24,724,000	26,899,823
Investments at amortized cost (Note 9)	4,227,846	75,465,822
	29,768,878	**102,365,645**
Reversal for the year		
Cash equivalents in other credit institutions (Note 5)	(17,077)	-
Investments in central banks and other credit institutions (Note 6)	(23,447,990)	(25,873,490)
Investments at amortized cost (Note 9)	(72,197,206)	(2,102,252)
	(95,662,273)	**(27,975,742)**
	(65,893,395)	**74,389,903**

37. IMPAIRMENT FOR OTHER ASSETS NET OF REVERSALS AND RECOVERIES

This item has the following composition:

	31-Dec-2021	31-Dec-2020
Allocations for the year		
Non-current assets held for sale (Note 11)	28,611	283,163
Other assets (Note 15)	982,481	2,246,019
Reversals for the year		
Non-current assets held for sale (Note 11)	-	(637,551)
Other assets (Note 15)	(1,124,413)	(177,496)
	(113,321)	**1,714,135**

38. OFF-BALANCE-SHEET ACCOUNTS

This item has the following composition:

	31-Dec-2021	31-Dec-2020
Guarantees and sureties provided	76,280,674	110,900,742
Guarantees and sureties received	(529,613,232)	(570,710,185)
Commitments to third parties	59,181,947	51,389,688
Deposit and custody of valuables	(1,021,635,302)	(1,417,126,867)
BNA	(562,517,738)	(771,639,348)
CEVAMA	(459,117,564)	(645,487,519)
Liabilities for services rendered		
Custody of securities	540,321,060	338,844,891
Treasury Bills	2,919,399	7,723,485
Custody of BNA values (Soyo)	14,612,065	9,895,270
Other liabilities for services rendered	32,097,753	41,297,095
Consigned amounts	1,755,411	2,055,232
Credit maintained on assets	(626,418,880)	(617,970,024)
Credit written off from assets		
Capital	(208,804,139)	(250,885,233)
Overdue interest	(104,262,024)	(122,071,490)
Credit granted by third parties (Note 6)	67,236,525	86,856,833
Other off-balance sheet accounts	(38,338)	(13,761)

Guarantees, sureties provided and commitments assumed to third parties includes exposures that are subject to the calculation of impairment loss in accordance with the Impairment model set forth by the Bank and in accordance with the requirements of IFRS 9 Kz 74,489,884,000 (2020: Kz 92,555,228,000). As at 31 December 2021 and 2020, these exposures, as well as the associated impairment, present the following composition:

	Individual analysis		Collective analysis		Total	
31-Dec-2021	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Guarantees and sureties provided	5,726,619	3,044,442	42,985,028	4,157,547	48,711,647	7,201,989
Commitments to third parties	20,937,069	128,976	7,064,811	38,468	28,001,880	167,444
	26,663,688	**3,173,418**	**50,049,839**	**4,196,015**	**76,713,527**	**7,369,433**

	Individual analysis		Collective analysis		Total	
31-Dec-2020	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Guarantees and sureties provided	22,231,511	4,511,242	50,104,505	772,309	72,336,016	5,283,550
Commitments to third parties	13,948,777	528,805	6,270,435	218,092	20,219,212	746,897
	36,180,288	**5,040,046**	**56,374,939**	**990,401**	**92,555,228**	**6,030,447**

It should be noted that exposures subject to individual analysis for which it has been concluded that there are no objective signs of impairment are transferred to collective analysis; consequently, the loans subject to impairment according to the collective analysis model, on 31 December 2021 amount to Kz 47,826,196,000 (2020: Kz 56,374,939,000) and impairment in the amount of Kz 4,196,015,000 (2020: Kz 990,401,000).

The breakdown by stage of guarantees, sureties provided and commitments to third parties as at 31 December 2021 and 2020 is presented below:

31-Dec-2021	Stage 1	Stage 2	Stage 3	Total
Guarantees and sureties provided	25,557,587	16,727,401	4,203,016	46,488,004
Commitments to third parties	20,490,854	5,998,292	1,512,734	28,001,880
	46,048,441	**22,725,693**	**5,715,749**	**74,489,883**

31-Dec-2020	Stage 1	Stage 2	Stage 3	Total
Guarantees and sureties provided	39,998,394	6,872,647	25,464,975	72,336,016
Commitments to third parties	5,248,382	5,649,425	9,321,404	20,219,212
	45,246,776	**12,522,072**	**34,786,379**	**92,555,228**

Guarantees and sureties are banking transactions that do not involve the mobilisation of funds by the Bank and include bank guarantees and documentary credits.

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 given good or service, within a specified period of time, against submission of documents relating to the

dispatch of the goods or provision of the service. The condition of irrevocability consists in the fact that its cancellation or amendment is not feasible without the express agreement of all parties involved.
The item Guarantees and sureties given includes guarantees given by the Bank to AGT in the form of public debt securities in the amount of Kz 20,499,990,000 under the tax inspection processes in progress (Notes 9 and 14).

Commitments to third parties present contractual agreements to extend credit to the Bank's customers (for example, unused credit lines) which, generally, are contracted for fixed periods of time or with other expiration requisites and, normally, require the payment of a commission. Substantially all credit-granting commitments in force require that customers maintain certain requirements that occur at the time of contracting them. They may be revocable and irrevocable.

The amount presented under the item Commitments to third parties includes the amount of Kz 19,424,335,000 (2020: Kz 22,736,140,000) relating to an irrevocable credit line granted to BAI Europa.

Notwithstanding the particularities of these commitments, the assessment of these transactions obeys the same basic principles as any other commercial transaction, namely the solvency of both the customer and the underlying business, and the Bank requires that these transactions are duly collateralised when necessary. As most of them are expected to expire without being used, the amounts shown do not necessarily represent future cash requirements.

All the financial instruments referred to above are subject to the same approval and control procedures applied to the customer loan portfolio, namely the assessment of the adequacy of provisions, set up as described in the accounting policy referred to in Note 2.3. This provision is recorded under Provisions, as described in Note 18.

39. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, the following are considered to be entities related to the Bank:
a) Holders of qualifying holdings
- Entities that are directly or indirectly in a control or group relationship with the Bank

b) Members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to the second degree of direct line, considered as ultimate beneficiaries of transactions or assets

c) Subsidiaries, associated companies and companies under joint control
- Entities that are directly or indirectly in a control or group relationship with the Bank

d) Other entities
- Entities associated or constituting joint ventures of the Bank;
- Subsidiaries of the Bank's associates or joint ventures;
- Entities controlled or jointly controlled by holders of qualifying holdings and/or members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants to the second degree in the direct line.

Shareholders, subsidiaries and other holdings, as well as other entities under the Bank's control, with which the Bank maintained balances or transactions in the financial year ended 31 December 2021, are as follows:

Name of related entity	%	Head Office
Companies that are directly or indirectly controlled by the Bank		
BAI Micro Finanças, S.A.	100.00%	Angola
BAI Europa S.A.	99.99%	Portugal
BAI Cabo Verde, S.A.	88.96%	Cape Verde
BAI Center, S.A.*	100.00%	Cape Verde
NOSSA - Nova Sociedade de Seguros de Angola S.A.	72.24%	Angola
SAESP - Sociedade Angolana de Ensino Superior Privado S.A.	20.00%	Angola
BAIGEST S.A.	96.00%	Angola
BAI SGPS, S.A.	n.a.	Angola
BAI Invest S.A.	n.a.	Angola
Fundação BAI	n.a.	Angola
Members of BAI's Board of Directors		
José Carlos de Castro Paiva - Chairman	n.a.	n.a.
Mário Alberto dos Santos Barber - Vice-Chairman	n.a.	n.a.
Theodore Jameson Giletti - Vice-Chairman	n.a.	n.a.
Jaime de Carvalho Bastos - Independent Director	n.a.	n.a.
Omar José Mascarenhas de Morais Guerra - Non-Executive Director	n.a.	n.a.
Carlos Augusto Bessa Victor Chaves - Non-Executive Director	n.a.	n.a.
Luís Filipe Rodrigues Lélis - President of the Executive Committee	n.a.	n.a.
Inokcelina Ben'África Santos - Executive Director	n.a.	n.a.
Helder Miguel Jasse Aguiar - Executive Director	n.a.	n.a.
Simão Francisco Fonseca - Executive Director	n.a.	n.a.
João Cândido Fonseca - Executive director	n.a.	n.a.
Irisolange Azulay Soares Menezes Verdades - Executive Director	n.a.	n.a.
José Carlos Castilho Manuel - Executive Director	n.a.	n.a.
Members of BAI's Supervisory Board		
Júlio Ferreira Sampaio - Chairman	n.a.	n.a.
Moisés António Joaquim - Member	n.a.	n.a.
Alberto Severino Pereira - Member	n.a.	n.a.
Isabel Lopes - Alternate Member	n.a.	n.a.
Naiole Cristina Cohen dos Santos Guedes - Alternate Member	n.a.	n.a.
Members of the BAI's Board of the General Assembly		
Domingos Lima Viegas - Chairman	n.a.	n.a.
Alice Escórcio - Vice-Chairman	n.a.	n.a.
Ana Regina Victor - Secretary	n.a.	n.a.
Remuneration Committee		
Joaquim David - Chairman	n.a.	n.a.
José Maria Botelho de Vasconcelos - Secretary	n.a.	n.a.
Sebastião Pai Querido Gaspar Martins - Member	n.a.	n.a.

Other Related Entities	%	Head Office
BISTP - Banco Internacional de São Tomé e Princípe S.A.	25.00%	São Tomé and Príncipe
SODIMO - Sociedade de Desenvolvimento Imobiliário S.A.	n.a	Angola
SOPROS S.A.	n.a	Angola
IMOGESTIN SA	n.a	Angola
Sodecom, S.A.	n.a	Angola
FIPA I*	25.64%	Luxembourg

Other Related Entities	%	Head Office
FIPA II	45.00%	Luxembourg
Fundo Investimento Privado Angola, SARL	n.a	Luxembourg
Angola Capital Partners - Escritório de Representação	47.50%	Delaware
Angola Capital Partners, LLC	n.a	Delaware
ACP Advisors	n.a	Delaware
AL 13 Indústria LDA	n.a	Angola
Novibay Lda *	n.a	Angola
ITE, S.A.	n.a	Angola
African Real Estate Construction Lda	n.a	Angola
IMSA - Sociedade Negócios e Desenvolvimento	n.a	Angola
Drill Go PT	n.a	Portugal
Drill Go AO	n.a	Angola
Novenge, S.A.*	n.a.	Angola
GRINER Engenharia S.A.	n.a.	Angola
Novinvest S.A.	n.a.	Angola
Griner Gana	n.a.	Ghana
Griner Cabo Verde	n.a.	Cape Verde

** In liquidation.*

The amount of the Bank's transactions with related parties as at 31 December 2021 and 2020 and the related margin costs and income recognised in the year under review are summarised as follows:

