Trust is the energy that drives us into the future

ANNUAL REPORT 2020

Trust is the energy
that drives us
into the future

CONTENT

01
JOINT MESSAGE FROM THE CHAIRMAN AND THE CEO

José Carlos Castro Paiva
Chairman of the Board of Directors

Luís Filipe Rodrigues Lélis
President of the Executive Committee

0.1 MESSAGE

FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE PRESIDENT OF THE EXECUTIVE COMMITTEE

The year 2020 was atypical, for all that it represented for both our bank and the global economy. The current situation of the Covid-19 pandemic forced the adoption of contingency plans to control its spread and mitigate the impact on families and businesses.

Among the measures adopted in the national contingency plan, we highlight the implementation of the Country's first State of Emergency, followed by the State of Calamity, which imposed several limitations on all economic and social activity. At the same time, other urgent measures were taken, such as the review of the State Budget, aimed at accommodating the impact of the crisis on the price and national production of oil, our main export *commodity*. As for external support, our Country benefited from an increase in the disbursements provided for by the IMF to face the challenges imposed by the pandemic and from adherence to international creditor debt suspension programs.

For the private sector, the Government created a set of economic relief measures, which consisted of the postponement of the payment of the Industrial Tax, attribution of tax credit, reinforcement of financing lines for companies, the beginning of the first phase of the Monetary Social Transfers Program and the deferral of the social security contribution to reinforce salaries.

Monetary policy also had to adapt to the context, adopting a more flexible stance in managing the liquidity of the banking system so that banks could withstand the pressures and better support the economy. This justified the implementation of important measures with emphasis on the opening of liquidity lines for companies and banks and the granting of moratoria for compliance with credit obligations.

In the foreign exchange domain, with the support of the IMF, we continued the implementation of the process to ease the exchange rate and stabilise the Country's net international reserves levels, highlighting the return of oil companies to sell foreign currency directly to the banks and the introduction of Bloomberg's FXGO platform.

In the financial system, the pandemic crisis scenario impacted the system's solidity, with an increase in the weight of administrative costs and a reduction in the system's banking product. In the capital market, there was an increase in the transactions volume to historic highs, a reflection of greater financial literacy and the need to channel savings into investments. BAI, as an entity that assumes its social role, did not stand on the sidelines of recent events, and in alignment with its values and principles, assumed the duty of supporting the Government in the needs identified at specific times, thus contributing in different ways to the collective effort of society in the search for solutions to prevent and fight against the Covid-19 pandemic.

Notwithstanding the challenging context experienced throughout the year, BAI remained focused on its customers' needs, getting to know each profile better, improving the offer of products and services and always aiming for continuous innovation of its business support platforms, presenting its offer to what it now considers a market with higher levels of demand.

As a result, in 2020 **we were elected, in Angola, the safest bank with the highest satisfaction and confidence index by our banking customers.** We boosted the digital transformation programme, a key axis of our strategic development, aimed at improving customer experience, and improved the image of our VISA cards, security and the performance of BAI Directo.

We launched Adianta Já, an easy-to-join credit product. We made the Luena virtual assistant available on the social media and the institutional portal. In a particularly challenging year, **we recorded a 15% increase in the number of active customers to 1.3 million, consolidated the first position in the market share of POS and became the leader in the number of active ATM.**

With the "Resume your business" campaign, we created the Treasury Facility loan and updated the Authorised Overdraft. We made the Multicaixa BAI credit card available and revitalised é-Kwanza. This innovative service supports the Government's Social Monetary Transfer programme, which we are proud of, the potential of which was recognised by important national and international institutions.

The difficult economic scenario in 2020 imposed on BAI a decrease of 76% of the net result for the year to 29 billion kwanzas, equivalent to a return on equity of 9.7%, with a return on assets of 1.0% and a regulatory solvency ratio of 17.02%.

Even so, and with an optimistic view of the evolution of the economy and the markets, BAI foresees for the year 2021 the beginning of a new cycle of strategic implementation, which will continue to focus on leadership in innovation and disruption in the banking sector, improvement of service quality and strengthening of the involvement with its customers, envisaging the achievement and consolidation of the objective of "Offering the best banking experience in Angola".

On behalf of BAI's Board of Directors and Executive Committee, we would like to thank our shareholders, customers, suppliers and other relevant parties for reinforcing trust in the future, as well as all our employees for their dedication and commitment considering last year's challenges, helping us to maintain BAI's leadership position in Angola.

02 RELEVANT FACTORS

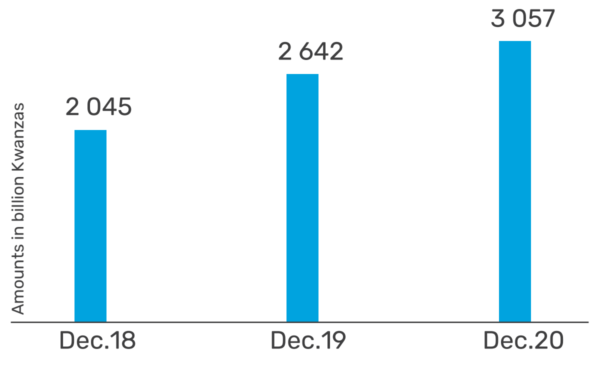
02.1. KEY INDICATORS

				Δ%	
(Amounts in billion Kwanzas)	Dec. 18	Dec. 19	Dec. 20	Abs	2019/2020
Balance sheet					
Net asset	2 045	2 642	3 057	415	16%
Loans to customers[1]	373	449	367	(82)	(18%)
Customer resources	1 808	2 285	2 705	419	18%
Own Funds	199	298	291	(7)	(2%)
Results					
Financial Margin	86	104	132	28	27%
Complementary Margin	92	111	101	(10)	(9%)
Banking Product	178	215	233	18	8%
Administrative costs	51	66	86	20	31%
Net profit	50	119	29	(90)	(76%)
Operation					
(No.) Employees BAI	2 058	2 025	2 015	(10)	(0%)
(No.) Distribution channels	153	153	156	3	2%
(No.) Active customers (BNA)[2]	982 141	1 157 290	1 335 259	177 969	15%
(No.) Registered users BAI Directo	680 788	824 468	754 661	(69 807)	(8%)
(No.) Active ATM	392	424	469	45	11%
(No.) Active POS	15 833	21 472	25 181	3 709	17%
(No.) Active cards	599 767	669 897	862 138	192 241	29%
Productivity/Efficacy					
(No.) Customers per employee	477	572	663	91	16%
(No.) Customers per branch	6 419	7 564	8 559	995	13%
(No.) Employees per branch	13	13.2	13	(0)	(2%)
(%) Cost to Income Ratio	28.7%	30.5%	36.9%	6.4 p.p.	21%
Profitability					
(%) ROAE	25.4%	47.7%	9.7%	(38.0 p.p.)	(80%)
(%) ROAA	2.9%	5.1%	1.0%	(4.1 p.p.)	(80%)
Liquidity and fund management					
(%) Loan-to-Deposit Ratio (Net asset / Deposits)	20.6%	19.6%	13.6%	(6.1 p.p.)	(31%)
(%) Concentration in deposits = Top 20	35.9%	43.8%	39.6%	(4.2 p.p.)	(10%)
(%) Concentration in loans = Top 20	67.9%	63.8%	57.1%	(6.8 p.p.)	(11%)
Asset quality					
(%) Non performing loans ratio (+90 days)	18.2%	15.1%	14.2%	(0.9 p.p.)	(6%)
(%) Overdue loan ratio (+30 days)	19.2%	16.2%	15.4%	(0.8 p.p.)	(5%)
(%) Loan impairment hedge ratio	32.8%	34.7%	44.0%	9.3 p.p.	27%
(%) Overdue loan impairment hedge ratio	130.7%	197.3%	255.5%	58.2 p.p.	29%
(%) Net loan loss[3]	11.7%	(2%)	5%	7.0 p.p.	(369%)
(%) Total Loans / Total Assets	18.3%	26.0%	21.4%	(4.6 p.p.)	(18%)
Capital adequacy					
(%) Fixed Assets Ratio	27.0%	23.6%	36.4%	12.9 p.p.	55%
(Regulatory Own Funds (Notice 02/2016)	195	295	277	-19	(6%)
(%) Regulatory Solvency Ratio (Notice 02/16)	13.10%	17.00%	17.02%	0.0 p.p.	0%

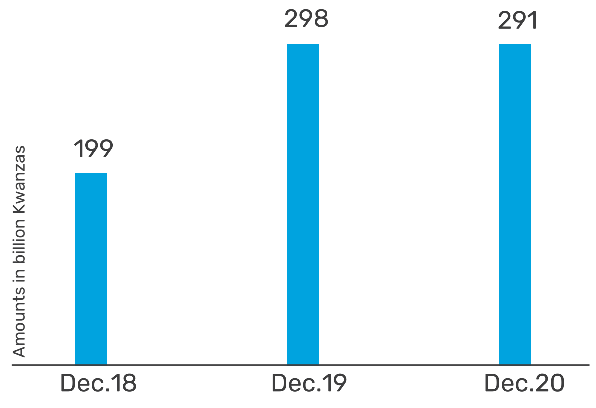
[1] Customer loans, net of impairment
[2] Number of Active Customers (BNA) - SSIF map rules, entities without duplicates with at least one open account
[3] Customer Net Loan Impairment free from recovery or retrieval (profit and loss account) / Customer loans

02.2. GRAPHICAL ANALYSIS

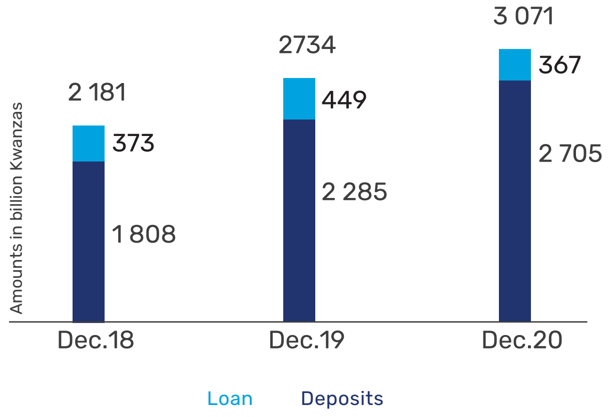
NET ASSET



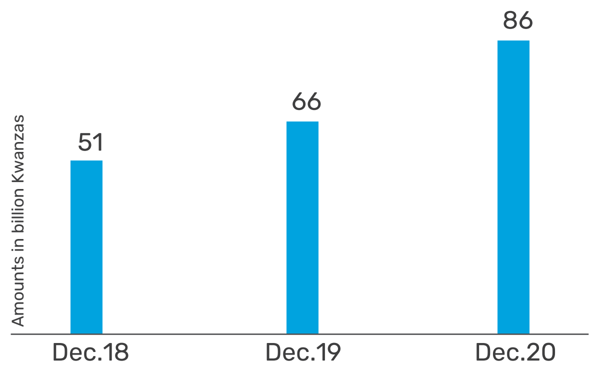
OWN FUNDS



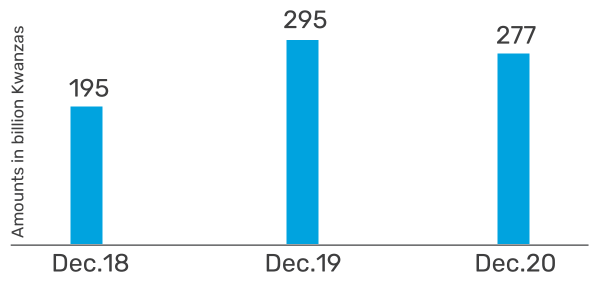
BUSINESS TURNOVER



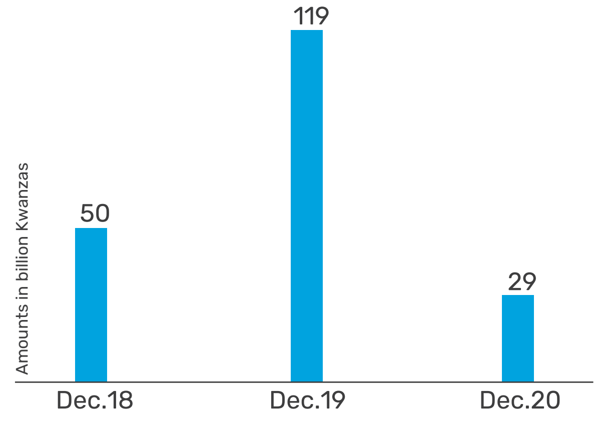
ADMINISTRATIVE COSTS



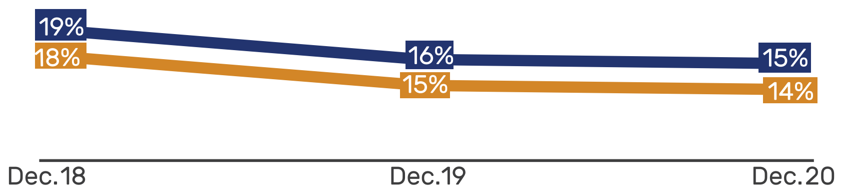
REGULATORY OWN FUNDS
(NOTICE 2/2016)



NET PROFIT

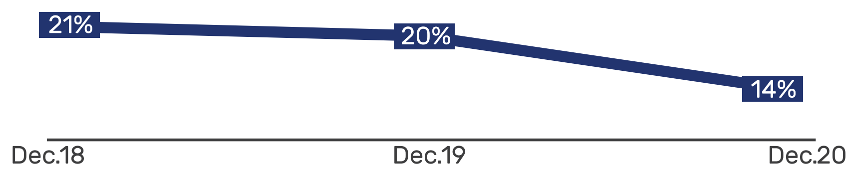


(%) LOAN DEFAULT

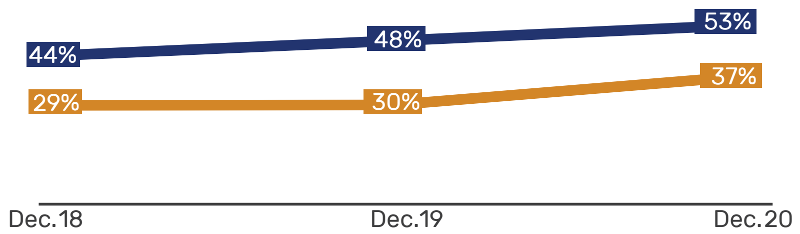


Overdue loan ratio (+30 days)
Non-performing loans ratio (+90 days)

(%) LOAN-TO-DEPOSIT RATIO (NET ASSET / DEPOSITS)

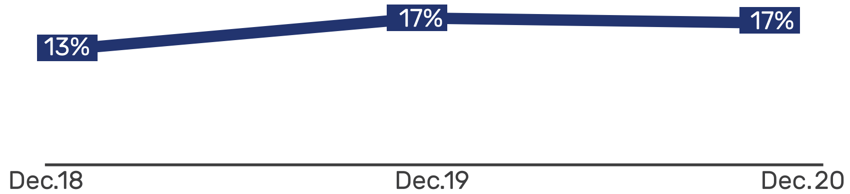


(%) COST TO INCOME RATIO

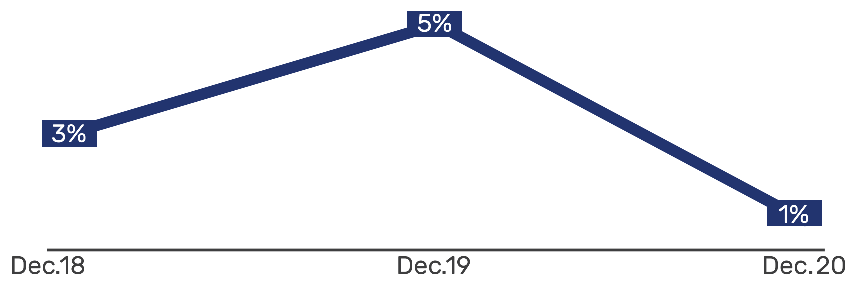


% Cost to income ratio without exchange rate revaluation
% Cost to income Ratio

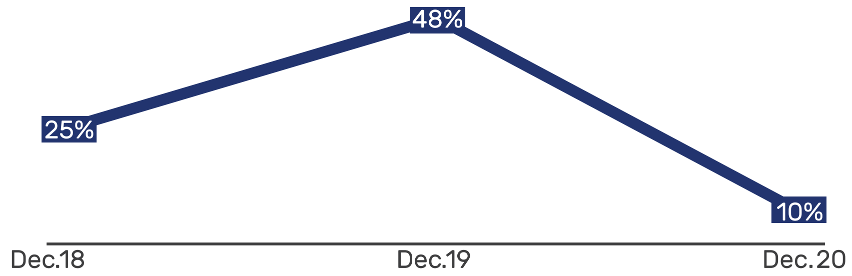
(%) REGULATORY SOLVENCY RATIO (Notice 2/2016)



(%) ROAA



(%) ROAE



02.3. MAIN EVENTS AND CORPORATE EVENTS

5TH NATIONAL TREASURY MEETING

BAI participated as a speaker at the 5th BNA Biennial Treasury Meeting, held on 27 and 28 February, in Cabinda, represented by the Director, Dr. Garibaldina Silva.

BAI CARNIVAL SONG AWARD

Within the scope of its social responsibility, BAI sponsored the BAI Carnival Song Award -2020.

TORRE BAI DRILL

With the purpose of being all aligned with Torre BAI's Evacuation and Emergency Plan, in case of real emergency, the DPL held a drill on 20 February 2020 at 10:00 a.m.

INSPECTION AND INVESTIGATION DEPARTMENT

Within the scope of the reinforcement of the Bank's organisational model, the Inspection and Investigation Department was created, with the mission of ensuring the inspection and investigation of irregularities and fraud.

LUNCH WITH THE CE

In order to promote greater interaction, proximity and reinforcement of the communication channels with the employees, the Executive Committee held a lunch with the employees on 10 March.

COVID-19 TESTING

Together with the National Directorate for Public Health, BAI carried out on 04, 05 and 06 May, random and voluntary Covid-19 tests to employees.

BAI PARTICIPATES IN THE 2020 SÃO SILVESTRE

The race was attended by 2 700 national and international runners, and the winner was athlete Alexandre João from Inter de Luanda.

OSIVAMBI SOLIDARITY CHRISTMAS

BAI sponsored a charity Christmas for the Aldeia Osivambi Project, in the province of Cunene, on 01 January 2020, and benefited around 881 people.

BAI EMPLOYEES SUCCESSFULLY COMPLETE TRAINING

The BAI Academy held, on 13 February, the official award ceremony of the Diplomas granted by the Instituto Superior de Administração e Finanças to postgraduates in the Executive Programme in Banking and Insurance Management.

JUNIOR PROGRAMMERS

In partnership with BUKA, BAI started on 06 January 2020 the holiday programme called "Junior Programmers", aiming to awaken the interest in logical and creative thinking.

DPN SOUTH FORUM

Held in the Lubango province, on 31 January, it was attended by sales coordinators, deputy managers and managers, with the aim of presenting the Bank's Strategic Plan, as well as the *business* performance in 2020.

LOAN SUPPORT PROGRAMME - PAC

The loan support programme is a line of funding for national producers that aims to promote the diversification of real economy.

MOST TRUSTED PRIVATE BANKS

Considering the opinion of the customers of the top five private banks, BAI was considered the most reliable bank in the market.

"RESUME YOUR BUSINESS" CAMPAIGN

As a result of this campaign, BAI has made two new short-term products available, the Treasury Facility loan and the Bank Overdraft.

COOPERATION PROTOCOL WITH ANGP

As a result of its *performance* of excellence, BAI was selected by ANGP, to be the Bank that will grant loans and provide other services and products to its employees.

EXTENSION OF THE MATURITY OF LOAN OPERATIONS

In order to help its customers overcome liquidity constraints, BAI extended the maturities of loan operations up to 24 months.

PLAN AGAINST PANDEMICS

BAI, with the goal of maintaining its business operation and mitigating the risk of financial and non-financial losses, has defined a plan called "Plan Against Pandemics".

OPENING OF NEW ATM'S CENTER

BAI opened two new ATM Centres in order to satisfy and meet the needs of our customers and of the general public.

BAI 24 YEARS

On 14 November, BAI celebrated its 24th anniversary.

COOPERATION PROTOCOL BETWEEN BAI AND MEP

BAI and the Ministry of Economy and Planning have signed agreements aimed at granting loans to its employees.

CONVERSAS NO DIVÃ COM O BAI

With the goal of supporting the health and psychological well-being of its employees, BAI organised a cycle of programmes called "Conversas no divã com o BAI".

MULTICAIXA CREDIT CARD

BAI, with the goal of continuing to support small- and medium-sized companies and individuals, made available the Multicaixa credit card.

02.4. BAI's RESPONSE TO THE IMPACT OF THE COVID-19 PANDEMIC

BAI has developed a set of actions aimed at contributing to fight against the effects of Covid-19 on the economy and, in particular, supporting its customers, employees and partners.

With a direct impact on its loan portfolio, the Bank assumed the granting of moratoria for the payment of loan instalments, having recorded during the year the following table with operations in moratoria:

Number of operations with loan moratoria

	Moratorium deadline		
	30 days	60 days	Consolidated
Companies	8	37	45
Private customers	1 059	1 265	2 324
Total	1 067	1 302	2 369

Under the contingency plan, a number of branches were temporarily closed and the opening hours to the public were reduced during a certain period of the year. In terms of its products and services offer, BAI took on the development of its portfolio in order to meet specific needs that arose with the pandemic, some of which were in partnership with the State, with particular attention to the corporate sector.

For the Private Customers segment, the loan - 'Adianta Já' was reformulated while, for the Corporate Customers segment, we highlight the following products: (i) BAI Loans - Treasury Facility; (ii) PAC Express Loan - Loan Support Project (PAC) and BNA Notice no. 10/20; (iii) Bank Overdraft (Authorised) and (iv) PRODESI (Production Support, Export Diversification and Import Substitution Program) - Loans for the real sector of the economy - BNA Notice no. 10/20.

Within the scope of its institutional activity, the Bank also developed communication campaigns towards best practices, in order to ensure high levels of occupational health and reduce the risk of contamination at work:

Internal Scope:
• Communication actions for the adoption of new corporate communication protocols and tools;
• Communication actions to promote the adoption and massification of new remote working tools;
• Communication actions for the direct fight and prevention of contamination levels (for example, the change in the protocol for access to BAI's facilities, dispersion and distribution of disinfection support material, as for example, alcohol gel dispensers, reinforcement of cleaning and hygiene measures in the work areas, and others);
• Actions to change the model for (external) customer service as a preventive measure.
• Closure of only 2 branches (1° Dezembro and Maianga branches).

External Scope:
• Communication actions aimed at raising (external) customers' awareness to the practice of biosafety care;
• Review of the processes for customer service, respecting the rules imposed by both the State of Emergency and the State of Calamity.

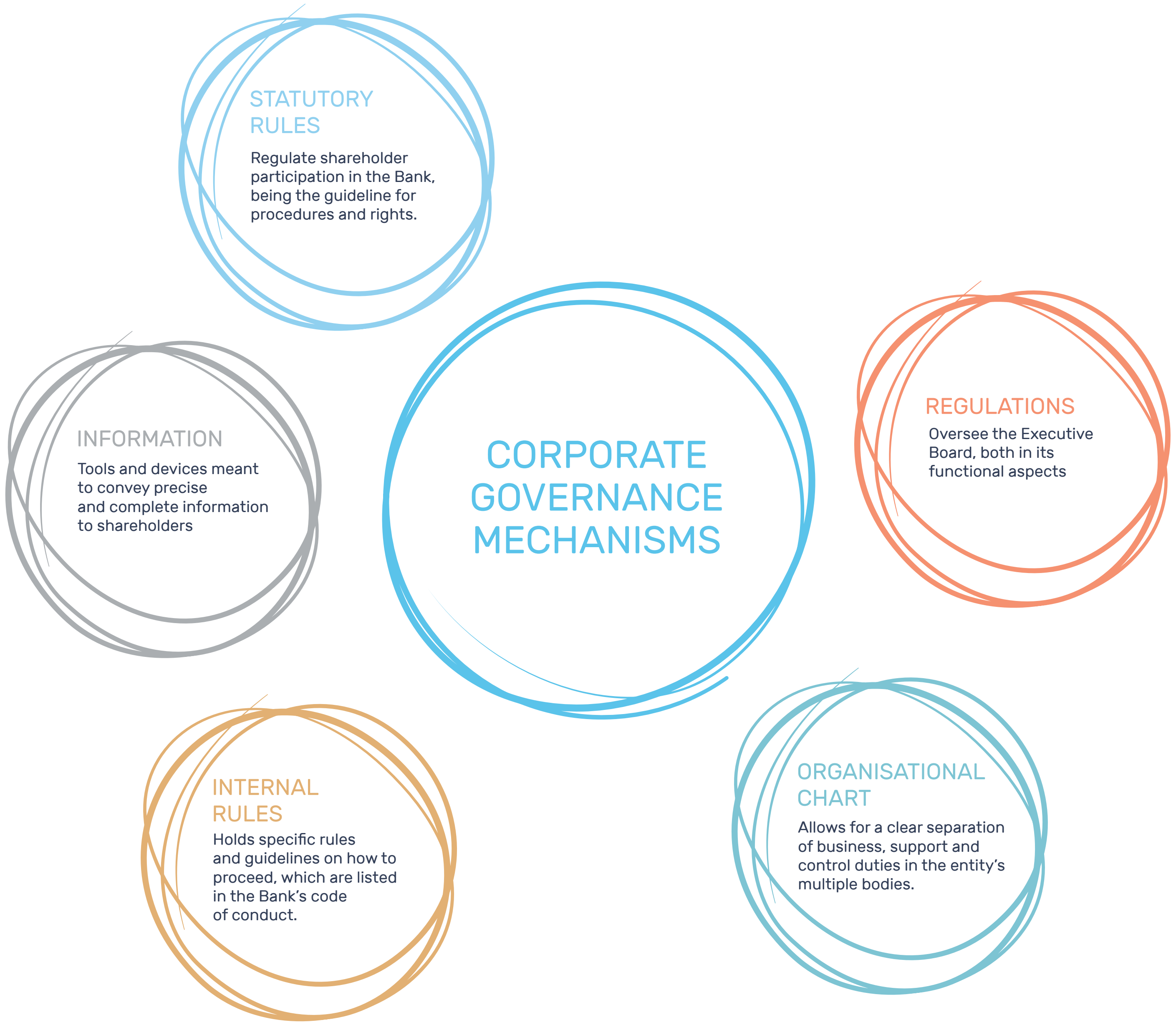
In addition, under the scope of Covid-19 prevention, BAI has taken a series of measures in order to prevent and detect possible positive cases of the disease, resulting in continuous costs with the acquisition of biosafety materials and space sanitisation services by atomisation, as well as infrared thermometers. In order to contribute and actively participate in the collective effort of society and to show solidarity with the cause, BAI donated an amount of approximately 10 billion kwanzas to the Angolan State through the Ministry of Health and 5 000 screening tests for the disease.

03

STRATEGIC AND GOVERNANCE MODEL

03.1. CORPORATE GOVERNANCE MODEL

The adoption of an appropriate corporate governance model is crucial for financial institutions, considering its application, in the interests of its *stakeholders* and demonstrating transparency, clarity and rigour when communicating with the market. The Bank is no exception to this rule and is committed to strict compliance with the laws and regulations of the country applicable to the banking activity, as well as with the rules and other standards issued by the regulatory authorities, namely the National Bank of Angola and the Capital Markets Commission, among others.

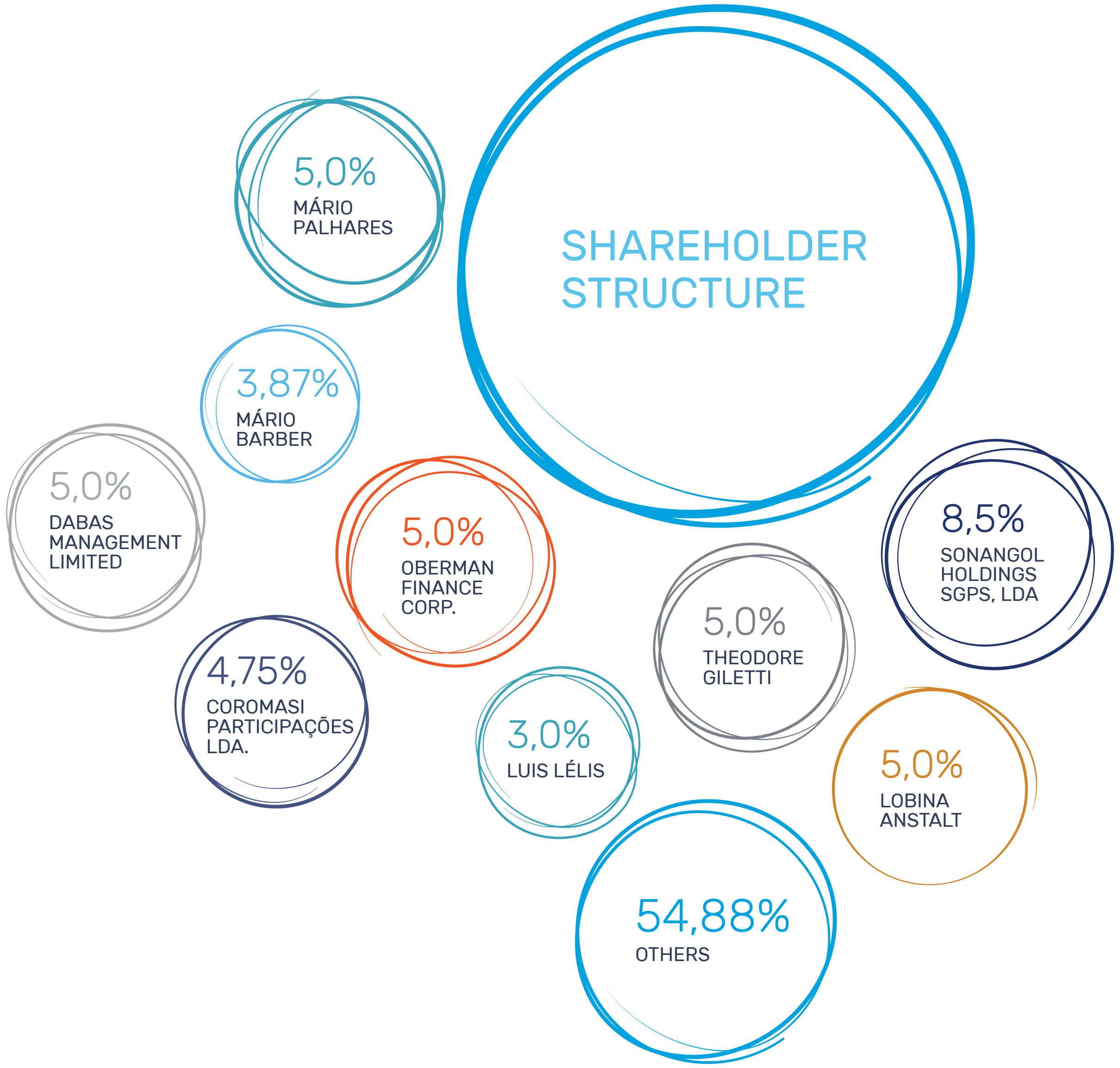


03.1.1. CAPITAL STRUCTURE

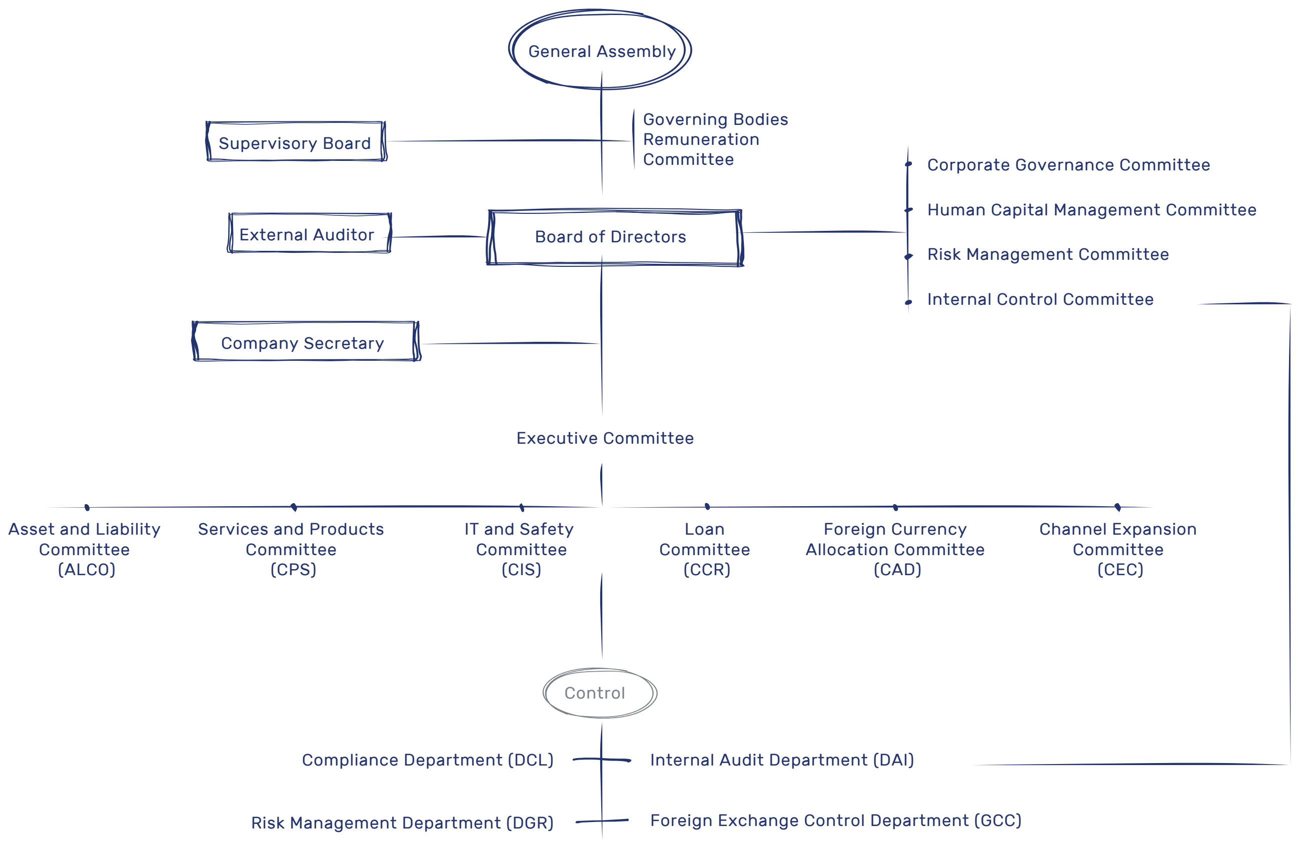
The Bank's share capital is 157.5 billion kwanzas, fully subscribed and paid up in cash, and is divided into 19 450 000 ordinary shares represented by securities, with a nominal value of 8 100 Kz each. The capital is divided between 54 shareholders, none of whom holding qualified participations, as defined in Article 6 of Notice no. 1/13 of 19 April.

03.1.2. CAPITAL COMPOSITION

Since 2017, the Bank has its own shares with a face value of 5% of its share capital. Governing Bodies stakes are posted in note to the accounts no. 20.



03.1.3.
GOVERNANCE MODEL STRUCTURE



The term of mandate of the members of the governing bodies is four years, and the current one began in 2018, being foreseen to end in December 2021. The list of the members of the governing bodies is shown on the Bank's institutional website.

3.1.3.1. GENERAL ASSEMBLY

BAI's General Assembly is comprised of all voting right shareholders 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 presidents;
- Deliberating on capital increases;
- Approving the annual report for each year and analysing the opinion of the Supervisory Board; and
- Deliberating on the application of results.

The General Assembly meets every year, by the end of March, and extraordinary meetings may be summoned by resolution of the Board of Directors or the Supervisory Board, or when requested in writing by one or more shareholders holding shares corresponding to at least 5% of the share capital.

General Assembly decisions are made by overall majority of the present votes, except when decisions require qualified majority.

The General Assembly is composed as follows:

PRESIDENT	Domingos Lima Viegas
VICE-PRESIDENT	Alice Escórcio
SECRETARY	Ana Regina Victor

Decisions to change the articles of association can only be taken if shareholders holding shares representing 51% of the share capital are present or represented.

03.1.3.2.
GOVERNING BODIES REMUNERATION COMMITTEE

The Remuneration Committee is composed as follows:

PRESIDENT	Joaquim D. David
SECRETARY	José Maria Botelho de Vasconcelos
MEMBER	Sebastião Pai Querido Gaspar Martins

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 17 of Notice no. 1/13 of 19 April.

The committee comprises three members, none of whom is part of the Board of Directors or the Supervisory Board, meets at least once a year and its deliberations are recorded in minutes.

03.1.3.3.
SUPERVISORY BOARD

The Supervisory Board is composed as follows:

PRESIDENT	Júlio Ferreira Sampaio
MEMBER	Moisés António Joaquim
MEMBER	Alberto Severino Pereira
ALTERNATE MEMBER	Isabel Lopes
ALTERNATE MEMBER	Naiole Cristina Cohen dos Santos Guedes

The Supervisory Board comprises a President, two members and an alternate member, one of the members being an accounting expert.

The Board meets quarterly and whenever summoned by its President or requested by the majority of its members, and has the following powers:
- Supervising the Bank's administration activity;
- Verifying the accuracy of the balance sheets and income statements;
- Verifying the regularity of the books, accounting records and supporting documents;
- Supervising compliance with the law and the Institution's statutes and;
- Summoning the General Assembly when the President fails to do so.
- The Regulations of the Supervisory Board are available on the Bank's institutional website.

During the 2020 financial year, the Supervisory Board held seven meetings.

Supervisory Board	Jan.	Feb.	Feb.	Mar.	May	Jun.	Sep.
Júlio Ferreira de Almeida Sampaio (President of the Supervisory Board)	•	•	•	•	•	•	•
Moisés António Joaquim (Member of the Supervisory Board)	•	•	•	•			
Alberto Cardoso Severino Pereira (Member of the Supervisory Board)	•				•	•	•
Isabel Maria Lopes (Alternate Member of the Supervisory Board)			•	•	•		
Naiole Cohen (Alternate Member of the Supervisory Board)				•	•	•	•

03.1.3.4
EXTERNAL AUDITOR

The external auditor is appointed according to the rules and conditions defined by Notice no. 4/13 of the BNA, its activity and independence being safeguarded by the monitoring of the Internal Control Committee and the application of the binding terms, since the 2015 financial year. The external audit service is currently provided by the company Ernst & Young Angola, appointed in January 2018.

03.1.3.5
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 CA comprises 13 directors, 7 executive and 6 non-executive, one of the latter being independent in accordance with Notice no. 1/13 of 19 April.

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

During the 2020 financial year, the Board of Directors held six ordinary meetings and one extraordinary meeting, with all its members present.

Board of Directors	Jan.	Mar.	May*	May	Jul.	Sep.	Nov.
José Carlos de Castro Paiva	•	•	•	•	•	•	•
Mário Alberto dos Santos Barber	•	•	•	•	•	•	•
Theodore Jameson Giletti	•	•	•	•	•	•	•
Jaime de Carvalho Bastos	•	•	•	•	•	•	•
Luís Filipe Rodrigues Lélis	•	•	•	•	•	•	•
Helder Miguel Palege Jasse de Aguiar	•	•	•	•	•	•	•
Simão Francisco Fonseca	•	•	•	•	•	•	•
Inokcelina Ben África C. dos Santos	•	•	•	•	•	•	•
João Cândido de Oliveira Fonseca	•	•	•	•	•	•	•
Omar José Mascarenhas de Morais Guerra	•	•	•	•	•	•	•
Carlos Augusto Bessa Victor Chaves	•	•	•	•	•	•	•
Irisolange Azulay Soares de Menezes Verdades	•	•	•	•	•	•	•
José Carlos Castilho Manuel	•	•	•	•	•	•	•
Júlio Ferreira de Almeida Sampaio (President of the Supervisory Board)				•	•	•	•
Moisés António Joaquim (Member of the Supervisory Board)							
Alberto Cardoso Severino Pereira (Member of the Supervisory Board)				•	•		
Isabel Maria Lopes (Alternate Member of the Supervisory Board)							
Naiole Cohen (Alternate Member of the Supervisory Board)				•	•	•	•

*Extraordinary meeting

In 2020, the Bank laid the foundations for the creation of a governing bodies evaluation committee, by identifying the options for implementing an individual performance evaluation model for the CE members, which should be one of the bases/sources to support the future appointment and evaluation committee.

In the absence of this specific committee, in 2020, it was the Human Resources Management Committee (CGRH), whose duties include, among others, recommending to the management body the appointment of new employees to management positions, for which it must prepare a detailed job description, taking into account the existing internal competencies, that was responsible for assessing the suitability of the new alternate member of the Supervisory Board, appointed in March 2020.

	Non-Executive	Executive
CA PRESIDENT	José Carlos de Castro Paiva	
CA VICE-PRESIDENT	Mário Alberto dos Santos Barber	
CA VICE-PRESIDENT	Theodore Jameson Giletti	
CE PRESIDENT		Luís Filipe Rodrigues Lélis
INDEPENDENT DIRECTOR	Jaime de Carvalho Bastos	
DIRECTOR	Omar José Mascarenhas de Morais Guerra	
DIRECTOR	Carlos Augusto Bessa Victor Chaves	
DIRECTOR		Inokcelina Ben África C. dos Santos
DIRECTOR		Simão Francisco Fonseca
DIRECTOR		João C. Soares de Moura Oliveira Fonseca
DIRECTOR		Hélder Miguel Palege Jasse de Aguiar
DIRECTOR		Irisolange A. Soares de Menezes Verdades
DIRECTOR		José Carlos Castilho Manuel

Note: CA - Board of Directors; CE- Executive Board

The curricula vitae of the members of the Board of Directors can be found on the Bank's institutional website

The Board of Directors has the following specialised committees:
- Corporate governance;
- Human resources management;
- Risk management;
- Internal control.