	31-Dec-2021					31-Dec-2020
	Relatives of the Members of Governing Bodies	Members of Governing Bodies	Subsidiaries, associates and joint ventures	Other Related Entities	Total	Total
Assets						
Cash equivalents in other credit institutions	-	-	62,944,466	-	62,944,466	19,457,169
Investments in central banks and in other credit institutions	-	-	153,828,472	-	153,828,472	224,700,481
Financial assets at fair value through profit or loss	-	-	106,893	3,089,199	3,196,092	6,565,257
Financial assets at fair value through other comprehensive income	-	-	-	446,155	3,196,092	433,991
Investments in subsidiaries, associates and joint ventures	-	-	13,081,433	65,136	13,146,569	8,927,045
Loans to customers	125,335	2,060,944	593,728	15,160,287	17,940,294	11,977,079
Direct credit	132,234	2,133,074	1,178,021	37,207,344	40,650,672	31,072,224
Impairment of the loan portfolio	(6,898)	(72,130)	(584,293)	(22,047,057)	(22,710,378)	(19,095,145)
Non-current assets held for sale	-	-	8,657,630	-	8,657,630	7,187,744
Other assets	-	-	8,426,883	507,729	8,934,612	14,359,636
Total Assets	**125,335**	**2,060,944**	**247,639,504**	**19,268,507**	**269,094,291**	**293,608,401**
Liabilities						
Resources from central banks and other credit institutions	-	-	-	-	-	145,294
Resources from customers and other credit institutions	2,869,765	19,489,172	10,060,809	7,946,816	40,366,562	32,130,044
Other liabilities	19,184	22,680	121,294	35,570	198,727	428,939
Provisions	-	-	18,298	-	18,298	3,216
Total Assets	**2,888,949**	**19,511,852**	**10,200,400**	**7,982,385**	**40,583,587**	**32,707,493**
Off-balance sheet						
Guarantees received	20,459	1,016,726	5,760,563	11,413,494	18,211,242	18,334,954
Credit written off from assets	-	-	-	16,618,583	16,618,583	22,601,852
Loan by signature	-	215,375	-	716,170	931,545	3,219,228
Commitments to third parties	-	-	19,424,335	-	19,424,335	22,736,140

	31-Dec-2020					31-Dec-2019
	Relatives of the Members of Governing Bodies	Members of Governing Bodies	Subsidiaries, associates and joint ventures	Other Related Entities	Total	Total
Assets						
Cash equivalents in other credit institutions	-	-	19,457,169	-	19,457,169	26,447,050
Investments in central banks and in other credit institutions	-	-	224,700,481	-	224,700,481	263,133,406
Financial assets at fair value through profit or loss	-	-	60,290	6,504,968	6,565,257	9,459,288
Financial assets at fair value through other comprehensive income	-	-	-	433,991	433,991	116,536
Investments in subsidiaries, associates and joint ventures	-	-	8,861,909	65,136	8,927,045	8,927,045
Loans to customers	147,139	2,312,028	9,176,979	340,933	11,977,079	26,273,939
Direct credit	149,469	2,383,006	14,602,081	13,937,668	31,072,224	31,573,623
Impairment of the loan portfolio	(2,330)	(70,979)	(5,425,102)	(13,596,735)	(19,095,145)	(5,299,683)
Non-current assets held for sale	-	-	7,187,744	-	7,187,744	6,631,491
Other assets	-	-	14,139,746	219,890	14,359,636	12,616,268
Total Assets	**147,139**	**2,312,028**	**283,584,317**	**7,564,917**	**293,608,401**	**353,605,022**
Liabilities						
Resources from central banks and other credit institutions	-	-	15,189	130,105	145,294	81,222
Resources from customers and other credit institutions	2,697,472	18,573,401	6,636,045	4,223,126	32,130,044	35,878,310
Other liabilities	7,593	31,572	386,336	3,439	428,939	1,058,128
Provisions	-	-	3,216	-	3,216	3,216
Total Assets	**2,705,065**	**18,604,973**	**7,040,785**	**4,356,670**	**32,707,493**	**37,020,875**
Guarantees received	84,967	1,177,833	5,658,660	11,413,494	18,334,954	12,856,162
Credit written off from assets	-	-	-	22,601,852	22,601,852	14,440,007
Loan by signature	-	273,382	2,945,846		3,219,228	2,260,029
Commitments to third parties	-	-	22,736,140	-	22,736,140	16,879,695

	31-Dec-2021					31-Dec-2020
Financial Margin	Relatives of the Members of Governing Bodies	Members of Governing Bodies	Subsidiaries, associates and joint ventures	Other Related Entities	Total	Total
Interest on cash equivalents and investments in credit institutions	-	-	396,822	-	396,822	1,543,060
Interest on customer loans	16,654	61,865	169,267	5,361,514	5,609,301	5,053,038
Interest and similar income	**16,654**	**61,865**	**566,089**	**5,361,514**	**6,006,123**	**6,596,098**
Interest on resources from customers	(93,007)	(350,261)	(51,702)	(469,646)	(964,617)	(522,308)
Interest on resources from central banks and credit institutions	-	-	-	-	-	(2,202)
Interest and similar charges	**(93,007)**	**(350,261)**	**(51,702)**	**(469,646)**	**(964,617)**	**(524,510)**
Financial margin	**(76,353)**	**(288,396)**	**514,387**	**4,891,868**	**5,041,506**	**6,071,587**

	31-Dec-2020					31-Dec-2019
Financial Margin	Relatives of the Members of Governing Bodies	Members of Governing Bodies	Subsidiaries, associates and joint ventures	Other Related Entities	Total	Total
Interest on cash equivalents and investments in credit institutions	-	-	1,543,060	-	1,543,060	4,523,250
Interest on customer loans	23,442	167,084	2,504,600	2,357,913	5,053,038	4,817,954
Interest and similar income	**23,442**	**167,084**	**4,047,660**	**2,357,913**	**6,596,098**	**9,341,205**
Interest on resources from customers	(22,308)	(113,516)	(72,609)	(313,875)	(522,308)	(439,302)
Interest on resources from central banks and credit institutions	-	-	-	(2,202)	(2,202)	(7,650)
Interest and similar charges	**(22,308)**	**(113,516)**	**(72,609)**	**(316,077)**	**(524,510)**	**(446,952)**
Financial margin	**1,133**	**53,568**	**3,975,051**	**2,041,836**	**6,071,587**	**8,894,252**

As at 31 December 2021 and 2020, the overall amount of cash and cash equivalents, as well as investments in other credit institutions that relate to transactions carried out with subsidiaries, associates and joint ventures, other than those referred to above, is summarised as follows:

Cash equivalents in other credit institutions	31-Dec-2021	31-Dec-2020
BAI Europa, S.A.	60,118,245	18,890,861
Impairment of cash equivalents with financial institutions	(4,424)	-
BAI Cabo Verde, S.A.	2,835,204	566,702
Impairment of cash equivalents with financial institutions	(4,559)	(906)
Total	**62,944,466**	**19,456,657**

Investments in other credit institutions	31-Dec-2021	31-Dec-2020
BAI Europa, S.A.	129,173,234	190,658,774
Impairment of interbank money market transactions	(124,295)	(19,070)
BAI Cabo Verde, S.A.	25,267,087	34,792,331
Impairment of interbank money market transactions	(487,554)	(731,554)
Total	**153,828,472**	**224,700,481**

The costs of remuneration and other benefits attributed to the Bank's key management staff (short- and long-term) are presented in note 31.

Transactions with related parties are carried out under the following conditions, in accordance with the Bank's policy:

- Commercial transactions - executed under normal market conditions and applicable to transactions with the same characteristics and to customers with a similar profile in terms of, among others, risk level, business volume, activity sector, etc., in accordance with the Bank's price list, i.e., the transaction price should be established using the comparable market price method.
- Cost-sharing transactions - the transactions are priced using the cost plus method.

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value is based on market prices, whenever these are available. If they are not available, the fair value is estimated through internal models based on cash flow discounting techniques. The generation of cash flows of the different instruments is based on their financial characteristics and the discount rates used incorporate both the market interest rate curve and the current risk levels of the respective issuer.

Therefore, the fair value obtained is influenced by the parameters used in the evaluation model, which necessarily incorporate some degree of subjectivity, and exclusively reflects the value attributed to the different financial instruments.

The fair value of financial assets and liabilities held by the Bank is presented as follows:

		Measured at fair value				
	Amortized Cost	Market quotation	Valuation models with observable market parameters	Valuation models with non-observable market parameters	Total Balance Sheet Value	Fair value
31-Dec-2021		(Level 1)	(Level 2)	(Level 3)		
Cash and cash equivalents at central banks	553,645,330	-	-	-	553,645,330	553,645,330
Cash equivalents in other credit institutions	86,406,115	-	-	-	86,406,115	86,406,115
Investments in central banks and other credit institutions	717,016,222	-	-	-	717,016,222	717,016,222
Financial assets at fair value through profit or loss	-	-	23,319,120	47,327,666	70,646,786	70,646,786
Financial assets at fair value through other comprehensive income	-	-	-	446,155	446,155	446,155
Investments at amortized cost	1,076,782,432	-	-	-	1,076,782,432	1,116,073,259
Loans to customers	356,732,480	-	-	187,794	356,920,274	289,126,075
Other assets	23,715,023	-	-	8,335,173	32,050,196	32,050,196
Financial assets	**2,814,297,602**	**-**	**23,319,120**	**56,296,788**	**2,893,913,510**	**2,865,410,138**
Resources from central banks and other credit institutions	23,086,231	-	-	-	23,086,231	23,086,231
Customer resources and other loans	2,525,617,614	-	-	-	2,525,617,614	2,525,617,614
Financial liabilities	**2,548,703,845**	**-**	**-**	**-**	**2,548,703,845**	**2,548,703,845**

31-Dec-2020	Amortized Cost	Measured at fair value: Market quotation (Level 1)	Valuation models with observable market parameters (Level 2)	Valuation models with non-observable market parameters (Level 3)	Total Balance Sheet Value	Fair value
Cash and cash equivalents at central banks	311,703,705	-	-	-	311,703,705	311,703,705
Cash equivalents in other credit institutions	189,132,058	-	-	-	189,132,058	189,132,058
Investments in central banks and other credit institutions	672,037,748	-	-	-	672,037,748	672,037,748
Financial assets at fair value through profit or loss	-	-	63,515,616	21,499,959	85,015,575	85,015,575
Financial assets at fair value through other comprehensive income	-	-	-	433,991	433,991	433,991
Investments at amortized cost	1,263,492,435	-	-	-	1,263,492,435	1,301,141,508
Loans to customers	366,040,406	-	-	718,333	366,758,739	349,397,849
Other assets	25,549,300	-	-	12,859,220	38,408,520	38,408,520
Financial assets	**2,827,955,652**	**-**	**63,515,616**	**35,511,503**	**2,926,982,771**	**2,947,270,954**
Resources from central banks and other credit institutions	7,155,946	-	-	-	7,155,946	7,155,946
Customer resources and other loans	2,704,505,513	-	-	-	2,704,505,513	2,704,505,513
Financial liabilities	**2,711,661,459**	**-**	**-**	**-**	**2,711,661,459**	**2,711,661,459**

The Bank uses the following fair-value hierarchy, with three levels in the valuation of financial instruments (assets or liabilities), which reflects the level of judgement, the observability of the data used and the importance of the parameters applied in determining the fair value of the instrument, in accordance with the provisions of IFRS 13:

- **Level 1:** Fair value is determined on the basis of unadjusted quoted prices captured in transactions in active markets involving financial instruments identical to the instruments being valued. If there is more than one active market for the same financial instrument, the relevant price is that which prevails in the instrument's main market or the most advantageous market to which access exists;

- **Level 2:** Fair value is determined based on valuation techniques supported by observable data in active markets, whether direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and valuation assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities, but whose markets have less liquidity; and,

- **Level 3:** Fair value is determined based on unobservable inputs in active markets, using techniques and assumptions that market participants would use to value the same instruments, including assumptions about inherent risks, the valuation technique used and the inputs used and contemplated review processes of the accuracy of the values thus obtained.

The Bank considers an active market for a given financial instrument, at the measurement date, depending on the volume of trading and the liquidity of the transactions undertaken, the relative volatility of the prices quoted and the timeliness and availability of information:
- Existence of frequent daily trading quotes in the last year;
- The above mentioned quotes change regularly;
- There are executable quotes from more than one entity.