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

The aforementioned committees have the following composition:

	Corporate Governance Committee	Human Resources Management Committee	Risk Management Committee	Internal Control Committee
José Carlos Paiva		PRESIDENT		
Mário Alberto dos Santos Barber	MEMBER		MEMBER	PRESIDENT
Theodore Jameson Giletti		MEMBER	PRESIDENT	
Luís Filipe Rodrigues Lélis	MEMBER	MEMBER	MEMBER	
Jaime de Carvalho Bastos	PRESIDENT			MEMBER
Omar José Mascarenhas de Morais Guerra	MEMBER		MEMBER	
Carlos Augusto Bessa Victor Chaves	MEMBER			MEMBER
Inokcelina Bem África C. dos Santos	MEMBER		MEMBER	
Irisolange A. Soares de Menezes Verdades			MEMBER	
José Carlos Castilho Manuel		MEMBER		
Hélder Miguel Palege Jasse de Aguiar		MEMBER		
João C. Soares de Moura Oliveira Fonseca			MEMBER	

The roles of the CA Committees are listed below:

CORPORATE GOVERNANCE COMMITTEE

The CGS has the following competencies:

I. To recommend the adoption, by the Board of Directors, of corporate governance policies in accordance with the recommendations of the regulator and with national and international best practices;

II. To propose and submit to the Board of Directors changes to the Company's governance model, including the organisational structure, operation, responsibilities and internal rules of the Board of Directors;

III. To monitor and supervise, on a permanent basis, matters relating to:

- corporate governance and social responsibility;
- the sustainability of the Financial Group's business;
- the code of conduct;
- the evaluation of the systems of identification and resolution of conflicts of interest under the Conflicts of Interest Management Policy in force.

IV. To issue an annual written report on the governance of BAI and the Financial Group, which it will deliver to the Board of Directors for approval and which will include:

- Evaluation of the governance structure of BAI and the Financial Group and proposals for improvement of the model in force;
- Analysis of compliance with legal, regulatory and supervisory provisions applicable to matters within the competence of the Committee;
- Structure, distribution of duties and functioning of the corporate bodies;
- Exercise of social rights by BAI or other Financial Group entities.

V. To monitor BAI's corporate coordination with the organisational structure of other Group companies;

VI. To improve BAI's governance and supervision model, as well as those of all companies in a group or control relationship with it, in accordance with the provisions of current regulations, namely:

- Ensure compliance with the corporate governance principles and policies, including the ethics, social responsibility and sustainability standards and principles;
- Inform the Board of Directors of any occurrences of which it is aware, and which, in its opinion, represent a situation of non-compliance with the governance standards and practices in force;
- Analyse developments, in terms of corporate governance, produced by national and international bodies, with a view to their possible use to improve the model used by BAI and the Financial Group.
- Promote transparency in the information to be provided by BAI and the Financial Group to the competent supervisory authorities, as well as to the market.

VII. The CGC is authorised to:

- Request any information required from BAI's areas that it deems relevant in order to perform its duties;
- Obtain professional advice from independent entities with knowledge on matters relating to corporate governance;
- Summon, when necessary, any member of the Executive Committee or managers of areas whose matters will be analysed in the Committee's meetings.

VIII. The CGS shall be informed of all inspections carried out by the National Bank of Angola or other supervisory entities, regarding BAI or financial institutions of the Group, and shall be informed of the conclusions of the examinations carried out and the reports issued.

IX. The powers attributed to the CGS encompass not only BAI but also, without any limitation whatsoever, all the financial companies that, at any time, are in a control or group relationship with BAI ('BAI Financial Group').

HUMAN RESOURCES MANAGEMENT COMMITTEE

I. Define employee hiring policies;

II. Define employee remuneration policies, making sure they are in line with the culture and long-term strategy, considering business- and risk-related aspects;

III. Recommend the appointment of any employee for a management position to the CA with a
detailed description of the role and considering the existing internal competencies; and

IV. Support and oversee the employee evaluation process.

RISK MANAGEMENT COMMITTEE

I. Advise the CA on risk strategy, taking into consideration:

- The Bank's financial situation, the nature, size and complexity of its activity;
- Its capacity to identify, assess, monitor and control risks;
- The work carried out by the external audit and delegation of powers to monitor the internal control system; and
- All relevant risk categories in the institution, namely loan, market, liquidity, operational, strategy and reputational risks, taken within the meaning of Notice no. 2/13 of 19 April on the internal control system.

II. Oversee the Bank's implementation of the risk strategy; and

III. Oversee the performance of the risk management function as provided for in Notice no. 2/13 of 19 April.

INTERNAL CONTROL COMMITTEE

I. Ensure the formalisation and operation of an effective and properly documented information system, including the process of preparing and disclosing financial statements;

II. Oversee the formalisation and operationalisation of the institution's accounting policies and practices;

III. Review all financial information for publication or internal disclosure, namely the annual management accounts;

IV. Oversee the independence and efficacy of the internal audit, approve and review the scope and frequency of its actions and oversee the implementation of proposed corrective measures;

V. Oversee the performance of the compliance function; and

VI.Oversee the activity and independence of the external auditors, establishing a communication channel with the aim of knowing the conclusions of the examinations performed and the reports issued.

03.1.3.6. EXECUTIVE COMMITTEE

The Executive Committee of the Board of Directors (CE) is composed of seven members, appointed by the CA, among its members. Its competences and operating rules are described in a specific regulation. The Committee meets at least once a month, or whenever summoned by its president or by at least two executive directors.

The Regulations of the Executive Committee of the Board of Directors are available on the Bank's institutional website .

COMPOSITION OF THE EXECUTIVE COMMITTEE

Luís Felipe Lélis
Chief Executive Officer

Hélder Aguiar
Executive Director

Inokcelina dos Santos
Executive Director

Simão Fonseca
Executive Director

João Fonseca
Executive Director

Irisolange Verdades
Executive Director

José Castilho Manuel
Executive Director

RESPONSIBILITIES

- 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 CA;
- Preparing the accountability documents for approval by the CA;
- 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
- Representation of the company in and out of court, actively or passively, instituting and contesting legal or arbitration proceedings, confessing, withdrawing or acquiescing in any proceedings.

Within the scope of its responsibilities, the CE relies on the assistance of specialised committees, delegating to them the treatment, management and decision on specific issues:

- Assets and Liabilities Committee (ALCO);
- Services and Products Committee (CPS);
- Loans Committee (CCR);
- Foreign Currency Allocation Committee (CAD);
- Information Technology and Security Committee (CIS);

and;

- Channel Expansion Committee (CEC).

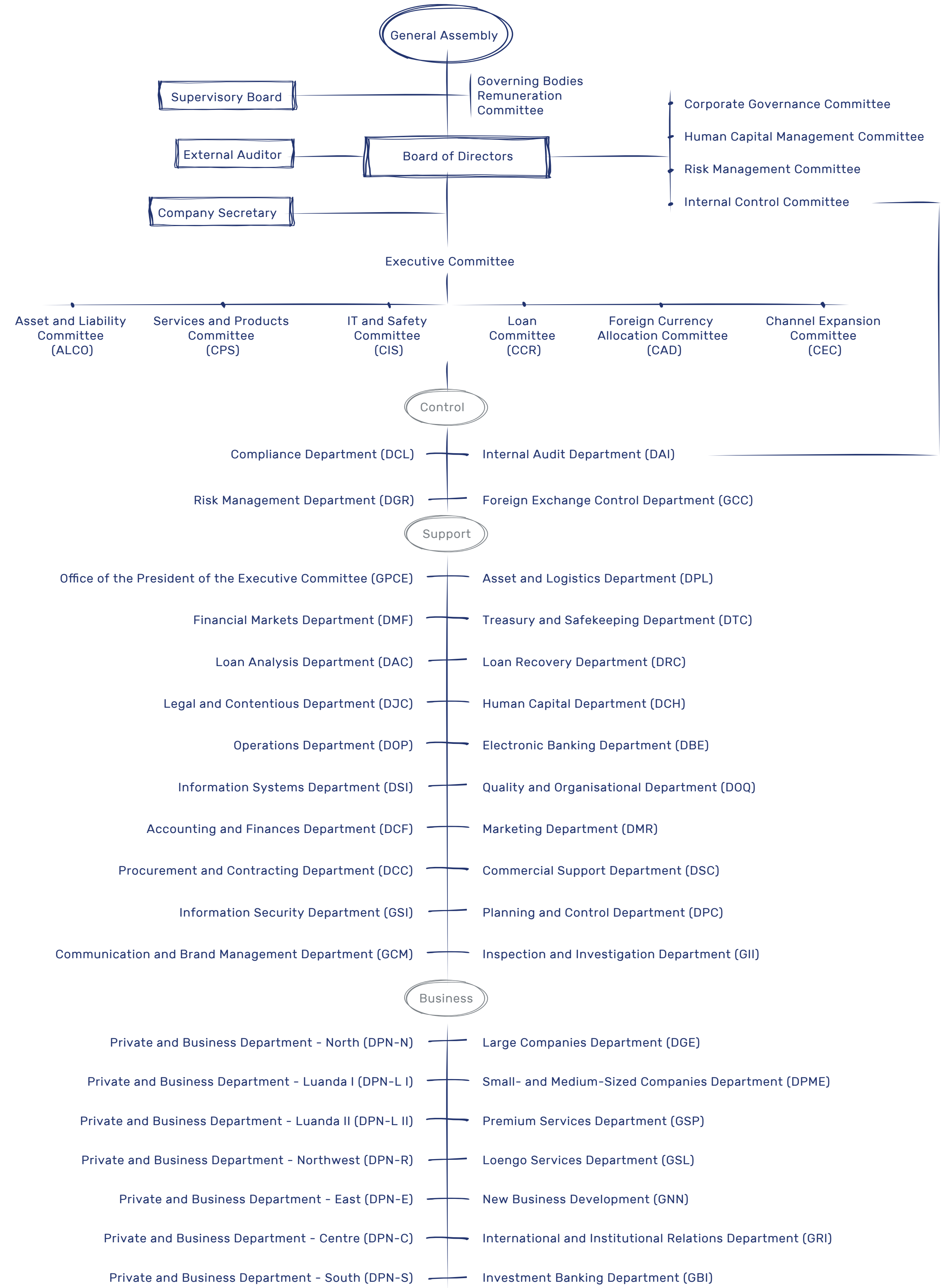
	ALCO Committee	CPS Committee	CCR Committee	CAD C ommittee	CIS Committee	CEC Committee
Luís Filipe Rodrigues Lélis	PRESIDENT	PRESIDENT	PRESIDENT		PRESIDENT	PRESIDENT
Inokcelina dos Santos				PRESIDENT		
António Buta	SUPERVISOR					
José Fialho Lázaro					SUPERVISOR	
Catarina Oliveira Rangel		SUPERVISOR				
Yassimina Joaquim				SUPERVISOR		
Yolanda F. Dias dos Santos						OPERATIONAL SUPERVISOR

DISTRIBUTION OF FUNCTIONS

Name and Role	Acronym	Business	Support	Control
Luís Filipe Lélis - Chief Executive Officer				
Office of the President of the Executive Committee	GPCE		✓	
Human Capital Department	DCH		✓	
Communication and Brand Management Department	GCM		✓	
Company Secretary	SS		✓	
Digital Transformation Technical Group	GTTD		✓	
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	✓		
Premium Services Department	GSP	✓		
New Business Department	GNN-CB	✓		
Helder Miguel Palege Jasse de Aguiar - Executive Director				
Loan Analysis Department	DAC		✓	
Loan Recovery Department	DRC		✓	
Legal and Contentious Department	DJC		✓	
Assets and Logistics Department	DPL		✓	
Information Security Department	GII		✓	
Inspection and Investigation Department	GSI			✓
José Carlos Castilho Manuel - Executive Director				
Private Customers and Business Division	DPN	✓		
Loengo Services Department	GSL	✓		
João Cândido Soares Moura Oliveira Fonseca - Executive Director				
Planning and Control Department	DPC		✓	
Risk Management Department	DGR			✓
Accounting and Finances Department	DCF		✓	
Compliance Department	DCL			✓
Internal Audit Department	DAI			✓
Foreign Exchange Control Department	GCC			✓
Irisolange Azulay Soares Menezes Verdades - Executive Director				
Operations Department	PDO		✓	
Financial Markets Department	DMF		✓	
Treasury and Safekeeping Department	DTC		✓	
Marketing Department	DMR		✓	
Simão Francisco Fonseca - Executive Director				
Commercial Support Department	DSC		✓	
Quality and Organisational Department	DOQ		✓	
Information Systems Department	DSI		✓	
Electronic Banking Department	DBE		✓	

The departments are distributed in such a way as to ensure an adequate segregation of functions.

ORGANISATIONAL CHART



03.1.3.7. INTERNAL CONTROL

The internal control system is defined as the combined set of policies and processes, of permanent nature and transversal to the whole institution, carried out by the CA and other employees in order to ensure:

- Business continuity, through the efficient allocation of resources, execution of operations and risk control (performance objectives);
- Reliability and timeliness of accounting and management support information;
- Compliance with legal standards and internal rules.

In view of these objectives, BAI seeks to guarantee an appropriate control environment and activity, a solid risk management system[1], 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.

Listed below are the duties of the internal control system:

BOARD OF DIRECTORS: Periodically review and approve the internal control and risk management strategies and policies, as well as their progressive alignment with the Group's entities;

EXECUTIVE COMMITTEE: Propose the revision of internal control and risk management policies and ensure their implementation in the Bank;

RISK MANAGEMENT DEPARTMENT: Identify, evaluate, monitor, control and provide information of all relevant risks of the activity developed by BAI, as provided for in the regulations;

COMPLIANCE DEPARTMENT: Implement and monitor the money laundering and terrorist financing prevention procedures. Oversee compliance and correct application of legal, regulatory, statutory and ethical provisions, recommendations and guidelines issued by the competent supervisory bodies;

INTERNAL AUDIT DEPARTMENT: Ensure the audit and inspection duties of the Bank's structural units, and investigation of irregularities and fraud, to jointly assess and conclude on the efficacy of governance and risk management processes, and on the efficacy and efficiency of the internal control system, in responding to risks that could jeopardise the achievement of the Bank's objectives, the efficacy and efficiency of operations, the safeguarding of assets, the reliability of financial reporting, and compliance with laws and regulations; and DCF

INFORMATION SECURITY DEPARTMENT: Define policies, rules and controls to ensure proper management and monitoring of the security of computer and electronic systems and equipment, and to ensure their implementation;

FOREIGN EXCHANGE CONTROL DEPARTMENT: Ensure strict compliance with the foreign exchange legislation and regulations in force and an accurate record and reporting of foreign exchange transactions.

03.1.3.8. TRAINING POLICY

The training policy aims to align and comply with the obligations set out in the legislation and regulations in force, of which we highlight:

- Law, no. 5/30, on the fight and prevention of money laundering and terrorist financing (BCFT);
- BNA Notice no. 14/20 which regulates the conditions provided for in Law no. 5/20;
- BNA Notice no. 1/13 on corporate governance;
- BNA Notice no. 2/13 on internal control.

Within the scope of this policy the following principles are considered:

- Training and the professional and personal development of the Bank's human capital is considered a fundamental and decisive pillar for the continuous improvement of the quality of performance and, consequently, of the services provided;
- All quality training processes require standardisation and control measures and instruments that ensure excellent performance and corrections to any deviations from the objectives that have been set;
- The policy applies to all BAI employees.
- The policy can be found on BAI's institutional website.

BAI undertakes the commitment and the objective of guaranteeing the correct implementation of training activities, having implemented the training management process with various steps and attributing different responsibilities by area of intervention:

Stage	Respon. entity
Identification of training needs	Structure Unit | DCH
Identification of adequate training solutions	DCH | Structure Unit
Preparation of the Training Plan	DCH
Identification of training needs	Executive Committee
Implementation and execution of the Training Plan	DCH | Structure Unit
Evaluation of the training and its impact	Trainee | DCH | Structure Unit

03.1.3.9. REMUNERATION POLICY

The Bank's remuneration policy is consistent with its objectives, values, interests and long-term solvency, with the following general principles:

- The definition of the rules should be clear, simple, transparent and aligned with the Bank's culture and values considering the nature of its activity;
- The definition of proportionality principles that ensure sufficient external competitiveness to attract and retain employees, as well as internal equality promoting the sense of fairness and cohesion of the teams;
- The definition of the policy should consider the constant risk mitigation needs and avoid situations that could lead to conflicts of interest;
- Consider all forms of remuneration (fixed, variable and benefits) and be aligned with the Bank's strategy and objectives;
- In determining fixed and variable individual remuneration and other benefits, the respective performance assessment should be considered (objectives and competences), in accordance with the Bank's duties and economic and financial situation.

The employee remuneration policy is based on the following instruments:

- Functional descriptions;
- Functions qualification;
- Salary table (with salary levels and scales);
- Performance assessment and management system (SAGD).

The terms of the policy are set out in the following benefits table:

Fixed remuneration	Variable remuneration	Other benefits
Salary	Overtime	Salary loan
Holiday allowance (100%)	Risk allowance	Personal loan
Christmas allowance (100%)	Temporary duties subsidy	Car loan
Food allowance	Role subsidy	Housing loan
Family allowance	Transportation subsidy	Health insurance
	Performance bonus	Pension fund
	Fuel Subsidy	Self-training incentive
	Technical subsidy	Communications Plafond
	Attendance subsidy	Employee transportation
	Maternity and pre-maternity subsidy	
	ATM subsidy	

The members of the Governing Bodies have a different remuneration policy, which consists of the attribution of fixed and variable remuneration, the latter being decided annually, according to the Bank's overall performance. The remuneration is disclosed, aggregated per governing body, in the annex to the financial statements.

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

03.1.3.10.
CODE OF CONDUCT

The Bank has a Code of Conduct which enshrines the principles and the rules of professional conduct observed in the performance of its business, applicable to all employees and members of the management bodies. These principles are based on the following:

- Ethical duties: Equal treatment of all clients, duties of professionalism, seriousness, competence, diligence, loyalty, neutrality and integrity, principle of prevalence of customers' interests over those of the employees' interests, duty of secrecy, of collaboration with all supervisory authorities, duties of internal conduct and special duties of protection of the market and its transparency;
- General principles related to the prevention of money laundering and terrorist financing; and;
- General principles on the reporting of fraud and irregularities and the treatment of customers' complaints.

The Code of Conduct is given to all new Bank employees and is available on the institutional website.

03.1.3.11.
RELATED PARTY TRANSACTIONS POLICY

The related party transactions policy has been drawn up in accordance with Notice no. 02/13, of 19 April, and Notice no. 09/16, of 22 June, both from the BNA, the Industrial Tax Code and Presidential Decree no. 147/13, of 1 October, as well as International Accounting Standard (IAS) 24 and has the following principles:

- When carrying out their duties, the directors must act with rigour, zeal, efficiency and responsibility (Code of Conduct);
- Related party transactions must be performed under normal market conditions, taking into account the level of risk and the price charged by BAI (Conflict of interest management policy);
- When considering related party transactions, attention must be paid to the essence of the respective transaction and not merely to its legal form (Accounting policies - principle of substance over form); and
- In order to ensure the transparency of the process, the Bank discloses to its shareholders and to the market information on related party transactions in its individual and group financial statements (transparency and information disclosure policy).

BAI considers the following definition of related parties, under the terms of Notice no. 2/13, of 19 April, and Notice no. 9/16, of 22 June, both from the BNA, the Industrial Tax Code and Presidential Decree no. 147/13, of 1 October, as well as IAS 24 - related party disclosure:

- Qualified holdings owners;
- Entities that are directly or indirectly in a control or group relationship;
- 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;
- Joint ventures in which the Bank is a direct or indirect developer; and
- Staff members deemed essential for the Bank's management.

In addition, the Bank carries out an annual assessment of related party transactions within the scope of the Price Transfer File, prepared in accordance with Presidential Decree no. 147/13, of 1 October.

03.1.3.12.
CONFLICT OF INTEREST MANAGEMENT POLICY

The Conflict of Interest Management Policy was drawn up in accordance with the Financial Institutions Basic Law, National Bank of Angola's Notice no. 1/13, of 19 April, and Regulation no. 1/15, of 15 May, of the Capital Market Commission.

The Policy is applicable to the members of the Board of Directors, the members of the Supervisory Board, employees, any third parties who provide services to BAI under contract or subcontract and the entities of the BAI Group, reserving the latter the right to modify or add new rules in accordance with the legislation and regulations applicable in the country in which they operate, should these be more demanding.

The Conflict of interest management policy is based on the following principles:

- Priority of the customer's interests, based on the recognition of the search for excellence in customer relations, with the duty of loyalty and ethical conduct as basic requirements of performance;
- Provision of transparent information, based on the duty to inform clearly and accurately on any matters related to the benefits or remuneration that the Bank offers for deposits received and on the prices or charges inherent in the products and services that are made available;
- Prohibition to hold potentially conflicting positions in other companies;
- Prohibition to be directly or indirectly involved in the hiring of services or products in which the employee has any financial interest;
- Lending decisions to connected persons, in accordance with the provisions of Article 84 of Law no. 12/15, the Framework Law of Financial Institutions;
- Prohibition to grant loans to members of the governing bodies in accordance with Article 83 of Law No. 12/15; and
- Loan pricing conditioned to loans granted to shareholders and connected persons being made under normal market conditions, taking into account their level of risk and the pricing practised by the Bank, with the exception of loans for the purchase of permanent own housing and for the payment of health expenses, which are subject to the Policy defined by the Human Resources Management Committee.

This policy provides for the existence of a process prior to taking decisions by the EC and the CA, ensuring that these decisions do not give rise to conflicts of interest and that transactions with related parties are identified and assessed in accordance with Notice no. 1/13, of 19 April.

In managing conflicts of interest, BAI applies the following protocol:

Identification of existing/possible situations of conflict of interests	1. Collection of periodic information from the Board of Directors and the Supervisory Board on related parties (family members and companies); 2. Establishment of procedures for the reporting by employees of situations that constitute, or may give rise to conflicts of interests; 3. Evaluating and keeping records of reported situations 4. Identification, in relation to the investment services and activities provided by BAI as an intermediation agent or on its behalf, of the circumstances that constitute, or may give rise to, a conflict of interests potentially detrimental to a customer (Article 37 of CMC Regulation No. 1/15); 5. Identifying and keeping records of all types of investment services and activities in financial instruments, carried out directly by BAI or on its behalf, that have given rise to a conflict of interests with a relevant risk of affecting the interests of one or more customers or, in the case of ongoing activities, that are likely to give rise to it (Article 37 of CMC Regulation No. 1/15); and 6. Identifying and keeping records of persons with access to inside information, when the Bank provides services related to public offers or others (Article 37 of CMC Regulation No. 1/15).
	MEASURES TO MITIGATE SITUATIONS OF CONFLICT OF INTERESTS **1.** Segregation of duties; **2.** Establishment of barriers to the disclosure of information (Article 37 of CMC Regulation No. 1/15); **3.**Establishment of specific procedures to carry out operations with related parties;
	4. Establishment of rules for acquisition of financial instruments for own portfolio and/or of disposal of those that it holds, when there are purchase and sale orders from customers (Article 91 of CMC Regulation No. 1/15); and **5.** Establishment of a remuneration policy for specific duties.
Disclosure	Prior to the provision of any investment service, activity or other that may pose an unavoidable conflict of interests, the customer must be given appropriate information regarding the occurrence and provide a written statement that he/she has been duly informed about such conflict of interests and wants to proceed with the operation.

Control	CONTROL IS CARRIED OUT BY THE COMPLIANCE DEPARTMENT (DCL) ON THE BASIS OF: 1. Analysing the: 1.1. Proposals for new products and services and changes to them (especially investment services and activities); 1.2. Organisational and operating process changes; 1.3. Related party transactions. 2. Maintaining an updated record of all situations that constitute or may give rise to a conflict of interests; 3.Reporting to the Board of Directors situations of conflict of interests that have not been adequately dealt with in accordance with the provisions of this Policy; 4. Preparing an annual report on the monitoring of the policy's enforcement.

BAI's Board of Directors is responsible for defining and approving the Conflict of Interest Management Policy, as well as for overseeing its effectiveness.

The Compliance Department is responsible for monitoring the application of this Policy, reporting to the CA, reviewing the Policy and respective processes at least annually, as well as for clarifying any doubts about its interpretation or enforcement.

The Internal Audit Department (DAI) must periodically evaluate the efficacy of the policy and its proceedings.

03.1.3.13. COMPLAINTS MANAGEMENT POLICY

The Policy was defined based on Article 19 of Notice no. 12/16 on the Protection of Products and Financial Services Consumers, and its main objective is to assess any complaints, discontent or suggestions, received from customers, constituting a factor to recover satisfaction, quality and image, and to mitigate any reputation hindering risk.

Complaint management, besides being a mechanism for resolving situations presented by customers, also serves to identify opportunities for improving the Bank's procedures, products and services.

03.1.3.14. SANCTIONS COMPLIANCE POLICY

The adoption of preventive measures to combat money laundering and terrorist financing established by governments, international organisations and supranational bodies is essential to trust in the financial system.

The policy establishes the general guidelines to be adopted by the Bank for the management of risks associated with the establishment of relations and/or the execution or receipt of transactions involving entities included in lists of international and national sanctions, in accordance with current legislation.

The sanctions compliance policy can be found on a page on BAI's institutional website.

03.1.3.15. POLICY FOR THE PREVENTION AND DETECTION OF MONEY LAUNDERING AND TERRORIST FINANCING

The adoption of preventive measures to combat Money Laundering (BC) and the Terrorist Financing (FT) established by governments, international organisations and supranational bodies is essential to trust in the financial system.

Banco Angolano de Investimentos is committed to the development of skills and the enforcement of strict controls in these areas, requiring all employees to scrupulously comply with the internal procedures established in order to prevent the Bank's products and services from being used for illicit purposes.

This policy establishes the general guidelines to be adopted in BAI for the prevention and detection of BC and FT.

03.1.3.16. TRANSPARENCY AND INFORMATION DISCLOSURE POLICY

The purpose of the transparency and disclosure policy is to ensure the transparency and easy understanding of the corporate governance model and the disclosure of information in accordance with the requirements of Notice no. 1/13, of 19 April.

It is the responsibility of the Board of Directors to review and update the policy annually or whenever necessary, namely when there is a change in compulsory disclosure information.

This policy is based on the following principles:

- Compulsory publication information must be disclosed in a complete, correct and timely manner;
- All institutional disclosure about the Bank to the market must be based on complete, correct, updated and adequate information; and
- The provision of information must always comply with the rules of banking confidentiality.

In this respect, the following criteria are assumed:

	Disclosure			
Content	Yes	No	Not applicable	Comments
Composition of the governing and supervisory bodies and identification of executive and non-executive directors	●			Annual Report and Institutional Website
Identification of the external auditors, including their credentials and compliance with the independence requirements set out in Notice no. 4/13, of 22 April	●			Annual Report
Identification of the structural units, the competences attributed to them and their staff, particularly in the case of key duties of the internal control system (internal audit, compliance and risk management)	●			Annual Report
Functions distribution and segregation between business, support and control functions	●			Annual Report and Institutional Website
Identification of policies and communication channels regarding authority relations, competence delegation and communication and information relaying, namely regarding corporate governance irregularities	●			Annual Report
Capital structure of the institution identifying shareholders of qualified holdings	●			Annual Report
Corporate decisions concerning relevant changes to the strategic global objectives and to the organic and functional structures of the institutions and companies of the financial groups	●			Annual Report

Content	Disclosure: Yes	Disclosure: No	Disclosure: Not applicable	Comments
Financial Information				
Governing bodies information, including: • remuneration policy, explaining the global amounts paid by the institution to each body; • qualifications and professional experience; • identification of shareholdings in the institution; • identification of positions in governing bodies of other companies, whether or not belonging to the financial group; and • categorisation of the members of the management body as executive or non-executive and, among the latter, as independent or non-independent	o			Annual Report Institutional Website Institutional Website Annual Report Website of each affiliate Annual Report
Description of risks materially relevant to the institution, of the existing procedures for managing them, and forecast of the evolution of the associated risk factors	o			Annual Report
Corporate governance policies, namely the institution's code of conduct and conflicts of interest identification and mitigation policies	o			Institutional Website and Annual Report
Training policy, stating the annual number of hours of training, broken down by type of training, identifying in particular, those aimed at employees in risk-taking areas and those in control areas or functions	o			Institutional Website and Annual Report
Disclosure of the above mentioned information regarding the consolidated scope of the **financial group**	o			Published annually on BAI's institutional website on the financial information page.

03.1.3.17. GRIEVANCES CHANNEL

The Bank provides access to its grievances channel (denuncias@bancobai.ao) for employees and customers to directly report any acts of suspected unethical behaviour, corruption, fraud, embezzlement, moral and sexual harassment, bribery or other acts that violate the code of conduct, with the aim of consolidating a culture of transparency, thoroughness, accountability and continuous improvement of its services. The intended recipients are the President of the Executive Committee and the directors of the *Compliance* Internal Audit, Organisation and Quality and Operations Departments.

03.2. STRATEGY AND BUSINESS MODEL

03.2.1. STRATEGY

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).

In 2020, BAI's strategic programme, called "Geração BAI ", was implemented as planned, despite the critical impact caused by the socioeconomic context generated by the emergence of the Covid 19 pandemic. Despite the slowdown in its execution, relevant milestones continued to be registered in the business and support initiatives, with its aggregate product continuing to form the basis of the entire bank transformation process to build the offer of the best banking experience in Angola.

It is important to highlight that BAI's strategic programme "Geração BAI" achieved a 91% *performance* in its general implementation plan as at December 2020.

With 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 2020, 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; and
- Development focused on approaching the Mass Market segment, geared towards the diversification of the customer and business portfolio, undertaking particular evolution and ensuring critical and basic developments to better and more satisfactorily meet the segment's needs.

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

Regarding the strategic vision, in 2020 BAI continued to defend the basis that constitutes the structure of its Strategic Programme, namely:

- Defence of *Core* segments;
- Development of high potential segments and exploration of new boundaries; and
- Transformation of critical support platforms.

BAI's Strategic Programme, reached its fifth and final year of implementation.

03.2.2. BUSINESS MODEL

The Bank positions itself as a universal bank, serving all customer groups through a comprehensive distribution network comprising branches, call centres, corporate service centres and premium service centres, complemented by a network of ATM *Centres*. In addition to its physical presence, the Bank has a multichannel structure for the remote offer of products and services which support the operation and consolidate the relationship with its customer portfolio, namely the multichannel platform "BAI Directo", where the electronic channels of *internet banking*, *mobile banking*, *sms banking*, *phone banking* (*contact centre*) are combined, while also offering its products and services through a network of banking agents in locations where it is not yet present and providing a digital currency *wallet* (é-Kwanza). Over its years of activity, the Bank has developed an international expansion strategy based on the financial market in the Portuguese-speaking area as a platform for projection and launching into new markets, with the following representativeness:

- BAI Europa (BAIE), in Portugal;
- BAI Cabo Verde (BAICV), in Cape Verde; and,
- Banco Internacional de São Tomé e Príncipe (BISTP), in São Tomé and Príncipe.

The core business areas of the Financial Group are:

- COMMERCIAL BANKING: essentially refers to gathering resources related to the corporate and institutional segment and lending operations, including exports financing;

- RETAIL BANKING: essentially refers to lending operations and the gathering of resources related to private customers, service through the branch network and *internet banking* and, in the case of Angola, *mobile banking* and SMS *Information & Notifications*;
- PRIVATE BANKING: aggregates all *private/premium* customer activity;
- INVESTMENT BANKING: covers 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, *vostro* accounts management and international markets operations (mainly foreign exchange operations);
- INSURANCE ACTIVITY AND MANAGEMENT OF PENSION FUNDS: covers life and non-life insurance, as well as pension funds management;
- INVESTMENT FUNDS MANAGEMENT: covers the management of Collective Investment Undertakings (OIC), as well as the trading of participation units and the provision of investment consultancy services.

04

FINANCIAL AND MACROECONOMIC FRAMING

04.1. INTERNATIONAL CONTEXT

4.1.1. RECENT GLOBAL GDP EVOLUTION

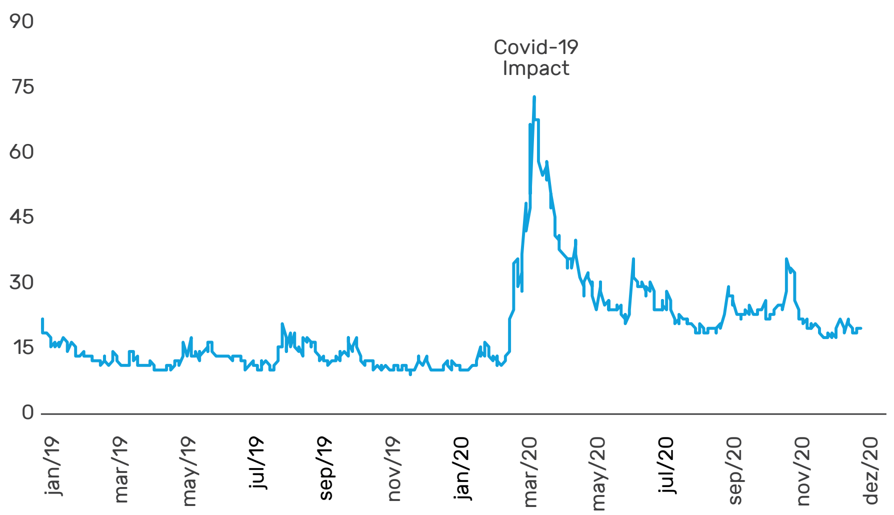
The year 2020 was marked by the emergence of the Covid-19 pandemic and its impact on global economic activity. The lockdown paralysed current production, new investments and limited consumption. As a consequence, the global economy is estimated to have shrunk by 3.5% in 2020, according to the IMF's *World Economic Outlook* published in January 2021. Global GDP contraction exceeded that of the 2008/2009 financial crisis. Advanced and African economies were the most affected, while the group of emerging economies benefited from China's rapid recovery.

Global GDP growth (%)

	2018	2019	2020	2021*
Global GDP	3.0	2.8	-3.5	5.5
Advanced economies	2.2	1.7	-4.9	4.3
Emerging markets	4.5	3.7	-2.4	6.3
Sub-Saharan Africa	3.3	3.2	-2.6	3.2

Source: IMF / *Projection

Volatility index VIX Index (points)



Source: Bloomberg

The sanitary crisis, together with the shock in the oil market, triggered high levels of uncertainty in the financial markets, with significant increases in volatility indices. The VIX Index, which measures volatility by analysing the price of options on the shares that make up the S&P500 stock market index, rose to historic levels at the beginning of the second quarter, in a year when the main central banks of the world adopted accommodating monetary policies, with emphasis on interest rate cuts.

For 2021, there is greater optimism regarding the growth prospects of the world economy. The IMF expects a growth of around 5.5%. If confirmed, it should be the highest expansion in the last 14 years, reflecting the implementation of the Covid-19 vaccines, as well as the additional budget support foreseen, especially in the large economies.

04.1.2. RECENT ECONOMIC EVOLUTION

Advanced economies were the most capable of supporting their markets in combating the effects of the pandemic on GDP. **The USA** approved fiscal stimuli amounting to 2.9 trillion dollars, aimed at supporting families and small and medium enterprises. The Federal Reserve (Fed) cut the basic interest rate twice, placing it between 0% and 0.25%, and approved an unlimited bond purchase program.

In the Euro Zone, the ECB maintained interest rates but reintroduced the economic stimulus programme, with a monetary package that amounted to 1 350 billion Euros and that should continue until the end of 2021. **Chinese economy**, in turn, was one of the first to show signs of recovery in 2020, due to the anticipated containment of the spread of Covid-19, which allowed it to improve industrial production and exports.

As regards the economies of **Portugal**, **Cape Verde** and **São Tomé and Príncipe**, where BAI is present, the economic contraction went beyond 6%, with emphasis on Portugal, where a drop of 10% of GDP and negative inflation is estimated as a result of the weakening of economic activity. In the 3 economies, the granting of loan moratoria was approved, in a context where there was an increase in unemployment, with an impact on loan default and on banks' results, due to the increase in impairments.

04.1.3. OIL MARKET

The lockdown imposed limitations on the use of fuels, which retracted the average demand value for oil to 90 million barrels per day and world production to 93.5 million barrels per day, resulting in an excess in supply of around 3.5 million barrels per day. Since 01 May, OPEC and its allies implemented the historic agreement to cut production by almost 10 million barrels, around 10% of global supply[2].

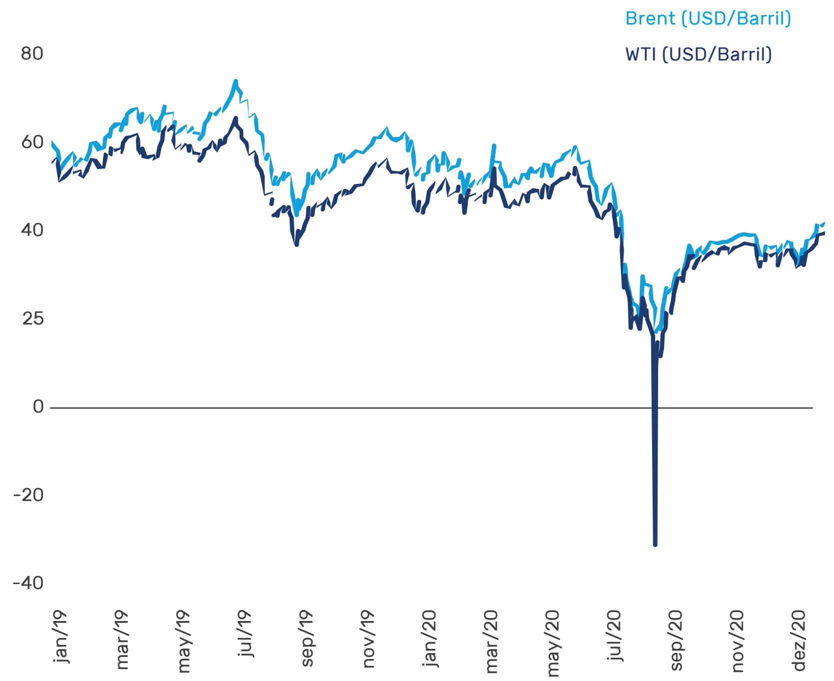
Oil market (million barrels/day)

Demand	2018	2019	2020	2021*	Var. 2020/2019
OECD	48.0	47.7	42.2	44.8	-11.6%
China	12.9	13.3	12.9	14.0	-3.3%
Others	38.1	38.7	35.0	37.2	-9.8%
Total	**99.0**	**99.8**	**90.0**	**95.9**	**-9.8%**
Offer	**2018**	**2019**	**2020**	**2021**	**Var. 2020/2019**
OECD	28.3	30.0	29.1	29.9	-2.9%
OPEC	31.3	29.3	25.7	-	-12.6%
Others	40.2	40.4	38.7	-	-4.3%
Total	**99.8**	**99.8**	**93.5**	**-**	**-6.3%**

Source: IMF - *Projection

[2] The Cartel relied also on voluntary cuts from other countries, which are not usually part of these agreements.

Evolution of oil prices (USD/barrel)



Source: Bloomberg

This year, oil barrel prices experienced the worst shock in history, trading in negative territory on 20 April (-37.63 USD in New York), something not seen in the existing historical series. The market experienced a double shock that started on the supply side[3] and migrated to the demand side due to Covid-19. Meanwhile, the agreement of the major world producers cushioned the price drop to 22% on Brent, closing the year at 51.8 USD per barrel, and of 21% on WTI to 48.4 USD per barrel.

04.2. NATIONAL CONTEXT

04.2.1. TAX SECTOR

Tax policy had to be adapted to the challenging context experienced in 2020, in order to respond to the main challenges such as the loss of tax revenue due to the fall in oil prices and the need for resources for health and other priority sectors. In this sense, some urgent measures were taken, such as the revision of the OGE2020 and others, such as: (i) the extension of the Industrial Tax payment period for companies; (ii) the reduction of VAT on agricultural inputs and the deferment of the same tax on the import of goods for health purposes, and (iii) the temporary allocation to social security taxpayers to reinforce salaries.

[3]Thecollapseinoilpricesatthebeginningoftheyearfollowedthe5Marchmeeting,whereaproductionwarwasunleashedafteranagreementbetweenOPECanditsalliestoreduceproductionfailedtomaterialise.AfterRussiarefusedthe cartel's proposal for a further collective cut of 1.5 million barrels a day until the end of this year, there was a response from the Saudis who decided to produce at record levels of 12.3 million barrels a day.

04.2.2. SECURITISED DEBT

Public securitised debt issued in 2020 increased 119% to 3 046 billion kwanzas, with emphasis on the 190% increase in the placement of Treasury Bills (BT) to 1 296 billion kwanzas. On the other hand, Treasury Bond (OT) issues increased 86% to 1 750 billion kwanzas, of which 48% were at auction, 19% for the settlement of arrears, 18% for swap operations (BPC, BCI and FADA) and 15% for the capitalisation of public institutions. Compared to the programme in the Annual Borrowing Plan (PAE), it can be observed that the execution of issues of both types of securities exceeded the target by more than 24%.

Treasury Bonds

billion kwanza		2018	2019	2020	Var. 2020/2019	PAE Execution
BT	Issue	769	447	1 296	190%	124%
	Repurchase	1 167	726	452	-38%	77%
	Net placement	-397	-279	844	-	-
OT	Issue	2 025	943	1 750	86%	125%
	Repurchase	1 284	696	3 275	370%	106%
	Net placement	741	246	-1 525	-	-
Total Issue		**2 794**	**1 389**	**3 046**	**119%**	**125%**
Total Repurchase		**2 451**	**1 422**	**3 727**	**162%**	**101%**

Source: UGD

Interest rates (Treasury bonds auctions)

Instrument	2018	2019	2020
BT 182 days	17.05%	12.00%	19.99%
BT 364 days	19.05%	14.68%	20.81%
OTNR 2 years	22.00%	22.25%	24.10%
OTNR 3 years	23.00%	23.25%	24.33%

Source: BNA

During the period in question, the Treasury repaid debts worth 3 727 billion kwanzas, more than the amount issued, which made the net placement negative by 681 billion kwanzas. OT payments increased significantly to 3 275 billion kwanzas (+370%), as opposed to BT redemptions which fell to 452 billion kwanzas (-38%). 2020 was characterised by actions to negotiate the payment of at least half the debt held by the main creditors (*rollover*[4]), a strategy contained in Presidential Decree no. 96/20 of the general measures approved before the revision of the 2020 State Budget to contain the impact of Covid-19 on public accounts.

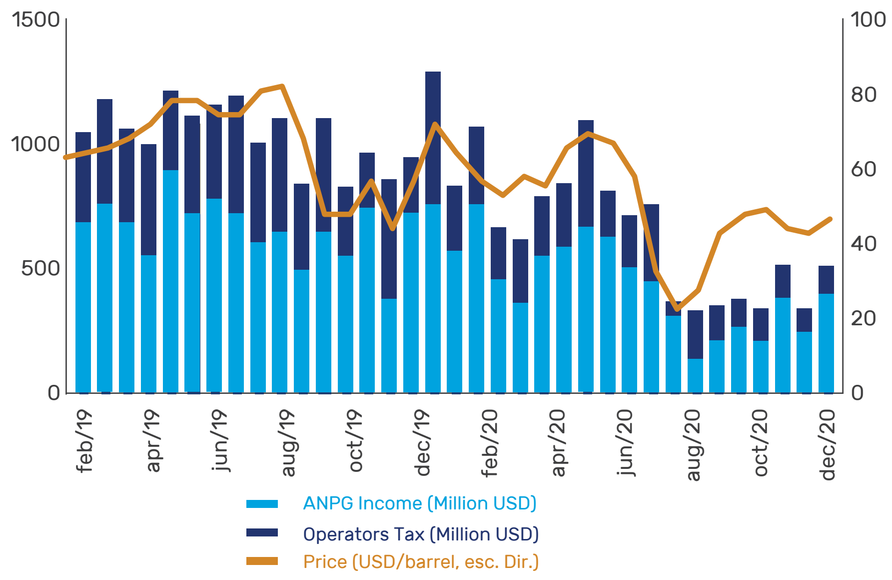
[4]Postponement of public bond debts payment.

04.2.3. COLLECTION OF OIL AND DIAMOND REVENUES

Oil tax revenue reached about USD 6.6 billion USD in 2020, a drop of 40% compared to the same period in 2019, explained by the decrease of 21% in the average export price to 42 USD and of 4% of the exported quantity to 472 million barrels, about 1.29 million barrels per day. National Oil and Gas Agency (ANPG) revenues dropped by 37% and operators' taxes decreased 46%.

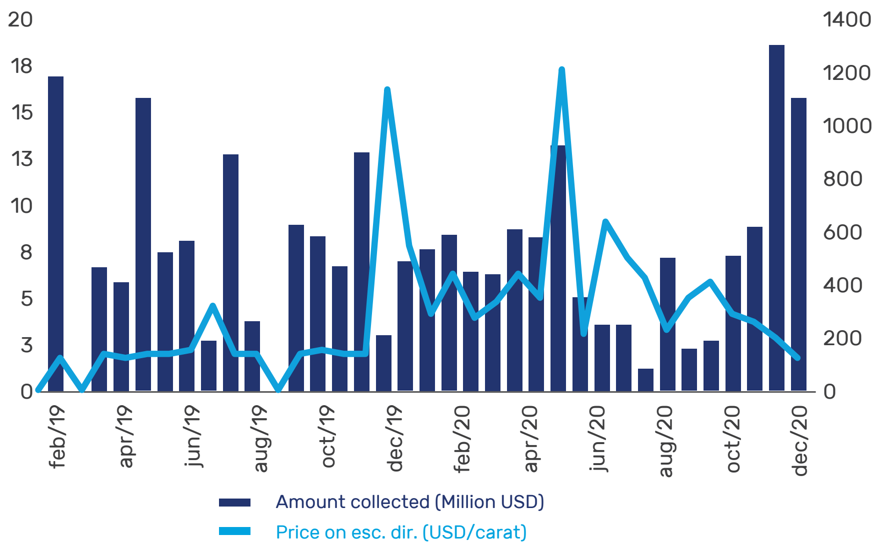
Diamond revenue collection also decreased in 2020, standing at around 86.7 million USD, a 4% drop compared to 2019.

Oil revenue vs export prices



Source: MINFIN

Diamond revenue



Source: MINFIN

Diamond revenue fell despite the 10% increase of the average carat price to 397.2 USD (a maximum in the historical series) and the 4% increase in production amounting to 9.1 million carats.

Under the agreement with the IMF, a total of 1 488 million USD was released to help combat the effects of Covid-19 in Angola, including an extraordinary disbursement resulting from a Government request. This total includes also the disbursement of the beginning of 2021, after the conclusion of the fourth review of the Financing Programme, having considered that the country's macroeconomic framework is positive and that the reform programme for Angola remains on course.

Interest rates (Treasury bonds auctions)

Rating	Date	Description	Amount (Million USD)
-	December 2018	Immediate	990.70
1st	June 2019	Completion of the 1st assessment	248.15
2nd	December 2019	Completion of the 2nd assessment	247.00
3rd	September 2020	Completion of the 3rd assessment	1 000.00
4th	January 2021	Completion of the 4th assessment	487.50
Total			**2 973.35**

Source: IMF Country Report No. 21/17

The performance of the programme, in this fourth IMF review, was considered positive based on the achievement of targets as shown in the table below:

Targets description	June			September		December
	Adjusted	Rated	Status	Goal	Preliminary	Goal
Performance criteria:						
Net international reserves (millions US Dollars)	8 258	10 641	Yes	7 714	9 334	8 085
Stock of BNA loans to the Central Government (billion kwanzas)	250	180	Yes	300	436	0
Monetary base ceiling (billion kwanzas)	2 311	2 035	Yes	2 113	1 914	2 086
Non-oil primary tax deficit of the Central Government (billion kwanzas)	1 033	840	Yes	1 568	1 090	2 384
Non-accumulation of arrears by the Central Government and BNA (million US Dollars)	0	52	No	0	0	0
Ceiling for new oil-guaranteed debt by the Central Government, BNA and Sonangol (million US Dollars)	0	0	Yes	0	0	0
Indicative criteria:						
Stock of public debt (Central Government and Sonangol) (billion kwanzas)	42 994	40 896	Yes	42 994	44 042	42 994
Social spending ceiling (billion kwanzas)	622	830	Yes	1 031	1 262	1 440
Net accumulation ceiling in the *stock* of Central Government arrears (billion kwanzas)	250	81	Yes	250	0	250
Cumulative Central Government oil-linked external debt disbursement ceiling (million US Dollars)	400	16	Yes	600	16	1 160
Central Government guaranteed debt issuance ceiling (million US Dollars)	300	105	Yes	300	105	300

Source: IMF Country Report No. 21/17

The country met 5 of the 6 targets set for the respective performance criteria, reflecting a good performance in the preservation of public accounts and external position.

Only the goal of no accumulation of external arrears wasn't achieved, which was justified as an issue associated with the failure of some *compliance* requirements in international banking by a State supplier.

04.2.4.
2021 STATE BUDGET

The 2021 State Budget has a forecast of zero growth and the worsening of the oil sector contraction, notwithstanding the assumption of a higher average oil price than the 2020 closing estimate. The budget deficit and inflation are expected to reduce, while the non-oil economy is expected to grow by 2%.

The average price of 39 USD per barrel in 2021 is below most international institutions' projections, which are of around 45.89 USD per barrel, making the State Budget assumption slightly conservative, and with the start of the distribution of Covid-19 vaccines, the prospect of economic activity picking up in many sectors, particularly aviation, it should continue to support prices.

The government expects oil production to decline by 5% in 2021 to 1.22 million barrels per day.

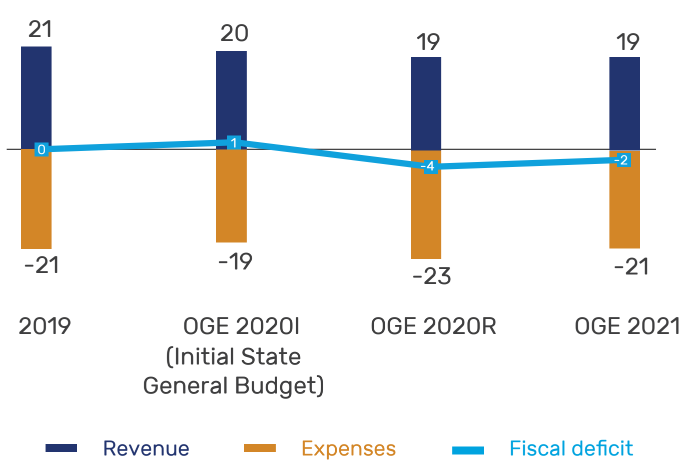
Achieving the disinflation forecast in 2021 (-6 p.p.) may be difficult because of the need to support economic growth. Achieving this trend will require greater coordination between monetary, tax and, above all, exchange rate policies, as the government maintains the prospect of adjusting the exchange rate by around 15%.

State Budget 2021 - Assumptions

	2020 OGER*	2020 PMER	2021
End-of-period inflation (%)	25	25	19
Oil Prod. (Thousand Bbl)/day	1 284	1 288	1 220
Oil price (USD/barrel	33	39	39
GDP Growth Rate (% chg)	-4	-3	0
Oil + Gas	-7	-6	-6
Non-Oil	-2	-2	2

Source: MINFIN / *OGE 2020 Revised

EvolutionofRevenue,ExpenditureandTaxDeficit(in%ofGDP)



Source: MINFIN

With regard to the budget balance, the government expects an improvement, but it will still present a deficit of 2% of GDP. In order to finance this gap, the State Budget plans to obtain 6 187 billion kwanzas in financing, 65% of which will be obtained on the external market. The smaller budget deficit implied a 16% reduction in disbursements. With regard to financial expenditure, Angola should pay a total of 7 758 billion kwanzas in 2021 (amortisation + interest), about 55% of total revenue (tax + financial). A reduction in the payment of internal debt is projected, while external debt should remain at around 5 billion dollars, assuming the moratoria that the country has already benefited from.

With regard to the main tax changes imposed by the 2021 State Budget, we highlight the following:

- Reduction of VAT on the import or purchase and sale of agricultural inputs to 5%;
- Subjecting the operation and practice of games of chance and social entertainment, as well as the respective commissions and all related operations, to a 14% VAT rate;
- Creation of the Simplified VAT Regime[5], replacing the Transitory and Non-Subject Regimes, applicable to individuals and companies with turnover or imports equal to or lower than 350 million kwanzas in the last 12 months, excluding manufacturing industry taxpayers. Creation of a VAT exclusion regime for individuals or companies that do not exceed 10 million kwanzas in turnover or import operations, with reference to the last 12 months;
- 2.5% VAT withholding on receipts obtained in Automatic Payment Terminals (TPA), regarding the transfer of goods and services rendered by taxpayers;
- The customs tariff waives the clearance procedure and the payment of customs duties for goods sent by couriers or express cargo operators, or contained in personal luggage, as long as they are considered goods for personal use, as long as they do not exceed 880 thousand Kwanzas per consignment or per traveller;
- Extension of the expiry date of tax obligations for the 2015 financial year to 31 December 2021;
- Setting at 6.5% the industrial tax levied on the overall value of services provided by companies without head office, effective management or permanent establishment in Angola, to oil operators with head office, effective management or permanent establishment in Angola;
- Elimination of the Special Contribution on Current Invisibles Operations[6].

04.2.5.
2021 ANNUAL INDEBTEDNESS PLAN

In order to finance the budget deficit and the 2021 investment programme, the government will obtain new net debt in the amount of 1 029 billion kwanzas (equivalent to 1.4 billion US Dollars), based on the PAE 21, and the overall cost of issuing new debt should be 2 791 billion kwanzas (3.7 billion US Dollars), 27% more than in 2020.

The overall weight of debt over GDP will fall from 129% in 2020 to 100%, due to the reduction of the domestic debt *stock*by 808 billion kwanzas (more redemptions than disbursements) and to the fact that the forecast nominal debt growth (+2.3%) is below the growth of nominal GDP (+32%).

With regard to the debt being issued on the domestic market, it should be noted that OT will represent 73% of total domestic funding, where the majority will result from non-readjustable bonds in domestic currency, with special issues planned for the settlement of arrears and recapitalisations of public companies. The OT to be issued should have maturities between 1.5 and 5 years at a coupon rate between 15.75% and 16.75%. With regard to indexed bonds, no issue is planned for 2021, as in the 2020 PAE.

With regard to domestic debt servicing, a reduction of 947 million kwanzas is observed, explained by the decrease in amortisations, despite a slight increase in interest and commissions. It should be mentioned that about 60% of the amount to be amortised this year may be absorbed by a reduced number of banks, namely BFA (24%), BAI (19%) and BIC (15%).

Regarding the external market, the PAE 2021 foresees that most of the disbursement will be obtained through credit lines, of which 78% are already in execution and the remaining 22% should be new contracts. In relation to external debt service, a reduction of about 909 billion kwanzas is noted. Despite not knowing details about the agreement between the Angolan State and its external debt partners, it is known that the State managed to restructure part of its external debt, which provides relief to the fiscal situation in the short term.

[5] Taxpayers under the simplified regime calculate the tax due monthly by applying a 7% rate on the turnover actually received from non-exempt transactions, including advance payments or prepayments, with the right to deduct 7% of the total tax paid.
[6] Measure decided in the context of the Agreement with the IMF and the increase of the industrial tax rate on the provision of services by non-resident companies from 6.5% to 15% (Law no. 66/20, of 20 July).

Among other risk factors, the PAE presents the following:

- Debt service represents 85% of the tax revenues in the 2021 State Budget (despite the improvement compared to 2020);
- difficulty in raising resources as a result of the current contractionary monetary policy;
- preference of the main investors in the domestic market (commercial banks) in allocating their liquidity in currency auctions;
- difficulty in obtaining new financing due to the Country's exposure to risk.

To mitigate the risks inherent to debt, the 2021 PAE considers the following actions as priorities: (i) prioritising concessional financing; (ii) limiting the granting of public guarantees; (iii) favouring medium- and long-term instruments; (iv) reducing the *stock* of indexed securities and oil-guaranteed debt; (v) studying the possibility of making early redemptions of indexed securities, through tax compensation mechanisms; and (vi) smoothing external debt maturities, through the preventive restructuring process.

Annual Debt Plan (billion kwanzas)

Description	PAE-20	PAE-21
Total funding	7 348	6 184
Domestic Market	2 481	2 188
Treasury Bills (BT)	1 041	577
Treasury Bonds (OT)	1 398	1 586
d/q: OT in foreign currency	39	407
Capitalizations	375	200
Overdue Suppliers	238	235
Auction in domestic currency	746	743
Loan Agreement	41	25
Foreign Market	4 867	3 996
Eurobonds	1 695	0
Disbursements of Credit Lines	3 172	3 996
Domestic Debt Service	4 999	4 052
Amortisations	3 883	2 920
Interest and Commissions	1 117	1 132
Foreign Debt Service	4 449	3 894
Amortizations	3 144	2 235
Interest and Commissions	1 305	1 659

Source: MINFIN

04.3. EXTERNAL ACCOUNTS

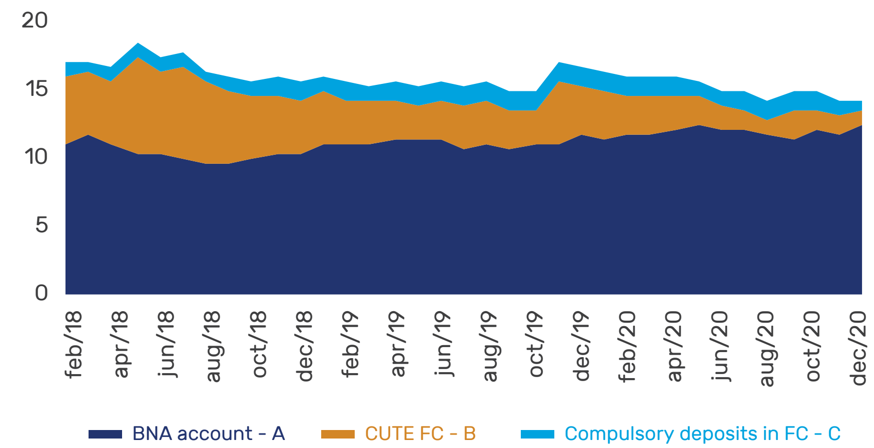
The balance on the goods account, up to September 2020, presented a 46% drop to 7.7 billion dollars, compared to the same period of the previous year. The deterioration of the goods account occurred because the 41% drop in exports (14.2 billion dollars) was greater than the 35% drop in imports (6.4 billion dollars).

Goods Account (billion US Dollars)

Description	2018	2019	2020*
Exports	40.43	31.86	14.17
Oil	36.06	28.96	12.73
Diamonds	1.15	1.21	0.59
Others	0.42	1.13	0.89
Imports	14.31	13.03	6.42
Fuels	2.19	1.90	0.62
Food	3.19	2.61	1.44
Others	8.93	8.52	4.36
Balance	26.12	18.83	7.74

Source: BNA / *Until September

Gross International Reserves A+B+C (billion US Dollars)



Source: BNA

Not withstanding the positive balance of the Goods Account, Net International Reserves (RIL) fell by 26% compared to the same period in 2019, having closed the year at a historical low of 8.7 billion US Dollars. Deposits of the National Single Treasury Account in Foreign Currency (CUT ME) decreased by 79% and contributed greatly to the fall in reserves. Aiming to contain the fall in RIL, the BNA released a set of regulations in which it urged banks to be more careful when executing foreign operations and performed an audit on service agreements between resident and non-resident exchange entities, culminating in the suspension of some of them.

One of the main impacts of the Covid-19 crisis in Angola were the *downgrades* of the Country's ratings. In 2020, the three main agencies that monitor Angola's debt reduced their credit ratings for the country. Fitch and Standard & Poor's cut their long-term ratings twice, setting them at CCC+ and CCC, respectively. In turn, Moody's, which had placed Angola under surveillance, lowered its rating to Caa1, also a non-investment grade.

Goods Account (billion US Dollars)

Branches	Moody's		S&P		Fitch	
Years	Outlook	Rating	Outlook	Rating	Outlook	Rating
2020	Stable	Caa1	Stable	CCC+	Stable	CCC
2019	Stable	B3	Negative	B-	Stable	B

Source: UGD; Bloomberg

In general, these decisions were based on the impact of the drop in oil prices and oil production and the higher--than-expected depreciation of the exchange rate, which increased the levels of indexed and external debt, when converted into Kwanzas.

04.4. FOREIGN EXCHANGE MARKET

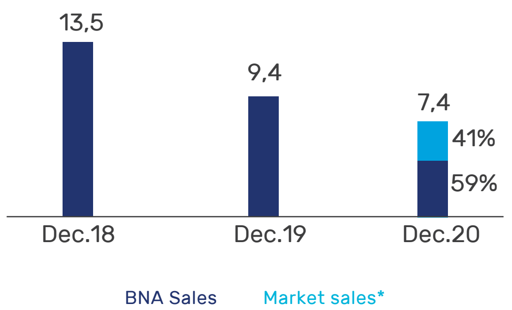
04.4.1. REGULATORY FRAMING - MAIN EXCHANGE RATE POLICY MEASURES 2020

Instrument	Measure
Instruction No. 01/2020, of 10 January	Requiring a maximum of 5 working days for banks to execute operations.
Notice No. 01/2020, of 09 January	Execution of goods import operations with a settlement period of more than 360 days without prior authorisation from the BNA.
Instruction No. 02/2020, of 30 March	Implementation of Bloomberg's trading platform, FXGO
Instruction No. 03/2020, of 30 March	Publication of a reference exchange rate, which now corresponds to the arithmetic average of the purchase and sale rates published on FXGO (for information purposes only, not used in market operations).
Notice No. 13/2020, of 29 May	Regulation on the entry of diamond companies into the foreign exchange market (purchase and sale of foreign currency).
Directive N° 02/DMA/2020, of 17 June	Limitation of purchases at foreign exchange auctions and operations to 2.5% of each bank's Regulatory Own Funds (FPR).
Notice No. 17/2020, of 3 August	Obligation to make foreign exchange payments to non-resident foreigners to a bank account in Angola
Circular letter No. 002/DCC/2020, of 18 August	Reinforcement of the need for banks to conduct a rigorous assessment of invisible current foreign exchange transactions.
Instruction No. 15/2020, of 22 September	Definition of conditions for the conversion of housing loans granted to indi-viduals into foreign currency.
Notice No. 22/2020, of 27 November	Creation of term foreign exchange contracting;
MINCO_ Press Release 25/08/20	Restriction on imports with recourse to National Treasury currency for 10 products (Exception for recourse to own currency)

Source: BNA/MINCO

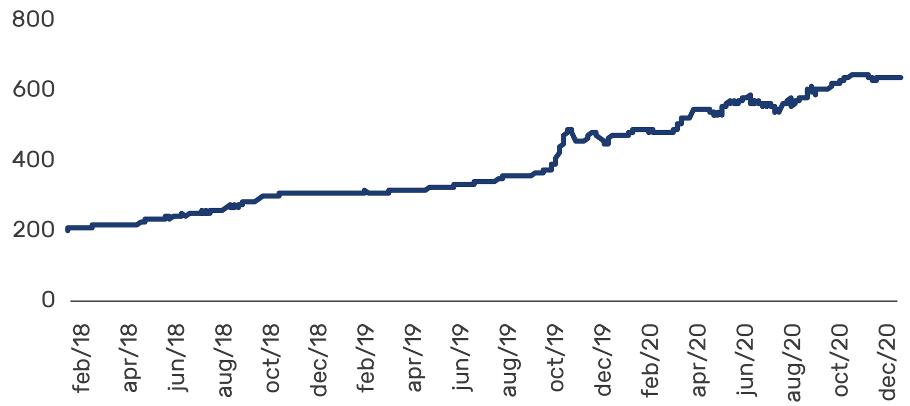
The difficult context of the world oil market implied a reduction in the entry of foreign currency into the country. However, adjustments to a more flexible foreign exchange market helped to contain the impacts. Among the measu-res, we highlight the return of oil companies to the sale of foreign currency directly to banks and the implementation of the foreign exchange market trading platform, Bloomberg's FXGO, which allowed for an almost free negotiation of the exchange rate. With this framework, the volume of foreign currency sales fell from 9.4 to 7.4 billion dollars, the lowest value in the existing historical series. Most of this came from the BNA (58%), while the remainder resulted from the banks buying directly from their customers, especially oil companies.

Foreign exchange sales (billion US Dollars)



Source: BNA / *Data available until September.

Average exchange rate (USD/AOA)



Source: BNA

The exchange rate depreciated by 35% against the Dollar and 48% against the Euro. On the informal market, the Kwanza depreciated by practically the same magnitude, which meant that the differential between the two markets remained very close to 20%. With regard to the parallel market, it should be noted that the elimination of many requirements in the formal circuit together with measures to combat Covid-19 weakened demand in this segment.

4.4.2. GDP GROWTH AND INFLATION

In cumulative terms, the economy took a downturn of about 5% between January and September, thus heading towards the fifth consecutive year of economic recession.

The transport sector led the declines by dropping more than 80% in the last two quarters, which corresponds to the fact that it is one of the sectors most sensitive to lockdown. It was followed by construction, fisheries and the diamond sector, which in cumulative terms, were those most affected by the crisis.

The oil sector was also in contraction in the three quarters, completing 21 consecutive quarters of decline. Despite this weak economic performance, INE indicated that the unemployment rate decreased to 30.6%, a drop of 1.2 p.p. compared to 2019.

INE | GDP growth in 2020

Economic activity sectors	2018	2019	2020*
Livestock farming	-0.2	0.8	3.3
Fishing	-17.1	-14.8	-19.8
Oil	-9.4	-6.5	-5.1
Diamonds and other minerals	-6.3	8.5	-15.1
Manufacturing industry	4.8	0.8	5.5
Energy and Water	22.3	5.4	3.6
Construction	0.4	4.9	-25.5
Trade	-1.2	1.9	1.0
Transportation and Storage	-1.8	9	-54.5
Mail and Telecommunications	1.8	-1.7	4.0
Financial and Insurance Intermediation	5.3	-7.3	-8.6
Public Adm., Defence and Social Security	2.3	2.3	-4.2
Real Estate and Rental Services	3	3	-7.3
Other Services	-1	0.3	-0.3
GDP	-2	-0.6	-5.0

Source: INE | National Accounts
*Accumulated until September

The oil sector dropped in all three quarters, completing 21 consecutive quarters of decline. The sector fell 5.1% until September, which was already expected given the scenario of lower barrel prices and the reduction agreement achieved by OPEC and its allies. This scenario came on top of the continued decline in domestic production that has been ongoing for some time.

The impacts of the measures to contain the spread were also reflected in price growth. Inflation increased to 25.1%, above the 16.9% of 2019. The largest price increase was seen in the Education class, about 36%, an increase of 34 p.p. compared to the same period in 2019.

The increase in prices was also greatly influenced by the position adopted by the BNA of a monetary policy characterised by a greater effort to support economic activity and by the constraints on the supply side arising from the still inefficient domestic production structure and the limitations imposed by Covid-19 on the internal movement of goods and people.

04.5. MONETARY POLICY AND LIQUIDITY

04.5.1. REGULATORY FRAMING - BNA'S MAIN POLICY MEASURES IN 2020

Scope	Instrument	Key measures
Monetary policy	CPM_27 March	Reduction of the FAL interest rate[1] with a seven-day maturity, from 10% to 7%;
	Instruction No. 06/2020, of 6 April	100 billion kwanzas line for purchasing OTNR from companies;
	CPM_7 May	Activation of FCO[2], up to 100 billion kwanzas, renewable quarterly and non-cumulatively throughout 2020;
	Instruction No. 09/2020, of 11 May	Inclusion of large companies of the manufacturing sector in the line for the purchase of OTNR by the BNA;
	Instruction No. 14/2020, of 4 August	Custody fee applicable to free reserves at BNA (0.1% per day on the excess of 3 billion kwanzas);
	Instruction No. 16/2020, of 2 October	Increase of the RO ME coefficient from 15% to 17%, with compliance of the MN differential;
Prudential policy	Directive No. 01/DSB/DRO/2020, of 14 February	Disposal until 31/12/20 of properties acquired in credit repayment for more than 2 years;
	Instruction No. 11/2020, of 29 May	Annual premium for contribution to FGD[3](0.076% on deposits);
	Notice no. 21/2020, of 26 October	Postponement for 3 years of the recognition of impairments for public debt securities for the purposes of calculating the FPRs[4]
Credit policy	Instruction No. 04/2020, of 30 March	60-day moratoria on compliance with credit obligations;
	Notice no. 10/2020, of 3 April	Obligation to grant loans to the economy with an interest rate up to 7.5% and an overall volume of no less than 2.5% of assets;
	Instruction No. 15/2020, of 22 September	Conversion of housing loans granted to individuals into ME;

Source: BNA
[1]FAL - Liquidity-Absorbing Facility;
[2]FCO - Permanent Lending Facility;
[3]FGD - Deposit Guarantee Fund;
[4]FPR - Regulatory Own Funds.

The context forced the BNA to adopt a more flexible position in 2020 in managing the liquidity of the banking system, so that the banks could withstand possible pressures and better support the economy. This position justified the implementation of three major measures at the very beginning of the year:

- Reduction of the interest rate of the permanent liquidity absorption facility, with a maturity of seven days (FAL7), from 10% to 7%;
- Opening of two liquidity lines, one with a maximum value of 100 billion kwanzas for the acquisition of public securities held by non-financial companies and another within the scope of the permanent overnight liquidity provision facility, of up to 100 billion kwanzas, renewable quarterly and non-cumulatively, throughout the 2020 financial year;
- Granting of moratoria, for 60 days, for compliance with loan obligations;

The BNA used other indirect measures to mitigate the adverse effects of the accommodative position, such as: (1) the elimination of the deduction of banknotes and coins in the calculation base of Mandatory Reserves in Domestic Currency (MN), whose coefficient remained at 22% throughout the year; (2) the increase of the coefficient of mandatory reserves in foreign currency from 15% to 17%, with compliance with this differential in MN.

The monetary base increased by 1.9% compared to 2019 justified by the increase of the bank reserve by 2% and of banknotes and coins in circulation by 1.7%. Meanwhile, the free reserve decreased by more than 60%, much due to the implementation of the custody fee. In 2020, there was a sharp downward trend in Luibor, with an emphasis on overnight, which decreased from 22.48% to 9.75%, therefore making plausible the justification that banks have preferred to obtain lower gains in MMI than suffer penalties in custody fee leaving liquidity in the BNA. It should also be mentioned that interbank exchanges have increased significantly (+163%), at a time when Open Market Operations (OMA) became less appealing due to their low remuneration.

Monetary base (billion kwanzas)

	2018	2019	2020	Var. 2020/2019
Monetary base	1 709	2 287	c	1.9%
Monetary base in domestic currency	1 298	1 586	1 658	4.5%
Banknotes and coins in circulation	498	540	549	1.7%
Bank reserve	1 210	1 747	1 782	2.0%
Compulsory deposits	841	1 394	1 439	3.2%
In domestic currency	584	923	1 060	14.8%
In foreign currency	257	471	379	-19.6%
Free deposits	369	352	342	-2.8%
In domestic currency	215	123	48	-60.5%
In foreign currency	154	229	294	28.2%
Other OSD obligations[1]	88	240	284	18.3%

Source: BNA
[1]Includes repurchase agreements with Other Deposit Companies (OSD)

The 22% growth of M2 was below inflation (not a favourable environment for economic growth) and was greatly influenced by the more expansionist policy of the BNA that influenced the growth of deposits in domestic currency (+24.1%). The variation of M2 is also explained by the depreciation of the exchange rate that affected the foreign currency component.

Monetary summary (billion kwanzas)

	2018	2019	2020	Var. 2020/2019
Central Government Loan	5 376	6 263	8 656	38%
Private sector loans	3 496	4 430	4 130	-7%
M2	7 845	10 200	12 447	22%
M2MN	3 867	4 421	5 270	19%
M2ME (USD)	12	11	10	-6%
Notes and coins owned by the public	373	419	419	0%
Demand deposits	3 714	4 507	5 592	24%
Term Deposits	3 758	5 275	6 436	22%

Source: BNA

On the asset side, the loan *stock* granted to the Central Government increased, while for the private sector, the loan *stock* decreased, thus increasing the banking sector's exposure to the State. With regard to the private sector, there continues to be a high concentration of bank loans in a few sectors of economic activity, especially trade, real estate, construction and services, which hold more than 50% of the total. With regard to the solidity of the banking system, the pandemic crisis and the process of reorganising public banks had a negative impact on the evolution of important banking system solidity indicators. Data[8] showed a negative *cost-to-income* of around 178.6%, very much influenced by the increase in the burden of administrative costs and the reduction in the banking product. The system's banking product was in negative territory, mainly due to the performance of certain public banks, which led the ratio that measures the weight of the financial margin over gross intermediation margin to also be negative.

Soundness indicators of the domestic banking system

(% end of period)	2018	2019	2020*
Solvency = FPR/ (APR+ECRC/0.10)	24.5	24.1	28.2
Original Own Funds (Tier 1) / APR	22	19.7	24.3
ME Loan/Total Loan	28.1	31.7	32.8
Overdue Loan/Total Loan	28.2	32.5	21.2
(Overdue loan - overdue loan provisions) / FPR	19.8	-25.7	-23.6
ROA	4.5	1	0.5
ROE	27	7.8	5
Total cost / total income	99.6	105.6	97.1
Cost-to-income	29.9	35.7	-178.6
Financial Margin / Gross Intermediation Margin	43.4	44.8	-215.8
Total loan / total deposits	44.2	41.9	34.26
Net open currency exposure / Own Funds	37	3.8	42.16

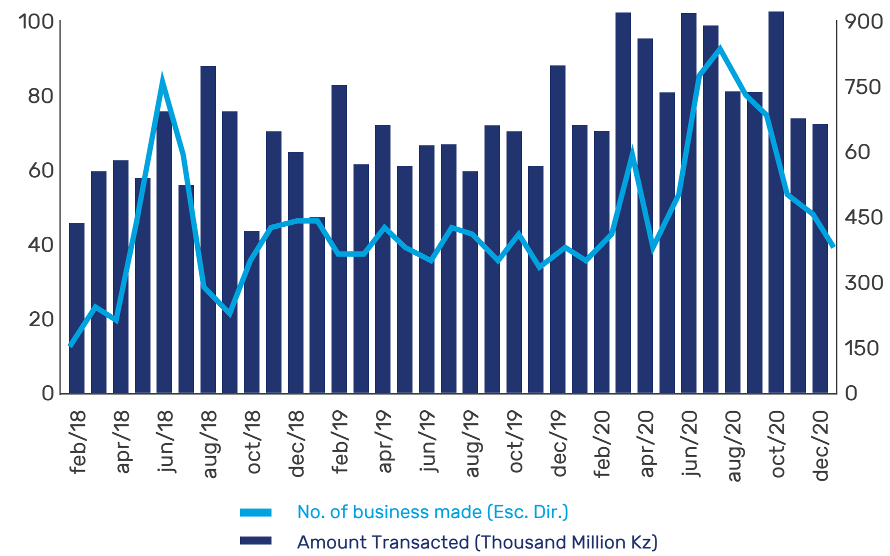
Source: BNA / * until July.

The reduction in the system's non-performing loan ratio to 21.2% is related to BPC's reorganisation process, which allowed the transfer of *non-performing* assets to Recredit.

04.6. SECONDARY DEBT MARKET (BODIVA)

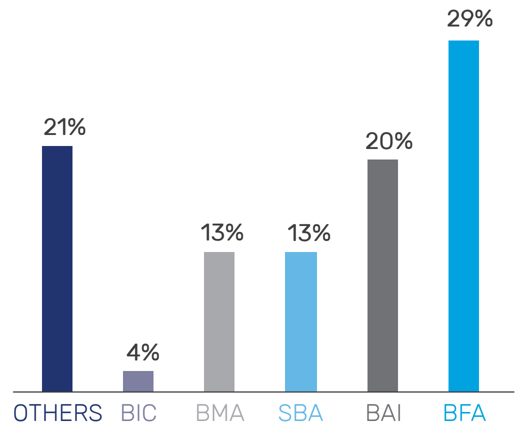
The value traded on Bodiva in 2020 reached 1 785.5 billion kwanzas, an increase of 3% compared to 2019. During this period, 5.4 thousand deals were carried out, which allowed more than 7.8 million Treasury bonds to be traded, under the 48.5 million bonds that had been traded the previous year.

Bodiva Transactions



Source: BODIVA

Bodiva - Market share 2020



Source: BODIVA

The market structure did not record any significant changes in 2020. Among the agents providing intermediation, settlement and custody services, there was an increase of one entity to 25 agents. The market structure also has 8 SGOIC, 3 SCVM and Bodiva, which is the only SGRM. The intermediary agents segment was the one that traded most throughout the year, with the most traded instruments continuing to be exchange-indexed treasury bonds. As regards custodian accounts, a further 3 584 accounts were opened during the year, raising the number to 15 069, an increase of 31% compared with 2019.

Evolution in volumes traded by segment*

End Principal	Amount Traded (million Kwanzas)			
	Purchases	Weight	Sales	Weight
Companies	313 592.00	34.43%	456 420.00	50.10%
Financial Intermediary	457 783.00	50.25%	434 447.00	47.69%
Private	139 564.00	15.32%	20 072.00	2.20%
Total	**910 939.00**	**100.00%**	**910 939.00**	**100.00%**

Source: Bodiva/ * Information up to September

05

BRAND, PRODUCTS AND SERVICES

05.1. PRODUCTS AND SERVICES

05.1.1. THE BRAND

In the period under analysis, BAI based its brand promotion and management actions on an attitude of reserved continuity in view of the constraints imposed by the economic, financial, cultural and public health panorama, seeking to promote it through already consolidated channels and events where BAI has had a regular presence.

The following events should be highlighted, in which, either through partnerships with the State (in its capacity as Provincial Government) or private sector entities, BAI promoted its brand, consolidating its image as a benchmark institution with social responsibility:

AWARD
"CARNIVAL SONG"
CARNIVAL PARADE 2020

Partnership with the entity Provincial Government of Luanda

"SHOW DO MÊS"
MONTHLY MUSIC AND CULTURE SHOWS PROGRAMME

Partnership with the entity "Nova Energia".

"BAI DANÇA COM RITMO"
NATIONAL DANCE COMPETITION / TV SHOW

Partnership with the entity "ZAP

"AO VIVO É-KWANZA"
MULTIPLATFORM MUSICAL SHOW

Partnership with the entity "ZAP

Despite the outbreak of the pandemic, the Bank continued to position and manage its brand and the products and services it offers, quickly adapting to the new situation by using and promoting new communication formats supported by the Internet, thus ensuring the communication link with the public, customers and partners. It notably promoted a set of thematic webinars and "live" events sponsoring social and cultural activities which were called *lives*.

WEBINAR - BAI
"IMPACT REPORTING"

Event held to present the study on the impact of the pandemic situation and projection of measures to control the impact caused by the pandemic situation

WEBINAR - BAI
"COVID 19 CHALLENGE AND OPPORTUNITIES FOR THE ANGOLAN ECONOMY"

Event held to assess the challenges and opportunities for the Angolan economy in view of Covid-19

WEBINAR - E&M
MAGAZINE ON ECONOMY AND MARKETS

As a sponsor of the conference on food security and natural resources management in the context of the COVID-19 pandemic

WEBINAR - BAI
"TAKING BACK YOUR BUSINESS"

Event on measures to support companies in the context of the pandemic

WEBINAR - BAI
"É-KWANZA FOR COMPANIES"

Presentation of the Companies payment platform

WEBINAR - LIVE
"AT KUBICO WITH GENERAL KAMBUENGO"

Socio-cultural event of musical expression having as main artist the musician General Kambuengo aka Eduardo Paim, one of the main artists of the Kizomba musical genre

05.1.2. PRODUCTS

In 2020, BAI launched a series of products, some of which had the State as a partner, through which it sought to complete its commercial action by directing a significant part of it to meeting the needs of the economy based on the identification, respect and knowledge of the most sensitive segments and those with particular needs for the consumption of this category of products. The following are particularly noteworthy:

- "ADIANTA JÁ" LOAN Loan solution for private customers that allows them to request an advance of amounts automatically with subscription through digital platforms;
- BAI TREASURY FACILITY LOAN Treasury loan product to support importing companies in paying import expenses and/or financing letters of credit;
- LOAN TO THE REAL SECTOR OF THE ECONOMY - PRODESI (BNA NOTICE NO. 10/20) This is a loan product for the real sector of the economy that seeks to promote the diversification of the economy and thereby reduce excessive dependence on the import of goods and services and contribute to the sustainability of the Country's external accounts;
- PAC EXPRESS LOAN - Loan Support Project (BNA Notice no. 10/20) Loan product with the objective of empowering small peasants, farmers and service providers in related areas, covering the needs of the entire chain of production, thus ensuring the satisfactory production and marketing of their products;
- PAC - LOAN SUPPORT PROJECT (PRESIDENTIAL DECREE NO. 159/19) The Loan Support Programme is a line of funding for national producers that aims to promote the diversification of the Angolan real economy, whose national production does not meet domestic demand, and in this way reduce excessive dependence on the import of goods and services and contribute to the sustainability of the country's external accounts.

However, it did not stop extending its portfolio of savings products, launching a new product and thus further extending the quality and diversity of its offer in this product category:

- TERM DEPOSIT - DP FLASH (ONLY FOR COMPANIES) Financial investment available for subscription in Kwanzas, at a fixed rate, with guaranteed return on funds invested after 48 hours, exclusively in BAI Directo.

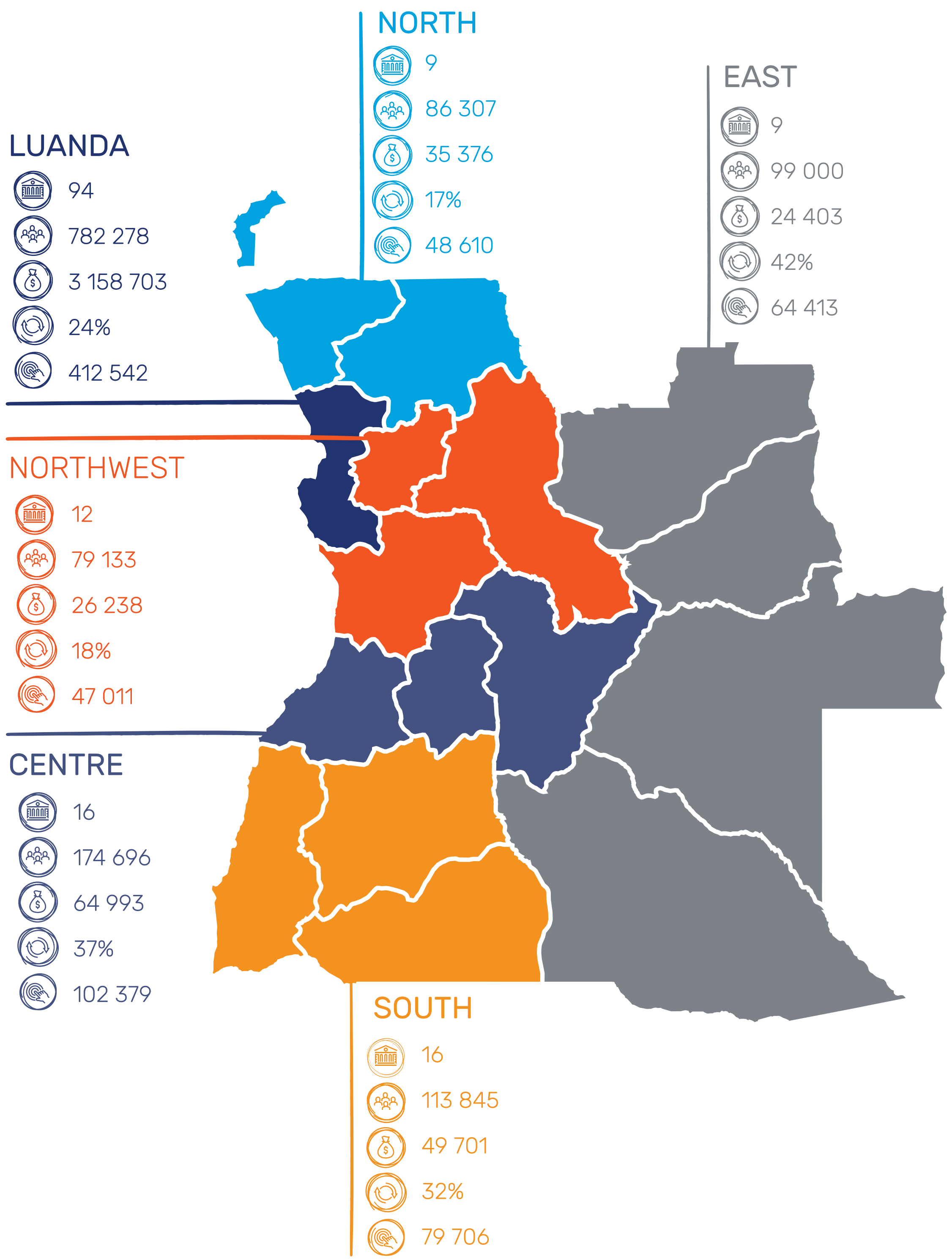
05.1.3. SERVICES

In terms of services, the Bank continued to launch/activate new features on its digital channels, such as "BAI Paga" (*Mobile Banking*), which directly "transforms" the digital device into a means of payment.