A parameter used in a valuation technique is considered to be observable market data if the following conditions are met:
- If its value is determined in an active market;
- If an Over-the-counter (OTC) market exists and it is reasonable to assume that active market conditions are met, with the exception of the trading volumes condition; and,

- The value of the parameter can be obtained by inversely calculating the prices of financial instruments and or derivatives where the other parameters required for initial valuation are observable in a liquid market or an OTC market that comply with the previous paragraphs.

As at 31 December 2021 and 2020, all financial assets recorded at fair value were classified in levels 2 and 3, despite the fact that, in some situations, there are prices verified on the Angolan capital market (BODIVA). The fact that this market started operating at the end of 2016, given the low liquidity and depth of the capital market and the embryonic stage it is in, it was considered that they did not have the necessary conditions to be classified as level 1.

The principal methodologies and assumptions used in estimating the fair value of financial assets and liabilities recorded in the balance sheet at amortized cost are analysed as follows:

- **CASH AND CASH EQUIVALENTS AT CENTRAL BANKS, CASH EQUIVALENTS IN OTHER CREDIT INSTITUTIONS AND INVESTMENTS IN CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS**

These assets are very short-term and, therefore, the balance sheet value is a reasonable estimate of their respective fair value.

- **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

These financial instruments are recorded at the fair value for Angolan public debt securities, the fair value is based on market quotations available at BODIVA, whenever these are available. If not available, the calculation of the fair value relies on the use of numerical models, based on discounted cash flow techniques that, in order to calculate the fair value, use the market interest rate curves adjusted by the associated factors, predominantly credit risk and liquidity risk, determined according to the respective market conditions and terms.

Market interest rates are determined based on information disseminated by financial content providers and the BNA. Interest rates for the specific maturities of cash flows are determined by appropriate interpolation methods. The same interest rate curves are also used in projecting non-deterministic cash flows such as indexing factors.

The fair value of Treasury bonds in foreign currency classified in level 3 of the fair-value hierarchy is based on a discount curve determined by considering risk-free interest rates (US Treasury bonds) plus a country risk premium, using reference sources of information on financial markets.

For investment funds, the best estimate of fair value is considered to be the financial statements of these undertakings at the date of the Bank's balance sheet and, whenever possible, with the respective auditors' report.

For capital instruments, the historic dividend distribution rate, the estimated growth in earnings and the average return rate of the banking sector were considered as opportunity cost.

As at 31 December 2021 and 2020, there were no transfers of financial instruments between level 2 and level 3 of the fair-value hierarchy.

- **INVESTMENTS AT AMORTIZED COST**

The fair value of these financial instruments is estimated based on the discounted expected future cash flows of principal and interest for these instruments. The opportunity cost rate was computed based on the interest rates of the most recent issues of public debt.

The fair value of financial instruments in foreign currency is estimated considering market prices (if any), or the value of cash flows discounted at the average rate of the last issues in foreign currency.

For the purpose of this disclosure, it was assumed that Treasury Bills have short-term residual maturities, and therefore, their carrying value substantially represents the fair value of these assets.

- **LOANS TO CUSTOMERS**

The fair value of loans to customers is estimated based on the discounted expected cash flows of capital and interest, assuming that the instalments are paid on maturity and using the modified duration model. The interest and discount rates used are the current average rates for loans with similar characteristics over the last two years.

For the purposes of this disclosure, it was assumed that the variable interest rate loan contracts have regular interest rate updates and no material changes are being made to the associated spreads, and for this reason it is assumed that the book value substantially represents the fair value of these assets.

- **OTHER ASSETS**

Other assets classified at fair value through profit or loss were valued in accordance with the assumptions set forth in the internal model for the valuation of assets at fair value in the Level 3 hierarchy. The model estimates the fair value of these assets by the sum of the cash flows discounted at an interbank money market reference rate. The fair value of other assets at amortized cost is assumed to be their carrying amount.

- **RESOURCES FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS**

These are very short-term liabilities and therefore the book value is a reasonable estimate of their respective fair value.

- **CUSTOMER RESOURCES AND OTHER LOANS**

The fair value of these financial instruments is estimated based on the discount of the expected cash flows of capital and interest. The discount rate used is the rate that reflects the rates used for deposits with similar characteristics at the balance sheet date.

Considering that, in the vast majority of the portfolio of customer resources held by the Bank, the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

As at 31 December 2021 and 2020, the fair value of financial instruments is presented as follows:

31-Dec-2021	Book value (gross)	Fair value of financial instruments recorded in the balance sheet				Book value (gross)
		At fair value	At amortized cost	Total	Difference	
Assets						
Cash and cash equivalents at central banks	553,645,330	-	553,645,330	553,645,330	-	554,450,262
Cash equivalents in other credit institutions	86,406,115	-	86,406,115	86,406,115	-	86,423,359
Investments in central banks and other credit institutions	717,016,222	-	717,016,222	717,016,222	-	737,049,797
Financial assets at fair value through profit or loss	70,646,786	70,646,786	-	70,646,786	-	70,646,786
Financial assets at fair value through other comprehensive income	446,155	446,155	-	446,155	-	446,155
Investments at amortized cost	1,076,782,432	-	1,116,073,259	1,116,073,259	(39,290,827)	1,093,000,371
Loans to customers	356,920,274	187,794	288,938,281	289,126,075	67,794,199	672,185,359
Investments in subsidiaries, associates and joint ventures	13,146,569	-	13,146,569	13,146,569	-	13,146,569
Other assets	32,050,196	8,335,173	23,715,023	32,050,196	-	33,522,893
	2,907,060,079	**79,615,908**	**2,798,940,799**	**2,878,556,707**	**28,503,372**	**3,260,871,551**
Liabilities						
Resources from central banks and other credit institutions	23,086,231	-	23,086,231	23,086,231	-	23,086,231
Customer resources and other loans	2,525,617,614	-	2,525,617,614	2,525,617,614	-	2,525,617,614
Other liabilities	57,057,367	-	57,057,367	57,057,367	-	57,057,367
	2,605,761,212	**-**	**2,605,761,212**	**2,605,761,212**	**-**	**2,605,761,212**
	301,298,867	**79,615,908**	**193,179,587**	**272,795,495**	**28,503,372**	**655,110,339**

31-Dec-2020	Book alue (gross)	Fair value of financial instruments recorded in the balance sheet				Book value (gross)
		At fair value	At amortized cost	Total	Difference	
Assets						
Cash and cash equivalents at central banks	311,703,705	-	311,703,705	311,703,705	-	311,703,705
Cash equivalents in other credit institutions	189,132,058	-	189,132,058	189,132,058	-	189,158,639
Investments in central banks and other credit institutions	672,037,748	-	672,037,748	672,037,748	-	707,578,163
Financial assets at fair value through profit or loss	85,015,575	85,015,575		85,015,575	-	85,015,575
Financial assets at fair value through other comprehensive income	433,991	433,991		433,991	-	433,991
Investments at amortized cost	1,263,492,435	-	1,301,141,508	1,301,141,508	(37,649,073)	1,354,367,787
Loans to customers	366,758,738	718,333	348,679,516	349,397,849	17,360,889	654,908,238
Investments in subsidiaries, associates and joint ventures	8,927,045	-	8,927,045	8,927,045	-	8,927,045
Other assets	38,408,520	12,859,220	25,549,300	38,408,520	-	44,035,063
	2,935,909,815	**99,027,119**	**2,857,170,880**	**2,956,197,999**	**(20,288,184)**	**3,356,128,206**
Liabilities						
Resources from central banks and other credit institutions	7,155,946	-	7,155,946	7,155,946	-	7,155,946
Customer resources and other loans	2,704,505,513	-	2,704,505,513	2,704,505,513	-	2,704,505,513
Other liabilities	42,833,751	-	42,833,751	42,833,751	-	42,833,751
	2,754,495,210	**-**	**2,754,495,210**	**2,754,495,210**	**-**	**2,754,495,210**
	(181,414,605)	**99,027,119**	**(102,675,670)**	**(201,702,789)**	**(20,288,184)**	**(601,632,996)**

As at 31 December 2021 and 2020, the book value of Financial Instruments is presented as follows:

31-Dec-2021	Measured		Impairment	Net Value
	At fair value	At amortized cost		
Assets				
Cash and cash equivalents at central banks		554,450,262	(804,932)	553,645,330
Cash equivalents in other credit institutions		86,423,359	(17,244)	86,406,115
Investments in central banks and in other credit institutions		737,221,032	(20,204,810)	717,016,222
Financial assets at fair value through profit or loss	70,646,786	-	-	70,646,786
Financial assets at fair value through other comprehensive income	446,155	-	-	446,155
Investments at amortized cost		1,093,000,371	(16,217,939)	1,076,782,432
Loans to customers	135,189	672,050,170	(315,265,085)	356,920,274
Investments in subsidiaries, associates and joint ventures		13,146,569	-	13,146,569
Other assets	8,335,173	25,187,720	(1,472,697)	32,050,196
	79,563,303	**3,181,479,483**	**(353,982,707)**	**2,907,060,079**
Liabilities				
Resources from central banks and other credit institutions	-	23,086,231	-	23,086,231
Customer resources and other loans	-	2,525,617,614	-	2,525,617,614
Other liabilities	-	57,057,367	-	57,057,367
	-	**2,605,761,212**	**-**	**2,605,761,212**
	79,563,303	**575,718,271**	**(353,982,707)**	**301,298,867**

	Measured			
31-Dec-2021	At fair value	At amortized cost	Impairment	Net Value
Assets				
Cash and cash equivalents at central banks		311,703,705		311,703,705
Cash equivalents in other credit institutions		189,158,638	(26,580)	189,132,058
Investments in central banks and in other credit institutions		707,578,163	(35,540,415)	672,037,748
Financial assets at fair value through profit or loss	85,015,575			85,015,575
Financial assets at fair value through other comprehensive income	433,991			433,991
Investments at amortized cost		1,354,367,787	(90,875,352)	1,263,492,435
Loans to customers	718,333	654,189,906	(288,149,500)	366,758,739
Investments in subsidiaries, associates and joint ventures		8,988,965	(61,920)	8,927,045
Other assets	12,859,220	31,175,844	(5,626,544)	38,408,520
	99,027,119	**3,257,163,008**	**(420,280,311)**	**2,935,909,815**
Liabilities				
Resources from central banks and other credit institutions	-	7,155,946	-	7,155,946
Customer resources and other loans	-	2,704,505,513	-	2,704,505,513
Other liabilities	-	42,833,751	-	42,833,751
	-	**2,754,495,210**	**-**	**2,754,495,210**
	99,027,119	**502,667,798**	**(420,280,311)**	**181,414,605**

41. 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 risk management policy aims to outline the profile for each risk identified as material for the Bank, with a view to protecting the Bank's soundness, as well as the guidelines for implementing a risk management system that allows identifying, assessing, monitoring, controlling and reporting all material risks inherent to the Bank's activity.

In this context, it is particularly important to monitor and control the main financial risks - credit, market and liquidity - and non-financial risks - operational - to which the Bank's activity is subject:

MAIN RISK CATEGORIES

- **Credit:** Reflects the probability of the occurrence of negative impacts on results or capital, due to the inability of a counterparty to meet its financial commitments to the institution, including possible restrictions on the transfer of payments from abroad.

- **Market:** represents the risk of negative impacts on profit or capital due to unfavourable operations in the market price of instruments in the trading book, caused in particular by fluctuations in interest rates, exchange rates, share prices or *commodity* prices.

- **Liquidity:** represents the risk of negative impacts on results or capital resulting from the possible occurrence of a mismatch or non-compensation between monetary flows of payments and receipts, generating an inability to comply with the commitments assumed. In other words, in such a situation, an institution's reserves and availabilities would become insufficient to honour its obligations at the time they occurred.

- **Operational:**Operational risk is understood as the probability of the occurrence of negative impacts on results or capital arising from failures in the analysis, processing or settlement of transactions, from internal and external fraud, from the use of outsourced resources, from inefficient internal decision-making processes, from insufficient or inadequate human resources or from the inoperability of infrastructures.