Also in terms of wide-ranging services and with the objective of serving the entire universe of its banking customers, the Bank continued to develop and promote its *mobile Money* channel, é-Kwanza (with the availability of payment services and mobile transfers), taking on the relevance of the context created by the pandemic, as well as promoting financial inclusion and modernisation of the banking system with all the associated advantages.

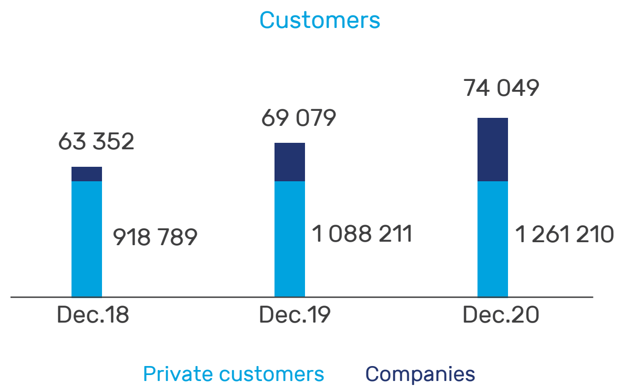
06
ACTIVITY BY BUSINESS AREA

06.1. GEOGRAPHIC PRESENCE



06.2. ACTIVITY BY BUSINESS AREA

In 2020, the Bank maintained its reputation in the Angolan market in terms of deposits and loans, serving a total of 1 335 259 customers, with coverage of the entire national territory and with a customer-oriented strategy. Despite the situation created by Covid-19 and a challenging macroeconomic context, BAI's action focused on improving its operational efficiency, offering the best banking experience to all segments, with its quality of products and services, aiming for the necessary balance between the speed that our customers seek and strict compliance with legal, regulatory and *Compliance* requirements.

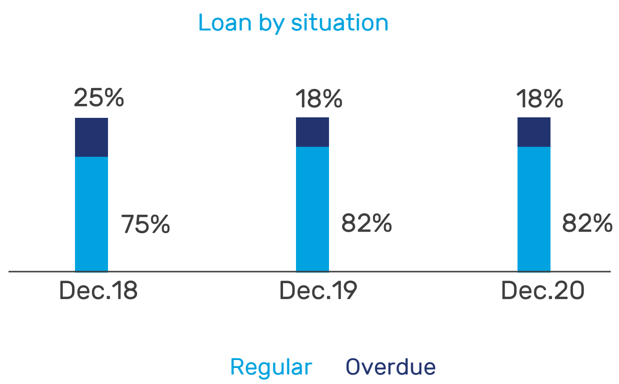


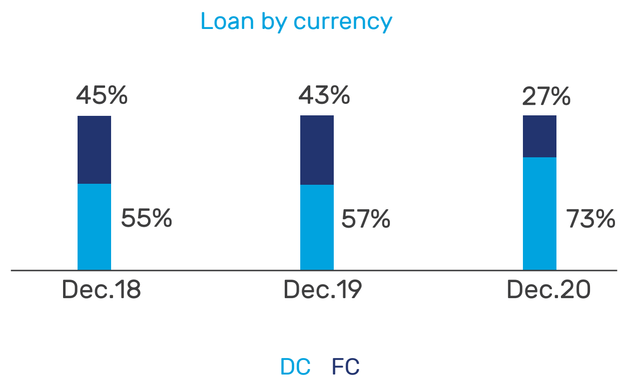
06.2.1. CUSTOMERS

The customer portfolio increased by 177 969 (15%). This result is mostly due to the increase in the private customers segment, explained by the opening of accounts in banking agents, the implementation of Notice no. 12/2020 on simplified bank accounts, as well as by improvements to services and products.

06.2.2. LOAN

With the objective of encouraging the granting of loans to the real sector of the economy, in 2020 BAI launched the loan product *PAC Express* with the objective of empowering small peasants, farmers and service providers in related areas, covering the needs of the entire chain of production, thus ensuring the satisfactory production and marketing of their products. In 2020, there was a 5% reduction in gross loans, translating into a total amount of loan of 655 billion kwanzas, against 687 billion kwanzas in December 2019, with the reduction in the loan portfolio being explained by the amortisation of loan in foreign currency of the Central Government sector and of the Non-Financial Public Corporate Sector.





Measures adopted by the regulator to mitigate the impacts of the Covid-19 pandemic in 2020:

- Instruction no. 04/2020 - regarding the easing of the deadline for compliance with loan obligations, due to the significant impact of the COVID-19 pandemic, which covers all operations of corporate and private customers whose financial plan is in order and in the repayment period, a moratorium of up to 60 (sixty) days was granted on the payment of loan instalments (capital and interest), in which the Bank recorded a total of 2 369 customers, of which 45 are corporate customers and 2 324 are private customers.
- Directive no. 02/2020 - temporary change in deadlines for reporting information via the Financial Institutions Portal.
- Instruction no. 05/2020 - temporary exemption from limits by payment instruments on the import of food, medication and biosecurity materials.
- Notice no. 12/2020 - simplified bank accounts
- Instruction no. 15/2020 - conversion of housing loans granted to private customers into foreign currency.

06.3. COMMERCIAL BANKING

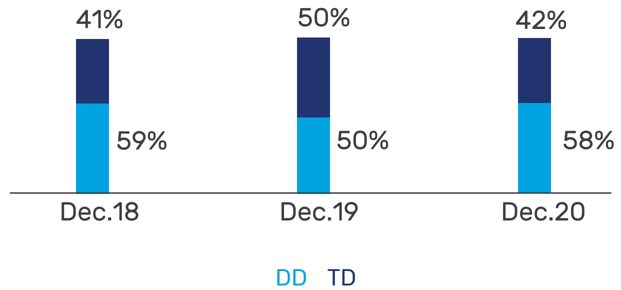
Commercial banking encompasses segmented customers such as *Large Corporate* companies, *Small and Medium Enterprises* and Public Institutions, and provides a range of products and services such as loans, banking operations, capital management and capital market debt.

This business area serves 74 049 customers corresponding to an increase of 4 970 customers compared to December 2019 with greater incidence in the Luanda area.

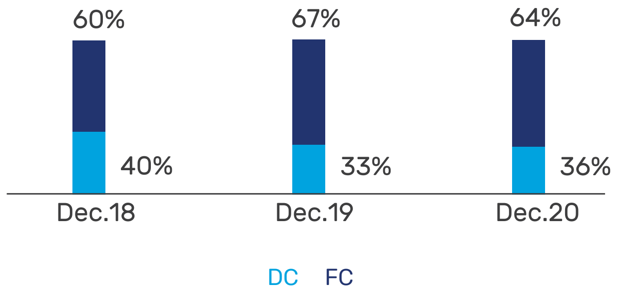
In order to mitigate the effects of Covid-19 on the Angolan economy and support the business sector with immediate solutions, BAI launched the "Retomar o seu Negócio" (Recover your Business) campaign, with the provision of two new short-term loan products, namely the **Treasury Facility Loan and the Bank Overdraft**.

Despite the slowdown in national economic activity due to the pandemic, in 2020, deposits in this segment presented an increase of 83 billion kwanzas driven by the increase in demand deposits by 176 billion kwanzas (+22%) against the 809 billion kwanzas recorded in December 2019, explained by the maturities of short-term term deposits, the launch of the DUO term deposit and the raising of new funds.

Deposits by type



Deposits by currency



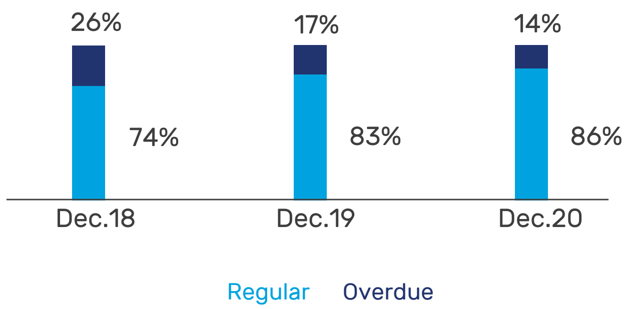
Term deposits decreased by 94 billion kwanzas (-12%) compared to 794 billion kwanzas recorded in December 2019.

The gross loan portfolio stood at 655 billion kwanzas, less 32 billion kwanzas compared to December 2019. The commercial banking loan portfolio represents 78% of the Bank's total portfolio. In this context, the reduction in loans in 2020 was driven by the amortisation of loans from the Central Government sector and from the non-financial Public Corporate sector.

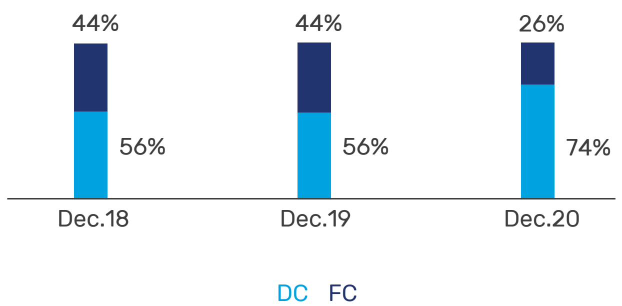
Regarding the breakdown of the loan portfolio of this segment, there was a reduction of 4% of maturing loans, standing at 442 billion kwanzas at the end of the year, and a reduction of 27% of overdue loans, standing at 71 billion kwanzas.

In the analysis of the loan structure by currency, there was an increase in domestic currency loans of 67 billion kwanzas (+22%) against December 2019, reaching 378 billion kwanzas, and a reduction in foreign currency loans of 112 billion kwanzas (-45%), explained by the amortisation of foreign currency loans and conversion of foreign currency loans into domestic currency, with a 9% impact on the foreign currency loan portfolio.

Loan by situation



Loan by currency



06.4. RETAIL BANKING

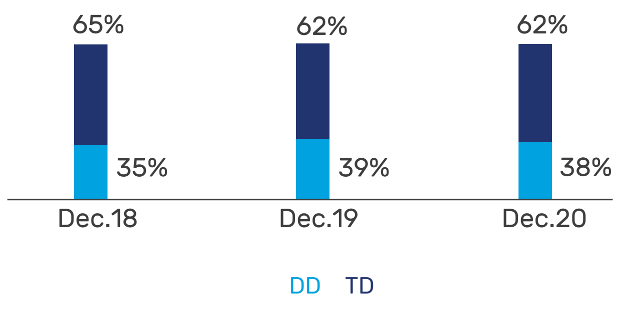
(PRIVATE CUSTOMERS AND SMALL COMPANIES SEGMENTS)

In the private and small companies segment, the Bank provided its customers with a network of 146 branches. By doing so, it supported the growth in the number of the combined portfolio of these customer segments, in which there was a 16% increase against December 2019, totalling 1 261 210 customers, in which private customers represent 99.99% and small companies only 0.01%, as a result of the service provided and the capacity to respond to the needs of this segment. Turnover stood at 1 161 billion kwanzas, corresponding to an increase of 350 billion kwanzas (+43%).

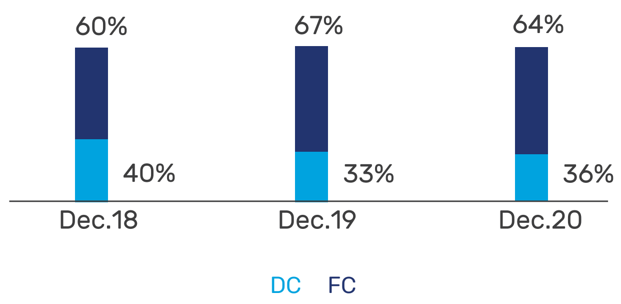
In 2020, the increase in deposits in this segment was driven by the depreciation of the Kwanza and new deposits attraction. Deposits in this segment recorded an increase of 337 billion kwanzas (+49%), compared to December 2019, reaching 1 019 billion kwanzas at the end of the year.

During the period under review, the term deposits portfolio of this segment increased by 223 billion kwanzas (+54%), reaching 637 billion kwanzas, while demand deposits stood at 382 billion kwanzas, registering an increase of 114 billion kwanzas (+43%), compared to December 2019.

Deposits by type

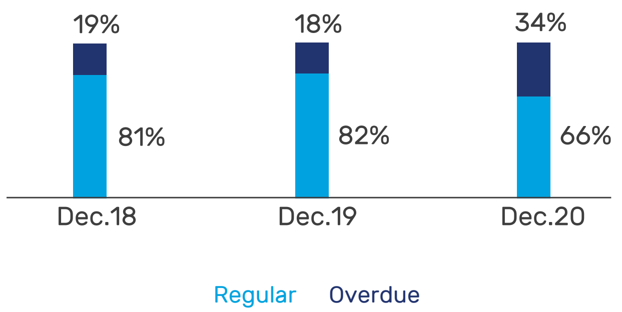


Deposits by currency

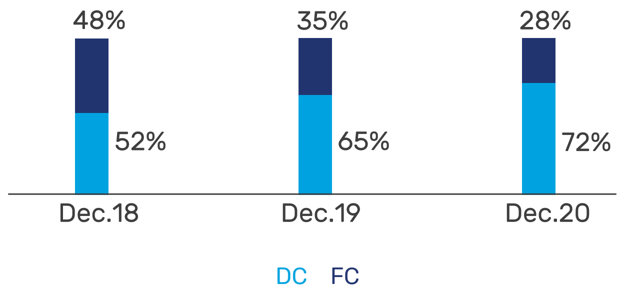


On the other hand, in December 2020 the loan portfolio recorded an increase of 13 billion kwanzas (+10%), compared to December 2019, standing at 142 billion kwanzas.

Loan by situation



Loan by currency



The total DC loan portfolio stood at 102 billion kwanzas, an increase of 18 billion kwanzas, when compared to December 2019. Foreign currency loan stood at 40 billion kwanzas, recording a reduction of 6 billion kwanzas (-12%), compared to that reached in December 2019, mainly supported by the depreciation of the Kwanza.

Non-performing loans stood at 42 billion kwanzas, an increase of 14 billion kwanzas, compared to December 2019, influenced by currency depreciation in foreign currency (FC) loans.

06.5. ELECTRONIC BANKING

06.5.1. ATM (ATM - *AUTOMATED TELLER MACHINES*)

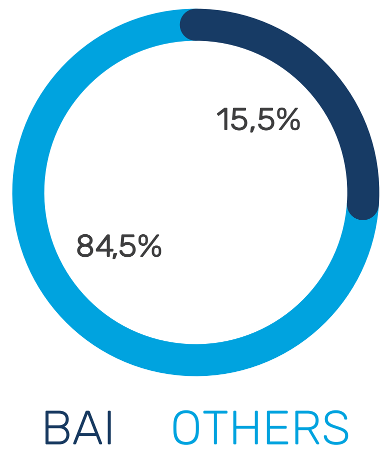
In 2020, BAI's ATM network had 474 registered and 469 active machines. In effective terms, the number of registered and active ATMs increased by 47 and 45 respectively.

When compared with the same period in the previous year, when the total number was 427 and 424, there was an identical growth of 11%.

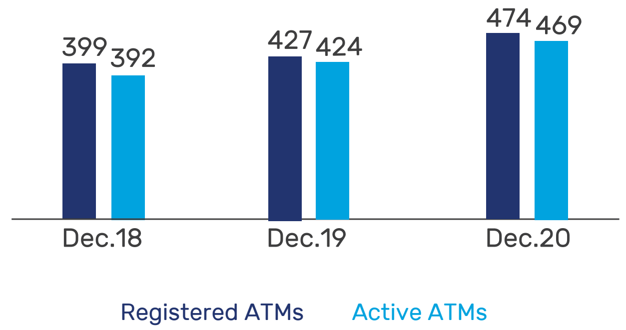
This growth was essentially due to the Channel Expansion Plan (PEC) which enabled new ATMs to be installed and, in the process of converting some branches of its network in face-to-face service points, various sets were installed, growing its ATM network *Centres*, amounting to 11 installed and distributed over the provinces of Luanda, Benguela and Huila.

The Bank's market share for registered ATMs stood at 15.1%, the second in the ranking and representing an evolution of 11% when compared to 2019; on the other hand, the share of active ATMs was 15.5%, representing an evolution of 10.6% against the same period (2019). This way, the EMIS network recorded a total of 3 148 registered units and 3 030 active units in 2020.

Active ATMs - Market



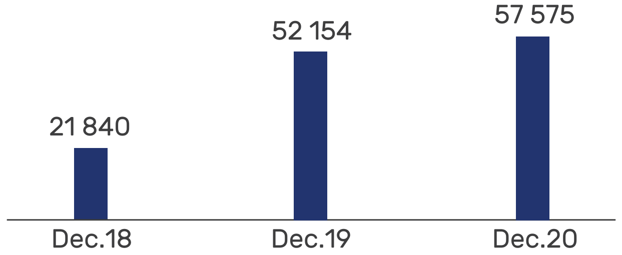
ATM BAI - Operation (Active and Registered)



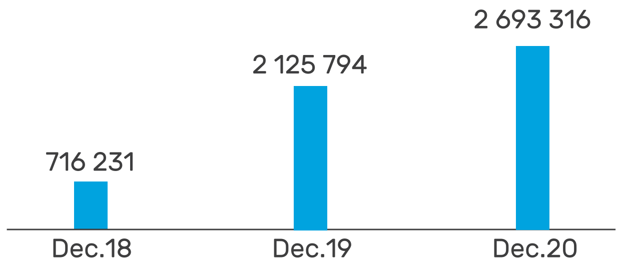
06.5.2.
AUTOMATIC DEPOSIT MACHINES - MDA

BAI, being the first bank to implement the Automatic Deposit Machines (MDA) service and with the experience achieved in the implementation of 6 deposit machines in 2018, in order to offer greater diversity in its service model through its branch network, has executed a plan to expand these services, having increased its park of machines through a strategy of installation in large stores. Currently, BAI has a park of 23 active MDAs spread across the provinces of Cabinda, Luanda, Benguela and Huila.

MDA - No. of Operations



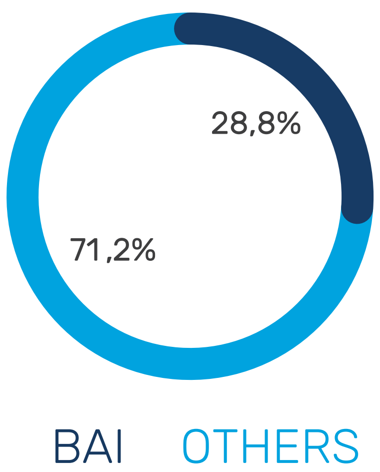
MDA - Accumulated value



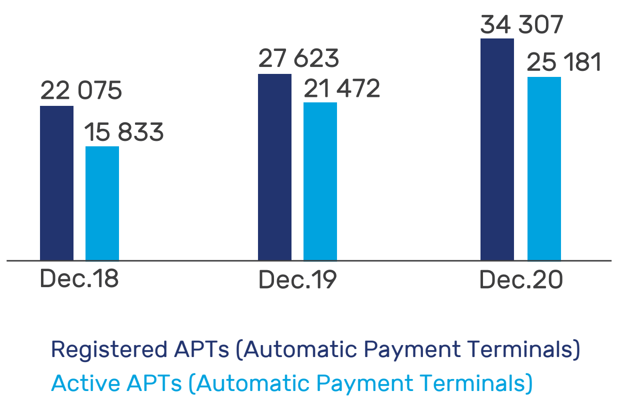
06.5.3.
AUTOMATIC PAYMENT TERMINALS (TPA)

In the period under review, BAI's Automatic Payment Terminals park totalled 34 307 registered units and 25 181 active units, placing the Bank in the lead in the supply of this type of means of payment, representing a growth of 24.2% of registered TPAs and 17.3% of active TPAs, when compared with the same period of the previous year. This contributed to a total of 130 502 registered TPAs and 87 476 active TPAs in the Angolan payment ecosystem.

Active TPAs - Market



TPA BAI - Operation (Active and Registered)

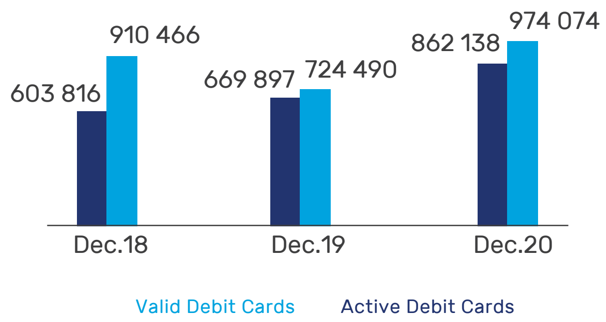


06.5.4.
PAYMENT CARDS

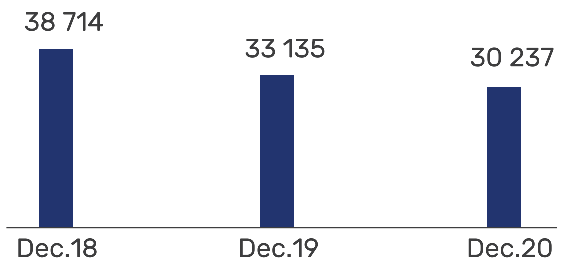
BAI's offer in the Multicaixa debit card segment accepted in the EMIS network grew in active cards and valid cards by 14.95% and 15.42% respectively, with active cards reaching 862 138 units, while valid cards registered a total of 974 074 units.

The number of international debit cards accepted in the Visa network, BAI Kamba, reached a total of 30 237 units, having registered a 9% decrease in comparison with the same period of the previous year. The lower demand coincided with the entry into force of the restrictive measures on the circulation of people imposed by the Covid-19 pandemic.

Multicaixa Cards



Visa Kamba Prepaid Cards



06.5.5.
"BAI DIRECTO" MULTICHANNEL PLATFORM

The Bank has strengthened the continuity of its digital transformation plan by developing various technological solution initiatives, and has promoted information to better guide its customers in the use of its digital channels.

Along these lines, the BAI Directo multichannel platform (which includes *SMS banking, Mobile Banking and Internet Banking*) recorded a total number of 754 661 users in 2020, corresponding to a reduction of 8% compared to 2019. This reduction is associated with the elimination of pre-active users in 2016 and 2017.

Currently, the "BAI Directo" multichannel platform offers a wide range of products and services on the platform in order to ensure customers a greater offer, security, speed and convenience in operations. Worthy of note is the availability through the Bank's institutional website of the possibility of opening an account online, choosing the option: JOIN

06.5.6.
CAPITAL MARKET

BAI has shown significant progress in its capital market activity, with emphasis on the following:

- Registration of several interventions by the regulator (*on/off site*), mostly focused on the reliability of the businesses carried out;
- Achievement of the second position in Bodiva's turnover *ranking*;
- Increase by 48% of the custody accounts *stock* for individual registration of Securities (TMV).

BAI's position in the Bodiva 2020 turnover ranking

Ranking	Banks	Amount (Million kwanzas)	No. of businesses
1	BFA	592 488	2 699
2	BAI	397 651	1 861
3	BMA	273 934	1 040

Source:Bodiva

STRATEGIC OUTLOOK FOR THIS SEGMENT'S ACTIVITY IN 2021

For the stock market

- Promote the need to dematerialise companies' shares, facilitating the ownership change formalisation process for their capitals when so required;
- Boost the Initial Public Offering (IPO) portfolio - materialisation of ongoing requests;
- Consolidate the integrated *advisory* services provision process.

For financial consultancy

- Improve BAI's skills to provide services within the scope of Propriv.
- Materialise ongoing initiatives regarding public tenders won within the scope of Propriv;
- Participate in the growing M&A market.

In the *Tranding* segment

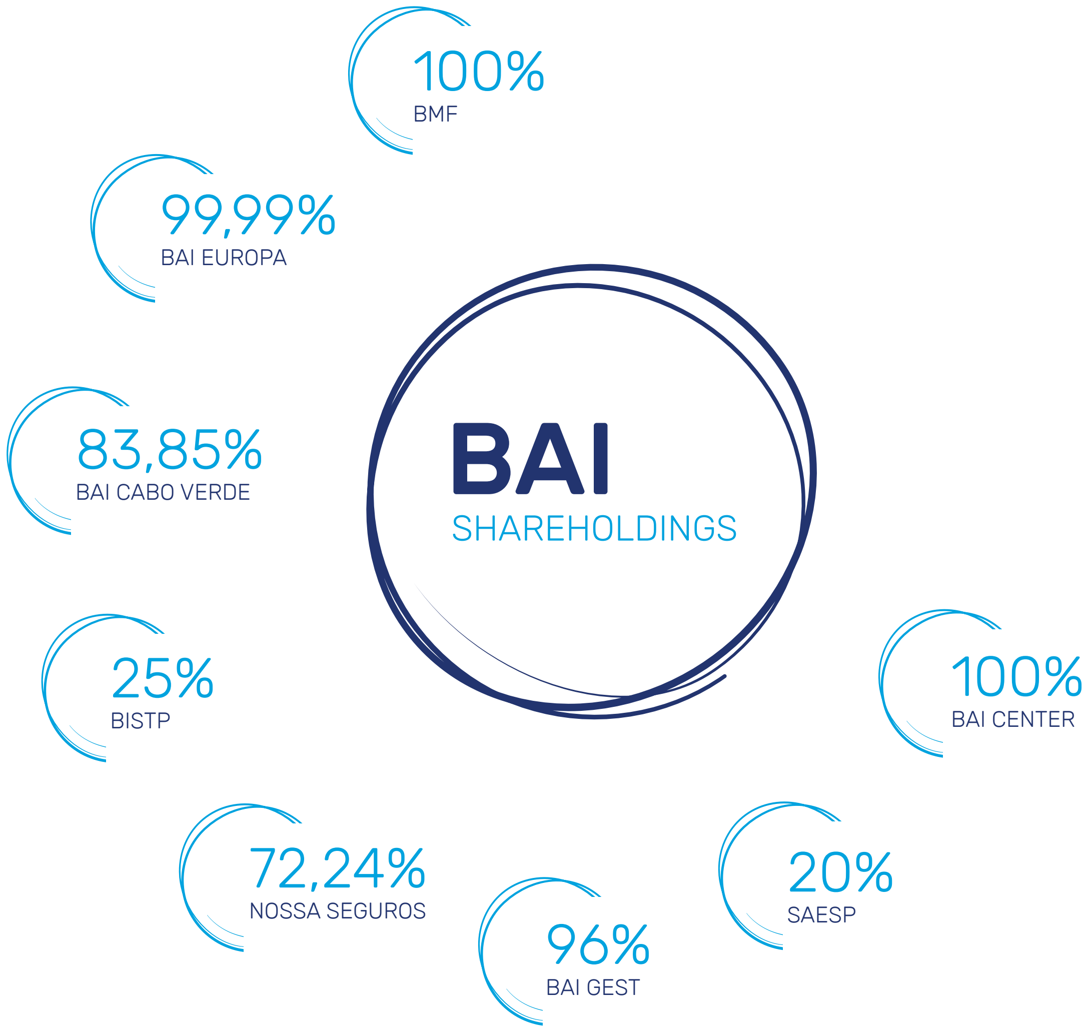
- Implement the platform for the reception and transmission of orders in non-face-to-face channels;
- Strengthen the technical capacity of human capital in the transversal context of the Bank's structural units;
- Boost the services provided in order to increase their contribution to the banking product;
- Increase the number of securities custody accounts with the bank.

Asset management

- Maintain the provision of services for management companies;
- Modernise the process of shareholdings accounts opening.

07 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: Aside from the above-mentioned entities, BAI also holds a 2.3% shareholding in Griner Engenharia, S.A and a 47.5% shareholding in Angola Capital Partners, which book value is null.

07.1. BAI EUROPE

In 2020, BAIE's net result amounted to 42 thousand euros, which represents a decline of 2 887 thousand euros (98.6%) when compared to the same period of the previous year, influenced by the decrease: (i) of the financial margin by 1 649 thousand euros (21%), due to the reduction of investments in financial institutions by 8 727 thousand euros (72%) and interest and similar expenses by 9 524 thousand euros (73%), and of the (ii) complementary margin by 1 486 thousand euros (31%), resulting from the restriction of net commissions by 924 thousand euros (17%) and foreign exchange results by 395 thousand euros (26%).

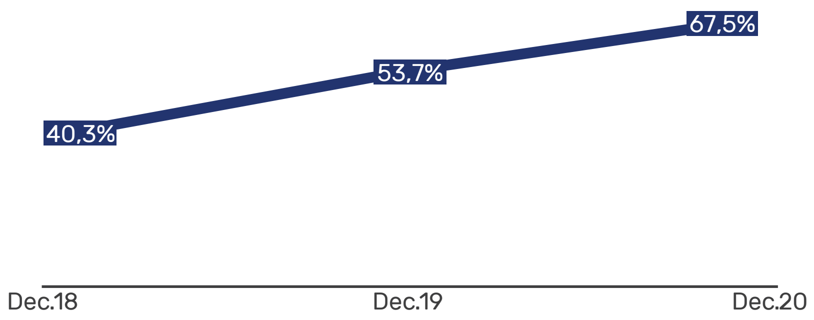
BAIE

(Thousand EUR)	Dec.18 Audited	Dec.19 Audited	Dec.20 Preliminary	Variation Abs.	Variation %
Investments and Financial Assets	306 614	169 765	149 819	-19 946	-11.7%
Gross Loans	76 304	81 876	85 752	3 876	4.7%
Impairment	-1 880	-2 713	-3 788	-1 075	39.6%
Other assets	764 964	573 837	351 992	-221 845	-38.7%
Total Assets	**1 146 002**	**822 765**	**583 776**	**-238 989**	**-29.0%**
Deposits (BC + OIC + Customers)	1 049 691	726 996	487 084	-239 912	-33.0%
Other liabilities	13 176	9 498	7 481	-2 017	-21.2%
Own Funds	83 135	86 270	89 211	2 940	3.4%
Total Liabilities + CP	**1 146 002**	**822 765**	**583 776**	**-238 989**	**-29.0%**
Banking Product	14 566	12 752	9 618	-3 134	-24.6%
Structure Costs	-5 863	-6 843	-6 494	348	-5.1%
Net Results	5 908	2 929	42	-2 887	-98.6%
No. of employees	41	41	48	7	17.1%
No. of customers	622	622	1 517	895	143.9%

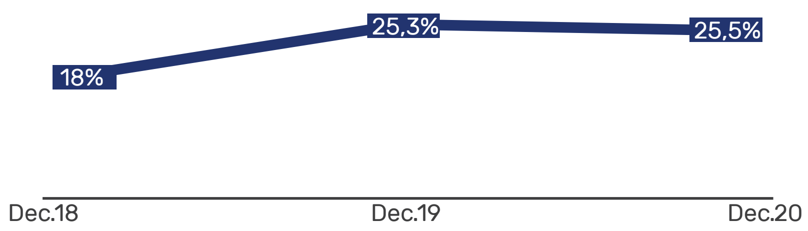
Assets stood at 583 776 thousand euros, a reduction of 238 989 thousand euros (29%) compared to FY 2019, due to the reduction of investments in credit institutions by 278 231 thousand euros (71%).

Total liabilities amounted to 494 565 thousand euros, equivalent to a reduction of 242 892 thousand euros (33%), due to the reduction of resources from other credit institutions by 241 929 thousand euros (33%), and the increase in customer resources and other loans by 4 651 thousand euros (8%).

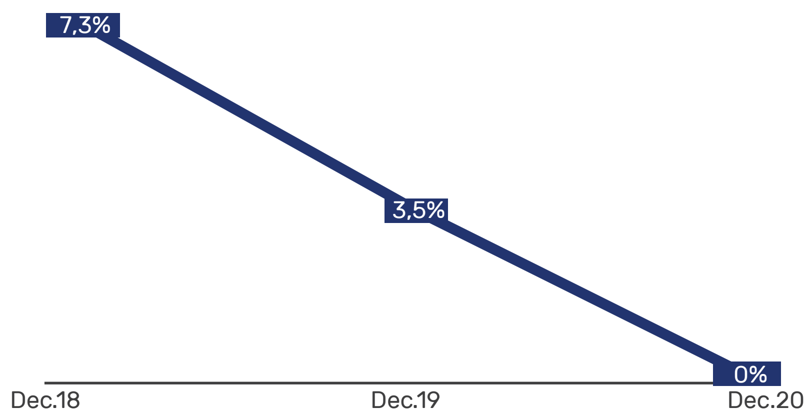
Cost-to-income



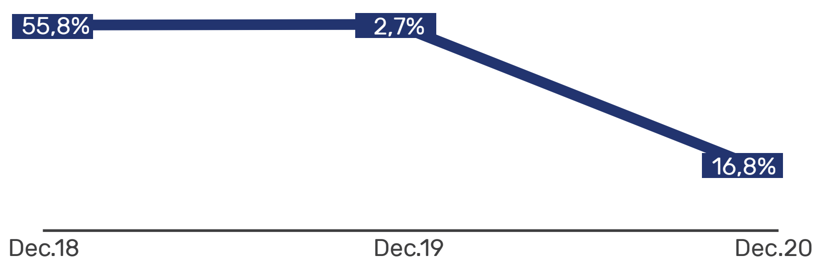
Minimum Solvency Ratio (13.75%)



ROAE



Loan-to-Deposit ratio



07.2. BAI MICRO FINANCES (BMF)

In 2020, BMF's business context was influenced by several measures introduced by the BNA, of which we highlight the following:

- **Instruction No. 04/2020, of 30 March**, establishing that Financial Institutions should grant their customers a 60 (sixty) days moratorium within the scope of the amortisation of principal and interest inherent to loan obligations;
- **Instruction No. 06/2020, of 06 April,** establishing a discount line of Public Bonds in the amount of up to 100 billion kwanzas for Small and Medium Enterprises (SMEs).

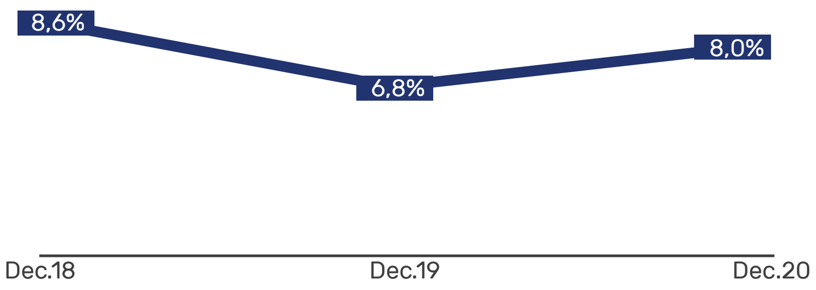
BMF

(Million kwanzas)	Dec.18 Audited	Dec.19 Audited	Dec.20 Preliminary	Variation Abs.	Variation %
Investments and Financial Assets	9 691	12 834	13 214	380	3.0%
Gross Loans	1 188	1 331	1 457	127	9.5%
Impairment	-594	-480	-571	-91	18.9%
Other assets	4 559	7 604	6 596	-1 008	-13.3%
Total Assets	**14 844**	**21 289**	**20 697**	**-592**	**-2.8%**
Deposits (BC + OIC + Customers)	6 884	12 493	11 127	-1 365	-10.9%
Other liabilities	285	719	820	101	14.1%
Own Funds	7 675	8 077	8 749	672	8.3%
Total Liabilities + CP	**14 844**	**21 289**	**20 697**	**-592**	**-2.8%**
Banking Product	2 201	2 955	4 329	1 374	46.5%
Structure Costs	-1 870	-2 272	-2 749	-477	21.0%
Net Results	239	402	672	271	67.4%
No. of employees	208	214	224	10	4.7%
No. of customers	122 293	133 233	140 678	7 445	5.6%

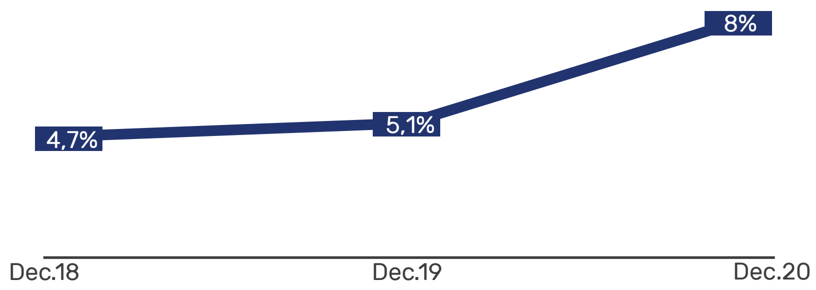
During the 2020 financial year, the net result amounted to 672 million kwanzas, an increase of 271 million kwanzas (67.4%) compared to December 2019, influenced by the increase in: (i) the complementary margin by 888 million kwanzas, explained by the growth in foreign exchange results by 1 234 million kwanzas, influenced by the increase in the purchase and sale of ME by1 431 million kwanzas, and (ii) impairment and provisions by 615 million kwanzas, explained by the reinforcement of impairment in investments at amortised cost (public debt securities) as a result of the reduction in Angola's *rating* from B to Caa-C.

Assets stood at 20 697 million kwanzas, representing a reduction of 592 million kwanzas (2.8%) when compared to the 2019 financial year, due to the reduction of (i) cash equivalents at credit institutions by 1 255 million kwanzas (71%), (ii) investments at central banks and other credit institutions by 1 489 million kwanzas (59%) and (iii) increase in investments at amortised cost by 1 868 million kwanzas (18%). Total liabilities were 11 947 million kwanzas, corres-ponding to a reduction of 1 264 million kwanzas (10%) over the same period, explained by the reduction of customer resources and other loans by 1 365 million kwanzas (11%), due to the reduction of term deposits by 3 421 million kwanzas (56%) and the increase of customer demand deposits by 2 021 million kwanzas (33%).

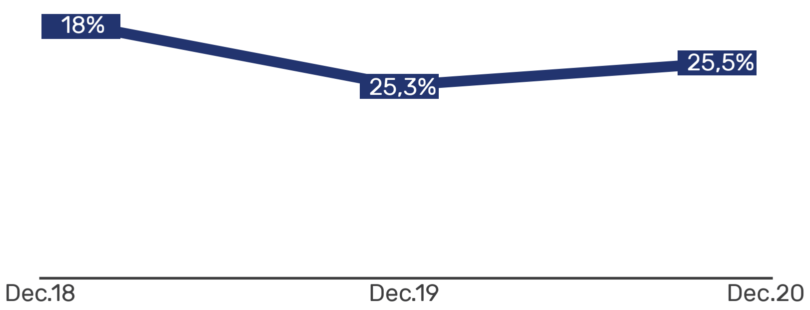
Loan-to-Deposit ratio



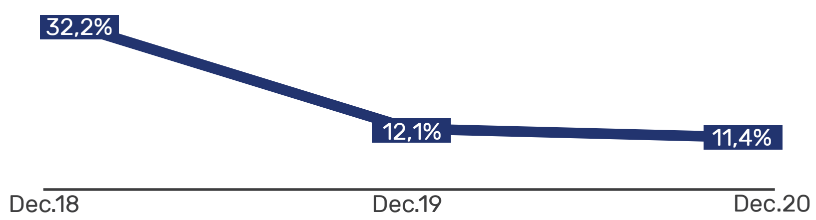
ROAE



Minimum Solvency Ratio (10%)



Non-performing loans ratio (90 days)



07.3. BAI CAPE VERDE (BAICV)

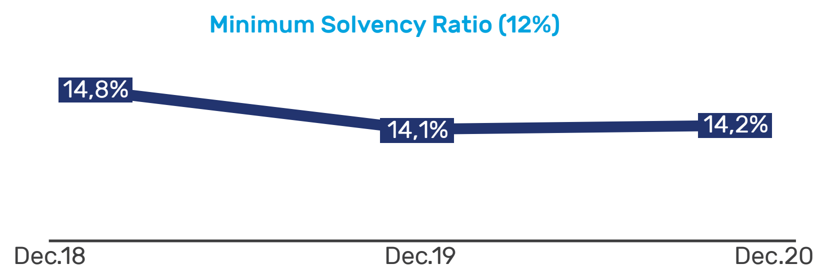
BAICV's net income stood at 281 thousand euros, representing a reduction of 849 thousand euros (75.1%) compared to 2019, mostly influenced by: (i) reduction in the complementary margin by 92 thousand euros, explained by the reduction in net commissions by 116 thousand euros, (ii) increase in impairment and provisions by 861 thousand euros, resulting from the increase in impairment of financial assets by 956 thousand euros and (iii) increase in structure costs by 61 thousand euros, explained by the increase in staff costs by 210 thousand euros.

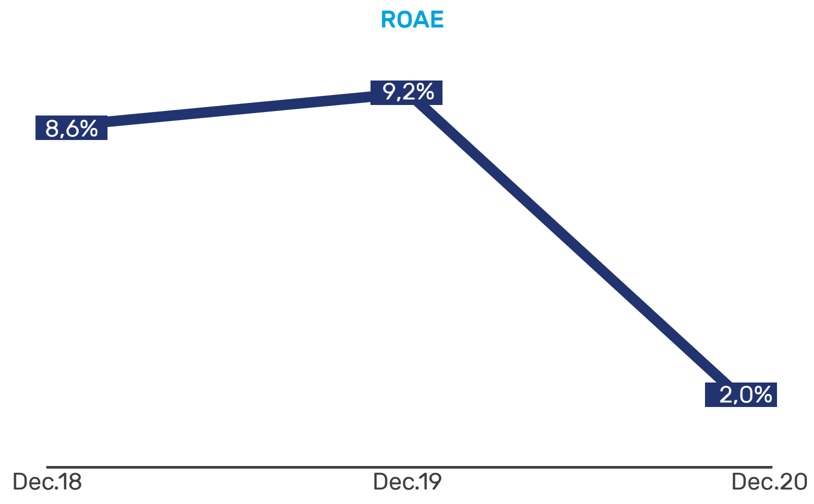
Total assets stood at 213 847 thousand euros, corresponding to an increase of 10 632 thousand euros (5.2%) compared to the same period of the previous year, influenced by the increase in: (i) investments in credit institutions by 10 510 thousand euros (124%), and (ii) gross loans by 1 899 thousand euros (2.1%).