INTERNAL ORGANISATION

The organisational structure of the risk management system includes an autonomous and independent function - the Risk Management Department ("DGR"), without direct responsibility over any risk-taking function, which depends hierarchically and functionally on the Board of Directors ("BoD"), being supervised by the Risk Management Committee ("CGR"), and daily monitored by a department director appointed by the Executive Committee ("EC").

The Board of Directors is responsible for outlining, approving and implementing a risk management system that allows identifying, assessing, controlling and monitoring all material risks to which the Bank is exposed, in order to ensure that they remain at the previously set level and that they will not significantly affect the Bank's financial situation.

The Board of Directors shall (i) approve the operating regulations of the CGR; (ii) ensure adequate material and human resources for the performance of risk management functions; (iii) ensure that risk management activities have sufficient independence, status and visibility and are subject to periodic reviews; (iv) approve the exposure limits to the various material risks to which the Bank is exposed; and (v) establish general guidelines for the risk management system and outline the Bank's risk profile, formalised in the risk management policy.

The CGR is responsible for evaluating the effectiveness of the risk management system, as well as advising the BoD with regard to the risk strategy, supervising the implementation of the risk strategy and overseeing the performance of the DGR.

The DGR is responsible for identifying, assessing and monitoring the risks materially relevant to the Bank, as well as for monitoring the adequacy and effectiveness of the measures taken to correct any deficiencies in the risk management system.

The Bank's Structure Units are responsible for the effective control of risks and compliance with the internal procedure manuals set forth by the EC.

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

RISK ASSESSMENT

LOAN RISK Loan risk models play an essential role in the credit assignment decision process. Thus, the decision-making process for granting loans is based on a set of policies and parameters that are embodied in scoring models for Private Customers and Business portfolios and rating models for the Corporate segment.

Information regarding the Bank's exposure to loan risk for financial assets and off-balance sheet loans is presented below:

31-Dec-2021	Gross bookvalue	Impairment	Net bookvalue
Assets			
Cash and cash equivalents at central banks	554,450,262	804,932	553,645,330
Cash equivalents in other credit institutions	86,423,359	17,244	86,406,115
Investments in central banks and other credit institutions	737,221,032	20,204,810	717,016,222
Financial assets at fair value through profit or loss	70,646,786	-	70,646,786
Financial assets at fair value through other comprehensive income	446,155	-	446,155
Investments at amortized cost	1,093,000,371	16,217,939	1,076,782,432
Loans to customers	672,185,359	315,265,085	356,920,274
Other assets	33,522,893	1,472,697	32,050,196
	3,247,896,217	**353,982,707**	**2,893,913,510**
Off-balance sheet			
Guarantees provided and documentary credits	46,493,371	7,201,989	39,291,382
Commitments to third parties	28,560,422	167,444	28,392,978
	75,053,793	**7,369,433**	**67,684,360**
	3,322,950,009	**361,352,139**	**2,961,597,870**

31-Dec-2020			
Assets			
Cash and cash equivalents at central banks	311,703,705	-	311,703,705
Cash equivalents in other credit institutions	189,158,639	26,581	189,132,058
Investments in central banks and other credit institutions	707,578,163	35,540,415	672,037,748
Financial assets at fair value through profit or loss	85,015,575	-	85,015,575
Financial assets at fair value through other comprehensive income	433,991	-	433,991
Investments at amortized cost	1,354,367,787	90,875,352	1,263,492,435
Loans to customers	654,908,239	288,149,500	366,758,738
Other assets	44,035,062	5,626,543	38,408,520
	3,347,201,161	**420,218,391**	**2,926,982,770**
Off-balance sheet			
Guarantees provided and documentary credits	72,336,016	5,283,550	67,052,466
Commitments to third parties	20,219,212	746,897	19,472,315
	92,555,228	**6,030,447**	**86,524,781**
	3,439,756,389	**426,248,838**	**3,013,507,551**

With regard to the quality of the credit risk of the financial assets, based on internal rating levels, the Bank is developing the necessary tools to present information in this manner.

Nevertheless, it is important to take into consideration the following points related to credit risk mitigation of the Bank's financial assets:

- With regard to credit risk, the portfolio of financial assets maintains its position predominantly in sovereign bonds from the Republic of Angola;

- For the purpose of reducing the risk of loans granted to customers, mortgage collateral and financial collateral allowing a direct reduction in the value of the position are relevant. Personal protection guarantees with substitution effect on the exposure are also considered;

- In terms of direct reduction of the risk of loans to customers, credit transactions collateralised by financial guarantees are included, namely deposits, Republic of Angola bonds and other similar items;

- Regarding real mortgage guarantees, assets are evaluated by independent evaluators registered with the CMC. The revaluation of the assets is made by on-site appraisals by an expert, in accordance with the best practices adopted in the market;

- The model for calculating impairment losses for the Bank's loan portfolio has been in production since 2018, governed by the general principles set forth in IFRS 9, as well as the guidelines established by the BNA.

- The Bank's impairment model starts by segmenting the loan portfolio customers into different groups, namely into public sector, large companies, small and medium enterprises, and for private customers into consumer loans, credit cards, housing loans and overdrafts;

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

- Restructured loans are a sign of impairment and are marked as such;

- In accordance with the established model, customers (or economic groups) whose credit exposure is individually significant are analysed on an individual basis. In this context, exposure is considered significant whenever it is equal to or greater than 0.5% of the Bank's regulatory own funds. The Bank also carries out an individual analysis of its 20 customers with the greatest exposure in the private customers segment;

- For the remaining segments of the loan portfolio, the Bank performs a collective analysis for calculating impairment losses. The calculation of the amount of impairment for loans to customers belonging to homogeneous populations results from the product of the exposure at the date of default ("EAD"), deducted from risk-free financial collateral and sovereign guarantees, by the following risk parameters:
  - Probability of default ("PD"): corresponds to the internal estimates of default, based on the risk classifications associated with the transactions/clients, segments and respective signs of impairment, adjusted to the scenarios expected for the evolution of the macroeconomic aggregates. If the loan is in default or if there is another loan from this client in default (cross-default), the PD corresponds to 100%;
  - Loss given default ("LGD"): corresponds to the internal estimates of loss given default, which varies according to the segment, depending on the type of real guarantee, the loan coverage rate (Loan-to-Value or "LTV") and the seniority of the default, based on the historical experience of recovery of loans that have defaulted;
  - Within the group of individually significant customers, customer exposures are subject to review on an individual basis. This analysis focuses on the credit quality of the debtor, as well as on the expectations of credit recovery, namely considering the existing collaterals and guarantees;
  - The amount of impairment for customers subject to individual analysis is determined using the discounted cash flows method and macroeconomic scenarios with impacts on the recovery strategy, that is, the amount of impairment corresponds to the difference between the amount of the loan and the sum of the expected cash flows related to the various transactions of the customer, adjusted to the macroeconomic scenarios and updated according to the effective interest rate of each transaction.

As at 31 December 2021 and 2020, the geographical concentration of loan risk, measured by net value, has the following distribution:

31-Dec-2021	Angola	Others	Total
Cash and cash equivalents at central banks	553,645,330	-	553,645,330
Cash equivalents in other credit institutions	281,460	86,124,655	86,406,115
Investments in central banks and other credit institutions	224,866,301	492,149,921	717,016,222
Financial assets at fair value through profit or loss	67,558,836	3,087,950	70,646,786
Financial assets at fair value through other comprehensive income	446,155	-	446,155
Investments at amortized cost	1,076,782,432	-	1,076,782,432
Loans to customers	346,352,572	10,567,702	356,920,274
Other assets	32,050,196	-	32,050,196
	2,301,983,282	**591,930,228**	**2,893,913,510**

31-Dec-2020	Angola	Others	Total
Cash and cash equivalents at central banks	311,703,705	-	311,703,705
Cash equivalents in other credit institutions	272	188,860,365	189,132,058
Investments in central banks and other credit institutions	44,830,930	627,206,818	672,037,748
Financial assets at fair value through profit or loss	78,553,693	6,461,882	85,015,575
Financial assets at fair value through other comprehensive income	434	-	434
Investments at amortized cost	1,263,492,435	-	1,263,492,435
Loans to customers	348,208,198	18,550,541	366,758,738
Cash equivalents in other credit institutions	38,408,520	-	38,408,520
	2,104,453,705	**822,529,065**	**2,926,982,770**

MARKET RISK

With regard to market risk information and analysis, regular reporting is ensured on the financial assets portfolios. In terms of own portfolios, there are limits on open positions during the section and at the end of the day, limits on the volume of execution by type of trader, as well as limits on exposure to counterparties.

The Bank calculates credit risk exposure in accordance with BNA Notice 08/2016, of 16 May, and BNA Instruction no. 09/2019, of 27 August, and is within the regulatory limits.

The investment portfolio at amortized cost is mainly exposed to sovereign debt of the Republic of Angola, representing 100% (2020: 100%) of the total of this portfolio as at 31 December 2021.

The assessment of the interest rate risk originated by transactions of the banking portfolio is performed by risk sensitivity analysis, based on the financial characteristics of each contract and the respective projection of expected cash flows is made, according to the rate re-fixing dates and any behavioural assumptions considered.

For each of the currencies analysed, the aggregation of the expected cash flows in each of the time intervals makes it possible to determine the interest rate gaps by re-setting maturity.

As at 31 December 2021 and 2020, assets and liabilities gross of impairment and amortisation are broken down, by type of rate, as follows:

	Exposure at			
31-Dec-2021	Fixed rate	Variable rate	Not subject to interest rate risk	Total
Assets				
Cash and cash equivalents at central banks	-	-	553,645,330	553,645,330
Cash equivalents in other credit institutions	-	-	86,406,115	86,406,115
Investments in central banks and in other credit institutions	717,016,222	-	-	717,016,222
Financial assets at fair value through profit or loss	67,558,836	-	3,087,950	70,646,786
Financial assets at fair value through other comprehensive income	-	-	446,155	446,155
Investments at amortized cost	1,076,782,432	-	-	1,076,782,432
Loans to customers	13,978,070	342,942,204	-	356,920,274
Other assets	4,425,199	-	27,624,997	32,050,196
	1,879,760,759	**342,942,204**	**671,210,547**	**2,893,913,510**
Liabilities				
Resources from central banks and other credit institutions	23,086,231	-		23,086,231
Customer resources and other loans	1,150,267,501	1,601	1,375,348,512	2,525,617,614
Other liabilities	-	-	57,057,367	57,057,367
	1,173,353,732	**1,601**	**1,432,405,879**	**2,605,761,212**
	706,407,027	**342,940,603**	**(761,195,332)**	**288,152,298**

31-Dec-2020	Exposure at Fixed rate	Variable rate	Not subject to interest rate risk	Total
Assets				
Cash and cash equivalents at central banks	-	-	311,703,705	311,703,705
Cash equivalents in other credit institutions	-	-	189,132,058	189,132,058
Investments in central banks and in other credit institutions	672,037,748	-	-	672,037,748
Financial assets at fair value through profit or loss	78,510,607	-	6,504,968	85,015,575
Financial assets at fair value through other comprehensive income	-	-	433,991	433,991
Investments at amortized cost	1,263,492,435	-	-	1,263,492,435
Loans to customers	20,950,510	345,808,228	-	366,758,738
Other assets	4,456,491	-	33,952,029	38,408,520
	2,039,447,790	**345,808,228**	**541,726,751**	**2,926,982,770**
Liabilities				
Resources from central banks and other credit institutions	7,155,946	-	-	7,155,946
Customer resources and other loans	1,329,155,779	1,222	1,375,348,512	2,704,505,513
Other liabilities	-	-	42,833,751	42,833,751
	1,336,311,725	**1,222**	**1,418,182,263**	**2,754,495,210**
	703,136,065	**345,807,007**	**(876,455,512)**	**172,487,560**