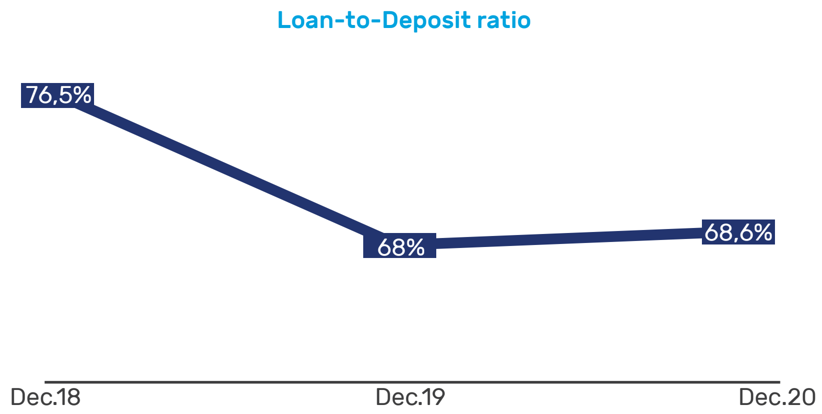
BAICV

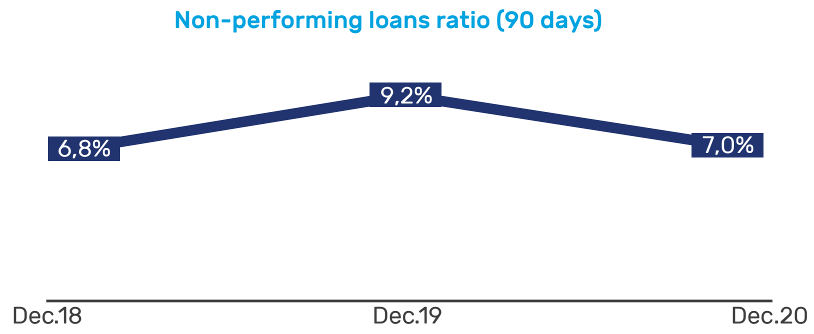
				Variation	
(Thousand EUR)	Dec.18 Audited	Dec.19 Audited	Dec.20 Preliminary	Abs.	%
Investments and Financial Assets	53 869	55 303	56 179	876	1.6%
Gross Loans	88 069	90 803	92 702	1 899	2.1%
Impairment	-4 737	-4 220	-4 305	-85	2.0%
Other assets	49 697	61 329	69 271	7 942	12.9%
Total Assets	**186 898**	**203 215**	**213 847**	**10 631**	**5.2%**
Deposits (BC + OIC + Customers)	170 960	176 143	186 272	10 130	5.8%
Other liabilities	5 396	13 053	13 273	220	1.7%
Own Funds	10 542	14 019	14 301	281	2.0%
Total Liabilities + CP*	**186 898**	**203 215**	**213 847**	**10 632**	**5.2%**
Banking Product	6 937	7 173	7 080	-93	-1.3%
Structure Costs	-5 217	-5 956	-6 017	-61	1.0%
Net Results	911	1 131	281	-849	-75.1%
No. of employees	100	118	119	1	0.8%
No. of customers	26 254	31 704	35 753	4 049	12.8%

In this same period, total liabilities stood at 199 546 thousand euros, representing an increase by 10 350 thousand euros (5.5%), due to: (i) growth in resources from central banks by 12 262 thousand euros (100%) and (ii) reduction in resources from other credit institutions by 3 651 thousand euros (7%).









07.4. SÃO TOMÉ AND PRÍNCIPE INTERNATIONAL BANK (BISTP)

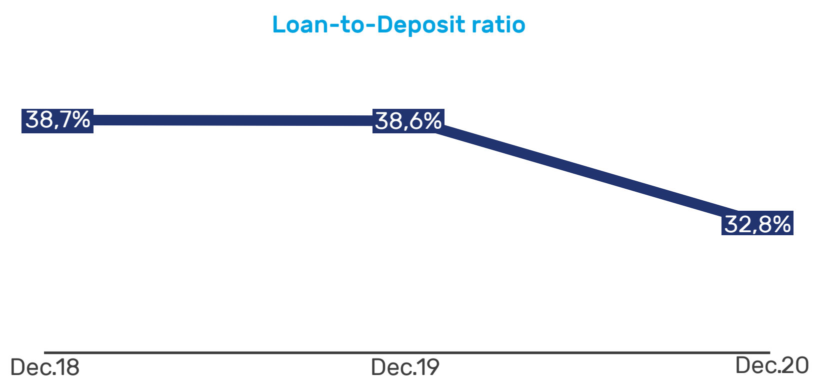
In the period under review, total net result stood at 1 605 thousand euros, representing a decrease of 939 thousand euros (36.9%) compared to December 2019, explained by the reduction in: (i) loan income by 776 thousand euros (15%) due to the reduction in gross loans by 2 394 thousand euros (6%), (ii) foreign exchange results by 232 thousand euros (47%) and (iii) increase in provisions by 505 thousand euros (372%).

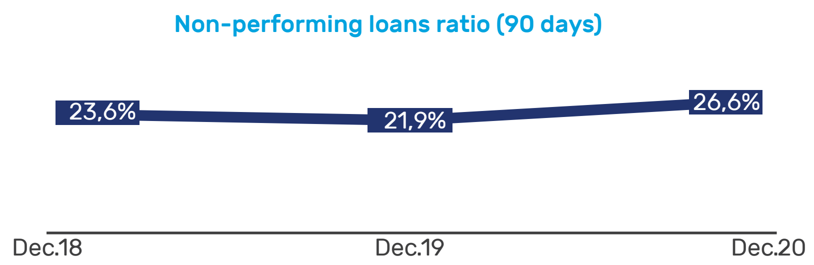
Assets stood at 119 155 thousand euros, representing an increase of 4 554 thousand euros (4%) when compared with the previous year, resulting from the increase in: (i) cash and deposits at BCSTP by 15 682 thousand euros (58%) and by the reduction in: (ii) investments in securities by 7 145 thousand euros (30%), (iii) gross loans by 2 394 thousand euros (6%) and (iv) demand deposits abroad by 2 298 thousand euros (42%).

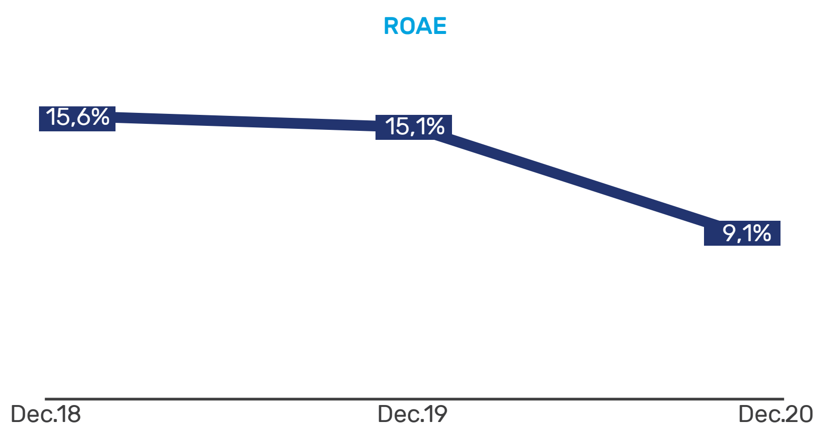
BISTP

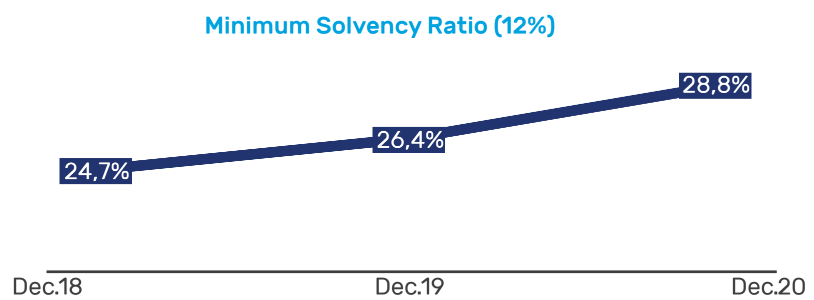
(Thousand EUR)	Dec.18 Audited	Dec.19 Audited	Dec.20 Preliminary	Variation Abs.	Variation %
Balance sheet					
Investments and Financial Assets	13 674	23 873	16 728	-7 145	-29.9%
Gross Loans	42 479	43 568	41 035	-2 533	-5.8%
Impairment	-8 835	-8 815	-9 664	-849	9.6%
Other assets	59 377	55 975	71 056	15 081	26.9%
Total Assets	**106 694**	**114 601**	**119 155**	**4 554**	**4.0%**
Customer deposits	86 855	89 944	97 906	7 962	8.9%
Other liabilities	3 596	7 100	4 591	-2 509	-35.3%
Own Funds	16 243	17 556	16 658	-898	-5.1%
Total Liabilities + CP	**106 694**	**114 601**	**119 155**	**4 554**	**4.0%**
Banking Product	10 109	10 008	8 880	-1 128	-11.3%
Structure Costs	-5 958	-6 351	-6 140	211	-3.3%
Net Results	2 421	2 544	1 605	-939	-36.9%
No. of employees	160	158	157	-1	-0.6%
No. of customers	41 663	48 941	52 749	3 808	7.8%

In the same period, total liabilities stood at 102 497 thousand euros, representing an increase by 5 452 thousand euros (6%), due to: (i) growth in demand deposits by 11 291 thousand euros (14%) and (ii) decrease in term deposits by 3 349 thousand euros (29%) and other liabilities by 2 509 thousand euros (-35.3%).









07.5. NOSSA SEGUROS INSURANCE COMPANY

The period under review was also challenging for the insurance business context, and so the Angolan Agency for Insurance Regulation and Supervision (ARSEG) announced the revocation of the license of two insurers, namely: MEU Seguro, SA and Garantia Seguros.

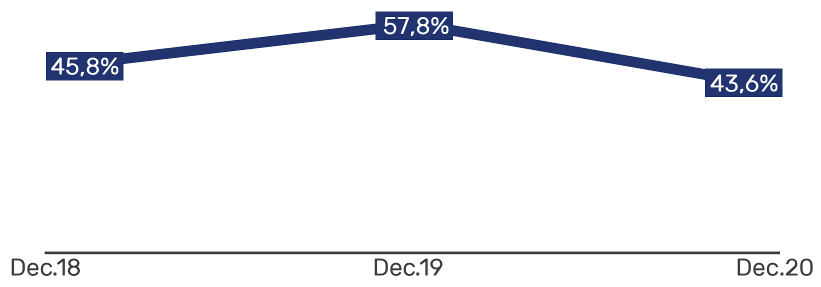
In 2020, the net result of Nossa Seguros amounted to 4 742 million kwanzas which represents an increase of 642 million kwanzas (15.7%) compared to December 2019, essentially explained by the increase in: (i) technical result by 1 324 million kwanzas (24%), (ii) structure costs by 855 million kwanzas (14%), and (iii) income from investments by 991 million kwanzas (71%).

NOSSA SEGUROS

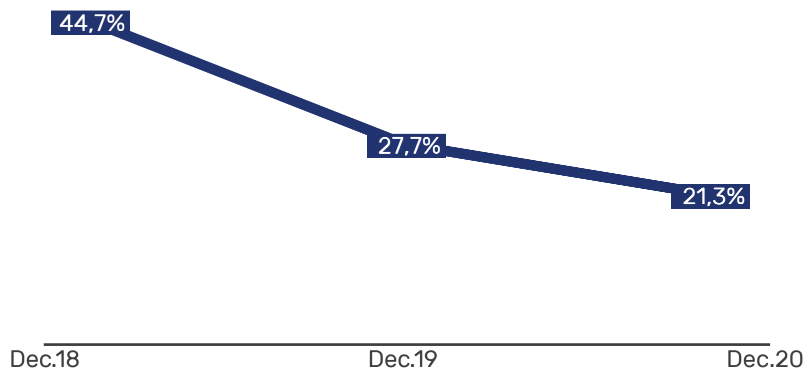
(Thousand kwanzas)	Dec.18 Audited	Dec.19 Audited	Dec.20 Preliminary	Variation Abs.	Variation %
Investments	11 418	22 488	27 912	5 424	24.1%
Reinsurance Technical Provisions	2 590	4 309	3 893	-416	-9.7%
Collection Commissions	5 084	5 792	13 744	7 952	137.3%
Other assets	5 957	4 009	9 026	5 017	125.1%
Total Assets	**25 050**	**36 598**	**54 576**	**17 978**	**49.1%**
Technical Provisions	10 263	14 894	16 535	1 641	11.0%
Other liabilities	9 508	12 784	25 190	12 406	97.0%
Own Funds	5 279	8 920	12 850	3 930	44.1%
Total Liabilities + CP	**25 050**	**36 598**	**54 576**	**17 978**	**49.1%**
Technical result	2 546	5 583	6 906	1 324	23.7%
Net Results	2 068	4 100	4 742	642	15.7%
No. of employees	134	140	147	7	5.0%
No. of branches	27	25	25	0	-3.8%

In 2020, assets stood at 54 576 million kwanzas, an increase of 17 978 million kwanzas (49%) when compared to December 2019, influenced by the increase in: (i) fixed income securities by 4 728 million kwanzas (28%) and (ii) indirect collection commissions by 6 775 million kwanzas (212%).

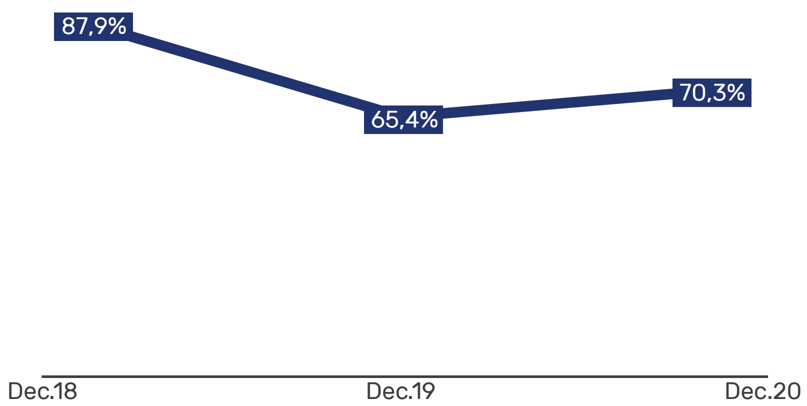
ROAE



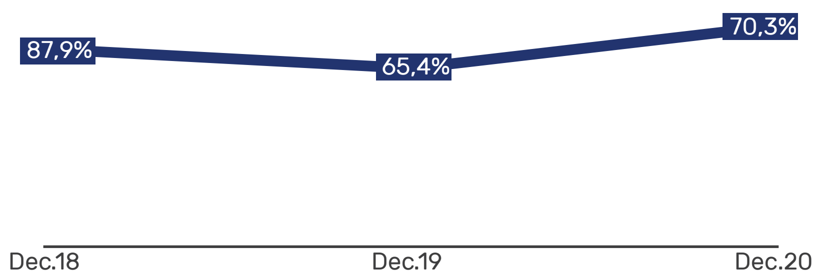
Accidents



Combined Ratio



Expense Ratio



07.6. BAIGEST

In 2020, BAIGEST's assets stood at 211 million kwanzas, representing an increase of 37 million kwanzas (21%) compared to December 2019. The amount of assets managed by the company reached 14 305 million kwanzas, representing a reduction of 8 568 million kwanzas.

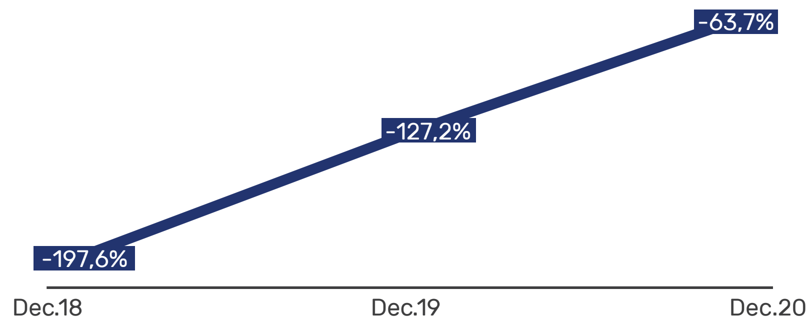
BAIGEST

				Variation	
(Million kwanzas)	Dec.18 Audited	Dec.19 Audited	Dec.20 Preliminary	Abs.	%
Assets	59	174	211	37	21%
Equity	-62	83	119	36	44%
Income	0	162	273	111	68%
Operating costs	-97	-156	-227	-70	45%
Net results	-122	-105	-76	30	-28%
No. of employees	5	6	7	1	17%

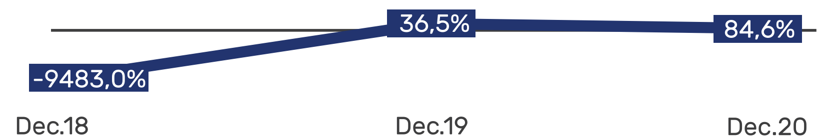
Increase in operating costs by 70 million kwanzas (45%), explained by: (i) increased staff costs by 35 million kwanzas (32%) and (ii) increased FST costs by 35 million kwanzas (37%).

Despite the negative net profit of 76 million kwanzas, net profit increased by 30 million kwanzas, influenced by the increase in income and operating costs.

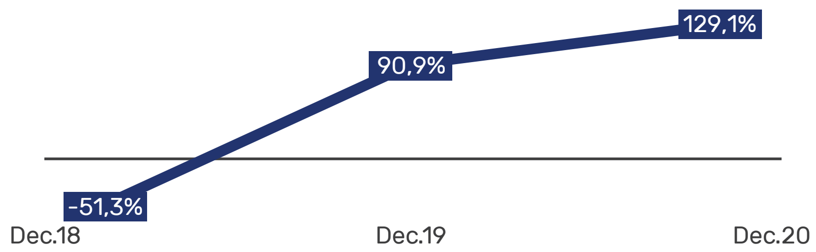
ROAE



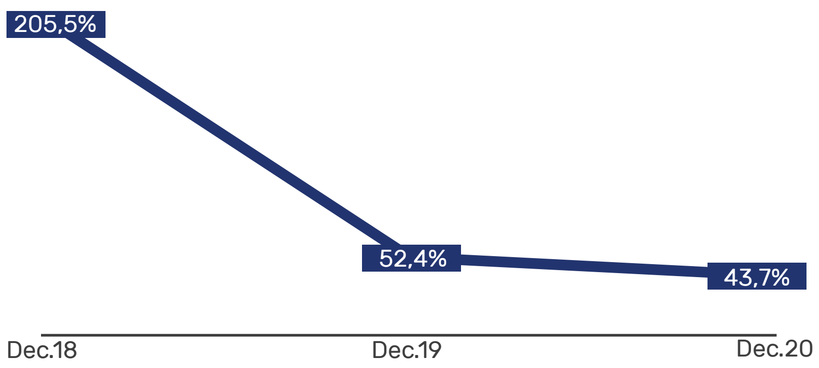
Minimum Solvency Ratio (10%)



Financial Autonomy



Indebtedness



07.7. ANGOLAN SOCIETY OF PRIVATE HIGHER EDUCATION (SAESP)

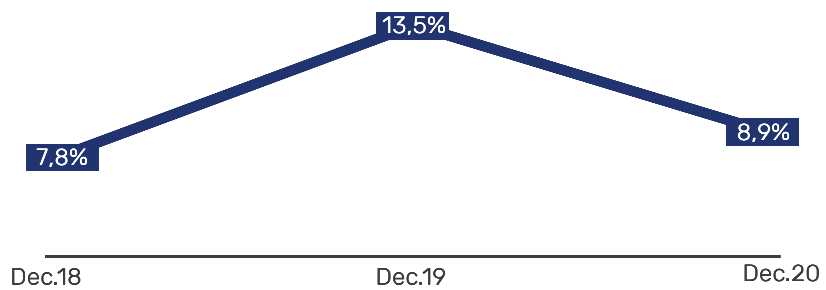
SAESP's net result stood at 70 million kwanzas, representing an increase of 4 million kwanzas (5%) compared to the end of 2019 resulting from the reduction in: (i) income from the provision of services by 503 million kwanzas (23%), with emphasis on Higher Education (ISAF) by 387 million kwanzas (34%), and (ii) operating costs by 107 million kwanzas (8%), with emphasis on staff costs by 128 million kwanzas (18%), and increase in: (iii) other operating income by 360 million kwanzas (1805%).

SAESP

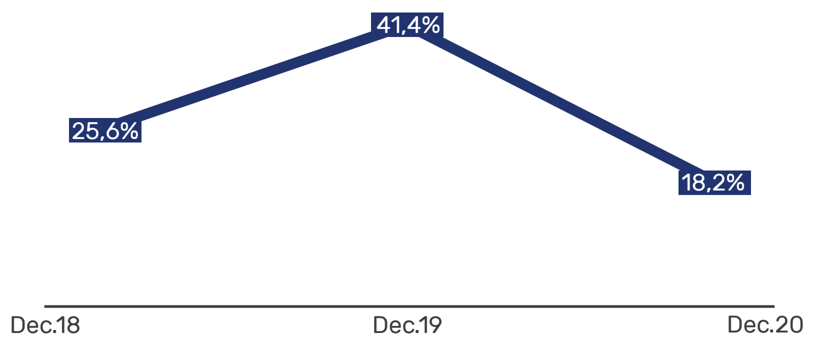
(Million Kz)	Dec.18 Audited	Dec.19 Audited	Dec.20 Preliminary	Variation Abs.	Variation %
Tangible fixed assets	6 491	6 358	6 345	-13	-0.2%
Accounts receivable	500	822	908	86	10.5%
Cash equivalents	144	438	122	-316	-72.2%
Other assets	116	203	127	-76	-37.4%
Total Assets	7 251	7 820	7 501	-319	-4.1%
Accounts payable	203	313	354	41	13.1%
Other liabilities	359	745	316	-429	-57.6%
Own Funds	6 689	6 762	6 832	70	1.0%
Total Liabilities + CP	7 251	7 820	7 501	-319	-4.1%
Income from services	1 540	2 179	1 676	-503	-23.1%
Costs Total	-1 776	-2 087	-1 917	170	-8.2%
Net results	-217	73	70	-4	-4.9%

Total assets amounted to 7 501 million kwanzas in the year under review, corresponding to a reduction of 319 million kwanzas (4%) when compared with the same period in the previous year, due to the reduction in: (i) available funds by 316 million kwanzas (72%) and (ii) other assets by 76 million kwanzas (37%).

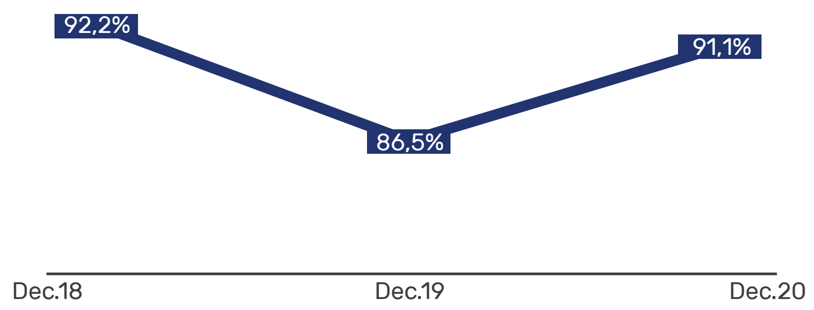
Indebtedness



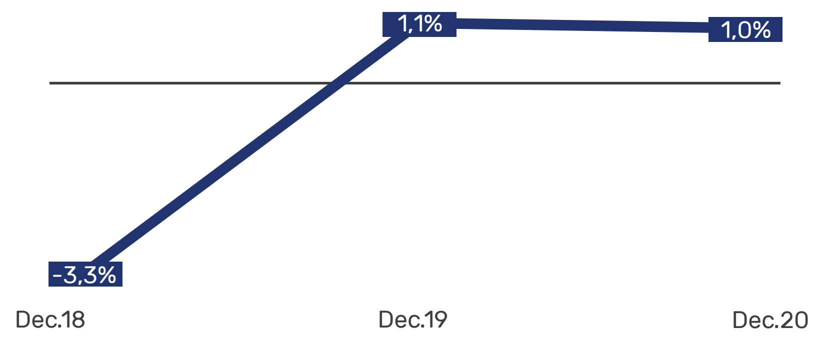
Immediate liquidity



Financial autonomy



ROAE



07.8. BAI CENTRE

In 2020 BAI Centre's net result reached 313 thousand euros, mainly explained by the increase in income and reduction in costs (operating costs + provisions + financial results) higher than the increase in income.

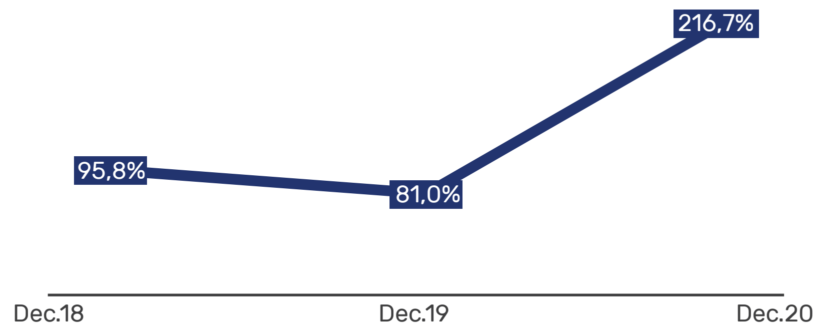
BAI CENTRE

(THOUSAND EUR)	Dec.18 Audited	Dec.19 Audited	Dec.20 Preliminary	Variation Abs.	Variation %
Tangible fixed assets	12 684	13 066	13 418	352	2.7%
Customers	78	30	49	19	64.3%
Cash and deposits from customers	583	791	605	-186	-23.5%
Other assets	189	212	220	8	3.6%
Total Assets	**13 534**	**14 099**	**14 291**	**192**	**1.4%**
Financing Obtained	6 759	7 389	4 214	-3 175	-43.0%
Other liabilities	155	398	298	-100	-25.1%
Own Funds	6 620	6 311	9 779	3 467	54.9%
Total Liabilities + CP	**13 534**	**14 099**	**14 291**	**192**	**1.4%**
Income from services rendered	877	889	912	23	2.5%
Operating costs	-1 951	-559	-501	58	-10.4%
Net results	-1 732	22	313	291	1328.4%

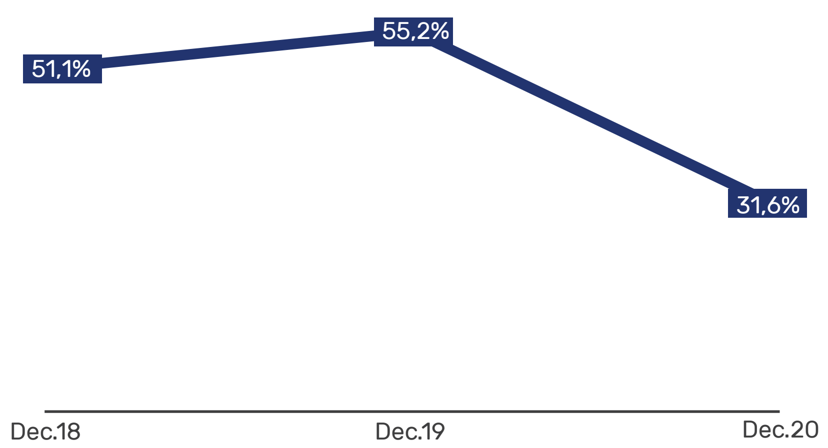
Total assets stood at 14 291 thousand euros, representing an increase of 192 thousand euros (1.14%) compared to the same period of the previous year, influenced essentially by the increase in the market value of the BAI Centre Building by 352 thousand euros.

Total liabilities amounted to 4 513 thousand euros, a reduction of 3 275 thousand euros (42%), mainly explained by the reduction in loans obtained of 3 175 thousand euros (43%) due to the partial conversion of financial increments into share capital.

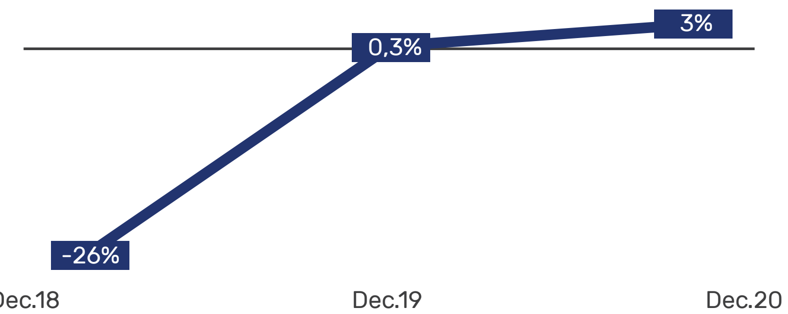
Solvency



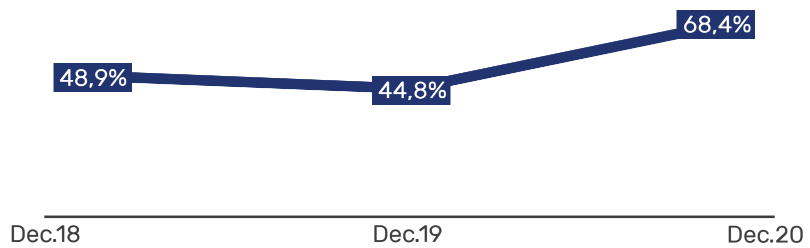
Indebtedness



ROE



Financial Autonomy



08 RISK MANAGEMENT

08.1. MAIN DEVELOPMENTS IN 2020

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

- Drill for the Evacuation Plan and the Central Services' Operational Continuity Plan;
- Implementation of the Plan against Pandemics to mitigate the impacts of Covid-19;
- Definition of the Methodology for Operational Risk Events Classification;
- Stress test of sensitivity analysis for the first semester;
- Stress test of scenario analysis of the impacts of the Covid-19 pandemic on the bank's economic and financial performance;
- Creation of the methodology and assumptions for calculating the fair value of level-3 instruments in the fair value hierarchy; and,
- *Workshop* sessions on risk management for the Group's non-financial companies.

08.2. RISK MANAGEMENT ORGANISATION AND GOVERNANCE

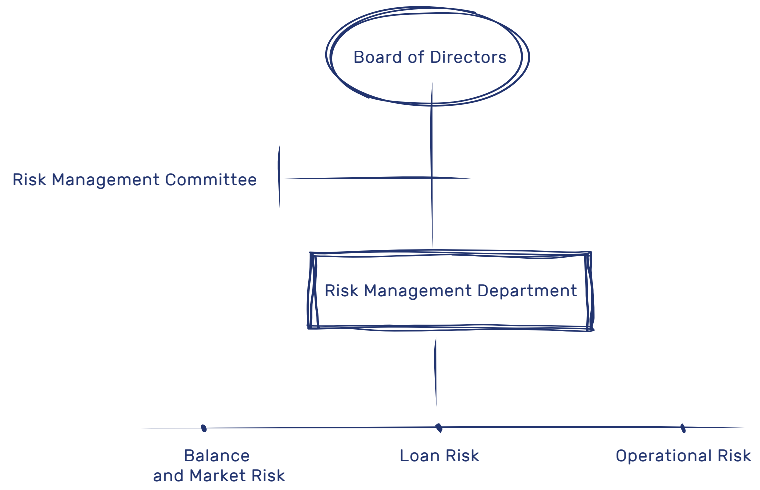
Risk management is a key element in BAI's strategy in which the Bank identifies, evaluates, monitors and controls, on a daily basis, all risks related to the business in order to ensure legal compliance, financial stability and the customers', partners' and stakeholders' trust, in accordance with the 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 the identification, evaluation, follow up and control of risks
- performed by a department that operates outside the sphere of the Bank's business areas;
- Limit control: risk monitoring is done through placing each risk within the boundaries and limits set by policies.

The SGR includes an autonomous and independent function - the Risk Management Department (DGR) - which depends hierarchically and functionally on the Board of Directors (CA) and is supervised by the Risk Management Committee.

The functional structure of the Risk Management System is presented below:



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

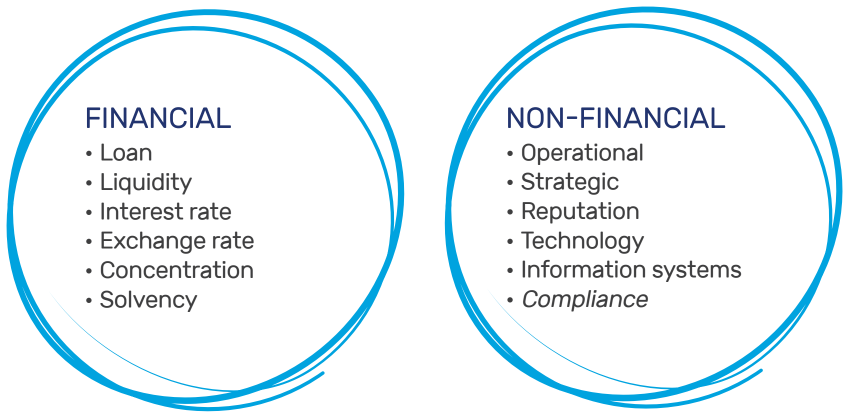
The FIRST LINE OF DEFENCE is comprised of risk areas, which must ensure the effectiveness of risk management within the scope of their direct organisational responsibilities, namely:

- 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, as well as propose 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 DGR ensures the definition and monitoring of the organisation's risk tolerance levels; it promotes the overall alignment of concepts and practices in risk evaluation and control.

Internal auditing is the THIRD AND LAST LINE OF DEFENCE and it is responsible for regularly evaluating policies, methodologies and procedures to ensure that they are adequate and are being applied effectively. The CA has defined 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 defined business strategy and the macroeconomic environment in which it operates.

RISK CATEGORIES INCLUDED IN THE RISK MANAGEMENT SYSTEM



08.3. 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.

The Bank manages OR based on a cross-sectional vision of business, support and control processes throughout the organisation's structural units. This type of management is supported by principles, methodologies and control mechanisms, such as: role segregation, lines of responsibility, code of conduct, *Risk and Control Self-Assessment* (RCSA), Internal and External Operational Risk Events Database, *Key Risk Indicators* (KRI), access controls (physical and logical), reconciliation activities, exception reports, contingency plans, automatic alerts management, insurance contracting and internal training on processes, products, services and systems.

OR is managed by the Operational Risk Department, which has the mission of ensuring the identification, assessment and monitoring of the operational risk inherent to the Bank's activity.

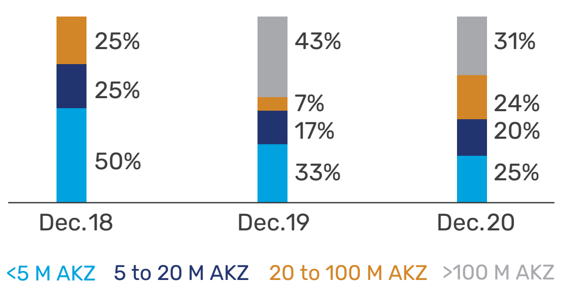
OR EVENTS DATABASE

The identification, recording and characterisation of events that gave rise to financial losses aims to strengthen awareness of this risk and provide relevant information to the process owners, intended to be incorporated into the management of their processes; as well as constitute a tool for assessing risk exposure and validating the RCSA process.

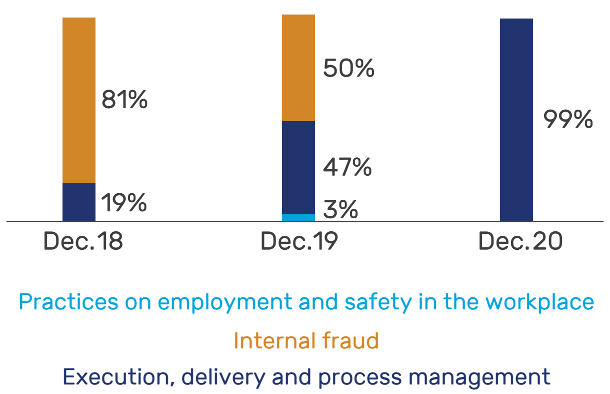
In 2020, 523 046 RO events were recorded, which corresponds to an increase of 182% compared to 2019, due to the amount of external fraud associated with information systems that increased during the Covid-19 Pandemic.

The following graphs present the distribution over the last 3 years of the value of actual financial losses, resulting from OR events by amount interval and by categories of OR. In 2020, financial losses resulting from non-compliance with legal obligations were the most relevant.

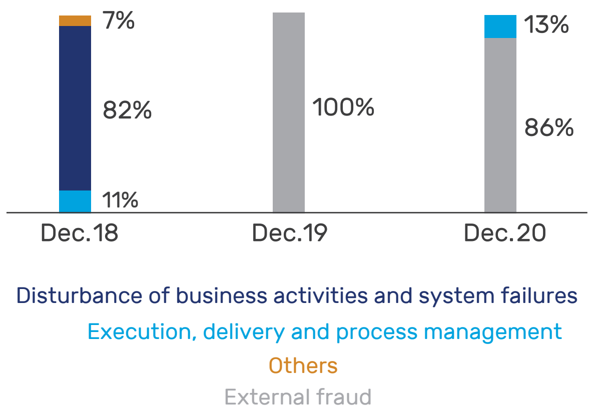
% Distribution of the number of losses by amount interval



% Distribution of the value of losses by OR category



% Frequency of events per OR category



The next graph shows the distribution of the frequency of events occurred by OR category in the last 3 years (number of events per category as % of the total number). In 2020, external fraud related to cyber attacks was the most relevant, totalling 334 709 events and corresponding to a 200% increase compared to 2019.

Despite the high number of cyber attacks, there were no material financial losses, due to the Intrusion Prevention System (IPS) and the awareness measures implemented to mitigate this risk.

INTERNAL CONTROL AWARENESS PLAN (PSCI)

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 risk management and internal control;
- Assessment and dissemination of the status of internal control deficiency resolution;
- Training on the prevention of money laundering and terrorist financing;
- *Workshop* sessions on Risk Management for non-financial subsidiaries.

BUSINESS CONTINUITY MANAGEMENT (GCN)

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

2020 was a year strongly impacted by the Covid-19 pandemic, and the Bank responded adequately according to the detail presented in the chapter BAI Response to the impacts of Covid-19. Measures were adopted to prevent and mitigate the risks associated with the spread of the disease, in order to protect the life and health of employees, their safety conditions, to keep essential services in operation, to ensure the operability of infrastructures, to assess the impact on asset values and to adjust processes to the new context.

During the reporting period, the plans indicated in the table below were subject to tests and drills, as well as analysis of the impact on business and processes. There is also an ongoing update of the existing plans and preparation of new ones:

Activities carried out/in progress		Task description
Tests and drills	User tests	Testing the access to applications that support critical activities by all employees of the UEs under the scope of the PCN.
	Network / communications test	Checking the functioning of the network and communication system at the alternative site.
	PRT	• Technological Recovery Plan test (core redundancy), focusing on the transition from the Torre BAI production system to EMIS (*role switch*/*role back*); • Testing *role switch*(transition of the production system from EMIS to Torre BAI).
	Drills	• Torre BAI evacuation drill; • Central services Contingency Plan drill (DBTD, DMF, DOP, DTC and GCM).
Business Impact Analysis	DCF Processes	• Identification/update of DCF's critical processes, which should be given priority for recovery in case of an incident and subsequent inclusion of the critical activities in the PCO of the central services.
Ongoing Business Continuity Plans	PCO, PPC and PEC	• Update of the Operational Continuity Plan (central services); • Update of the Contingency Procedures Plan; • Update of the Customer Routing Plan; • Update of the Telework Plan.
		• Preparation of the IT Operational Continuity Plan; • Preparation of the commercial network Operational Continuity Plan (regional services).

08.4. REPUTATIONAL RISK

The DGR adopted the following activities for the identification and analysis of reputational risks:

Note: No internal rules of procedure for the reputational risk management process were identified.

The reputation risks associated with suppliers, employees, collaborators, related entities, customers, shareholders and external entities are as follows:

- occurrence of litigation;
- occurrence of fraud;
- occurrence of errors;
- economic-financial performance below market expectations;
- commercial/labour relationship with fraudulent entities or suspected of fraud;
- actions causing social and environmental damage.

The reputational risk driving indicators are the following: customer complaints, fines and penalties, operations with suspicions of money laundering and terrorist financing, number of politically exposed persons in the shareholder structure, liquidity coverage and solvency ratios.

08.5. STRATEGIC RISK

In order to identify and analyse strategic risks, the following actions were adopted by DGR:

No internal procedural standards for the strategy management process or strategic risk management were identified.

The risk factors and strategic risks identified were as follows:

- external factors: external environment (political, regulatory, market, financial);
- internal factors:
- people (operational);
- processes (operational, *compliance*);
- systems (operational).

08.6. LOAN AND COUNTERPARTY RISK

The loan policy defines balance sheet items with loan risk exposure as liquidity applications, bonds, transferable securities and loans.

The CA set the exposure limit of 100% of the regulatory own funds (FPR), without prejudice of the Executive Committee (CE) 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 DMF is responsible for monitoring risk positions of national and international counterparties and controling limit compliance.

The Bank can 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 CE.

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 presented to the hierarchy for approval according to the foreseen delegation of duties.

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 rating. The sum of the ratings 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[9], (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 score for each parameter. The sum of the ratings of the four parameters equals the *scoring* of the customer (see table below).

Granted loan classification

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

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).

The Loan Committee is a collegiate body which focuses on analysing and approving loan operations in compliance with the policies and limits set by the CA, 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 above-mentioned 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 operation rated as having a risk above C is decided by the 4th echelon, with the exception of restructuring and renegotiation operations in which the risk comes from default. The following table shows the loan decision matrix.