As at 31 December 2021 and 2020, financial instruments with exposure to interest rate risk present the following detail by re-fixing date:

31-Dec-2021	Residual contractual terms Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Residual contractual terms 1 to 3 years	3 to 5 years	Over 5 years	Undetermined	Total
Assets									
Investments in central banks and in other credit institutions	186,889,413	328,820,082	72,397,696	93,431,736	55,682,104	-	-	-	737,221,031
Financial assets at fair value through profit or loss	-	1,788,878	-	302,317	31,872,456	19,330,868	16,249,138	1,103,129	70,646,786
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	446,155	446,155
Investments at amortized cost	1,585,201	35,902,371	96,296,863	444,517,247	399,738,801	104,103,118	10,856,771	-	1,093,000,371
Loans to customers	15,520,821	11,036,629	3,532,187	11,476,082	71,824,848	144,757,844	290,097,918	123,939,030	672,185,359
	203,995,435	**377,547,960**	**172,226,746**	**549,727,382**	**559,118,209**	**268,191,829**	**317,203,827**	**125,488,314**	**2,573,499,702**
Liabilities									
Resources from central banks and other credit institutions	11,695,378	11,390,853	-	-	-	-	-	-	23,086,231
Customer resources and other loans	194,926,364	194,890,527	397,615,600	310,483,001	7,078,004	2,867,442	12,315,868	-	1,120,176,806
	206,621,742	**206,281,380**	**397,615,600**	**310,483,001**	**7,078,004**	**2,867,442**	**12,315,868**	**-**	**1,143,263,037**
	(2,626,308)	**171,266,580**	**(225,388,854)**	**239,244,381**	**552,040,206**	**265,324,387**	**304,887,959**	**125,488,314**	**1,430,236,665**

31-Dec-2020	Residual contractual terms Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Residual contractual terms 1 to 3 years	3 to 5 years	Over 5 years	Undetermined	Total
Assets									
Investments in central banks and in other credit institutions	256,042,167	299,228,755	40,334,336	111,972,906	-	-	-	-	707,578,164
Financial assets at fair value through profit or loss	-	5,723,264	3,250,655	6,696,368	46,961,396	16,130,453	6,253,439	-	85,015,575
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	433,991	433,991
Investments at amortized cost	19,107,903	203,835,120	39,971,403	133,762,338	749,412,154	195,553,606	12,725,263	-	1,354,367,787
Loans to customers	7,436,546	15,014,531	4,235,674	114,492,963	172,547,964	126,662,456	101,047,907	112,758,123	654,196,164
	282,586,616	**523,801,670**	**523,801,670**	**366,924,575**	**968,921,514**	**338,346,515**	**120,026,609**	**113,192,114**	**2,801,591,681**
Liabilities									
Resources from central banks and other credit institutions	-	7,155,946	-	-	-	-	-	-	7,155,946
Customer resources and other loans	88,698,488	192,840,254	305,243,188	656,502,884	9,854,475	71,125,890	12,978,440	-	1,337,243,619
	88,698,488	**199,996,200**	**260,895,163**	**656,502,884**	**9,854,475**	**71,125,890**	**12,978,440**	**-**	**2,711,661,459**
	193,888,128	**323,805,470**	**(173,103,095)**	**(289,578,309)**	**959,067,039**	**267,220,625**	**107,048,169**	**113,192,114**	**89,930,222**

As at 31 December 2021 and 2020, the average interest rates for the major categories of financial assets and liabilities, as well as the respective average balances, net of impairment, and income and costs for the year, are detailed as follows:

	Residual contractual terms		
31-Dec-2021	Average balance for the financial year	Interest for the financial year	Average remuneration
Assets			
Investments in central banks and other credit institutions	689,151,011	13,509,534	2.0%
Securities	1,236,741,087	147,422,605	11.9%
Loans to customers	670,332,992	59,431,359	8.9%
	2,596,225,090	**220,363,497**	**8.5%**
Liabilities			
Customer resources and other loans	1,342,468,891	58,438,836	4.4%
Resources from central banks and other credit institutions	999,266	49,653	5.0%
	1,343,468,157	**58,488,489**	**4.4%**

	Residual contractual terms		
31-Dec-2020	Average balance for the financial year	Interest for the financial year	Average remuneration
Assets			
Investments in central banks and other credit institutions	681,290,522	14,006,408	2.1%
Securities	1,172,462,962	110,209,206	9.4%
Loans to customers	660,647,537	56,175,040	8.5%
	2,514,401,021	**180,390,654**	**7.2%**
Liabilities			
Customer resources and other loans	1,188,707,618	54,470,497	4.6%
Resources from central banks and other credit institutions	792,005	27,360	3.5%
	1,189,499,624	**54,497,857**	**4.6%**

As at 31 December 2021 and 2020, net gains or net losses on net interest income from financial instruments show the following detail:

	By offsetting entry			By other comprehensive income		
31-Dec-2021	Gains	Losses	Net	Gains	Losses	Net
Assets						
Investments in central banks and in other credit institutions	13,509,534	-	13,509,534	-	-	-
Financial assets at fair value through profit or loss	8,138,335		8,138,335	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	691,329	(691,329)
Investments at amortized cost	147,422,605	-	147,422,605	-	-	-
Loans to customers	59,431,359	-	59,431,359	-	-	-
	228,501,831	**-**	**228,501,831**	**-**	**691,329**	**(691,329)**
Liabilities						
Resources from central banks and other credit institutions	-	49,653	(49,653)	-	-	-
Customer resources and other loans	-	59,560,026	(59,560,026)	-	-	-
	-	**59,609,679**	**(59,609,679)**	**-**	**-**	**-**
Total	**228,501,831**	**59,609,679**	**168,892,152**	**-**	**691,329**	**(691,329)**

	By offsetting entry			By other comprehensive income		
31-Dec-2020	Gains	Losses	Net	Gains	Losses	Net
Assets						
Investments in central banks and in other credit institutions	14,006,408	-	14,006,408	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Investments at amortized cost	110,209,206	-	110,209,206	-	(283,217)	(283,217)
Loans to customers	56,175,040	-	56,175,040	-	-	-
	180,390,654	**-**	**180,390,654**	**-**	**(283,217)**	**(283,217)**
Liabilities						
Resources from central banks and other credit institutions	-	27,360	(27,360)	-	-	-
Customer resources and other loans	-	55,270,600	(55,270,600)	-	-	-
	-	**55,297,960**	**(55,297,960)**	**-**	**-**	**-**
Total	**180,390,654**	**55,297,960**	**125,092,694**	**-**	**(283,217)**	**(283,217)**

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

As at 31 December 2021 and 2020, the sensitivity analysis of financial instruments to interest rate changes, net of impairment, at the regulatory own funds level are as follows:

	Exposures by maturity interval or rate re-setting - Impact on net situation						
31-Dec-21			Off-balance sheet elements				
Temporal band	Assets	Liabilities	+	-	Position	Weighting Factor	Weighting Position
in sight - 1 month	220,832,448	223,752,917	393,751	-	(2,526,718)	0.08%	(2,021)
1 - 3 months	344,960,993	194,953,800	24,147	-	150,031,340	0.32%	480,100
3 - 6 months	203,008,498	398,319,850	-	45,332	(195,356,684)	0.72%	(1,406,568)
6 - 12 months	545,640,344	311,039,610	73,272,487	-	307,873,222	1.43%	4402,587
1 - 2 years	419,452,088	4,054,784	58,653,292	-	474,050,596	2.77%	13,131,202
2 - 3 years	114,690,469	2,966,884	446,755	-	112,170,340	4.49%	5,036,448
3 -4 years	177,981,303	1,468,548	83,265	-	176,596,021	6.14%	10,842,996
4 - 5 years	26,319,242	1,398,874	104,574	-	25,024,942	7.71%	1,929,423
5 -7 years	91,634,142	-	-	-	91,634,142	10.15%	9,300,865
7 - 10 years	47,019,184	7,081,164	215,375	-	40,153,395	13.26%	5,324,340
10 -15 years	10,961,287	5,232,675	-	-	5,728,613	18.84%	1,079,271
15 - years	8,499,809	-	-	-	8,499,809	22.43%	1,906,507
>20 years	7,441,027	23,086,230	-	-	(15,645,203)	26.03%	(4,072,446)
Total	**2,218,440,836**	**1,173,355,333**	**133,193,645**	**45,332**	**1,178,233,816**		**47,952,703**
Cumulative impact of interest rate sensitive instruments							**47,952,703**
Regulatory Own Funds							**392,114,316**
Impact on Economic Value / Regulatory Own Funds							**12.2%**

31-Dec-2020			Off-balance sheet elements				
Temporal band	Assets	Liabilities	+	-	Position	Weighting Factor	Weighting Position
in sight - 1 month	231,907,904	109,722,099	98,641	-	122,284,447	0.08%	97,828
1 - 3 months	540,513,934	150,499,117	960,483	-	390,975,300	0.32%	1,251,121
3 - 6 months	105,695,886	358,212,322	-	1,174,516	(253,690,952)	0.72%	(1,826,575)
6 - 12 months	310,335,063	424,220,095	109,529,863	-	(4,355,169)	1.43%	(62,279)
1 - 2 years	469,850,417	272,328,337	50,523,576	-	248,045,656	2.77%	6,870,865
2 - 3 years	344,191,761	3,858,305	307,628	-	340,641,084	4.49%	15,294,785
3 -4 years	46,352,257	2,532,718	81,000	-	43,900,539	6.14%	2,695,493
4 - 5 years	174,350,291	1,322,242	129,085	-	173,157,134	7.71%	13,350,415
5 -7 years	55,323,541	-	-	-	55,323,541	10.15%	5,615,339
7 - 10 years	70,171,778	7,587,556	406,121	-	62,990,343	13.26%	8,352,519
10 -15 years	23,488,204	6,028,705	-	-	17,459,499	18.84%	3,289,370
15 - years	7,792,987	-	-	-	7,792,987	22.43%	1,747,967
>20 years	14,792,731	6	-	-	14,792,725	26.03%	3,850,546
Total	**2,394,766,754**	**1,336,311,500**	**162,036,397**	**1,174,516**	**1,219,317,135**		**60,527,394**
Cumulative impact of interest rate sensitive instruments							**60,527,394**
Regulatory Own Funds							**276,768,494**
Impact on Economic Value / Regulatory Own Funds							**21.9%**

As at 31 December 2021 and 2020, the sensitivity analysis of financial instruments, net of impairment, to interest rate changes at the net interest margin level is as follows:

	Exposures by maturity interval or rate re-setting - Impact on net situation						
31-Dec-2021			Off-balance sheet elements				
Temporal band	Assets	Liabilities	+	-	Position	Weighting Factor	Weighting Position
in sight	12,341,698	32,802,402	-	-	(20,460,703)	2.00%	(409,214)
in sight - 1 month	208,490,750	190,950,515	393,751	-	17,933,985	1.92%	343,735
1 - 2 months	177,984,770	101,285,837	24,147	-	76,723,080	1.75%	1,342,654
2 - 3 months	166,976,223	93,667,963	-	-	73,308,261	1.58%	1,160,714
3 - 4 months	27,940,586	-	-	-	27,940,586	1.42%	395,825
4 - 5 months	35,744,709	-	-	-	35,744,709	1.25%	446,809
5 - 6 months	139,323,203	398,319,850	-	(45,332)	(258,951,314)	1.08%	(2,805,306)
6 - 7 months	31,779,654	-	-	-	31,779,654	0.92%	291,313
7 - 8 months	16,024,218	-	-	-	16,024,218	0.75%	120,182
8 - 9 months	120,985,127	-	-	-	120,985,127	0.58%	705,747
9 -10 months	16,146,035	-	-	-	16,146,035	0.42%	67,275
10 - 11 months	6,916,022	-	-	-	6,916,022	0.25%	17,290
11 - 12 months	353,789,289	311,039,610	73,272,487	-	116,022,166	0.08%	96,685
Total	**1,314,442,284**	**1,128,066,176**	**73,690,384**	**(45,332)**	**260,111,824**		**1,773,709**
Cumulative impact of interest rate sensitive instruments up to one year							**1,773,709**
Interest Margin							**168,892,153**
Cumulative impact of interest rate sensitive instruments up to one year/Interest rate margin							**1.1%**

31-Dec-2020			Off-balance sheet elements				
Temporal band	Assets	Liabilities	+	-	Position	Weighting Factor	Weighting Position
in sight	5,787,866	4,469,106	-	-	1,318,760	2.00%	26,375
in sight - 1 month	226,120,038	105,252,992	98,641	-	120,965,687	1.92%	2,318,509
1 - 2 months	325,400,678	58,808,449	40,000	-	266,632,228	1.75%	4,666,064
2 - 3 months	215,113,256	91,690,667	920,483	-	124,343,072	1.58%	1,968,765
3 - 4 months	33,586,883	-	-	-	33,586,883	1.42%	475,814
4 - 5 months	12,365,620	-	-	-	12,365,620	1.25%	154,570
5 - 6 months	59,743,383	358,212,322	-	(1,174,516)	(297,294,423)	1.08%	(3,220,690)
6 - 7 months	26,012,803	-	-	-	26,012,803	0.92%	238,451
7 - 8 months	10,203,488	-	-	-	10,203,488	0.75%	76,526
8 - 9 months	148,895,781	-	-	-	148,895,781	0.58%	868,559
9 -10 months	20,368,152	-	-	-	20,368,152	0.42%	84,867
10 - 11 months	9,491,225	-	-	-	9,491,225	0.25%	23,728
11 - 12 months	95,363,613	424,220,095	109,529,863	-	(219,326,619)	0.08%	(182,772)
Total	**1,188,452,787**	**1,042,653,632**	**110,588,988**	**(1,174,516)**	**257,562,658**		**7,498,767**
Cumulative impact of interest rate sensitive instruments up to one year							**7,498,767**
Interest Margin							**132,192,971**
Cumulative impact of interest rate sensitive instruments up to one year/Interest rate margin							**5.67%**

Pursuant to Article 6 of Notice No. 8/2016, of 16 May, the Bank must inform the BNA whenever, as a result of a change in the interest rate of 2%, there is a potential reduction in the economic value in its banking portfolio or in the financial margin equal to or greater than 20% of regulatory own funds.

As at 31 December 2021 and 2020, the sensitivity analysis of the equity value of financial instruments to interest rate changes, net of impairment, is as follows (in millions of Kz):

	Interest rate changes					
31-Dec-2021	**-200 bp**	**-100 bp**	**-50 bp**	**+50 bp**	**+100 bp**	**+200 bp**
Assets						
Investments in central banks and in other credit institutions	(4,843)	(2,422)	(1,211)	1,211	2,422	4,843
Financial assets at fair value through profit or loss	(3,458)	(1,729)	(865)	865	1,729	3,458
Financial assets at fair value through other comprehensive income	(116)	(58)	(29)	29	58	116
Investments at amortized cost	(26,585)	(13,293)	(6,646)	6,646	13,293	26,585
Loans to customers	(26,712)	(13,356)	(6,678)	6,678	13,356	26,712
	(61,714)	**(30,857)**	**(15,428)**	**15,428**	**30,857**	**61,714**
Liabilities						
Resources from central banks and other credit institutions	(6,009)	(3,005)	(1,502)	1,502	3,005	6,009
Customer resources and other loans	(10,487)	(5,244)	(2,622)	2,622	5,244	10,487
	(16,496)	**8,248**	**(4,124)**	**4,124**	**8,248**	**16,496**
Off-balance sheet elements	**(2,735)**	**(1,368)**	**(709)**	**709**	**1,368**	**2,735**
	(47,953)	**(23,976)**	**(12,014)**	**12,014**	**23,976**	**47,953**

	Interest rate changes					
31-Dec-2020	**-200 bp**	**-100 bp**	**-50 bp**	**+50 bp**	**+100 bp**	**+200 bp**
Assets						
Investments in central banks and in other credit institutions	(2,951)	(1,475)	(738)	738	1,475	2,951
Financial assets at fair value through profit or loss	(3,862)	(1,931)	(965)	965	1,931	3,862
Financial assets at fair value through other comprehensive income	(2,005)	(1,002)	(501)	501	1,002	2,005
Investments at amortized cost	(41,904)	(20,952)	(10,476)	10,476	20,952	41,904
Loans to customers	(25,976)	(12,988)	(6,494)	6,494	12,988	25,976
	(76,697)	**(38,349)**	**(19,174)**	**19,174**	**38,349**	**76,697**
Liabilities						
Resources from central banks and other credit institutions	(7,454)	(3,727)	(1,864)	1,864	3,727	7,454
Customer resources and other loans	(19,201)	(9,601)	(4,800)	4,800	9,601	19,201
	(26,656)	**(13,328)**	**(6,664)**	**6,664**	**13,328**	**26,656**
Off-balance sheet elements	**(3,022)**	**(1,511)**	**(755)**	**755**	**1,511**	**3,022**
	(53,064)	**(26,532)**	**(13,266)**	**13,266**	**26,532**	**53,064**

The amount of the overall impact for a 200-basis-point change does not consider the amounts of exposure to letters of credit and guarantees provided.

As at 31 December 2021 and 2020, the breakdown of assets and liabilities by currency, net of impairment, is presented as follows:

31-Dec-2021	Kwanzas	USD	Euros	Indexed	Other currencies	Total
Assets						
Cash and cash equivalents at central banks	277,169,203	240,990,037	35,340,792	-	145,299	553,645,330
Cash equivalents in other credit institutions	281,460	78,729,773	4,577,389	-	2,817,493	86,406,115
Investments in central banks and other credit institutions	221,358,027	470,090,212	25,567,983	-	-	717,016,222
Financial assets at fair value through profit or loss	17,546,347	47,331,308	65,087	5,704,044	-	70,646,786
Financial assets at fair value through other comprehensive income	446,155	-	-	-	-	446,155
Investments at amortized cost	461,076,736	560,890,657	-	54,815,039	-	1,076,782,432
Loans to customers	326,886,326	29,383,546	650,402	-	-	356,920,274
Non-current assets held for sale	18,683,114	-	-	-	-	18,683,114
Other tangible assets	100,494,320	-	-	-	-	100,494,320
Intangible assets	11,838,476	-	-	-	-	11,838,476
Investments in subsidiaries, associates and joint ventures	13,146,569	-	-	-	-	13,146,569
Current tax assets	956,162	-	-	-	-	956,162
Deferred tax assets	216,851	-	-	-	-	216,851
Other assets	25,284,114	2,804,216	3,953,616	-	8,250	32,050,196
	1,475,383,859	**1,430,219,749**	**70,155,269**	**60,519,083**	**2,971,042**	**3,039,249,002**
Liabilities						
Resources from central banks and other credit institutions	11,651,188	1,075,351	10,359,693	-	-	23,086,231
Customer resources and other loans	1,074,705,660	1,375,800,062	71,710,447	-	3,401,444	2,525,617,614
Provisions	8,158,477	1,820,856	2,005,895	-	937	11,986,165
Current tax liabilities	3,101,404	-	-	-	-	3,101,404
Other liabilities	45,519,905	9,598,631	1,937,906	-	925	57,057,367
	1,143,136,634	**1,388,294,900**	**86,013,941**	**-**	**3,403,307**	**2,620,848,781**
	332,247,226	**41,924,849**	**(15,858,672)**	**60,519,083**	**(432,265)**	**418,400,221**

31-Dec-2020	Kwanzas	USD	Euros	Indexed	Other currencies	Total
Assets						
Cash and cash equivalents at central banks	223,885,409	75,514,313	-	-	12,303,983	311,703,705
Cash equivalents in other credit institutions	271,693	164,989,429	18,943,480	-	4,927,455	189,132,058
Investments in central banks and other credit institutions	42,819,231	592,737,954	36,480,563	-	-	672,037,748
Financial assets at fair value through profit or loss	35,264,111	28,602,082	87,725	21,061,657		85,015,575
Financial assets at fair value through other comprehensive income	12,022	-	-	421,969	-	433,991
Investments at amortized cost	320,930,801	753,808,184	-	188,753,450	-	1,263,492,435
Loans to customers	258,333,980	107,521,674	903,085	-	-	366,758,738
Non-current assets held for sale	18,785,798	-	-	-	-	18,785,798
Other tangible assets	94,954,356	-	-	-	-	94,954,356
Intangible assets	5,846,194	-	-	-	-	5,846,194
Investments in subsidiaries, associates and joint ventures	8,927,044	-	-	-	-	8,927,044
Current tax assets	1,286,181	-	-	-	-	1,286,181
Deferred tax assets	122,139	-	-	-	-	122,139
Other assets	26,624,337	3,244,411	8,539,687	-	84	38,408,520
	1,038,063,297	**1,726,418,047**	**64,954,540**	**210,237,076**	**17,231,522**	**3,056,904,482**
Liabilities						
Resources from central banks and other credit institutions	7,123,511	12,374	20,061	-	-	7,155,946
Customer resources and other loans	846,337,761	1,670,397,382	91,244,019	91,010,026	5,516,325	2,704,505,513
Provisions	2,181,285	1,889,880	3,812,442	-	53,677	7,937,284
Current tax liabilities	3,101,404	-	-	-	-	3,101,404
Other liabilities	30,732,897	9,867,723	2,231,527	-	1,604	42,833,751
	889,476,858	**1,682,167,359**	**97,308,049**	**91,010,026**	**5,571,606**	**2,765,533,898**
	148,586,439	**44,250,688**	**(32,353,509)**	**119,227,051**	**11,659,915**	**291,370,584**

As at 31 December 2021 and 2020, the sensitivity analysis of the equity value of financial instruments to changes in exchange rates at the date of is presented as follows:

	31-Dec-21					
Currency	-20%	-10%	-5%	+5%	10%	20%
United States Dollar	(20,488,787)	(10,244,393)	(5,122,197)	5,122,197	10,244,393	20,488,787
Euros	3,171,734	1,585,867	792,934	(792,934)	(1,585,867)	(3,171,734)
Other currencies	86,453	43,226	21,613	(21,613)	(43,226)	(86,453)
	(17,230,599)	**(8,615,300)**	**(4,307,650)**	**4,307,650**	**8,615,300**	**17,230,599**

	31-Dec-2020					
Currency	-20%	-10%	-5%	+5%	10%	20%
United States Dollar	(32,695,548)	(16,347,774)	(8,173,887)	8,173,887	16,347,774	32,695,548
Euros	6,470,702	3,235,351	1,617,675	(1,617,675)	(3,235,351)	(6,470,702)
Other currencies	(2,331,983)	(1,165,992)	(582,996)	582,996	1,165,992	2,331,983
	(28,556,829)	**(14,278,414)**	**(7,139,207)**	**7,139,207**	**14,278,414**	**28,556,829**

As at the date of this report, the Bank's assets and liabilities recorded a revaluation corresponding to the appreciation of the exchange rate of the Kwanza against the USD, the benchmark currency on the foreign exchange market, of 15% vis-à-vis 31 December 2020, whose negative impact is estimated at Kz 12.9 billion.

LIQUIDITY RISK

Liquidity risk is assessed using internal metrics established by the Bank's management, namely exposure limits. This control is reinforced with monthly sensitivity analyses carried out with the aim of characterising the Bank's risk profile and ensuring that its obligations in a liquidity crisis scenario are met.