Credit decision matrix

Decision echelon	Decision-making bodies[10]	Periodicity
1st	Commercial Coordinator + Managers.	Weekly
2nd	Heads/Deputy Heads DAC + DRC + GSP + DPME + GSL + DPN + Regional Directors.	Weekly
3rd	1 Director + Heads DAC + DRC + DGE + GSP + DPME + GSL + DPN.	Weekly
4th	CE + Heads DAC + DRC + DGE + GSP + DPME + GSL + DPN + DJC + GBI.	Biweekly
5th	Board of Directors (CA).	Quarterly

[9] Assessed by factors such as seniority in employment, age and housing.
[10] DAC-CreditAnalysisDepartment;DPN-PrivateCustomersandBusinessesDepartment;DGE-LargeCompaniesDepartment;DRC-LoanRecoveryDepartment;GSP-PremiumServicesDepartment;DPME-SmallandMedium Enterprises Department.

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:

- The DAC performs an individual loan risk analysis by operation and/or economic group for all segments according to the type of loan (treasury, investment and "*Start up*" entrepreneurship loan);
- 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 (CE) and the CA based on the analysis of monthly (CE) and/or quarterly (CA) loan risk reports produced for that purpose.

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

Loan Limits

Indicators	Limit	Defined and followed up by
Maximum personal exposure limit		
one customer or a group of interconnected customers	25% of FPR	BNA/CA
one customer or a group of interconnected customers - Related parties	10% of FPR	BNA/CA
a financial institution	100% of the FPR	BNA/CA
Risk exposure limit of largest borrowers	300% of the FPR	BNA/CA
Maximum exposure limit - Companies (% total portfolio) [11]	59.5%	CA
Maximum exposure limit - Private customers (% total portfolio)	20.5%	CA
Maximum exposure limit - State (% total portfolio)	20%	CA
Maximum limit according to FPR (% of [(1/15%) * FPR - RCRM)	100%	CA

* FPR - Regulatory own funds

As part of the process of adaptation to international accounting and financial reporting standards (IAS/IFRS) since the 2016 financial year, the Bank has implemented the process of calculating the impairment of its assets with loan risk (loans to customers, securities and real estate, liquidity investments and cash and cash equivalents at central banks and other financial institutions, documentary credit, other assets with loan risk). The process allows assessing its assets based on the qualitative criteria of the *Solely Payments of Principal and Interest*(SPPI) test and assigning the category of loan risk assessment for impairment loss (Amortised Cost or Fair Value).

Based on IFRS9 and according to the calculation model developed by the Bank for collective analysis, impairment losses are calculated by distributing the assets portfolio by stage 1, 2, 3 segments and risk factors (*Probability of Default - PD and Loss Given Default*- LGD).

In addition, for exposures to the state and counterparties, BNA Directive no. 13/DSB/DRO/2019 defines risk factors according to the *rating* given to the institution by the rating agencies. 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 operations): the PD of 100% and the LGD of the risk segment for commitments to maturity are applied.

[11] Including investments in debt instruments

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 assets portfolio are analysed individually. Operations analysed individually which end with an impairment rate of less than 10% are referred to the collective impairment calculation.

Activities inherent to the calculation of 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;

- PRIVATE CUSTOMERS AND BUSINESS DEPARTMENT (DPN), LARGE COMPANIES DEPARTMENT (DGE), PREMIUM SERVICES DEPARTMENT (GSP), SMALL AND MEDIUM 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 operations;

- INFORMATION SYSTEMS DEPARTMENT: Responsible for providing support in the use of the application and for the extraction and maintenance of information;

- INTERNAL AUDIT DEPARTMENT: Responsible for validating the adequacy of the processes defined 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.

Throughout 2020, the Bank resolved a number of situations identified in 2019, among which we highlight the following:

- Correction of *input* data of the counter-nature exposure process of accrued interest and off-balance sheet balances;
- Correction of *input* data related to the effective rate;
- Correction of existing information inconsistencies between the status of the credit operation and the days in arrears considered;
- Correction of the curing period for restructured contracts to comply with BNA requirements;
- Review of the following situations related to the calculation of probabilities of default (PD):
  1. Allocation of internal *ratings* by contract in the historical data universe;
  2. Calculation of the probabilities of default observed (ODR);
  3. ODR curves smoothing process and improvement of the process description in the calculation methodology;
  4. Macroeconomic adjustment process (*forward looking*), including the probable scenarios of Covid-19 pandemic impacts on the Angolan economy;
- Review of the following situations related to the calculation of Loss Given Default (LGD):
  1. Effective rate used in the calculation of *recovery rates*;
  2. Segmentation trees of the recovery rates;
  3. Alignment of the default universe of the LGD calculation model with the PD calculation model.

08.7. BALANCE SHEET AND MARKET RISK

Balance sheet and market risk measures the Bank's ability to uphold its obligations (liabilities) given the assets 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 variations;
- 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 CE, 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 *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 operations. The Bank calculates the *Gap* of contractual liquidity and the *Gap* of behavioural liquidity.

In the contractual liquidity *gap*, the distribution of assets and liabilities amounts is done 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 operation and deposits according to a linear regression model that projects future deposit behaviour on the basis of past information, thus adopting a behavioural measure that does not consider deposit outflows only. 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 CA 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 ratio evolution;
	Largest depositors concentration;
	Simulations
Interest rate	*Gaps* interest rates;
	Profitability ratio evolution;
	Simulations;
	Monthly interest rates and portfolio analysis;
	Earning at Risk.
	Exposure by maturity interval or rate re-fixing - Impact on Net Situation and Financial Margin
Exchange	*Value at Risk* Model;
	Simulations;
	Scenario analysis;
	Stress Test;
	Assessment of foreign exchange exposure limits.

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

Balance sheet risk limits

Indicators	Limit	Defined and followed up by
Liquidity gap	0% for maturities up to 2 weeks	CA
	5%formaturitiesover2weeksupto3months	
Regulatory solvency ratio (RSR)	5% (BNA: 10%)	ALCO
Foreign exchange exposure limit	2.5% of FPR	BNA
Loan-to-Deposit ratio (credit over deposits)	Domestic Currency 70%	CA
	Foreign Currency 30%	
	Aggregate 50%	
Loan-to-Deposit Ratio (including Bonds and Securities)	Domestic Currency 70%	CA
	Foreign Currency 30%	
	Aggregate 50%	

08.8. *COMPLIANCE* RISK

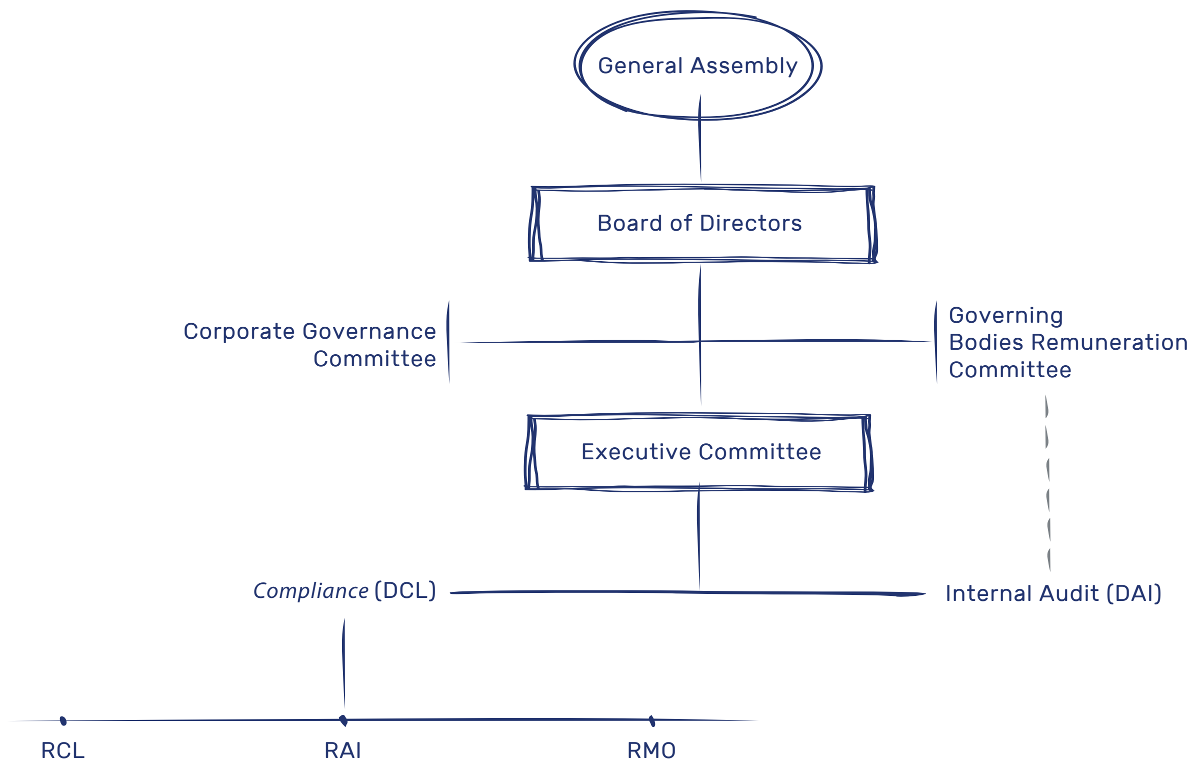
Compliance *risk* arises from the possibility of a future event occurring and having a negative impact on the Bank's own funds due to violations or failure to comply with laws, rules, regulations, contracts, prescribed practices or ethical standards.

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

This function promotes a system which ensures *compliance* and reputational risk mitigation and ensures the application of measures to combat and prevent money laundering and terrorist financing (PBCFT and PADM) in compliance with Law no. 5/20 and Notice no. 14/20. The organic and functional model in terms of PBCFT and PADM is transversal to the whole organisation.

The work of the DCL has a national scope, in accordance with the specific nature of the tasks assigned to it, and this work may be extended to the financial group in the context of the activities related to the Internal Control System. With regard to approval, implementation and monitoring, responsibilities are defined as in the model below:

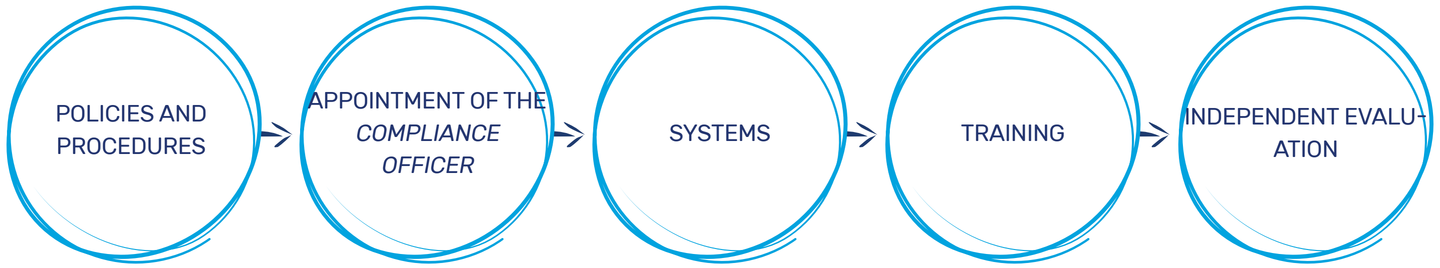
HIERARCHY OF RESPONSIBILITY FOR THE MODEL'S IMPLEMENTATION AND MONITORING



Board of Directors (CA)	Approves and reviews policies and promotes an organisational BCFT prevention culture, based on an adequate and effective internal control system, consistent with the legislation in force, and appoints the person responsible for the *compliance* function.
Executive Committee (CE)	Approves the internal procedures necessary for the application of the Policy.
Compliance *Department*(DCL)	Coordinates and monitors the implementation of the PBCFT and PADM system, including the respective internal control procedures and centralises the information and communication of operations susceptible to BCFT and PADM to the UIF and other competent authorities.
	Monitors the adequacy, sufficiency and timeliness of policies and procedures and controls on PBCFT and PADM and proposes any necessary updates.
	Monitors, evaluates and reports on the degree of implementation of legal provisions and regulations.
	Reports to the CCI management information on PBCFT and proposes the adoption of measures it considers necessary.
Regulatory Compliance Department (RCL)	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.
Analysis and Investigation Department (DAI)	Conducts analysis and investigates operations 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.
Transactions and Customers 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.
Internal Control Committee (CCI)	Supervises the *compliance* function.
Internal Audit Department (DAI)	Periodically and independently evaluates the procedures, processes and controls instituted internally on the prevention of BCFT.

08.8.1. PBCFT AND PADM RISK MANAGEMENT MODEL

The PBCFT and PADM risk management model focuses on five fundamental pillars to ensure legal and regulatory compliance with the applicable provisions, namely:



08.8.2. INTERNAL POLICIES AND PROCEDURES

I. POLICIES AND PROCEDURES

The Bank has implemented PBCFT policies and procedures which set the minimum standards for compliance with legally mandatory requirements across the organisation. Policies are reviewed periodically, ensuring that they are updated whenever there are relevant changes in (i) the market, (ii) the Bank's strategic orientation and/or (iii) regulations issued by supervisory bodies.

The scope and objective of internal policies, standards and procedures are described in the table below:

Standard	Date of First Publication	Date of last Revision
Inactive Customer Management, Blocking and Accounts Closing - IS 020/CE/17	24-10-2012	21-05-2018
"Conheça o Seu Cliente" (Know Your Customer) Manual of Procedures - NS 120/DOQ/14	17-06-2014	N/A
Identification of beneficial owners of companies	20-06-2014	N/A
Policy to Combat Money Laundering and Terrorist Financing (BCFT).	17-11-2015	31-01-2019
Sanctions Policy	17-11- 2015	24-07-2019
Suspicious Operations Reporting Procedures - IS 053/CE/15	17-12-2015	N/A
Due Diligence Procedures - IS 039/CE/2019	12-01-2016	20-09-2019
Complementary Rules for the Opening, Maintenance and Operations of Accounts Held by Politically Exposed Persons - IS 047/CE/17	16-11-2017	Under revision - Law 5/20
Customer Acceptance Policy	24-07-2019	N/A
PBCFT training plan	01-04-2020	N/A

II. DUTY OF IDENTIFICATION AND DUE DILIGENCE

Customer Due Diligence(CDD) Programme - involves knowing the identity of the customer (KYC), their financial activities and the risk they pose. "Know your customer" (KYC) procedures are critical to assess customer risk and a legal requirement for compliance with laws on combating BCFT.

In this regard, the Bank has implemented measures to establish a risk profile, when establishing or maintaining a business relationship and/or carrying out an occasional transaction, based on the following risk factors:

- Nature of the customer and his/her activity, and if applicable, of his/her representatives and beneficial owners;
- Countries or geographic areas in which the customer conducts his/her activity directly or through third parties, whether or not belonging to the same group;
- Geographic location of the customer of the obliged entity or where the customer is domiciled or otherwise carries out his/her activity;
- Transactions carried out by the customer;
- Distribution channels for the products and services made available.

Monitoring and diligence - Defines the information requirements and processes assisted by IT tools, to support data analysis activities (customers and transactions), ensuring their implementation in collaboration with the Information Systems area; Identifies and analyses operations with suspicions of money laundering and terrorist financing, ensuring the centralisation of information from the Bank's different Structure Units (UE); Applies due diligence (simple and reinforced) in accordance with the risk matrix according to internal regulations and procedures; Monitors the BCFT risk and monitors internal control procedures in this area.

08.8.3. SYSTEMS

The systems used by the Bank to prevent and detect financial crimes have contributed to the success of the PBCFT and PADM Programme. In this regard, the Bank implemented a tool for classifying customers by level of risk, filtering against sanction lists, validating overseas transactions, and monitoring customers and transactions, which are aimed at identifying and preventing suspicious BCFT transactions and customers. These systems and controls have been reviewed so that they can be increasingly adapted to meet *compliance* requirements.

08.8.4. TRAINING

As provided for in Article 21(1) of Notice no. 14/20, of 25 April, the Bank has an annual training programme that is transversal to all Structural Units (UE). Training is provided both in person and remotely using e-learning, and is nationwide in scope. Annually, an individual development plan (PDI) is approved for employees who exercise the compliance function in order to provide them with sufficient knowledge to perform their duties.

08.8.5. INDEPENDENT ASSESSMENT

Risk Assessment Function - In May 2020, a 12-month technical assistance agreement was signed with the organisation for strengthening the *Compliance* function.

Audit - An external audit is conducted annually to the *Compliance* function, within the scope of the internal control system. Every three months, the internal audit conducts periodic testing of BCFT risk management and mitigation policies and procedures, and reports to the CCI.

The Bank's PBCFT risk assessment - In compliance with the provisions of article 9 of Law no. 5/20, the Bank plans to conduct BCFT risk assessments, at a frequency of no less than 12 months, starting in 2021. The table below shows the main activities carried out in the last 3 months by the *Compliance* Department within the scope of BCFT prevention.

Main activities undertaken by the DCL

Description	2018	2019	2020
Transactions monitored	5 342	22 209	24 715
Operations investigated	4 812	2 993	3 548*
Suspicious Transaction Statements reported	13	12	27
Accounts validated	4 062	8 737	10 825
Training on PBCFT (no. of participants)	597	1 780	1 528
Opinions issued on the opening, maintenance and operation of accounts	2 205	14 057	16 483

* Estimate

Plan of activities foreseen for the 2021 financial year:

- Adaptation to the new law on PBCFT and PADM (Law no. 5/20);
- Strengthening the *compliance* function and training of employees who perform the function under the technical assistance programme with the *Financial Service Volunteer Corps* (FSVC) organisation;
- Implementation of a customers and transactions monitoring system that will address all regulatory requirements and applicable good practices;
- Certification by the *Association of Certified Anti-Money Laundering Specialists* (ACAMS) of employees that perform the *compliance* function.

08.9. FOREIGN EXCHANGE CONTROL

I. POLICIES AND PROCEDURES

Foreign exchange control is a function that arises under BNA's Instruction No. 07/2018, of 19 June, the main objective of which is to ensure strict compliance with foreign exchange legislation and regulations in the processing of foreign exchange operations 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 defined as objectives for 2020:

I.Control, opening and operation of bank accounts held by foreign exchange non-residents;
II.Promotion of the integration of application systems for compliance with legislation and regulations and their updating whenever necessary;
III. Preparation of the office procedure sheets as DCI;
IV.Preparation of the foreign exchange non-compliance control map;
V. Update of the map of importers with non-compliances in Single Documents (DU).

In terms of key performance indicators, we considered the rate of compliance with regulatory reporting, reconciliation *Society for Worldwide Interbank Financial Telecommunication*(SWIFT) with the System for the Supervision of Financial Institutions (SSIF), degree of internal control deficiencies resolved vs. existing; and the degree of achievement of objectives.

In 2020, foreign exchange control was challenged daily in strict compliance with the foreign exchange legislation and regulations in force, in ensuring the quality of registration and reporting of foreign exchange transactions to the BNA, in providing quality information whenever required and in the rapid response capacity and mastery of the various changes in terms of foreign exchange policy implemented by the regulator.

The objectives of the activity plan were achieved, based on the pillars of: (i) Compliance; (ii) Capacity Building; (iii) Analysis and (iv) Monitoring, for the constant improvement of processes and procedures within the organisation. We highlight the work carried out in favour of the analysis and validation of service provision contracts concluded with legal persons, taking into account BNA requirements in its Circular Letter No. 002/DCC/2020, of 18 August, proceeding with a thorough assessment of the operations in progress at the Bank.

Main aspects to ensure an efficient foreign exchange control

Foreign Exchange Law	Mastering and analysing the characteristics of its application.
Code of Conduct	Respecting and complying with the procedures to be observed when carrying out foreign exchange operations.
Foreign Exchange Control Function	Putting our duties into practice.
Foreign Exchange Operations	Understanding the procedures associated with current invisibles, goods and capital operations, as well as rules for specific sectors.
Registering Operations with the BNA	Ensuring an analysis of the data recorded and settled in BNA's information system.
Control Systems	Ensuring that appropriate automated systems and controls are in place to comply with foreign exchange laws and regulations.

08.10. INTERNAL AUDIT

The Internal Audit Charter defines the terms of reference of the Bank's Internal Audit function, having been drawn up under BNA Notice no. 2/2013, of 19 April, 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, through the development of evaluation actions to assess its adequacy and effectiveness, proposing and reporting to the CA measures to improve the system when identified in its design or implementation.

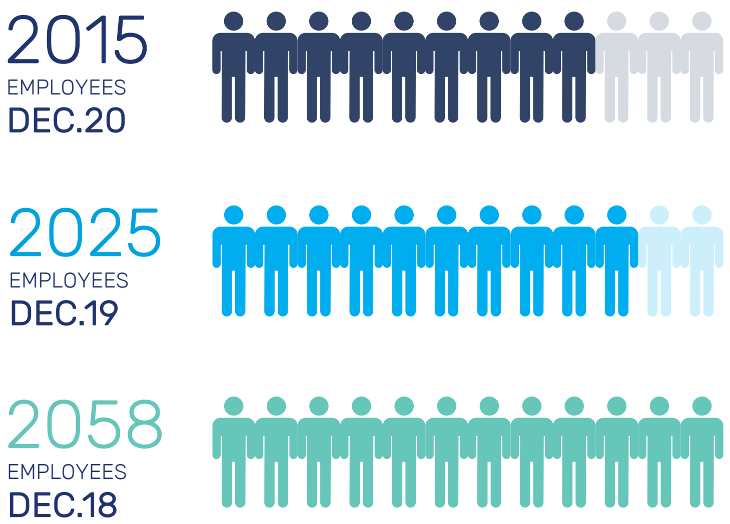
The performance of this function plays a key role in assessing the compliance and adequacy of the internal control system and the Bank's risk management system, being the third line of defence of the Bank's control.

09

HUMAN CAPITAL

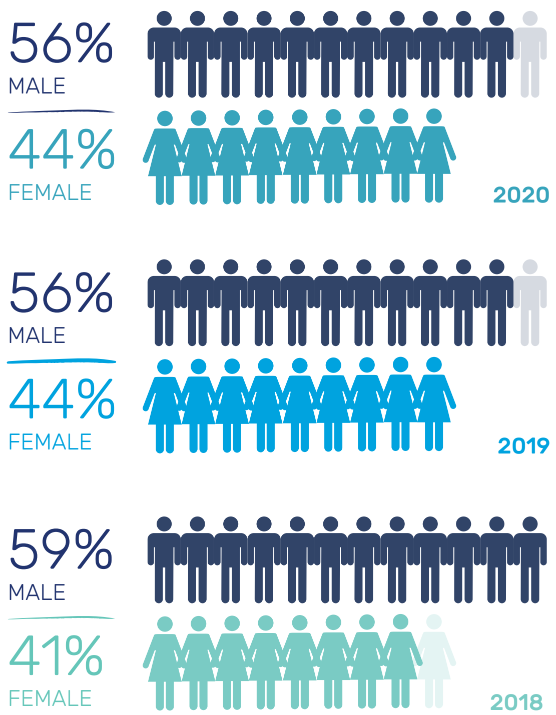
09.1. WORKFORCE CHARACTERISATION IN 2020

BAI considers its human capital an important factor in the pursuit of its mission/vision. In a year marked by the Covid-19 pandemic and the consequent adverse impact on the lives of people and institutions, the Bank kept its focus on the best practices of human capital management in order to ensure continuity, stability and operational efficiency.



Workforce

Over the last three years, the number of BAI employees has followed a downward trend. In 2020, the Bank's workforce was set at 2 015 employees, a reduction of 10 employees when compared with the previous year, of whom 1 986 were active and 29 had suspended labour contracts.



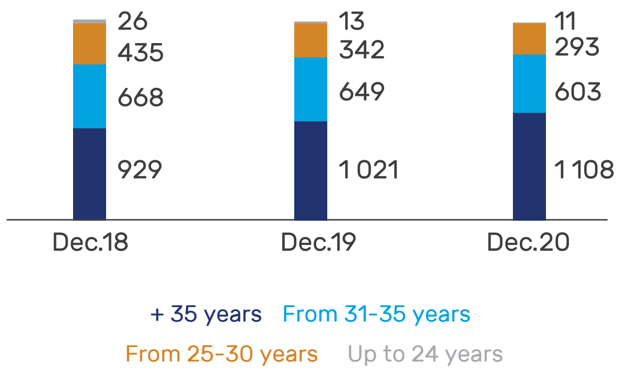
Distribution by gender

Over the last three years, workforce distribution by gender has been showing a balanced trend, and in 2019 and 2020, the weight of representation by gender remained at 44% for women and 56% for men.

Distribution of employees with management positions by gender 2020

Description	Direction		Middle Management		Management		Total
	Heads	Deputy Heads	ChD	Coordinators	Managers	Deputy Managers	
Female	18	8	23	11	58	47	165
Male	20	9	34	15	80	56	214
Total	38	17	57	26	138	103	379

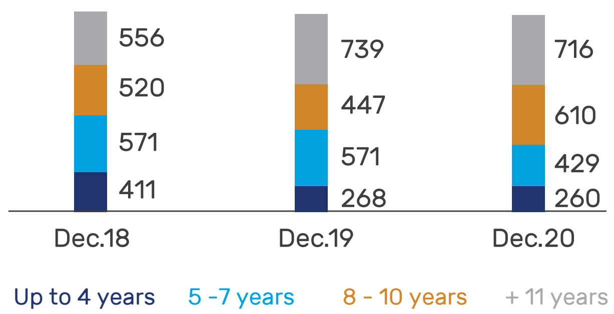
Age structure



Age structure, seniority, educational qualifications

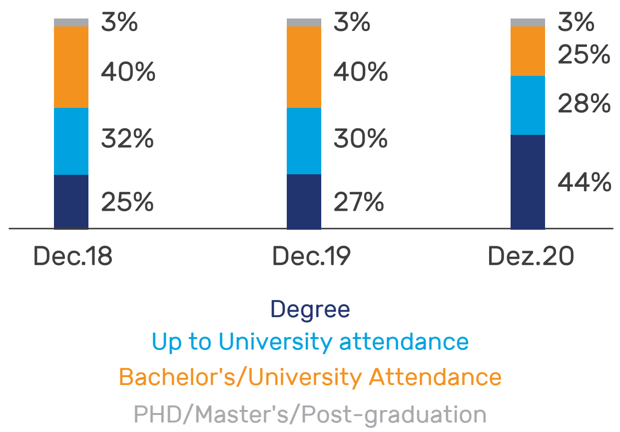
With regard to age distribution, in 2020, employees aged over 35 years represented 55% of all employees, thus maintaining the tendency for this age group to grow over the last three years. In average terms, the age per employee group was 38 years old, and the average age of employees in management positions was 41 years old.

Seniority



Analysing the stability of the labour relationship, we conclude that 87% of the employees had been employed for more than 5 years, thus demonstrating the maintenance of the level verified in the previous year.

Academic qualifications



BAI has been supporting and encouraging employees to pursue the continuous improvement of their knowledge and self-training. With regard to academic qualifications, it was found that, in 2020, 47% of the employees had completed higher education (undergraduate, master's, post-graduate and/or PhD).

Rotation, admissions and dismissals

Description	2018	2019	2020
No. of Employees	2058	2025	2015
Admissions	117	29	55
Dismissals	50	61	61
Rotation rate	4%	2%	3%

In 2020, 55 new employees were admitted, of which 40% were allocated to the commercial network and 60% to central services. On the other hand, there were 61 cases of contract termination, of which 41% by initiative of the employee, 20% by abandonment of work, 18% by disciplinary dismissal, 8% by retirement, 7% by death and 2% by termination. Additionally, the rotation rate followed an upward trend of 2.9%, registering an increase of 0.6 p.p., when compared to 2019.

Staff distribution by area

Structure unit	Acronym	Respon. entity	Category	Governing Bodies	Control	Support	Business	Total
Board of Directors	CA	José Paiva	PCA	6				6
Executive Committee	CE	Luis Lélis	PCE	7				7
Supervisory Board	CF	Júlio Sampaio	President Supervisory Board	5				5
Board of the General Meeting	MAG	Domingos Viegas	President B. General Meeting	2				2
Compliance Department	DCL	Nadhia Victorian	Head		19			19
Risk Management Department	DGR	António Buta	Head		20			20
Internal Audit Department	DAI	Helga Santos	Head		17			17
Foreign Exchange Control Department	GCC	Manuel Cardoso	Head		9			9
Inspection and Investigation Department	GII	José Lima	Head			18		18
Information Security Department	GSI	Luis Martins	Head			14		14
Planning and Control Department	DPC	Celeste Silva	Head			16		16
Office of the President of the Executive Committee	GPCE	Alexandre Morgado	Head Coordinator			14		14
Investment Banking Department	GBI	João Lourenço	Head			6		6
International and Institutional Relations Department	GRI	Ulanga Martins	Head			5		5
New Business Development Department	GNN	Helena Faria	Head			12		12
Private and Corporate Division North	DPN N	Mário Lima	Head				76	76
Private and Corporate Division Luanda I	DPN LI	Celmira Santos	Head				340	340
Private and Corporate Division Luanda II	DPN LII	Henrique Santos	Head				245	245
Private and Corporate Division North West	DPN R	Rui Fançony	Head				65	65
Private and Corporate Division East	DPN E	Rui Fançony	Head				69	69
Private and Corporate Division Centre	DPN C	Mário Monteiro	Head				131	131
Private and Corporate Division South	DPN S	Helder Real	Head				135	135
Commercial Support Department	DSC	Petra Hose	Head			37		37
Large Companies Department	DGE	Paula Lélis	Head				107	107
Loengo Services Department	GSL	Adalgiza Gonçalves	Head				4	4
Premium Services Department	GSP	Nzola Rangel	Head				19	19
Electronic Banking Department	DBE	Ivano Garrido	Head			71		71
Communication and Brand Management Department	GCM	Fábio Correia	Head			15		15
Financial Markets Department	DMF	Yassimina Joaquim	Head			19		19
Operations Department	PDO	Antónia Cardoso	Head			64		64
Loan Analysis Department	DAC	Gisela Fonseca	Head			23		23
Loan Recovery Department	DRC	Paulo Assis	Head			33		33
Human Capital Department	DCH	Irene Graça	Head			40		40
Assets and Logistics Department	DPL	Carlos Torres	Head			113		113
Accounting and Finances Department	DCF	Juvelino Domingos	Head			21		21
Information Systems Department	DSI	José Lazaro	Head			62		62
Marketing Department	DMR	Catarina Rangel	Head			21		21
Quality and Organisational Department	DOQ	Diala Monteiro	Head			19		19
Legal and Contentious Department	DJC	Ebb Colsoul	Head			17		17
Treasury and Safekeeping Department	DTC	Garibaldina Silva	Head			38		38
Procurement and Contracting Department	DCC	Anagila Cardoso	Head			11		11
Small and Medium Enterprises Department	DPME	Jorge Silva	Head			14		14
Administration Support	GTTD	Nuno Veiga	Advisor to the Executive Committee			7		7
Others (BAI and BAIGEST associates)						29		29
Total Dec. 2020				**20**	**65**	**739**	**1 191**	**2 015**
Total Dec. 2019				**19**	**67**	**757**	**1 182**	**2 025**
Total Dec. 2018				**21**	**77**	**822**	**1 138**	**2 058**

Staff geographic distribution

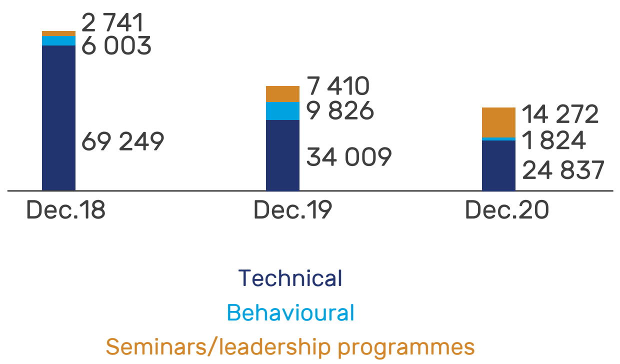
Number of employees per province			
Province	**2018**	**2019**	**2020**
Bengo	5	5	5
Benguela	87	89	74
Bié	8	8	8
Cabinda	53	49	47
Cuando Cubango	14	14	13
Kwanza Norte	15	15	15
Kwanza Sul	24	23	23
Cunene	13	15	13
Huambo	45	41	41
Huila	84	86	79
Luanda	1 538	1 516	1 545
Lunda Norte	26	26	26
Lunda Sul	20	18	18
Malanje	23	23	23
Moxico	13	11	11
Namibe	40	40	39
Uige	14	11	10
Zaire	36	35	25
Total	**2058**	**2025**	**2015**

09.2. TRAINING AND CAPACITY BUILDING

The Covid-19 pandemic context, a peculiar characteristic of the year under review, forced the redefinition of the training methodology, now in videoconference format, with a view to reducing the spread of the virus among employees.

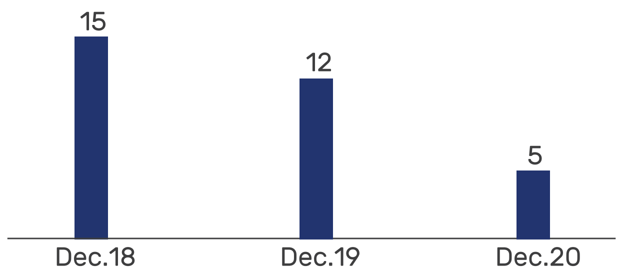
In 2020, a total of 77 training sessions were given, of which only 16% were face to face, while 84% were transmitted by videoconference. Of the sessions given, 61% consisted of technical training, 35% of seminars and leadership programmes and 4% of behavioural training.

Training hours achieved



In 2020, a total of 77 training sessions were given, of which only 16% were face to face, while 84% were transmitted by videoconference. Of the sessions given, 61% consisted of technical training, 35% of seminars and leadership programmes and 4% of behavioural training.

Average training hours per employee



Regarding the number of training hours, in 2020, a total of 40 933 hours was achieved, representing a 20% decrease when compared to the previous year. The average number of training hours per participant in 2020 was 5 training hours, representing a decrease of 59% when compared to 2019 (12 training hours).

Training courses given in 2020

	2019		2020	
Training Areas	No. of participants	No. of training hours	No. of participants	No. of training hours
Audit	104	16	8	1
Investment Appraisal	220	11	96	4
Money Laundering and Fraud Prevention	7 210	629	7 610	2 454
Accounting and Financial Analysis	1 520	64	1 104	51
Banking Ethics and Deontology	-	-	774	81
Process Management	2 048	64	609	206
Human Resources Management	1 024	44	6 950	2 315
Risk Management	76	1	706	92
Legislation	264	17	48	4
Leadership and Team Management	4 632	119	9 046	1 132
Languages	856	42	956	76
Financial Markets	388	29	144	6
Microsoft Office	1 752	68	1 784	62
Banking Operations and Techniques	-	-	6	3
Critical Thinking: Logical and Numerical Reasoning	352	22	1 752	86
Planning and Budget	216	9	424	18
Post-Graduation	608	13	212	4
Banking Products and Services	23 413	962	4 974	764
Customer Service Quality - Assistance	1 264	36	1 226	142
Seminars	2 213	515	1 024	601
Computer Systems	3 085	1 702	1 480	317
Overall Total	51 245	4 363	40 933	8 419
Control		224		490
Support		1 203		2 539
Business		2 936		5 390

09.3. REMUNERATION

In order to compensate for the increase in staff costs related to the impacts of the Covid-19 pandemic, a compensation allowance was implemented, corresponding to 8.5% of each employee's base salary, as well as a festivities incentive in the amount of the base salary. Additionally, the Human Resources Management Committee reduced the maximum interest rate of Employee Housing Loans in domestic currency from 7% to 2%.

09.4. SOCIAL WELFARE

Within the scope of social welfare, the Bank is committed to providing due support to its employees in situations such as academic support, coverage of expenses related to illness, accident claims, as well as support to funeral expenses of the employees themselves or of their direct relatives.

Equally, BAI, for another consecutive year, held the "Pink October" campaign, in the month of October, as well as the "Blue November" campaign, in the month of November, annual activities held with the objective of awakening and raising awareness among the employees and society in general of the need for early diagnosis of breast cancer and prostate cancer.

Additionally, in the month of August 2020, a series of videoconference meetings called "Conversas no Divã com o BAI" began, focusing on support for the health and psychological well-being of employees, an event held by BAI in partnership with the BAI Academy. The "Conversas no Divã com o BAI" were held for five months (August - December 2020) in *Webinar format, via Microsoft Teams*, and the sessions took place in after-work hours and with free access for all employees.

10

FINANCIAL ANALYSIS

The 2020 financial year was marked by the Covid-19 pandemic and, despite the adverse economic environment, the Bank's activity maintained its growth trend, recording an increase in deposits and loans. The financing structure remained at its usual levels, with equity representing about 10% and deposits 88% of the balance sheet total. In addition, the Bank's liquidity and solvency levels remained high in 2020, with the regulatory solvency ratio remaining at a level similar to that of the previous year, at 17.02%.

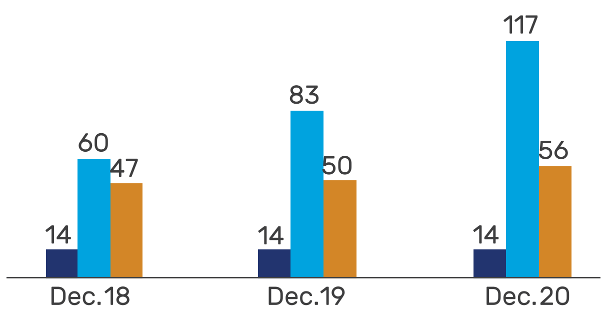
In 2020, net result amounted to 29 billion kwanzas, below the 119 billion kwanzas achieved in 2019, influenced, on the one hand, by the growth presented by the financial margin (27%) and, on the other hand, by the reduction in the complementary margin (9%), the increase in structure costs (31%), the increase in loans and other assets impairments, regarding investment in public debt, and the tax impact associated with the annulment of active deferred taxes.

INCOME STATEMENT

				Variation	
(Amounts in billion kwanzas)	Dec.18	Dec.19	Dec.20	Abs.	%
Financial Margin	86	104	132	28	27%
Complementary Margin	92	111	101	(10)	-9%
Banking Product	179	215	233	18	8%
Structure Costs	(51)	(66)	(86)	(20)	31%
Impairment for loans	(69)	13	(33)	(46)	-356%
Impairment for other financial assets net of reversals and recoveries	(0)	(29)	(74)	(46)	158%
Impairment for other assets net of reversals and recoveries	(5)	(1)	(2)	(0)	18%
Provisions net of cancellations	(1)	(1)	(1)	1	-63%
Current tax	(2)	(9)	0	9	-100%
Deferred Tax	(0)	(3)	(9)	(6)	213%
Net Profit	50	119	29	(90)	-76%

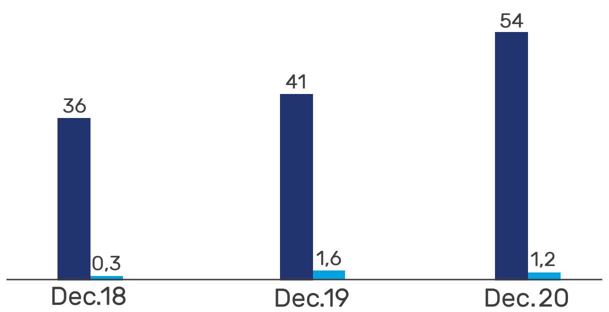
FINANCIAL MARGIN

Interest and similar income



Investments in Central Banks and other CI
Investments and Financial Assets
Loans to customers

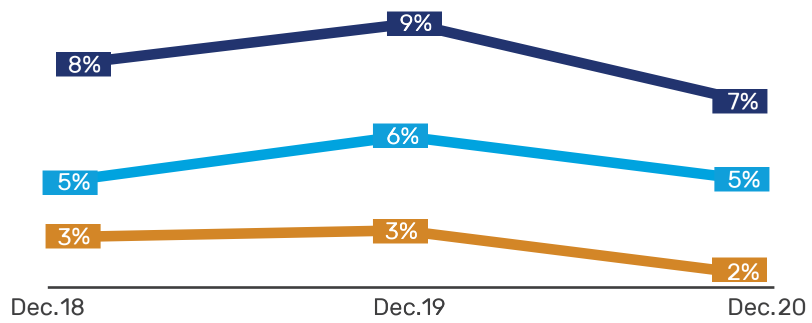
Interest and similar charges



Customer resources and other loans
Central bank and other CI resources and resources from financial leases

Financial margin stood at 132 billion kwanzas, representing an increase of 27% in relation to the previous period. This increase was mainly due to the performance of interest and income from financial instruments and assets, which recorded a 34 billion kwanzas growth, explained by the recording of a higher securities *stock* compared to the previous year. With regard to loan interest and income, there was an increase of 7 billion kwanzas, mainly due to the increase in the average balance of the portfolio. Additionally, interest and charges on customer resources and other loans grew by 32%, explained by the term deposits *stock* 11% above the 2019 level.

Financial margin rate



Average rate of active financial instruments
Average rate of passive financial instruments
Financial margin rate

The financial margin rate was 1 p.p. below the rate of the previous year, a variation explained essentially by the decrease in the average rate of active financial instruments, of which the reduction in the average rate of securities is of around 3 p.p.

COMPLEMENTARY MARGIN

				Variation	
(Amounts in billion kwanzas)	Dec.18	Dec.19	Dec.20	Abs.	%
Income from equity instruments	0	1	1	0	29%
Net commissions	19	14	13	-1	-5%
Income from trading in financial instruments	0	-1	9	9	0%
Foreign exchange income	80	100	92	-8	-8%
Income from the disposal of other assets	1	-1	0	1	-152%
Other operating income	-9	-2	-15	-13	721%
Complementary Margin	**92**	**111**	**101**	**-10**	**-9%**

Net commissions stood at 13 billion kwanzas, registering a decrease of 1 billion kwanzas against the previous year reflecting, most notably, the reduction in commissions for opening letters of credit for imports (CDI), resulting from the 67%[12] reduction in volume (also reflected in the reduction of the CDI portfolio in the balance sheet at the end of the year) mainly due to the lower financial capacity of companies to import, as well as to charge the "Kamba" prepaid card, resulting from the reduction of the purchasing power of families and the restrictions on international travel in the context of the Covid-19 pandemic. This reduction was partially offset by the growth in some types of commissions, particularly those associated with the Multicaixa subsystem, with the increase in the volume of transactions, as a result of investments in ATM Centres and Automatic Payment Terminals (TPAs), as well as interbank

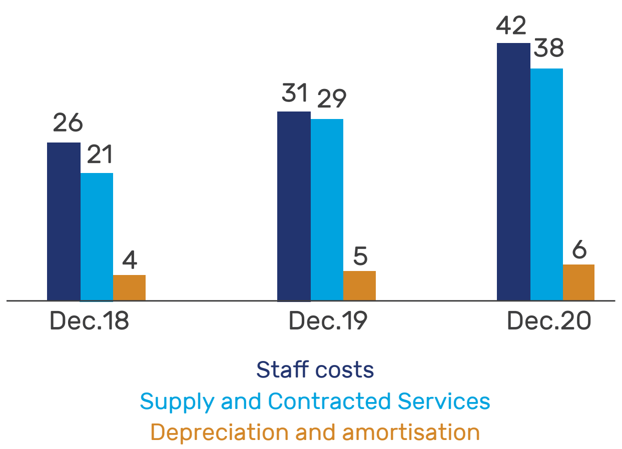
[12] Amount of openings of around 1 124 thousand US Dollars (542 million kwanzas) in 2019 and 370 thousand US Dollars (240 million kwanzas) in 2020.

cash withdrawal commissions at the end of 2019, with an impact in 2020 (these commissions are not passed on to customers).

Income from trading in financial instruments increased from a negative result of 1 billion kwanzas in 2019 to a positive result of 9 billion kwanzas resulting from the improved yield on transactions in BODIVA (price-effect), notwithstanding the slight reduction in the value of transactions (3% in terms of value compared to 2019).

In 2020, income from foreign exchange transactions amounted to 92 billion kwanzas, showing an 8% reduction compared to 2019, which reflects the decrease in the exchange rate fluctuation of Treasury Bonds indexed to exchange rate variation (OTMN-TXC), explained by the fact that, in 2020, there was a smaller exchange rate depreciation against the dollar compared to the previous year (of, respectively, 36% and 56%), and the 10% reduction of the portfolio in terms of US Dollars, due to the fact that there were only redemptions in the year (however, the balance of the portfolio converted into domestic currency increased 22%, to 189 billion kwanzas, due to the effect of the exchange rate depreciation). It should also be noted that, due to changes to the Industrial Tax Code occurred in 2020, most of the portfolio's revaluation is not accepted as income for the purposes of determining the tax result (see Note to accounts no. 14). The results from the purchase and sale of foreign currency amounted to 21 billion kwanzas in 2020, up 5% over the previous year, even though the volume of foreign currency sales fell by 32% in US Dollars over the same period. Other operating income increased from negative 2 billion kwanzas in 2019 to negative 14.5 billion kwanzas, mainly explained by the donation of 10 billion kwanzas to the Ministry of Health as part of measures to combat Covid-19.

STRUCTURE COSTS



Structure costs were 31% above the amount recorded last year, totalling 86 billion kwanzas. Staff costs stood at 42 billion kwanzas in 2020, 35% above 2019, due to (i) the increase in December 2019 of employees' remuneration by 20% and the attribution in September 2020 of a new subsidy of 8.5% over the base salary, (ii) adjustment, in 2020, of the estimate recognised for the cost of performance bonuses for 2019, (iii) increase with the interest costs of the employees' housing loans, resulting from the reduction of the maximum interest rate from 7% to 2%, and (iv) increase of the cost with the festivities season incentive at the end of the year.

In turn, supplies and services from third parties stood at 38 billion kwanzas, showing an increase of 29% in relation to the 29 billion kwanzas recorded in the previous year, mainly due to costs with communications (increase of 74%), due to the increase in the volume of transactions in the Multicaixa payments subsystem, and specialised IT and consultancy services associated with the strengthening of control functions (24% increase), despite the disciplined management that has been followed with regard to recurring costs. These were also affected to some extent by inflation and currency depreciation. The increase in costs was also influenced by the introduction of Value Added Tax (VAT) on 1 October 2019, with a 14% rate on the acquisition of goods and services, replacing the Consumption Tax that was in force until that date, which was of 5% for most goods and services. This impact is essentially due to the reduced pro rata rate calculated by the Bank for the purposes of deducting VAT paid.

IMPAIRMENTS

(Amounts in billion kwanzas)	Dec.18	Dec.19	Dec.20	Variation Abs.	Variation %
Impairment for loans to customers net of reversals and recoveries	-69	13	-33	-46	-356%
Impairment for other financial assets net of reversals and recoveries	-0.1	-29	-74	-46	158.3%
Impairment for other assets net of reversals and recoveries	-5	-1	-2	0	17.9%
Total	**-74**	**-17**	**-109**	**-92**	**532.2%**

During the period under review, there were reinforcements of the expected impairment loss, both for loans to customers and for other financial assets.

The reinforcement of the expected impairment loss for loans to customers is mainly explained by the macroeconomic environment during 2020, characterised by the contraction of economic activity and the sharp depreciation of the domestic currency, as well as the impacts of the Covid-19 pandemic.

The reinforcement of the expected impairment loss for other financial assets resulted mainly from the lowering of Angola's sovereign rating and the consequent increase 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 (see note in the Annex to the financial statements).

INCOME TAX

Taxes (current and deferred) on profits totalled 8.6 billion kwanzas in 2020, compared to 12 billion kwanzas in the previous year. In 2020, the taxes recognised include only deferred taxes, a fact that arises from the write-off of deferred tax assets as a result of the Bank's projected results showing a tax loss, mainly due to the deduction from the accounting result of income subject to Capital investment tax.

BALANCE SHEET ANALYSIS

Balance sheet

(Amounts in billion kwanzas)	Dec.18	Dec.19	Dec.20	Variation Abs.	Variation %
Cash and Cash Equivalents	379	486	501	15	3%
Investments in BC and OIC	351	630	672	42	7%
Invest. and Financial Assets	802	915	1 349	434	47%
Loans to customers	373	449	366	(83)	-18%
Other assets	139	162	168	6	4%
Net Asset	**2 045**	**2 642**	**3 056**	**414**	**16%**
Customers Resources and Other Loans	1 808	2 285	2 705	419	18%
Other liabilities	38	59	61	2	3%
Own Funds	199	298	291	(7)	-2%
Liabilities and Own Funds	**2 045**	**2 642**	**3 056**	**415**	**16%**

Customer resources

(Amounts in billion kwanzas)	Dec.18	Dec.19	Dec.20	Variation Abs.	Variation %
By type					
Demand Deposits	846	995	1 350	356	36%
Term Deposits	855	1 208	1 337	129	11%
Other Deposits	106	82	17	-65	-79%
Total	**1 808**	**2 285**	**2 705**	**419**	**18%**
By Currency					
Domestic Currency	713	750	937	187	25%
Foreign Currency	1 094	1 535	1 767	232	15%
M USD (fdp exchange rate)	3 545	3 183	2 720	-463	-15%
Total	**1 808**	**2 285**	**2 705**	**419**	**18%**

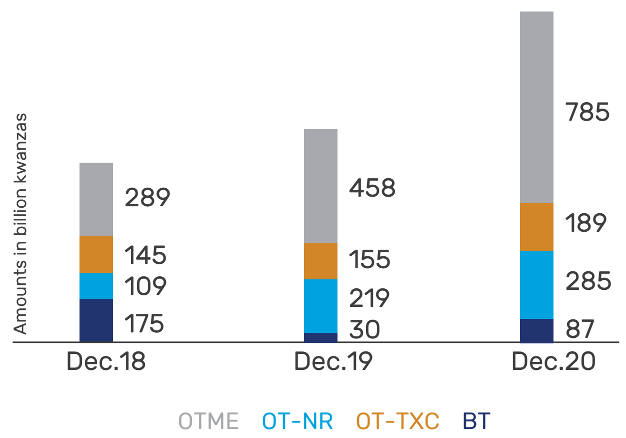
Customer resources registered an 18% increase (419 billion kwanzas) compared to the same period of the previous year, translating into a growth in both demand and term deposits of 36% and 11%, respectively. Deposits in domestic currency show an 25% increase, higher than the M2 increase in domestic currency (19%), driven by the increase of deposits from the private corporate non-financial sector and private customers. In turn, deposits in foreign currency registered a 15% increase when expressed in domestic currency, however, when analysed in terms of US Dollars, there was a 15% reduction (463 million US Dollars), contributing to the reduction of M2 in foreign currency by 6%. Due to the greater growth of deposits in domestic currency, the weight of deposits in foreign currency on total deposits reduced from 67% to 65%.

Investments and financial assets

(Amounts in billion kwanzas)	Dec.18	Dec.19	Dec.20	Variation Abs.	Variation %
Investments at amortised cost	**727**	**870**	**1 354**	**485**	**56%**
(-) Accumulated impairment losses	-5	-13	-91	-78	582%
Total	**723**	**856**	**1 263**	**407**	**48%**
Financial assets at fair value through other comprehensive income	**30**	**0**	**0**	**0**	**272%**
Financial assets at fair value through profit or loss	**49**	**58**	**85**	**27**	**46%**
Total IAF	**802**	**915**	**1 349**	**434**	**47%**

The portfolio of investments and financial assets stood at 1 349 billion kwanzas, representing a 47% growth (434 billion kwanzas) year-on-year.

Investments at amortised cost
Stock and impairment rate



The biggest increase was in Treasury Bonds in foreign currency (OTME) recorded in the portfolio of investments at amortised cost, worth 327 billion kwanzas, explained by the acquisition of Eurobonds issued by the Angolan State (259 million US Dollars) and the effect of the exchange rate depreciation on the balance in foreign currency. The impairment rate on the portfolio worsened from 1.53% to 6.71% due to the worsening of the Angolan *rating* for the year, having maintained its classification in stage 1 of impairment.

Loans to customers

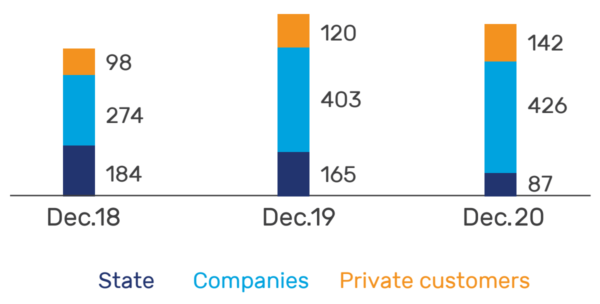
(Amounts in billion kwanzas)	Dec.18	Dec.19	Dec.20	Variation Abs.	Variation %
Outstanding loans	389	528	486	-42	-8%
Defaulting loans	139	125	113	-12	-10%
Up to 30 days	29	13	12	-2	-12%
From 30 to 90 days	10	8	8	0	1%
More than 90 days	101	104	93	-11	-10%
Interest receivable	27	34	56	22	64%
Gross loans	**556**	**687**	**655**	**-32**	**-5%**
(-) Accumulated impairment losses	-182	-238	-288	-50	21%
Net loans	**373**	**449**	**367**	**-82**	**-18%**

Gross loans stood at 655 billion kwanzas on 31 December 2020, recording a decrease of 32 billion kwanzas compared to the end of the previous year, mainly determined by repayments in the portfolio of foreign currency loans to the State. Loans to companies increased by 6%, driven by BNA's Notice no. 10/20. In turn, private loans increased by 19% resulting from a greater commercial momentum.

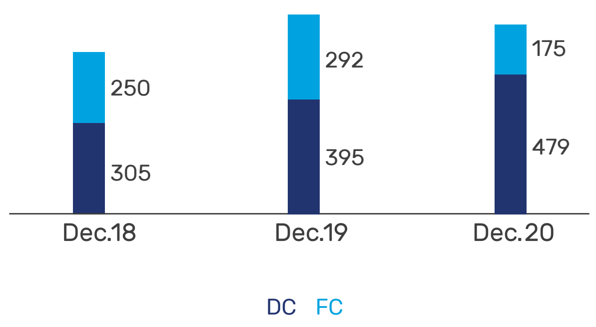
Regarding the degree of compliance with BNA's Notice no. 10/20, the balance of contracted loans on 31 December 2020 stood at 79 billion kwanzas, of which 46 billion kwanzas are restructured loans and 33 billion kwanzas are new loans granted, corresponding to about 3% of the net asset value recorded in 2019, above the minimum limit of 2.5% set by the BNA. A total of 10 new projects were contracted and disbursed in 2020, with the minimum limit set at 50 projects until April 2021.

The loan portfolio in domestic currency stood at 479 billion kwanzas as at 31 December 2020, up 21% (84 billion kwanzas) compared to 31 December 2019. In turn, the loan portfolio in foreign currency reached 269 million US Dollars (175 billion kwanzas), presenting a 56% reduction in terms of US Dollars compared to the same period for the reason explained above.

Loans by sector (gross)
(billion kwanzas)

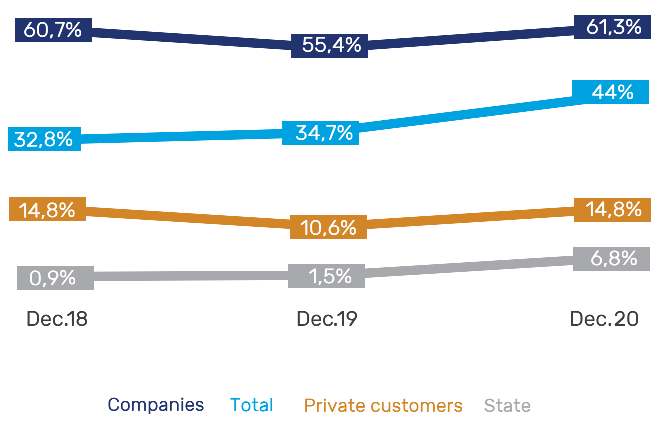


Loans by currency (gross)
(billion kwanzas)

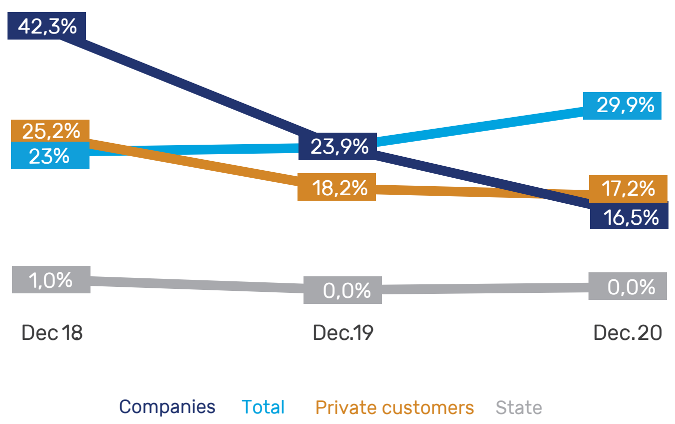


Loans defaulting for more than 90 days reduced by 11 billion kwanzas as a result of the recovery activity, reflected in part in the increase in properties received as loan repayment (1.8 billion kwanzas), contributing to the improvement in the overdue and non-performing loans ratios, the latter having dropped from 15.1% as at 31 December 2019 to 14.2% as at the end of 2020. The improvement in corporate non-performing loans contributed to this performance in the period, which offset the worsening of the ratio of non-performing loans to individuals. Impairment loans hedging increased from 34.7% to 44% in the same period, reflecting the worsening of loan risk in general arising from macroeconomic conditions.

Impairment rate by sector
(impairment balance/loans)



Default rate by sector
(defaulting loans/loans)



11

APPLICATION OF RESULTS PROPOSAL

The Board of Directors proposes, taking into account the legal and statutory provisions, that the net profit of 28 671 930 745.45 kwanzas (twenty eight thousand, six hundred and seventy one million, nine hundred and thirty thousand, seven hundred and forty five kwanzas and forty five cents), for the financial year ended 31 December 2020 be applied as follows:

	%	Kwanzas
For legal reserves	10%	2 867 193 074.55
For free reserves	50%	14 335 965 372.72
For dividends	40%	11 468 772 298.18

BOARD OF DIRECTORS

José Paiva
President of the Board of Directors

Mário Barber
Vice-president

Theodore Giletti
Vice-president

Jaime Bastos
Director

Omar Guerra
Director

Carlos Chaves
Director

Luís Lélis
Director

Inokcelina Santos
Director

Helder Aguiar
Director

Simão Fonseca
Director

João Fonseca
Director

Irisolange Verdades
Director

José Manuel
Director

12

FINANCIAL STATEMENTS

A. BALANCE SHEETS

Individual Balance Sheets as at 31 December 2020 and 2019

(Amounts expressed in thousand kwanzas - thKz except when expressly indicated)	Notes	31.12.2020	31.12.2019
Assets			
Cash and cash equivalents at central banks	4	311 703 705	333 319 523
Cash and cash equivalents in other credit institutions	5	189 132 058	152 964 900
Investments in central banks and other credit institutions	6	672 037 748	629 718 675
Financial assets at fair value through profit or loss	7	85 015 575	58 349 624
Financial assets at fair value through other comprehensive income	8	433 991	116 536
Investments at amortised cost	9	1 263 492 435	856 264 416
Loans to customers	10	366 758 738	448 711 535
Non-current assets held for sale	11	18 785 798	17 652 164
Other tangible assets	12	94 954 356	66 739 277
Intangible assets	12	5 846 194	2 846 897
Investments in subsidiaries, associates and joint ventures	13	8 927 045	8 927 045
Current tax assets	14	1 286 181	2 035 858
Deferred tax assets	14	122 139	8 803 348
Other assets	15	38 408 520	55 252 868
Total Assets		**3 056 904 482**	**2 641 702 666**
Liabilities and Equity			
Resources from central banks and other credit institutions	16	7 155 946	5 999 279
Customer resources and other loans	17	2 704 505 513	2 285 011 806
Current tax liabilities	14	3 101 404	12 465 948
Deferred tax liabilities	14	-	78 679
Provisions	18	7 937 284	2 834 745
Other liabilities	19	42 833 751	37 146 236
Total Liabilities		**2 765 533 898**	**2 343 536 693**
Share capital	20	157 545 000	157 545 000
Issue premiums	20	(9 204 478)	(9 204 478)
Own shares	20	(739 335)	(739 335)
Revaluation reserves	21	(173 767)	(326 383)
Other reserves and retained earnings	21	115 271 233	32 158 047
Individual net profit for the year		28 671 931	118 733 122
Total Equity		**291 370 584**	**298 165 973**
Total Liabilities and Equity		**3 056 904 482**	**2 641 702 666**

The accompanying notes are an integral part of these statements.

B. INCOME STATEMENTS

Individual income statements for the financial years ended on 31 December 2020 and 2019

(Amounts expressed in thousand kwanzas - thKz except when expressly indicated)	Notes	31-12-2020	31-12-2019
Interest and similar income calculated using the effective interest rate method	22	180 390 654	141 887 569
Interest and similar income not calculated using the effective interest rate method	22	7 100 277	4 488 049
Interest and similar charges	22	(55 297 960)	(42 455 768)
Financial margin		**132 192 971**	**103 919 850**
Income from equity instruments	23	935 137	724 101
Income from services and commissions	24	22 272 097	20 892 369
Charges from services and commission	24	(8 921 250)	(6 872 193)
Income from financial assets and liabilities at fair value through profit or loss	25	7 929 371	(570 781)
Income from financial assets at fair value through other comprehensive income	26	-	(5 244)
Income from investments at amortised cost	27	626 218	(321 756)
Foreign exchange income	28	92 133 906	100 010 635
Income from the disposal of other assets	29	389 181	(752 077)
Other operating income	30	(14 515 744)	(1 768 119)
Banking product		**233 041 887**	**215 256 785**
Staff costs	31	(42 281 674)	(31 259 488)
Third party supplies and services	33	(37 966 857)	(29 400 025)
Depreciation and amortisation for the year	34	(5 719 897)	(4 993 271)
Provisions net of cancellations	35	(552 619)	(1 486 395)
Impairment for loans to customers net of reversals and recoveries	36	(33 182 821)	12 962 975
Impairment for other financial assets net of reversals and recoveries	37	(74 389 903)	(28 796 870)
Impairment for other assets net of reversals and recoveries	38	(1 714 135)	(1 453 368)
INCOME BEFORE TAX FROM ONGOING OPERATIONS		**37 233 981**	**130 830 343**
Income tax			
Current Taxes	14	-	(9 365 027)
Deferred tax	14	(8 562 050)	(2 732 194)
INCOME AFTER TAX FROM ONGOING OPERATIONS		**28 671 931**	**118 733 122**
INDIVIDUAL NET PROFIT FOR THE YEAR		**28 671 931**	**118 733 122**
Shares in circulation	20	18 477 500	18 477 500
Basic and diluted earnings per share (in kwanzas)	20	1 552	6 426

The accompanying notes are an integral part of these statements.

C. STATEMENTS OF COMPREHENSIVE INCOME

Individual statements of comprehensive income for the financial years ended on 31 December 2020 and 2019

(Amounts expressed in thousand kwanzas - thKz except when expressly indicated)	Notes	31-12-2020	31-12-2019
Individual net profit for the year		**28 671 931**	**118 733 122**
Other comprehensive income			
Items that will not be subsequently reclassified to income for the financial year			
Variations resulting from gains/losses on equity instruments at fair value through other comprehensive income			
Gross value	8	193 097	(160 028)
Tax impact	14	(40 481)	48 009
		152 616	**(112 019)**
Items that will be subsequently reclassified as income for the year			
Debt instruments at fair value through other comprehensive income			
Changes in fair value		-	1 065 927
Impairment		-	(384 394)
Tax impact		-	(319 779)
		-	361 754
Income not included in the income statement		**152 616**	**249 735**
Total individual comprehensive income for the year		**28 824 547**	**118 982 857**

The accompanying notes are an integral part of these statements.

D. STATEMENT OF CHANGES IN EQUITY

					Revaluation Reserves		Other reserves and retained earnings					
(Amounts expressed in thousand kwanzas - thKz except when expressly indicated)	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 2018		**14 786 705**	**(9 204 478)**	**(739 335)**	**(576 118)**	**(576 118)**	**14 786 705**	**150 931 124**	**(20 840 900)**	**144 876 929**	**50 065 689**	**199 209 392**
Application of individual net profit for the year												
Transfer to other reserves		-	-	-	-	-	-	30 039 413	-	30 039 413	30 039 413	-
Dividends distribution		-	-	-	-	-	-	-	-	-	(20 026 276)	(20 026 276)
Share capital increases/(Reductions)		142 758 295	-	-	-	-	(14 786 705)	(127 971 590)	-	(142 758 295)	-	-
Individual comprehensive income for the year		-	-	-	249 735	249 735	-	-	-	-	118 733 122	118 982 857
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**	**32 158 047**	**298 165 973**
Application of individual net profit for the year												
Transfer to legal reserve	21	-	-	-	-	-	11 873 312	-	-	11 873 312	(11 873 312)	-
Transfer to other reserves	21	-	-	-	-	-	-	50 398 974	20 840 900	71 239 874	(71 239 874)	-
Dividends distribution	21	-	-	-	-	-	-	-	-	-	(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**

The accompanying notes are an integral part of these statements.

E. CASH FLOW STATEMENTS

Individual cash flow statements as at 31 December 2020 and 2019

(Amounts expressed in thousand kwanzas - thKz except when expressly indicated)	Notes	31-12-2020	31-12-2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, commissions and other similar income received		185 508 253	168 775 741
Interest, commissions and other similar costs paid		(61 069 740)	(54 265 888)
Payments to employees and suppliers		(68 570 968)	(53 221 113)
Payments and contributions to pension funds and other benefits		(3 057 601)	(2 346 033)
Recovery of loans written-off from assets		5 747	3 897 406
Other income		35 314 619	15 718 402
Cash flows before changes in operating assets and liabilities		**88 130 310**	**74 661 109**
(Increases)/Decreases in operating assets:			
Investments in central banks and other credit institutions		146 284 940	(75 458 547)
Financial assets at fair value through profit or loss		650 632	(1 395 048)
Financial assets at fair value through other comprehensive income		(361 643)	18 197 008
Investments at amortised cost		(261 579 051)	116 209 142
Loans to customers		124 442 224	31 148 232
Non-current assets held for sale		(760 643)	1 828 806
Other assets		10 359 873	(4 437 800)
Net cash flow from operating assets		**19 036 332**	**86 091 793**
Increases/(Decreases) in operating liabilities:			
Resources from central banks and other credit institutions		1 027 037	2 284 729
Customer resources and other loans		(100 763 444)	(87 073 982)
Other liabilities		(29 348 846)	(18 548 343)
Net cash flow from operating liabilities		**(129 085 253)**	**(103 337 596)**
Net cash from operating activities before income tax		(21 918 611)	61 312 712
Income tax paid		(7 724 923)	(1 086 761)
Net cash from operating activities		**(29 643 534)**	**60 225 951**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Dividends received		1 195 591	463 648
Acquisitions of other tangible assets, net of disposals		(14 939 591)	(10 367 290)
Acquisitions of intangible assets, net of disposals		(4 120 420)	(1 996 703)
Acquisitions of shares in subsidiaries, associates and joint ventures, net of disposals		-	1 200
Net cash from investment activities		**(17 864 420)**	**(11 899 145)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends distribution		(35 619 936)	(20 198 799)
Payments of lease liabilities		(1 349 671)	(157 443)
Net cash from financing activities		**(36 969 607)**	**(20 356 242)**
Variation in cash and cash equivalents		(84 477 561)	27 970 564
Cash and cash equivalents at the beginning of the period		486 284 423	379 265 599
Effects of the exchange rate variation on cash and cash equivalents		99 028 901	79 097 248
Cash and cash equivalents at the end of the period		**500 835 763**	**486 333 411**
Cash and cash equivalents includes:			
Cash	4	22 867 478	23 366 903
Demand deposits at Banco Nacional de Angola	4	288 836 227	309 952 620
Cash and cash equivalents in other credit institutions	5	189 132 058	153 013 888
		500 835 763	**486 333 411**

The accompanying notes are an integral part of these statements.

ANNEX TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2020 AND 2019

1 - INTRODUCTORY NOTE

Banco Angolano de Investimentos, S.A., (hereinafter called "Banco" or "BAI"), with head office in Luanda, is a private capital Bank, including non-resident entities. The Bank was founded on 13 November 1996 and its commercial practice started on 04 November 1997. On 11 January 2011, the Bank altered 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 practice 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. The Bank also provides other banking services and carries out foreign currency operations, having at its disposal a national network of 155 branches.

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 2020, 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 preparation of the financial statements on a going concern basis considered the assessment of the events associated with the Covid-19 pandemic as referred to in Note 3.6.

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

Individual financial statements are quantified in thousand Kwanzas (mKz) and are rounded to the closest 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 the preparation of 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 2019 and 2020, 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. Accordingly, the Bank maintains the understanding and criteria it initially used.

The accounting policies and calculations were applied consistently with those used in the financial statements as at 31 December 2019.

2.2 Foreign currency transactions

Assets and liabilities in foreign currency are registered 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 by against profit or loss, except for the ones recognised as financial assets at fair value through other comprehensive income, the difference of which 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
31-12-2020	649.604	798.429
31-12-2019	482.227	540.817

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 (amortised cost, fair value through results and fair value through other comprehensive income).

Asset classification depends on the contractual cash flow characteristics and the business model associated to 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 selling (*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 amortised 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 of which we highlight 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, specifically 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 finance 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 within the scope of that business model) and the manner in which such risks are managed;

- Business managers remuneration;
- The frequency, volume and periodicity of sales from previous financial years, reason for such sales and expectations on future sales. However, sales information should not be considered separately and should instead be part of a global 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 results 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 original contractual terms of the instrument. 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 results. For own capital instruments there is an irrevocable option to determine that all fair value variations 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 amortised 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 are 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 altered by the business model must be reclassified, with the measurements and classification requirements regarding the new category being now 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 results.

Reclassification of financial liabilities is not allowed.

Loan sale

Gains and losses obtained through definitive loans sale are registered under the income statement item "results from the alienation of other assets (Note 29). These gains and losses correspond to the difference between the sale value defined and the balance sheet value of those assets, net of impairment losses.

Derecognition

i) The Bank derecognises a financial asset when:

- Contractual rights to cash flow from financial assets expire; or
- Transfers the financial asset as defined 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;
- The Bank is prohibited by the terms of the transfer agreement 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 maturity of the contract 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 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).

After 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 contract terms for 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 actions undertaken by the Bank have been unsuccessful.

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 operations.

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 own capital.

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 capital instruments is recognised in the income statement item "Income from capital 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 results
Financial assets at fair value through results 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 results traded in asset markets is their most representative "*bid-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 operations with repurchase agreement
Bonds sold with repurchase agreement are kept in the portfolio where they were initially registered. Funds received are registered 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 capital 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 amortised 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 expected cash flows of the asset using the original nominal interest rate of the asset, regardless of whether it is measured individually or collectively. Individually analysed operations 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 on an individual basis is determined through an analysis of the 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, effective formalisation, valuation and degree of coverage in accordance with BNA Directive No. 13/DSB/DRO/2019, of 27 December, on the Recommendations for Implementation of 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. The default of the contract may be verified through contagion from others of the same counterparty representing more than 25%. 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 financial assets acquired or originated with impairment (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

ECL 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 due 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 the determination of impairment losses for loans subject to collective analysis has as an inherent concept the definition of homogeneous segments considering the quality of its assets and in first instance the loan risk characteristics of the customer, and in second instance the operation's risk characteristics. This way, the Bank ensures that for the purposes of analysis of these exposures and determination of 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 customers operations 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 amortised cost", the analysis of expected losses is performed in accordance with the following assumptions:

- The items "Cash and cash equivalents at central banks" and "Investments in central banks and other credit institutions - Purchase transactions involving third-party securities with resale agreement" contracted with BNA consider that *Loss Given Default* (LGD) is null as there are no risks of recovery, and impairment is not estimated, in accordance with Directive no. 13/DSB/DRO/2019 of 27 December 2019, of the BNA - Guide on the Recommendations for Implementation of the AQA Methodologies for the financial year 2019 ("Directive No. 13/DSB/DRO/2019");
- The item " Cash equivalents in other credit institutions - Interbank money market" 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, 1983-2019 and a 60% LGD for all counterparties that have not experienced a significant increase in loan risk. A 0% LGD is applied for Central Bank cash equivalents;
- 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; and
- With regard to the balances under item "Investments at amortised cost" regarding Angolan public debt securities in national and foreign currency, the PD for sovereign debt of the rating associated with the Angolan State obtained by studying
- *Moody's "Sovereign default and recovery rates*, 1983-2018" 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, the Bank estimates it by comparing residual Pds *Lifetime Forward-Looking* at the reporting date with those estimated in the contract, for the same residual maturity.

As the Bank does not yet 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, information on the restructured *status*.

The policy of significant loan risk increase, specific for public debt securities, is under revision by the Bank and is expected to consider, among other information (i) the information published by the International Monetary Fund (IMF) in its report on public debt sustainability, (ii) the *rating* assigned by all major rating agencies and (iii) the deterioration of the comparison ratio of the PD at the reporting date with the respective PD at initial recognition.

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 maximum contractual maturity period of the contract.

Forward-looking *information*

Under this new model based on the requirements defined in IFRS 9, the measurement of expected losses requires also the inclusion of *forward-looking information* with the inclusion of future trends and scenarios, namely macroeconomic data. In this scope, 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%) which includes an increase in inflation rates. These weightings associated with the scenarios are defined in Directive no. 13/DSB/DRO/2019, of 27 December 2019.

Within the scope 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 defining a period (usually 12 months) of data observed outside the estimation period of the PD curves, called the test period.

During the exercise the Bank made the *backtest* exercise for the risk factors in force throughout 2020, but which differ from the risk factors updated for the closing of the financial year as at 31 December 2020. With statistical significance levels of 95% and 99% for the 3 925 estimated values of PD curves, the *backtest* exercise concluded that 95.69% of cases pass both tests, 1.48% of cases pass the test with 95% significance and fail the test with 99% significance, and 2.83% of cases fail both tests. Based on the result of the *backtest* exercise, the Bank concludes there is statistical evidence that the PD curves estimated in the collective impairment calculation model adequately reflect the default rates of the inferred population.

Evolution of the collective impairment model on constraints detected in previous periods

With regard to the collective analysis model, during the 2020 financial year, the Bank resolved a number of situations identified in 2019, among which we highlight the following:

- Correction of input data of the process of unnatural exposures of accrued interest and off-balance sheet balances;
- Correction of input data related to the effective rate;
- Correction of information inconsistencies between the status of the loan operation and the days in arrears considered;
- Review of the following situations related to the calculation of probabilities of default (PD):
  1. Allocation of internal *ratings* by contract in the historical data universe;
  2. Calculation of the probabilities of default observed (ODR);
  3. ODR curves smoothing process and improvement of the process description in the calculation methodology;
  4. Macroeconomic adjustment process (*forward looking*), including the probable scenarios of Covid-19 pandemic impacts on the Angolan economy;
- Review of the following situations related to the calculation of Loss Given Default (LGD):
  1. Effective rate used in the calculation of *recovery rates*;
  2. Segmentation trees of the recovery rates;
  3. Alignment of the default universe of the LGD calculation model with the PD calculation model.

Despite the improvements listed above, there are still situations to be reviewed in the model, without significant impact on the financial statements with reference to 31 December 2020, which will be resolved during the first half of 2021.

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 an operation 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%.

Financial assets acquired or originated with impairment (POCI)

Financial assets acquired or originated with loan impairment (POCI) are assets that have objective evidence of loan impairment at the time of their initial recognition. An asset is loan-impaired if one or more events have occurred that have a negative impact on the estimated future cash flows of the asset.
The events that lead to the creation of a POCI exposure are presented as follows:

- The existence of overdue exposure (principal or interest) with breach of materiality limits for a consecutive period exceeding 90 days;
- The existence of an individual impairment rate greater than 40%;
- 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, that resulted 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.

At initial recognition, POCI 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 variations are registered against results. Associated interest is calculated by applying the effective interest rate to the net book value of the asset. As at 31 December 2020, there were still POCI loan identification criteria to be implemented.

Impairment loss recognition

The Bank recognises impairment loss for expected loan loss in financial instruments as follows:

- Financial assets at amortised cost: impairment losses on financial assets at amortised 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 correspond essentially to resources from central banks, other credit institutions and customers' deposits. These liabilities are initially valued at fair value, which normally corresponds to the consideration received, net of transaction costs, and are subsequently registered at amortised 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 Capital instruments

A financial instrument is classified as a capital instrument when there is no contractual obligation for its settlement to be made by delivering cash or another financial asset to a third party, independently from 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 own capital as a deduction to the amount issued. Amounts paid or received related to acquisition or sales capital instruments are recognised in own capital, net of transaction costs.

Income from capital instruments (dividends) are recognised when the right to receive it is established and it is deducted from own capital.

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 it is probable for future economic benefits to flow to the Bank. Expenditure on maintenance and repair is recognised as a cost as it is incurred on an accrual basis.

(ii) Depreciations

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 highest 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 amortised 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 2.4). 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 definition 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 registered 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 registered 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 operations

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 operations 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 very probable.

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 very probable.

Right before their classification as non-current assets held for sale, the measurement of all non-current assets and all assets and liabilities included in a group of assets for sale is done 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 registered 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 registered in this item are properties and real estate developments under construction and which are meant to be sold to Bank employees, being also subject to periodical valuations for calculation of possible impairment losses.

Assets registered under this item are not amortised, 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 periodical 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) may be inferior to their book value, impairment losses will be registered under "Other net assets impairment from reversion and recovery".

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 is depleted 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. Nonetheless, according to BNA Directive no. 01/DSB/DRO/2020, if there are properties acquired through loan repayment without the respective sale occurring within the legally established period of 2 years, i.e. as from the 2018 financial year, the Bank must sell those properties by 31 December 2020. In this way, the Bank has implemented a sale plan for those properties which was under execution on the date of this report (see note 11).

2.10 Tax on profit

Tax on profit 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 operations, calculated in the first six months of the previous tax year, excluding income subject to Capital Investment 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 mentioned rules in 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 Investment 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.

iii. Special Contribution on Foreign Exchange Operations of Current Invisibles

The Special Contribution on Foreign Exchange Operations of Current Invisibles ("CEOCIC") is levied at a 10% rate on transfers made under contracts for the provision of foreign technical assistance or management services, by the Regulation on the Contracting of Foreign Technical Assistance or Management Services, approved by Presidential Decree No. 273/11 of 27 October (amended by Presidential Decree No. 123/13 of 28th August and revoked in 2020). With the entry in force of the law approving the State Budget for 2021 (Law No. 42/20 of 31 December), the CEOCIC was abolished.

2.11 Remaining taxation

i. Wealth Taxes

Urban Property Tax ("IPU")

The IPU is levied at a 0.5% rate on the equity value of the Bank's own properties for the development of its normal business when the equity value exceeds mKz 5 000. The Property Tax Code (CIP), Law No. 20/209 of 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 regime applicable to property ownership, lease and transfer, with all urban and rural property now being subject to the new rules. Thus being, 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 mKz 5 000, respectively. Additionally, IPU is levied at a 0.6% rate on construction land.

Regarding properties leased by the Bank, as lessee, Law no. 18/11 of 21 April determines that the Bank withholds the IPU 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 IPU, 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 IPU 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 the calculation of the IPU.

SISA

In accordance with the above mentioned new law, SISA regards all acts involving the perpetual or temporary transfer of ownership of any value, type or nature, whatever the name or form of the title (e.g., acts that involve the transfer of improvements in rustic or urban buildings, the transfer of properties by means of donations with contributions or pensions, or the transfer of properties by means of donations), at a 2% rate.

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 Regime of this tax, being obliged to comply with all the declarative rules and obligations provided for in this scope.

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 operations are exempt from VAT, to which the Stamp Duty will continue to be levied, when due.

In this sense, 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) the submission to the General Tax Authority of the periodic statement, including the respective Annexes, in which it determines the amount of VAT to be paid to the State (or the possible loan generated), (ii) the payment of the tax ascertained, until the last day of the month following that to which the transactions carried out relate, 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

Within the scope 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 Investment 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 time 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 Table.

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 witholding tax at a 15% rate.

Urban Property Tax ("Ipu")

In accordance with the provisions of the new IPU Law no. 2020, of 09 July, the Bank withholds the IP due (i) at a 15% rate on the payment or delivery of leases relating to leased properties; and (ii) at a 0.5% rate on the equity value of own properties that are intended for the development of the Bank's normal activity when their equity value is greater than mKz 5 000.

2.12 Employee benefits. Defined contribution plans

For defined 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 present, legal or constructive 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 15th 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, the Bank records in the year 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 eminently social nature, with a view to prevent, reduce or solve 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. Appropriations not used annually are carried to the following year's budget.

v. Variable remuneration paid to employees and administrators

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 defined 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 defined 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 amortised 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 operations, 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, their recognition is made 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 within the scope 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 operations

Income from financial operations 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 include also gains on the sale of financial assets at fair value through other comprehensive income and investments at amortised cost.

2.19 Cash and cash equivalents

For the purposes of preparing the statement of cash flows, 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 loan 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 amortised over the useful life of the guarantee or commitment. Subsequently, the liability is recorded at the highest value between the amortised 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 the acquisition of 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 THE PREPARATION OF 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.

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 operations in a true and appropriate manner in all materially relevant aspects.

3.1 Impairment of financial assets at amortised cost or fair value through other comprehensive income

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

- Business model assessment: the classification and measurement of financial assets depends on the results of the SPPI test and the definition 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 amortised cost or at fair value through other comprehensive income, assessing whether a prospective change is necessary: Significant increase in loan risk: as mentioned in Note 2.3 - Financial instruments, the determination of the transfer of an asset from stage 1 to *stage* 2 for the purpose of determining the respective impairment is made based on the significant increase in its loan risk, and IFRS 9 does not objectively define what constitutes a significant increase in loan risk;
- Definition of 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. The 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 im-

pairment calculation considers several scenarios with a specific weighting, based on the internal methodology defined on scenarios - definition of multiple perspectives of macroeconomic evolution, with a relevant probability of occurrence.

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 loan 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 consequent impact on the Bank's results.

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

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 income statement exercise, 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 2020 and 2019 was determined under the terms of the Industrial Tax Code in force for each of those dates, the applicable tax rates being of 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 2019 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 exchange rate variations:
  1. Potential changes in revaluation items of assets and liabilities indexed to foreign currency excluded from transactions due during the year; and
  2. 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:
  1. Reinforcements of impairment on existing loans during the year;
  2. 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 2020 and 2019, deferred tax was, in general terms, calculated based on a rate of 35% and 30%, respectively.

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 20years. 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 the acquisition of the underlying asset, which is estimated at approximately 23%.

3.6 Impacts of the Covid-19 pandemic

The Coronavirus (Covid-19) pandemic developed rapidly over the year 2020 with a significant number of cases recorded globally. The Board of Directors continues to monitor the evolution of the pandemic, in Angola and Worldwide, and the estimated impacts that may arise for 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 Board to contain the virus have significantly affected economic activity, with consequent 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.

The Bank assessed several scenarios considering (i) Duration of the lockdown and mobility restrictions, (ii) Impact on GDP, and (iii) Level of State intervention in the economy. Several macroeconomic variables were modelled for each scenario, which served as a basis for quantifying the impacts on the Bank's balance sheet and on the risk and performance indicators.

The impacts were estimated by the Board of Directors based on the best information available as at 31 December 2020. In the ECL estimation, the Bank proceeded to the worsening of the macroeconomic scenarios and incorporated in the risk factors the estimated effects of the pandemic, having recognised, at 31 December 2020, expected impairment losses in the amount of mKz 457 935 910, as referred in notes 8, 9 and 10. However, it was not possible to segregate or isolate with reliability the quantitative impact on ECL associated to 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. Notwithstanding the above, the Bank maintains appropriate and robust levels of capital for the potential impacts of the current economic environment.

4 – CASH AND CASH EQUIVALENTS AT CENTRAL BANKS

This item has the following composition:

	31-12-2020	31-12-2019
CASH		
In domestic currency	19 143 511	19 294 631
In foreign currency	3 723 967	4 072 272
DEMAND DEPOSITS AT BANCO NACIONAL DE ANGOLA		
In domestic currency	204 741 899	163 075 165
In foreign currency	84 094 328	146 877 455
	311 703 705	**333 319 523**

The item Demand deposits at BNA includes deposits made to satisfy the mandatory reserve regime. As at 31 December 2020, these reserves are established in accordance with BNA's Instruction No. 16/2020, of 02 October 2020 and Directive No. 04 / DMA / 2020, of 06 October 2020, which are summarised as follows:

RESERVE BASE	Calculation	Domestic currency coefficient	Foreign currency coefficient
Central Government	Daily	22%	100%
Local Governments and Municipal Administrations	Daily	22%	100%
Other Sectors	Weekly	22%	17%

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.