The control of liquidity levels aims to maintain a satisfactory level of cash equivalents to meet financial needs in the short, medium and long term.

Liquidity risk is monitored on a daily basis and various reports are drawn up for control purposes and to monitor and support decision-making in the Assets and Liabilities Committee (ALCO).

The liquidity situation is developed, in particular, on the basis of estimated future cash flows for various time horizons, taking into account the Bank's balance sheet. The liquidity position of the day and the amount of assets considered highly liquid in the uncommitted securities portfolio are added to the values calculated, thus determining the accumulated liquidity gap for various time horizons.

Additionally, a monitoring of the liquidity positions from a prudential point of view is also performed, calculated according to the rules set forth by BNA (Instruction no. 19/2016, of 30 August). This Instruction sets (i) as a minimum a liquidity ratio of 100% for cash flows in domestic currency and aggregate cash flows in all currencies and 150% for exposure to cash flows in foreign currency and (ii) minimum observation ratios equal to liquidity ratios.

As at 31 December 2020, the liquidity gap in the Bank's balance sheet had the following structure:

	Residual contractual terms									
31-Dec-2021	In sight	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Undeter-mined	Total
Assets										
Cash and cash equivalents at central banks	554,450,262	-	-	-	-	-	-	-	-	554,450,262
Cash equivalents in other credit institutions	86,423,359	-	-	-	-	-	-	-	-	86,423,359
Investments in central banks and in other credit institutions	-	186,889,414	328,820,082	72,397,696	93,431,736	55,682,104	-	-	-	737,221,032
Financial assets at fair value through profit or loss	-	-	1,788,878	-	302,317	31,872,456	19,330,868	16,249,138	1,103,129	70,646,786
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	446,155	446,155
Investments at amortized cost	-	1,585,201	35,902,371	96,296,863	444,517,247	399,738,801	104,103,118	10,856,771	-	1,093,000,371
Loans to customers	1,194,189	14,326,632	11,036,629	3,532,187	11,476,082	71,824,848	144,757,844	290,097,918	123,939,030	672,185,359
Other assets	8,738	55,532	3,078,929	-	3,827,678	144,757,844	-	-	26,552,015	33,522,892
	642,076,548	**202,856,779**	**380,626,889**	**172,226,746**	**553,555,060**	**559,118,209**	**268,191,829**	**317,203,827**	**152,040,329**	**3,247,896,216**
Liabilities										
Resources from central banks and other credit institutions	11,043,223	652,155	11,390,853	-	-	-	-	-	-	23,086,231
Customer resources and other loans	1,405,440,807	194,926,365	194,890,527	397,615,600	310,483,001	7,078,004	2,867,442	12,315,868	-	2,525,617,614
Other liabilities	10,411,103	12,765,519	19,834,153	584	14,037,022	10,284	200	176	(1,674)	57,057,367
	1,426,895,133	**208,344,039**	**226,115,533**	**397,616,184**	**324,520,023**	**7,088,288**	**2,867,642**	**12,316,044**	**(1,674)**	**2,605,761,212**
	(784,818,585)	**(5,487,260)**	**154,511,356**	**(225,389,438)**	**229,035,037**	**552,029,922**	**265,324,187**	**304,887,783**	**152,042,003**	**642,135,004**

31-Dec-2020	Residual contractual terms									
	In sight	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Undeter-mined	Total
Assets										
Cash and cash equivalents at central banks	311,703,705	-	-	-	-	-	-	-	-	311,703,705
Cash equivalents in other credit institutions	189,158,639	-	-	-	-	-	-	-	-	189,158,639
Investments in central banks and in other credit institutions	-	256,042,167	299,228,755	40,334,336	111,972,905	-	-	-	-	707,578,163
Financial assets at fair value through profit or loss	-	-	5,723,264	3,250,655	6,696,368	46,961,396	16,130,453	6,253,439	-	85,015,575
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	433,991	433,991
Investments at amortized cost	-	19,107,903	203,835,120	39,971,403	133,762,338	749,412,154	195,553,606	12,725,263	-	1,354,367,787
Loans to customers	5,219,192	2,240,091	20,521,391	22,575,166	74,816,453	55,830,309	63,440,819	296,794,620	113,470,198	654,908,239
Other assets	11,092	1,442,829	30,270,229	-	8,960,622	-	-	-	3,350,289	44,035,062
	506,092,628	**278,832,990**	**559,578,759**	**106,131,560**	**336,208,686**	**852,203,859**	**275,124,878**	**315,773,322**	**117,254,478**	**3,347,201,161**
Liabilities										
Resources from central banks and other credit institutions	-	-	7,155,946	-	-	-	-	-	-	7,155,946
Customer resources and other loans	1,367,261,894	88,698,488	192,840,254	305,243,188	656,502,884	9,854,475	71,125,890	12,978,440	-	2,704,505,513
Other liabilities	3,884,922	12,765,008	14,847,003	(631)	11,323,643	13,862	1,778	(1,129)	(705)	42,833,751
	1,371,146,816	**101,463,496**	**214,843,203**	**305,242,557**	**667,826,527**	**9,868,337**	**71,127,668**	**12,977,311**	**(705)**	**2,754,495,210**
	(865,054,188)	**177,369,494**	**344,735,556**	**(199,110,997)**	**(331,617,841)**	**842,335,522**	**203,997,210**	**302,796,011**	**117,255,183**	**592,705,951**

As at 31 December 2021 and 2020, the liquidity ratio is 459% and 465%, respectively, within the regulatory limits for all the ratios.

OPERATIONAL RISK

An operational risk management system has been implemented which is based on identifying, assessing, monitoring, measuring, mitigating and reporting this type of risk.

The Bank manages operational risk based on a vision of business processes, support and control, which cuts across the organisation's structural units. This type of management is supported by principles, methodologies and control mechanisms, such as: segregation of functions, lines of responsibility, codes of conduct, Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRI), access controls (physical and logical), reconciliation activities, exception reports, contingency plans, insurance contracting and internal training on processes, products, services and systems.

42. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

42.1. VOLUNTARY CHANGES IN ACCOUNTING POLICIES

During the year, there were no voluntary changes in accounting policies compared with those considered in preparing the financial information for the previous year presented in the comparatives.

42.2. NEW STANDARDS AND INTERPRETATIONS APPLICABLE TO THE FINANCIAL YEAR

IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16: BENCHMARK INTEREST RATE REFORM (*IBOR REFORM*) - PHASE 2

The IASB issued amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16, in August 2020, resulting from the second phase of the work undertaken to address the effects on financial reporting of the reform of the interest rate benchmarks (IBOR - Interbank Offered Rates). The amendments introduced to the standard focus on changes in financial assets and liabilities and liabilities associated with lease contracts, hedge accounting requirements and related disclosures.

With regard to changes in financial assets, financial liabilities and liabilities associated with lease contracts, an expedient has been introduced that allows all situations directly related to the IBOR reform to be recorded in the accounts by updating the effective interest rate of the transaction, while all other changes are subject to the rules currently provided for in the relevant regulations.

It is also stressed that hedging relationships are not discontinued merely as a result of the reform, but that documentation must be updated according to changes as part of the hedged items, hedging elements and hedged risks. The new modified relationship must meet the requirements for the application of hedge accounting, including at the level of effectiveness. The disclosure requirements to be made by the entities affected by the reform regarding the nature and extent of the risks to which they are exposed and the progress of the process of transition to the new reference rates are also reinforced, including quantitative information on derivatives and other financial assets and liabilities affected by these changes, as well as any adjustments made to the risk management strategy of the institutions directly associated with them.

These amendments are mandatory for financial years beginning on or after 1 January 2021.

The application of the standards, interpretations or amendments referred to above did not have any impact on the preparation of the Bank's financial statements.

42.3. NEW STANDARDS AND INTERPRETATIONS ALREADY ISSUED, WHICH WILL COME INTO FORCE IN FUTURE YEARS

IAS 1 (AMENDMENTS) AND IFRS PRACTICE STATEMENT 2

The amendments introduced to the text of the standard and Practice Statement aim to clarify the requirements that should be considered when assessing the accounting policies that should be disclosed, replacing the expression "significant accounting policies" with "material accounting policies", and also introducing illustrative examples to demonstrate the application of the concept of materiality.

It is mandatory to adopt the amendments for financial years beginning on or after 1 January 2023 and they are to be applied prospectively.

IAS 8 - ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (AMENDMENTS)

The amendments made to the text of the standard introduce distinctions regarding the presentation and disclosure of different types of changes made to the financial statements, and introduce clarifications regarding the treatment of accounting estimates, namely:
- Measurement under the concept of uncertainty;
- Difference between changes in accounting estimates and corrections of errors;
- Accounting for the effects of changes in accounting estimates.

These amendments are mandatory for annual periods beginning on or after 1 January 2023 and apply to changes in accounting estimates or policies after that date.

IAS 12: INCOME TAXES (AMENDMENTS)

This amendment restricts the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. These amendments are mandatory for financial years beginning on or after 1 January 2023.

IAS 16: PROPERTY, PLANT AND EQUIPMENT (AMENDMENTS)

The amendments made to the text of the standard clarify that any income obtained with the use of the asset until its definitive installation at the location where it will operate, in accordance with the conditions set forth by the management for its intended use, cannot be deducted from the acquisition cost. The entity recognises the revenue obtained from the sale of such goods and the costs of their production directly in profit or loss.

These amendments are mandatory for financial years beginning on or after 1 January 2022. Retrospective application is mandatory only for eligible assets that were installed in their intended location after the date of the first comparative period submitted.

IAS 37: PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (AMENDMENTS)

The amendments made to the text of the standard specify the framework of eligible costs for classifying a contract as onerous. In this regard, all costs that may be directly allocated to the fulfilment of the contractual obligations shall be considered, which may be of an incremental nature (e.g. goods, equipment or fees) or through other types of allocation as long as they are clearly identifiable (e.g. depreciation costs of equipment used in the fulfilment of the referred obligations).

These amendments are of mandatory application in financial years beginning on or after 1 January 2022 and will be effective prospectively. On the first application of the amendment, all contracts whose obligations have not been fully complied with at the beginning of the first comparative period presented are covered, without there being a need to restate the comparative.

IFRS 3: BUSINESS COMBINATIONS (AMENDMENTS)

The amendments made to the text of the standard comprise:

- Correction of the reference made to the applicable conceptual framework, which still referred to the version issued in 1989, to the detriment of the most recent version (issued in 2018);
- Introducing a clarification regarding the treatment of liabilities acquired as a result of a business combination, which should be made in light of IAS 37 and IFRIC 21, when such liabilities fall within their scope of application;
- Clarifying, using the text of the standard, that an acquirer should not recognise contingent assets acquired as a result of a business combination. These amendments are of mandatory application in financial years beginning on or after 1 January 2022 and will be effective prospectively.

IFRS 17 - INSURANCE CONTRACTS

IFRS 17 applies to all insurance contracts (e.g., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as some guarantees and some financial instruments with discretionary participation features. Some exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and more consistent for issuers.

The IASB has decided to propose to change the effective date of the standard for annual periods beginning on or after 1 January 2023.

On 9 December 2021, the IASB also issued an amendment to IFRS 17 which now allows entities preparing financial statements to reduce accounting mismatches on transition and users of those financial statements to also benefit from more useful, comparable and more easily comprehensible information in the transition from IFRS 4 and IAS 39 to IFRS 17 and IFRS 9. The amendment aligns the initial application and comparative reporting requirements of IFRS 17 and IFRS 9 (referred to as classification overlay).

ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018-2020

- Amendments to IFRS 1 - Subsidiary as a first-time adopter of IFRS (included in the annual improvements for the 2018-2020 cycle) (1-Jan-2022).
- Amendments to IFRS 9 - Fees in the '10-per-cent' Test for Derecognition of Financial Liabilities (included in the annual improvements for the 2018-2020 cycle) (1-Jan-2022).
- Amendments to IAS 41 - Taxation and fair-value measurement (included in the annual improvements for the 2018-2020 cycle) (1-Jan-2022).

ACQUISITION OF OWN SHARES

In January 2022, the Bank acquired own shares corresponding to 3% of the share capital at a nominal value of Kz 4,726,350,000, having paid an issue premium in the amount of Kz 6,313,470,000.

SALE OF BAI MICROFINANÇAS

In August 2021, the Bank entered into a contract for the purchase and sale of its shareholding in Banco BAI MicroFinanças with an Angolan business group. On 8 February 2022, Banco Nacional de Angola communicated the rejection of the transaction, and the Bank proceeded to return the deposit paid by the promissory buyer as established in the contract. As the BNA's decision was made very recently, BAI is still evaluating the subsequent actions to be taken.

STATE BUDGET LAW 2022 (OGE 2022)

With the approval of the State Budget Law 2022, the following fiscal measures with greater relevance for the banking sector are of note:

- The withholding rate for Business Tax applicable to services provided by non-resident companies without a permanent establishment in Angola to resident entities for tax purposes in Angola is set at 6.5%;
- VAT not deducted under the VAT Code is considered a non-deductible cost for Industrial Tax purposes.

A VAT of 2.5% is withheld on receipts obtained from automatic payment terminals, related to the transfer of goods and services rendered by taxpayers. Banking financial institutions must ensure the automatic transfer of the VAT withheld and are bound to comply with deadlines and reporting duties to this effect.

15

REPORT
EXTERNAL AUDITOR'S

Ernst & Young Angola, Lda.
Presidente Business Center
Largo 17 de Setembro, nº 3
3º Piso – Sala 341
Luanda
Angola
Tel: +244 227 280 461/2/3/4
Tel: +244 945202172
www.ey.com

Relatório do Auditor Independente

Ao Conselho de Administração
do Banco Angolano de Investimentos, S.A.

Introdução

1. Auditámos as demonstrações financeiras anexas do Banco Angolano de Investimentos, S.A. ("Banco"), as quais compreendem o Balanço em 31 de Dezembro de 2021 (que evidencia um total de 3.039.249.002 milhares de kwanzas e um total de Capital próprio de 418.400.221 milhares de kwanzas, incluindo um Resultado líquido de 141.541.497 milhares de kwanzas), a Demonstração dos Resultados, a Demonstração do Rendimento Integral, a Demonstração de alterações nos Capitais Próprios e a Demonstração de Fluxos de Caixa relativas ao exercício findo naquela data, bem como o Anexo às demonstrações financeiras.

Responsabilidade do Conselho de Administração pelas demonstrações financeiras

2. O Conselho de Administração é responsável pela preparação e apresentação apropriada destas demonstrações financeiras de acordo com as Normas Internacionais de Relato Financeiro ("IFRS") e pelo controlo interno que determine ser necessário para possibilitar a preparação de demonstrações financeiras isentas de distorção material, devidas a fraude ou a erro.

Responsabilidade do Auditor

3. A nossa responsabilidade consiste em expressar uma opinião independente sobre estas demonstrações financeiras com base na nossa auditoria, a qual foi conduzida de acordo com as Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola. Estas Normas exigem que cumpramos requisitos éticos e planeemos e executemos a auditoria para obter segurança razoável sobre se as demonstrações financeiras estão isentas de distorção material.

4. Uma auditoria envolve executar procedimentos para obter prova de auditoria acerca das quantias e divulgações constantes das demonstrações financeiras. Os procedimentos seleccionados dependem do julgamento do auditor, incluindo a avaliação dos riscos de distorção material das demonstrações financeiras devido a fraude ou a erro. Ao fazer essas avaliações do risco, o auditor considera o controlo interno relevante para a preparação e apresentação apropriada das demonstrações financeiras pela entidade a fim de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não com a finalidade de expressar uma opinião sobre a eficácia do controlo interno da entidade. Uma auditoria inclui também avaliar a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas feitas pelo Conselho de Administração, bem como a avaliar a apresentação global das demonstrações financeiras.

5. Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião de auditoria com reservas.

Bases para a Opinião com Reservas

6. O nosso relatório de auditoria sobre as demonstrações financeiras com referência a 31 de Dezembro de 2020, emitido em 29 de Março de 2021, inclui uma reserva por desacordo relativamente a não terem sido aplicados os ajustamentos ao valor dos activos não monetários de forma a reflectir as disposições previstas na IAS 29 – Relato financeiro em economias hiperinflacionárias quando uma economia deixa de ser considerada hiperinflacionária. Tal como no exercício anterior, não obtivemos a informação suficiente que nos permitam quantificar com rigor os efeitos desta situação nas demonstrações financeiras do Banco em 31 de Dezembro de 2021, que entendemos serem materiais, mas não profundas.

7. O nosso relatório de auditoria com referência a 31 de Dezembro de 2020, emitido em 29 de Março de 2021, inclui uma reserva relacionada com a subavaliação das perdas por imparidade relativas a títulos de dívida pública angolana, classificados em "Investimentos ao custo amortizado". Apesar desta subavaliação não se verificar em 31 de Dezembro de 2021, atendendo à melhoria na classificação das agências de rating internacionais no segundo semestre de 2021, os efeitos da perda por imparidade identificada no exercício de 2020 não foram objecto de correcção apropriada e, consequentemente, estimamos que o "Resultado líquido individual do exercício" de 2021 e os "Outras reservas e resultados transitados" se encontram subavaliados e sobreavaliados, respectivamente, em cerca de 19.000.000 milhares de kwanzas, e que o activo em 31 de Dezembro de 2020 e o resultado liquido do exercício findo nessa data, apresentado para efeitos comparativos, se encontram sobreavaliados no mesmo montante.
Adicionalmente, salientamos que tendo a implementação do modelo de imparidade colectiva de crédito, nos termos definidos pela norma IFRS 9 – Instrumentos Financeiros, sido terminada apenas por referência a 31 de Dezembro de 2020, não obtivemos a informação suficiente que nos permita quantificar com rigor os efeitos desta situação nos resultados de exercícios anteriores a 2020, sendo a nossa opinião sobre as demonstrações do período corrente também modificada devido aos possíveis efeitos desta matéria na comparabilidade das quantias do período corrente com as quantias dos números correspondentes.

8. Estas demonstrações financeiras referem-se à actividade individual do Banco e a sua apresentação deveria ter sido precedida, ou realizada em conjunto, com a apresentação das demonstrações financeiras consolidadas, as quais, tendo em consideração que o Banco tem investimentos em subsidiárias, são exigidas pelas Normas Internacionais de Relato financeiro. Nesta data, as referidas das demonstrações financeiras consolidadas não estão ainda preparadas.

Opinião com Reservas

9. Em nossa opinião, excepto quanto aos efeitos das matérias descritas nos parágrafos n.º 6 a n.º 8, das "Bases para a Opinião com Reservas", as demonstrações financeiras referidas no parágrafo 1 acima, apresentam de forma apropriada, em todos os aspectos materialmente relevantes, a posição financeira do Banco Angolano de Investimentos, S.A, em 31 de Dezembro de 2021, e o seu desempenho financeiro e fluxos de caixa relativos ao exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro.

Luanda, 25 de Fevereiro de 2022

Ernst & Young Angola, Lda.
Representada por:

Daniel José Venâncio Guerreiro
(Perito Contabilista n.º 20130107)

Sílvia Silva
Partner

16 SUPERVISORY BOARD'S **REPORT AND OPINION**

BAI - BANCO ANGOLANO DE INVESTIMENTOS, S.A.
CONSELHO FISCAL

RELATÓRIO E PARECER DO CONSELHO FISCAL

Exmos. Senhores Accionistas,

Em cumprimento das disposições legais e estatutárias, designadamente da Lei 1/04 de 13 de Fevereiro (Lei das Sociedades Comerciais), submetemos à consideração de V. Exas. o Parecer do Conselho Fiscal sobre o Relatório do Conselho de Administração e Demonstrações Financeiras do exercício de 2021 do Banco Angolano de Investimentos, S.A., que compreendem o Balanço o qual evidencia um total de Activo de 3.039.249.002 milhares de Kwanzas, um total de Passivo de 2.620.848.781 milhares de Kwanzas e um total de Capitais Próprios de 418.400.221 milhares de Kwanzas.

1. Durante o exercício, tivemos a oportunidade de acompanhar periodicamente a actividade do Banco através de informação contabilística e financeira, participação em reuniões do Conselho de Administração, da Comissão de Controlo Interno e contactos quer com a Administração, quer com diversas áreas relevantes do Banco, nomeadamente as Direcções de Planeamento e Controlo, Compliance, Contabilidade e Finanças, Auditoria Interna, Análise de Crédito, bem como com o Auditor Externo.

2. No exercício das nossas funções e com a profundidade e extensão possíveis, procedemos às análises que, nas circunstâncias, se mostraram apropriadas e apreciámos o Relatório do Conselho de Administração, o Balanço, a Demonstração de Resultados e as respectivas Notas, documentos estes elaborados em conformidade com as Normas Internacionais de Contabilidade (IASB) e as Normas Internacionais de Relato Finaneiro (IFRS), em observância do que está determinado pelo Aviso nº 6/2016 do Banco Nacional de Angola.

3. A não aplicação da Norma IAS 29, pelo Banco, está suportada numa interpretação da Associação Angolana de Bancos (ABANC) e do Banco Nacional de Angola, segundo a qual não se encontra cumprida a totalidade dos requisitos previstos nessa Norma para que a economia angolana seja considerada hiperinflacionária.

4. O auditor externo (Ernst & Young Angola, Lda.) exprimiu nos pontos 6, 7, e 8 (Bases para a Opinião com Reservas) do seu Relatório, algumas reservas relativamente às Demonstrações Financeiras do Banco em 31 de Dezembro de 2021.

5. Nestes termos e tendo em consideração a opinião do auditor externo, concluímos o seguinte:

BAI - BANCO ANGOLANO DE INVESTIMENTOS, S.A.
CONSELHO FISCAL

   (a) O Relatório do Conselho de Administração e as Demonstrações Financeiras do Banco relativos ao exercício de 2021, respeitam as disposições legais e estatutárias aplicáveis permitindo compreender a sua situação financeira.

   (b) O exercício de 2021 foi positivo, tendo o Banco alcançado um resultado líquido no montante de 141.541.497 milhares de Kwanzas (cento e quarenta e um mil quinhentos e quarenta e um milhões e quatrocentos e noventa e sete milhares de Kwanzas), observada a prática legalmente permitida e economicamente aconselhável de constituir adequadas provisões.

   (c) Os critérios valorimétricos utilizados e as políticas seguidas são consistentes com os aplicados em exercícios anteriores.

6. Considerando que os documentos referidos no ponto 2 do presente parecer permitem, no seu conjunto, a compreensão da situação financeira e dos resultados económicos do Banco, propomos:

   (a) A aprovação do Relatório do Conselho de Administração e das Contas referentes ao exercício de 2021;

   (b) A aprovação da proposta de aplicação do resultado líquido do exercício de 2021 constante do Relatório do Conselho de Administração.

7. A finalizar, expressamos o nosso agradecimento ao Conselho de Administração e a todos os colaboradores do Banco com quem contactámos, pela valiosa colaboração prestada.

Luanda, 25 de Fevereiro de 2022

O Conselho Fiscal

Júlio Sampaio
(Presidente)

Alberto Cardoso Pereira
(Vogal)

Naiole Cohen Guedes
(Vogal Suplente)

www.bancobai.ao