According to the aforementioned instruction, mandatory reserves in foreign currency can be fulfilled by 20% with the amounts deposited with the BNA and 80% 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.

As at 31 December 2020, the total amount due (Central Government, Local Governments, Local Administrations and Other sectors) amounts to mKz 529 961 155 (2019: mKz 519 452 820). Of the total amount due, 61% was being fulfilled with Treasury bonds in foreign currency.

5 – CASH AND CASH EQUIVALENTS IN OTHER CREDIT INSTITUTIONS

This item has the following composition:

	31-12-2020	31-12-2019
CASH AND CASH EQUIVALENTS IN CREDIT INSTITUTIONS IN THE COUNTRY		
Other assets	271 694	77 800
CASH AND CASH EQUIVALENTS IN CREDIT INSTITUTIONS ABROAD		
Demand deposits	188 792 995	152 841 615
Other assets	93 950	94 473
	189 158 639	**153 013 888**
IMPAIRMENTS	(26 581)	(48 988)
	189 132 058	**152 964 900**

As at 31 December 2020, the item Cash equivalents at credit institutions abroad - Demand deposits presents an amount of mKz 241 518 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.

6 - INVESTMENTS IN CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This item has the following composition:

	31-12-2020	31-12-2019
INVESTMENTS IN CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS IN THE COUNTRY		
Interbank money market	41 600 000	16 709 475
Interest receivable	186 594	12 417
Operations for the purchase of securities from third parties with resale agreement	3 044 336	42 141 030
	44 830 930	**58 862 922**
INVESTMENTS IN CREDIT INSTITUTIONS ABROAD		
Interbank money market	575 512 073	506 567 008
Interest receivable	378 328	723 500
Collateral deposits	86 856 833	89 412 155
	662 747 234	**596 702 663**
	707 578 164	**655 565 585**
IMPAIRMENTS	(35 540 416)	(25 846 910)
	672 037 748	**629 718 675**

The schedule of investments in central banks and other credit institutions, including interest receivable, by maturity as at 31 December 2020 and 2019, is as follows:

	31-12-2020	31-12-2019
Up to three months	555 273 412	551 088 644
From three to six months	40 331 847	94 032 854
From six months to one year	111 972 905	10 444 087
	707 578 164	**655 565 585**

The schedule of investments in central banks and other credit institutions, including interest receivable, by currency as at 31 December 2020 and 2019, is as follows:

	31-12-2020	31-12-2019
AKZ	44 830 928	58 862 922
USD	625 523 563	569 903 867
EUR	37 223 672	26 798 796
	707 578 164	**655 565 585**

Investments in central banks and other credit institutions, on 31 December 2020 matured interest at a weighted average rate of 7.84% in domestic currency (2019: 18.71%), 0.39% in Eur and 0.48% in USD.

As at 31 December 2020 and 2019, the item Investments in credit institutions abroad - Collateral deposits corresponds to liquidity applications that collateralise loan operations granted by corresponding banks in the amounts of mKz 86 875 968 and mKz 89 412 155, respectively.

On 31 December 2020, the item Investments in credit institutions abroad – Interbank money market includes the amounts of mKz 3 105 211 (2019: mKz 2 096 172) that collateralise loan operations granted by BAI Cape Verde.

Exposures related to investments in other credit institutions classified in stage 1 represent around 95.85% and those classified in stage 3 represent 4.15%.

As at 31 December 2020, impairment losses for investments in central banks and other credit institutions show the following trend:

	31-12-2020	31-12-2019
OPENING BALANCE	**25 846 910**	**226 927**
Allocation for the year (Note 37)	5 163 855	23 640 089
Reversal for the year (Note 37)	-4 137 523	-987 156
Adjustments (exchange rate effect)	8 667 174	2 967 050
FINAL BALANCE	**35 540 416**	**25 846 910**

On 31 December 2020 and 2019, appropriations were mainly explained by the reinforcement of impairment of one counterparty, which within the scope of the asset quality assessment exercise (AQA), was identified as holding exposures in default with other banks in the national market, and that given the counterparty's demonstrated inability to settle the exposure immediately upon maturity, the impairment was reinforced to 100%.

7 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item has the following composition:

	31-12-2020	31-12-2019
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Bonds and other fixed income securities		
From public issuers		
Treasury Bills	-	108
Treasury Bonds in domestic currency		
Not readjustable	22 234 556	31 946 069
Indexed to the US Dollar exchange rate	34 135 844	1 327 947
Treasury Bonds in foreign currency	22 095 568	15 634 077
From other issuers	87 725	23 507
Other variable income securities		
Investment units	6 461 882	9 417 916
	85 015 575	**58 349 624**

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 2020 and 2019, 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	-	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**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Bonds and other fixed income securities				
From public issuers	-	33 274 124	15 634 077	48 908 201
From other issuers	-	23 507	-	23 507
Other variable income securities				
Investment units	-	9 417 916	-	9 417 916
BALANCE AT 31 DECEMBER 2019	**-**	**42 715 547**	**15 634 077**	**58 349 624**

In accordance with IFRS 13, financial instruments are measured in accordance with the valuation levels described in Note 42.

As at 31 December 2020 and 2019, 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	Morethanfiveyears	Total
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**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					
Bonds and other fixed income securities					
From public issuers	-	18 900 547	30 007 654	-	48 908 201
From other issuers	-	-	23 507	-	23 507
Other variable income securities					
Investment units	-	3 121 230	-	6 296 686	9 417 916
BALANCE AT 31 DECEMBER 2019	**-**	**22 021 777**	**30 031 161**	**6 296 686**	**58 349 624**

As at 31 December 2020 and 2019, securities measured at fair value through profit or loss have the following characteristics:

31-12-2020	Issuer	Residence	Activity	Currency	Indexing	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											
Not readjustable bonds	State	Angola	Government	AOA	n.a.	14.40%	22 507 600	19 400 144	987 782	1 846 630	22 234 556
Treasury Bonds in foreign currency	State	Angola	Government	USD	n.a.	5.90%	22 560 747	22 560 747	473 837	(939 016)	22 095 568
Bonds indexed to the US Dollar exchange rate	State	Angola	Government	AOA	USD	5.96%	31 013 290	32 709 794	659 037	767 013	34 135 844
Treasury Bills	Others	Cape Verde	Financial Inst.	EUR	n.a.	n.a.	1 680 984	1 680 984	27 510	(1 620 769)	87 725
Other foreign currency bonds											
Other variable income securities											
FIPA I	n.a	Luxembourg	Financial Inst.	USD	n.a.	n.a.	n.a.	7 637 332	n.a.	(5 000 064)	2 637 268
FIPA II	n.a	Luxembourg	Financial Inst.	USD	n.a.	n.a.	n.a.	6 431 618	n.a.	(3 064 647)	3 366 971
Carlyle	n.a	USA	Financial Inst.	USD	n.a.	n.a.	n.a.	2 008 089	n.a.	(1 550 446)	457 643
							77 762 621	**90 420 620**	**2 148 166**	**(8 010 854)**	**85 015 575**

31-12-2019	Issuer	Residence	Activity	Currency	Indexing	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											
Not readjustable bonds	State	Angola	Government	AOA	n.a.	13.39%	35 635 000	33 225 501	1 085 739	(2 365 171)	31 946 069
Treasury Bonds in foreign currency	State	Angola	Government	USD	n.a.	5.90%	16 747 744	16 747 744	351 748	(1 465 415)	15 634 077
Bonds indexed to the US Dollar exchange rate	State	Angola	Government	AOA	USD	5.67%	1 352 869	1 376 638	23 638	(72 329)	1 304 178
Treasury Bills	State	Angola	Government	AOA	n.a.	16.80%	113	98	-	(10)	108
Other foreign currency bonds	Others	Cape Verde	Financial Inst.	EUR	n.a.	4.20%	1 138 617	1 138 617	-	(1 115 110)	23 507
Other variable income securities											
BAI Premium Income	n.a	Angola	Financial Inst.	AOA	n.a.	n.a.	n.a.	3 000 000	n.a.	121 230	3 121 230
FIPA I	n.a	Luxembourg	Financial Inst.	USD	n.a.	n.a.	n.a.	3 479 674	n.a.	246 761	3 726 435
FIPA II	n.a	Luxembourg	Financial Inst.	USD	n.a.	n.a.	n.a.	2 414 932	n.a.	155 319	2 446 363
Carlyle	n.a	USA	Financial Inst.	USD	n.a.	n.a.	n.a.	1 490 685	n.a.	(677 583)	123 888
							54 874 343	**62 873 889**	**1 461 125**	**(5 861 502)**	**58 349 624**

8 – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item has the following composition:

		Reserves			
	Cost [(1)]	Change in fair value	Impairment losses	Accrued interest	Balance Sheet Value
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME					
Shares	730 355	(296 364)	-	-	433 991
BALANCE AT 31 DECEMBER 2020	**730 355**	**(296 364)**	**-**	**-**	**433 991**
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME					
Shares	730 355	(613 819)	-	-	116 536
BALANCE AT 31 DECEMBER 2019	**730 355**	**(613 819)**	**(437 458)**	**89 020**	**116 536**

[(1)] Acquisition cost for shares and other equity instruments and amortised cost for debt securities.

As at 31 December 2020 and 2019, financial assets at fair value through other comprehensive income, net of impairment, have the following valuation levels:

	Level 1	Level 2	Level 3	At cost	Total
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME					
Shares	-	-	433 991	-	433 991
BALANCE AT 31 DECEMBER 2020	**-**	**-**	**433 991**	**-**	**433 991**
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME					
Shares	-	-	116 536	-	116 536
BALANCE AT 31 DECEMBER 2019	**-**	**-**	**116 536**	**-**	**116 536**

In accordance with IFRS 13, financial instruments are measured in accordance with the valuation levels described in Note 41.

During the financial year ended on 31 December 2020, there were no transfers of financial assets at fair value through other comprehensive income between level 1 and level 2 of the fair value hierarchy.

As at 31 December 2020 and 2019, financial assets at fair value through other comprehensive income have the following residual maturity terms:

	Undetermined duration	Total
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Shares	433 991	433 991
BALANCE AT 31 DECEMBER 2020	**433 991**	**433 991**
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Shares	116 536	116 536
BALANCE AT 31 DECEMBER 2019	**116 536**	**116 536**

As at 31 December 2020, and 2019, financial assets at fair value through other comprehensive income have the following characteristics:

31-12-2020	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Acquisition cost	Accrued interest	Fair value adjustment	Balance Sheet Value	Balance Sheet Value
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME												
Emis shares	EMIS	Angola	Financial Inst.	AKZ	n.a.	n.a.	n.a.	510 436	n.a.	n.a.	(88 466)	421 970
Nova Cimangola shares	Nova Cimangola	Angola	Manufacturing ind.	AKZ	n.a.	n.a.	n.a.	344 276	n.a.	n.a.	(332 255)	12 021
								854 712	**-**	**-**	**(420 721)**	**433 991**

31-12-2019	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Acquisition cost	Accrued interest	Fair value adjustment	Balance Sheet Value	Balance Sheet Value
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME												
Emis shares	EMIS	Angola	Financial Inst.	AKZ	n.a.	n.a.	n.a.	386 079	n.a.	n.a.	(283 294)	102 785
Nova Cimangola shares	Nova Cimangola	Angola	Manufacturing ind.	AKZ	n.a.	n.a.	n.a.	344 276	n.a.	n.a.	(330 526)	13 750
								730 355	**-**	**-**	**(613 820)**	**116 535**

The movement in the fair value reserve during the year, is detailed in Note 21.
As at 31 December 2020, there were no transfers of financial instruments at fair value through other comprehensive income among fair value level hierarchy.

9 – INVESTEMENTS AT AMORTISED COST

This item is broken down as follows:

	31-12-2020	31-12-2019
INVESTMENTS AT AMORTISED COST		
Bonds and other fixed income securities		
From public issuers		
Treasury Bills	87 335 681	30 105 260
Treasury Bonds in domestic currency		
Not readjustable	284 663 880	218 672 716
Indexed to the US Dollar exchange rate	188 753 445	154 740 481
Indexed to Treasury Bills	8 566 652	8 377 941
Treasury Bonds in foreign currency	785 048 129	457 683 369
	1 354 367 787	**869 579 767**
Impairments	(90 875 352)	(13 315 351)
	1 263 492 435	**856 264 416**

The fair value of the investment portfolio at amortised cost is presented in Note 41, within the scope of the disclosure requirements set out in IFRS 7 and IFRS 9.

All exposures related to investments at amortised cost are in *stage* 1.

As at 31 December 2020, the item Treasury Bonds in domestic currency - Not readjustable includes securities in the amount of mKz 18 276 346, provided as guarantee to the General Tax Administration (AGT) under the ongoing tax procedures (Notes 14 and 39).

Investments at amortised 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 AMORTISED 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	**207 919 840**	**162 259 452**	**881 453 663**	**11 859 480**	**1 263 492 435**

	Less than three months	Between three months and one year	From one to five years	More than five years	Total
INVESTMENTS AT AMORTISED COST					
Bonds from national public issuers					
Treasury Bills	14 395 477	15 709 783	-	-	30 105 260
Treasury Bonds in domestic currency					
Not readjustable	35 202 713	43 569 758	139 810 392	89 853	218 672 716
Indexed to the US Dollar exchange rate	22 631	16 136 448	124 027 410	14 553 992	154 740 481
Indexed to Treasury Bills	-	-	8 377 941	-	8 377 941
Treasury Bonds in foreign currency	-	-	457 683 369	-	457 683 369
Impairments	(731 609)	(1 130 123)	(11 227 311)	(226 308)	(13 315 350)
BALANCE AT 31 DECEMBER 2019	**48 889 212**	**74 285 866**	**718 671 801**	**14 417 537**	**856 264 417**

As at 31 December 2020 and 2019, investments at amortised cost present the following characteristics:

31-12-2020	Issuer	Residence	Activity	Indexing	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium / Discount	Impairment	Balance Sheet Value
INVESTMENTS AT AMORTISED COST											
Bonds from national public issuers											
Treasury Bills	State	Angola	Government	n.a.	21.45%	93 873 517	86 606 378	729 303	-	(5 934 460)	81 401 222
Treasury Bonds in domestic currency											
Not readjustable	State	Angola	Government	n.a.	14.95%	298 469 600	260 952 973	10 287 780	13 423 127	(18 500 181)	266 163 699
Indexed to the US Dollar exchange rate	State	Angola	Government	USD	6.68%	186 052 768	184 470 038	3 726 542	556 864	(12 796 961)	175 956 483
Indexed to Treasury Bills	State	Angola	Government	n.a.	25.90%	8 000 000	8 000 000	566 652	-	(582 104)	7 984 548
Treasury Bonds in foreign currency	State	Angola	Government	n.a.	6.33%	873 832 360	772 628 591	8 263 920	4 155 619	(53 061 646)	731 986 483
						1 460 228 245	**1 312 657 980**	**23 574 198**	**18 135 609**	**(90 875 352)**	**1 263 492 435**

31-12-2019	Issuer	Residence	Activity	Indexing	Average rate	Nominal value	Acquisition cost	Accrued interest	Premium / Discount	Impairment	Balance Sheet Value
INVESTMENTS AT AMORTISED COST											
Bonds from national public issuers											
Treasury Bills	State	Angola	Government	n.a.	17.32%	31 627 713	27 509 953	2 595 307	-	(467 252)	29 638 008
Treasury Bonds in domestic currency											
Not readjustable	State	Angola	Government	n.a.	12.40%	265 237 790	202 881 768	8 284 004	7 506 944	(3 258 798)	215 413 919
Indexed to the US Dollar exchange rate	State	Angola	Government	USD	6.30%	69 358 975	151 347 083	3 174 850	218 548	(2 387 689)	152 352 792
Indexed to Treasury Bills	State	Angola	Government	n.a.	17.40%	8 000 000	8 000 000	377 941	-	(129 457)	8 248 484
Treasury Bonds in foreign currency	State	Angola	Government	n.a.	5.80%	453 645 406	453 645 406	4 037 963	-	(7 072 155)	450 611 213
						827 869 884	**843 384 210**	**18 470 065**	**7 725 492**	**(13 315 351)**	**856 264 416**

As at 31 December 2020 and 2019, impairment losses on investments at amortised cost present the following movements:

	31-12-2020	31-12-2019
OPENING BALANCE	13 315 351	4 684 157
Allocation for the year	75 465 822	6 164 647
Reversal for the year	(2 102 252)	(20 710)
Note 37	73 363 570	6 143 937
Adjustments	4 196 432	2 487 257
FINAL BALANCE	90 875 352	13 315 351

As at 31 December 2020, the Bank recorded an additional impairment allocation for the increase in PD in accordance with Angola's rating published in Moody's study applicable to the financial year in question.

As mentioned in note 2.3, as at 31 December 2020, the Bank classified these exposures in *stage* 1.

10 – LOANS TO CUSTOMERS

This item is broken down as follows:

	31-12-2020	31-12-2019
LOANS AT AMORTISED COST		
Domestic loans		
Companies	**422 897 270**	**452 618 601**
Loans	395 071 475	425 718 220
Current account and overdraft loans	27 799 605	26 567 516
Loan cards	26 190	179 481
Other loans	-	153 384
To private customers	**99 983 972**	**90 800 245**
Housing	40 641 290	31 356 026
Consumption and other	59 342 682	59 444 219
	522 881 242	**543 418 846**
Foreign loans		
Companies	**18 550 541**	**18 374 438**
Loans	18 550 541	18 374 438
Other loans		
	18 550 541	**18 374 438**
Non-performing loans and interest		
Up to 30 days	11 843 656	13 499 565
From 30 to 90 days	7 810 802	7 746 729
90 or more days	93 103 665	103 689 855
	112 758 123	**124 936 149**
	654 189 906	**686 729 433**
Impairment losses	(288 149 500)	(238 246 930)
	448 482 503	**372 147 236**
Loans at fair value through profit or loss		
Gross book value	792 090	3 129 530
Fair value adjustment	(73 757)	(2 900 498)
	718 333	**229 032**
	366 758 738	**448 711 535**

Non-performing loans include all loan operations overdue for more than one day, including overdue and outstanding instalments.

Loans to customers include the amount of mKz 792 090 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 information on loans and impairment excludes loans at fair value through profit or loss due to being subject to impairment.

As at 31 December 2020 and 2019, loans and impairment by situation and risk segment are broken down as follows:

	Exposure at 31-12-2020			Impairment at 31-12-2020		
SEGMENT	Total exposure	Loansincompliance	Non-performingloans	Total impairment	Loans in compliance	Non-performingloans
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	654 189 906	541 431 783	112 758 123	288 149 500	227 669 512	60 479 989

	Exposure at 31-12-2019			Impairment at 31-12-2019		
SEGMENT	Total exposure	Loans in compliance	Non-performing loans	Total impairment	Loans in compliance	Non-performingloans
Cards	1 399 914	1 315 336	84 578	20 433	20 433	-
Consumption	70 395 215	58 183 229	12 211 986	3 399 224	393 051	3 006 173
Overdrafts	206 595	45 829	160 766	90 276	14 908	75 368
Large companies	361 363 605	288 491 059	72 872 546	201 773 319	155 806 417	45 966 902
Housing	47 554 389	31 356 026	16 198 363	9 147 814	604 742	8 543 072
Small companies	33 761 229	10 363 397	23 397 832	21 224 944	1 006 008	20 218 936
Public sector	172 277 518	172 267 440	10 078	2 590 920	2 580 656	10 264
TOTAL	686 958 465	562 022 316	124 936 149	238 246 930	160 426 215	77 820 715

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.

As mentioned in the chapter regarding activity by business area of the Management Report, the Bank's Board of Directors approved loan proposals totalling mKz 84 366 091 within the scope of the Loan Support Program (PAC), Notice no. 10/2020 and BNA Notice no. 4/19, of 3 April, of which mKz 48 453 151 refer to restructured loans. 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 operations exceeds the initial loan risk spread of the debtor.

As at 31 December 2020 and 2019, the breakdown of non-performing loans and impairment by maturity is as follows:

	Exposure at 31-12-2020				Impairment at 31-12-2020			
SEGMENT	Non-performing loans	Up to 30 days	From 30 to 90 days	90 or more days	Impairment on non-performing loans	Up to 30 days	From 30 to 90 days	90 or more 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	112 758 123	11 843 656	7 810 802	93 103 665	60 479 989	1 200 595	1 418 450	57 860 944

	Exposure at 31-12-2019				Impairment at 31-12-2019			
SEGMENT	Non-performing loans	Up to 30 days	From 30 to 90 days	90 or more days	Impairment on non-performing loans	Up to 30 days	From 30 to 90 days	90 or more days
Cards	84 578	-	-	84 578	-	-	-	-
Consumption	12 211 986	6 818 233	553 951	4 839 802	3 006 173	41 013	35 538	2 929 622
Overdrafts	160 766	51 586	10 932	98 248	75 368	648	2 411	72 309
Large companies	72 872 546	3 128 829	4 342 270	65 401 447	45 966 902	285 864	558 795	45 122 243
Housing	16 198 363	3 270 726	1 027 331	11 900 306	8 543 072	119 096	146 526	8 277 450
Small companies	23 397 832	230 190	1 812 245	21 355 397	20 218 936	11 794	391 901	19 815 241
Public sector	10 078	-	-	10 078	10 264	-	-	10 264
TOTAL	124 936 149	13 499 564	7 746 729	103 689 856	77 820 715	458 415	1 135 171	76 227 129

As at 31 December 2020 and 2019, the breakdown of non-performing loans and impairment by stages is as follows:

	Exposure at 31-12-2020				Impairment at 31-12-2020			
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

	Exposure at 31-12-2019				Impairment at 31-12-2019			
SEGMENT	Non-performing loans	*Stage 1*	*Stage 2*	*Stage 3*	Impairment on non-performing loans	*Stage 1*	*Stage 2*	*Stage 3*
Cards	84 578	-	-	84 578	-	-	-	-
Consumption	12 211 986	1 320 809	5 824 732	5 066 445	3 006 173	6 977	49 367	2 949 829
Overdrafts	160 766	48 274	14 066	98 426	75 368	531	2 489	72 348
Large companies	72 872 546	631 126	6 406 820	65 834 600	45 966 902	8 424	775 081	45 183 397
Housing	16 198 363	661 595	3 400 712	12 136 056	8 543 072	11 659	216 720	8 314 693
Small companies	23 397 832	1 905	2 013 874	21 382 053	20 218 936	20	399 549	19 819 367
Public sector	10 078	-	-	10 078	10 264	-	-	10 264
TOTAL	124 936 149	2 663 709	17 660 204	104 612 236	77 820 715	27 611	1 443 206	76 349 898

As at 31 December 2020 and 2019, the breakdown of non-performing loans with impairment by maturity is as follows:

	Exposure at 31-12-2020				Impairment at 31-12-2019			
SEGMENT	Non-performing loans without impairment	Up to 30 days	From 30 to 90 days	90 or more days	Non-performing loans without impairment	Up to 30 days	From 30 to 90 days	90 or more days
Cards	58 278	58 278			84 578	-	-	84 578
Consumption	12 092 247	4 802 941	3 095 572	4 193 734	12 210 031	6 816 278	553 951	4 839 802
Overdrafts	2 806 002	84 229	1 620 967	1 100 806	160 766	51 586	10 932	98 248
Large companies	52 937 200	5 606	616 643	52 314 951	72 872 546	3 128 829	4 342 270	65 401 447
Housing	27 473 907	5 859 609	1 804 516	19 809 782	16 198 363	3 270 726	1 027 331	11 900 306
Small companies	17 390 489	1 032 992	673 104	15 684 393	23 397 832	230 190	1 812 245	21 355 397
Public sector	-	-	-	-	10 078	-	-	10 078
TOTAL	112 758 123	11 843 656	7 810 802	93 103 665	124 934 194	13 497 609	7 746 729	103 689 856

As at 31 December 2020, non-performing loans without impairment were null.

As at 31 December 2020 and 2019, overdue loans with impairment were broken down as follows:

	31-12-2020			
	Default stage			
	Stage 1	*Stage 2*	*Stage 3*	Total
LOANS TO CUSTOMERS				
Loans and overdue interest				
With impairment assigned on the basis of an individual analysis	-	2 705 163	58 432 307	61 137 470
With impairment assigned on the basis of a collective analysis	9 831 323	3 027 989	38 761 341	51 620 653
TOTAL	9 831 323	5 733 152	97 193 648	112 758 123

	31-12-2019			
	Default stage			
	Stage 1	*Stage 2*	*Stage 3*	Total
LOANS TO CUSTOMERS				
Loans and overdue interest				
With impairment assigned on the basis of an individual analysis	4	2 571 346	91 552 758	94 124 108
With impairment assigned on the basis of a collective analysis	2 663 705	15 088 858	13 059 478	30 810 086
TOTAL	2 663 709	17 660 204	104 612 236	124 934 194

Loans to customers by stage are broken down as follows:

	31-12-2020			
	Stage 1	*Stage 2*	*Stage 3*	Total
LOANS AT AMORTISED 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)
	111 674 004	**125 927 651**	**128 438 751**	**366 040 406**
LOANS AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	718 333
TOTAL	**111 674 004**	**125 927 651**	**128 438 751**	**366 758 738**

	31-12-2019			
	Stage 1	*Stage 2*	*Stage 3*	Total
LOANS AT AMORTISED COST				
Gross value	230 333 195	191 735 303	264 660 935	686 729 433
Impairment losses	(9 614 127)	(22 905 124)	(205 727 679)	(238 246 930)
	220 719 068	**168 830 179**	**58 933 256**	**448 482 503**
LOANS AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	229 032
TOTAL	**220 719 068**	**168 830 179**	**58 933 256**	**448 711 535**

As at 31 December 2020, loans to customers were broken down as follows:

	31-12-2020				
	Default stage				
	Outstanding loans and interest receivable	*Stage 1*	*Stage 2*	*Stage 3*	Total
LOANS TO CUSTOMERS					
Loans 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
Impairment	(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**
Commissions associated with amortised cost					
Adjustments to the value of hedged assets					
	313 762 272	**9 442 148**	**4 850 715**	**37 985 271**	**366 040 406**

	31-12-2019				
	Default stage				
	Outstanding loans and interest receivable	*Stage 1*	*Stage 2*	*Stage 3*	Total
LOANS TO CUSTOMERS					
Loans without impairment	232 789	-	-	-	232 789
With impairment assigned on the basis of an individual analysis					
Loans and interest	422 053 220	3	2 569 832	91 605 473	516 228 528
Impairment	(157 662 205)	(1)	(806 351)	(71 123 027)	(229 591 584)
	264 391 015	**2**	**1 763 481**	**20 482 446**	**286 636 944**
With impairment assigned on the basis of a collective analysis					
Loans and interest	139 738 262	2 663 706	15 088 417	13 006 763	170 497 148
Impairment	(2 764 010)	(27 610)	(636 855)	(5 226 871)	(8 655 346)
	136 974 252	**2 636 096**	**14 451 562**	**7 779 892**	**161 841 802**
Commissions associated with amortised cost	(1 241 751)	(39 574)	(113 863)	(110 682)	(1 505 870)
	401 598 056	**2 636 098**	**16 215 043**	**28 262 338**	**448 711 535**

The matrix for transfer of exposure by stages between 1 January and 2020 and 31 December 2020 is as follows:

	31-12-2020			
	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**

	31-12-2019			
	Stage 1	*Stage 2*	*Stage 3*	Total
STAGE ON 01-01-2019				
Stage 1	7 497 861	12 258 603	30 082 564	49 839 027
Stage 2	175 879 147	37 343 206	20 338 828	233 561 181
Stage 3	14 859 883	42 156 912	213 971 564	270 988 359
Exposure originated during 2019	32 096 303	99 976 583	267 986	132 340 872
TOTAL	**230 333 194**	**191 735 304**	**264 660 942**	**686 729 439**

Impairment migration by stages between 01 January and 31 December 2020 is as follows:

	31-12-2020			
	Stage 1	*Stage* 2	*Stage* 3	Total
STAGE ON 01-01-2020				
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 2020	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**

	31-12-2019			
	Stage 1	*Stage* 2	*Stage* 3	Total
STAGE ON 01-01-2019				
Stage 1	102 128	534 620	19 110 588	19 747 336
Stage 2	2 393 539	4 151 449	15 053 891	21 598 879
Stage 3	6 749 092	16 631 256	171 538 026	194 918 374
Exposure originated during 2019	369 368	1 587 799	25 174	1 982 341
TOTAL	**9 614 127**	**22 905 124**	**205 727 679**	**238 246 930**

As at 31 December 2020 and 2019, loans to customers and impairment by currency are presented as follows:

	31-12-2020		31-12-2019	
	Loans to customers	Impairment	Loans to customers	Impairment
AKZ	479 367 723	221 752 076	394 949 185	181 076 500
USD	173 858 398	66 336 724	291 460 387	57 138 213
EUR	963 785	60 700	548 893	32 217
TOTAL	**654 189 906**	**288 149 500**	**686 958 465**	**238 246 930**

As at 31 December 2020 and 2019, the composition of the loan portfolio by residual maturity is as follows:

	31-12-2020	31-12-2019
Up to three months	21 547 259	26 373 896
From three months to one year	115 647 386	11 581 205
From one to five years	123 989 536	360 884 637
More than five years	280 253 859	163 182 578
Undetermined duration	113 470 198	124 936 149
TOTAL	**654 908 239**	**686 958 465**

The loan amount considered as undetermined duration corresponds to the amount of non-performing loans.

As at 31 December 2020 and 2019, loans and impairment are broken down as follows by year of concession:

31-12-2020	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**

31-12-2019	2016 and earlier			2017			2018			2019			Total		
SEGMENT	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment
Cards	7 837	1 060 967	20 052	1 303	144 545	93	1 226	102 998	279	842	91 404	9	10 366	1 399 914	20 433
Consumption	2 976	4 967 493	1 353 495	1 371	3 848 208	1 354 554	7 645	12 263 109	443 381	18 663	49 316 405	247 794	11 992	70 395 215	3 399 224
Overdrafts	2 437	184 273	77 654	529	10 558	6 952	441	8 125	4 603	241	3 639	1 067	3 407	206 595	90 276
Large companies	445	174 713 323	106 367 739	64	18 880 640	12 761 285	58	32 913 231	14 701 427	52	134 856 411	67 942 868	567	361 363 605	201 773 319
Housing	965	43 801 924	8 994 769	8	255 864	16 787	32	1 246 146	36 981	41	2 250 455	99 277	1 005	47 554 389	9 147 814
Small companies	599	18 959 616	17 973 269	50	2 562 509	1 450 416	57	4 760 505	1 029 896	164	7 478 599	771 363	706	33 761 229	21 224 944
Public sector	67	121 288 104	1 198 380	3	10 925 536	953 917	19	9 567 273	31 224	35	30 496 605	407 399	89	172 277 518	2 590 920
TOTAL	**15 326**	**364 975 700**	**135 985 358**	**3 328**	**36 627 860**	**16 544 004**	**9 478**	**60 861 387**	**16 247 791**	**20 038**	**224 493 518**	**69 469 777**	**28 132**	**686 958 465**	**238 246 930**

As at 31 December 2020 and 2019, loans and impairment by type of quantification are broken down as follows by risk segment:

31-12-2020	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**

31-12-2019	Individual analysis		Collective analysis		Total	
SEGMENT	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Cards	193 164	7 132	1 206 750	13 301	1 399 914	20 433
Consumption	2 199 836	1 996 557	68 195 379	1 402 667	70 395 215	3 399 224
Overdrafts	3 102	3 152	203 493	87 124	206 595	90 276
Large companies	322 718 481	200 546 881	38 645 124	1 226 438	361 363 605	201 773 319
Housing	5 983 370	5 791 202	41 571 019	3 356 612	47 554 389	9 147 814
Small companies	20 282 335	19 018 563	13 478 894	2 206 381	33 761 229	21 224 944
Public sector	164 576 436	2 228 097	7 701 082	362 823	172 277 518	2 590 920
TOTAL	**515 956 724**	**229 591 584**	**171 001 741**	**8 655 346**	**686 958 465**	**238 246 930**

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 2020 represent 68% of the loan portfolio and 93% 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 2020 and 2019, loans and impairment by type of quantification are broken down as follows by geographical area:

31-12-2020	Individual analysis		Collective analysis		Total	
GEOGRAPHICAL AREA	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**

31-12-2019	Individual analysis		Collective analysis		Total	
GEOGRAPHICAL AREA	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Angola	497 582 286	229 591 584	171 001 741	8 372 191	668 584 027	237 963 775
Other Countries	18 374 438	-	-	283 155	18 374 438	283 155
TOTAL	**515 956 724**	**229 591 584**	**171 001 741**	**8 655 346**	**686 958 465**	**238 246 930**

As at 31 December 2020, the sectoral concentration of loans to customers is presented as follows:

31-12-2020	Loans to customers			Guarantees provided and documentary loans (Note 39)	Total exposure	Impairment	
ACTIVITY SECTOR	Due	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	0.00%
Manufacturing industry	17 372 585	183 498	24 432 943	5 438 259	47 427 286	13 413 099	0.00%
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%
Fishing	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	759 228.90	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	0.00%
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%**

31-12-2019	Loans to customers			Guarantees provided and documentary loans (Note 39)	Total exposure	Impairment	
ACTIVITY SECTOR	Due	Interest receivable	Overdue			Value	Impairment / Total exposure
State	**161 703 841**	**2 866 766**	**-**	**-**	**164 570 607**	**2 504 247**	**1.52%**
Companies	**276 169 035**	**30 382 266**	**96 328 234**	**208 321 855**	**611 201 390**	**223 736 816**	**36.61%**
Real estate development	104 959 002	29 235 020	19 035 979	-	153 230 001	124 270 356	81.10%
Extractive industry	90 041 452	698 341	11 159 791	79 257 202	181 156 786	30 974 790	17.10%
Agribusiness	37 912 962	6 002	6 256 660	1 741 457	45 917 081	26 122 621	56.89%
Manufacturing industry	6 548 733	202 223	26 978 256	34 945 688	68 674 900	13 138 296	19.13%
Construction	16 066 628	16 703	15 586 917	15 075 791	46 746 039	8 756 116	18.73%
Trade	12 293 606	116 573	7 424 490	61 305 336	81 140 005	6 607 986	8.14%
Services	5 278 465	61 868	2 537 082	15 224 999	23 102 414	7 715 396	33.40%
Fishing	1 039 878	643	3 662 238	-	4 702 759	3 119 159	66.33%
Hospitality and tourism	278 445	1 960	2 516 788	-	2 797 193	2 170 092	77.58%
Agriculture	1 674 300	32 277	517 788	765 620	2 989 985	415 825	13.91%
Livestock farming	3 207	(109)	50 479	-	53 577	33 063	61.71%
Others	72 357	10 765	601 766	5 762	690 650	413 116	59.82%
Private customers	**90 236 913**	**663 495**	**28 607 915**	**4 083 818**	**123 592 141**	**12 729 717**	**10.30%**
Consumption	58 885 634	658 749	12 409 551	4 083 818	76 037 752	3 581 904	4.71%
Housing	31 351 279	4 746	16 198 364	-	47 554 389	9 147 813	19.24%
TOTAL	**528 109 789**	**33 912 527**	**124 936 149**	**212 405 673**	**899 364 138**	**238 970 780**	**26.57%**

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 export documentary loans and guarantees provided to the tax authority relating to tax procedures in progress as described in Note 39.

The impairment amount includes the impairment *stock* for guarantees provided and documentary loans described in Note 18.

As at 31 December 2020 and 2019, loans and impairment are broken down as follows by sector of economic activity:

31-12-2020	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
Fishing	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**

31-12-2019	Individual analysis		Collective analysis		Total	
ACTIVITY SECTOR	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
State	**164 566 359**	**2 217 833**	**4 248**	**286 414**	**164 570 607**	**2 504 247**
Companies	**343 010 893**	**219 575 708**	**59 868 642**	**3 509 225**	**402 879 535**	**223 084 933**
Real estate development	152 873 728	124 235 461	356 273	34 895	153 230 001	124 270 356
Extractive industry	93 334 982	30 642 925	8 564 602	83 853	101 899 584	30 726 778
Agribusiness	42 168 132	26 023 929	2 007 492	93 243	44 175 624	26 117 172
Manufacturing industry	25 617 164	12 617 808	8 112 048	411 136	33 729 212	13 028 944
Construction	13 696 352	7 804 250	17 973 896	904 691	31 670 248	8 708 941
Trade	8 087 444	5 556 760	11 747 225	859 389	19 834 669	6 416 149
Services	1 695 874	7 392 075	6 181 541	275 678	7 877 415	7 667 753
Fishing	2 783 817	2 783 817	1 918 942	335 342	4 702 759	3 119 159
Hospitality and tourism	2 179 229	2 006 894	617 964	163 198	2 797 193	2 170 092
Agriculture	246 748	246 748	1 977 617	166 681	2 224 365	413 429
Livestock farming	-	-	53 577	33 063	53 577	33 063
Others	327 423	265 041	357 465	148 056	684 888	413 097
Private customers	**8 379 472**	**7 798 043**	**111 128 851**	**4 859 707**	**119 508 323**	**12 657 750**
Consumption	2 396 102	2 006 841	69 557 832	1 503 096	71 953 934	3 509 937
Housing	5 983 370	5 791 202	41 571 019	3 356 611	47 554 389	9 147 813
TOTAL	**515 956 724**	**229 591 584**	**171 001 741**	**8 655 346**	**686 958 465**	**238 246 930**

The position of restructured loans as at 31 December 2020 and 2019 can be broken down as follows:

	31-12-2020	31-12-2019
OPENING BALANCE OF THE RESTRUCTURED LOAN PORTFOLIO (GROSS OF IMPAIRMENT)	**258 999 122**	**170 576 118**
Restructured loans in the year	31 835 747	122 600 223
Accrued interest on the restructured loan portfolio	53 278 714	43 013
Settlement of restructured loans (partial or total)	(21 324 343)	(34 220 232)
FINAL BALANCE OF THE RESTRUCTURED LOAN PORTFOLIO (GROSS OF IMPAIRMENT)	**322 789 239**	**258 999 122**

As at 31 December 2020 and 2019, restructured loans by amounts due, interest and overdue are presented as follows:

	31-12-2020				
	Credit				
	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**

	31-12-2019				
	Credit				
	Due	Interest receivable	Overdue	Total	Impairments
Companies	182 499 216	42 487	67 684 048	250 225 752	(170 430 880)
Private customers					
Consumption	6 486 855	16	2 195 511	8 682 383	(1 299 744)
Housing	90 987	-	-	90 987	(411)
	6 577 842	16	2 195 511	8 773 370	(1 300 155)
Total	**189 077 058**	**42 504**	**69 879 560**	**258 999 122**	**(171 731 035)**

As at 31 December 2020 and 2019, the detail of restructured loans by situation and restructuring measure is presented as follows:

31-12-2020	Loans in compliance			Defaulting loans			Total		
MEASURE APPLIED	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment
Modality alteration	1	3 994 499	2 955 929	-	-	-	1	3 994 499	2 955 929
Conversion of the claim 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	189 395 379	296	57 861 538	36 083 439	633	322 789 239	225 478 818

31-12-2019	Loans in compliance			Defaulting loans			Total		
MEASURE APPLIED	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment	No. of operations	Exposure	Impairment
Conversion of the claim into domestic currency	285	5 573 462	28 016	5	8 081	47	290	5 581 543	28 063
Term extension	37	13 043 646	408 681	57	2 784 447	1 568 642	94	15 828 093	1 977 323
Term extension with grace period	15	81 200 074	29 114 173	35	59 025 549	38 847 833	50	140 225 623	67 962 006
Grace period	4	49 897 805	54 829 420	20	8 058 108	3 857 484	24	57 955 913	58 686 904
Rate reduction	1	39 404 574	43 075 239	1	3 375	1 500	2	39 407 949	43 076 739
TOTAL	342	189 119 562	127 455 529	118	69 879 560	44 275 506	460	258 999 122	171 731 035

As at 31 December 2020 and 2019, the detail of restructured loans by stage and restructuring measure is presented as follows:

31-12-2020	*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 alteration	-	-	-	-	-	-	1	3 994 499	2 955 929	1	3 994 499	2 955 929
Conversion of the claim 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

31-12-2019	*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
Conversion of the claim into domestic currency	270	5 386 162	15 315	14	34 699	190	6	160 682	12 558	290	5 581 543	28 063
Term extension	7	411 416	1 498	47	13 830 037	655 621	40	1 586 640	1 320 204	94	15 828 093	1 977 323
Term extension with grace period	1	27 515	1 393	16	42 102 089	17 787 396	33	98 096 019	50 173 217	50	140 225 623	67 962 006
Grace period	5	745 178	9 581	7	1 219 297	34 712	12	55 991 438	58 642 611	24	57 955 913	58 686 904
Rate reduction	-	-	-	-	-	-	2	39 407 949	43 076 739	2	39 407 949	43 076 739
TOTAL	283	6 570 271	27 787	84	57 186 122	18 477 919	93	195 242 728	153 225 329	460	258 999 122	171 731 035

As at 31 December 2020 and 2019, the detail of loans in compliance and default by cure and restructuring is presented as follows:

		Loans in compliance				Defaulting loans		
31-12-2020	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	**654 189 906**	**276 161 675**	**342 407**	**264 927 702**	**541 431 783**	**54 896 585**	**57 861 538**	**112 758 123**

		Loans in compliance				Defaulting loans		
31-12-2019	Total Exposure	Regular	Of which cured	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	1 399 914	1 120 078	195 258	-	1 315 336	84 578	-	84 578
Consumption	70 395 215	51 697 808	11 531	6 473 890	58 183 229	10 034 309	2 177 677	12 211 986
Overdrafts	206 595	45 829	-	-	45 829	160 766	-	160 766
Large companies	361 363 605	63 616 731	3 375	224 870 953	288 491 059	12 358 125	60 514 421	72 872 546
Housing	47 554 389	30 560 011	705 280	90 735	31 356 026	16 198 363	-	16 198 363
Small companies	33 761 229	7 422 082	20 151	2 921 164	10 363 397	18 477 914	4 919 918	23 397 832
Public sector	172 277 518	172 267 440	-	-	172 267 440	10 078	-	10 078
TOTAL	**686 958 465**	**326 729 979**	**935 595**	**234 356 742**	**562 022 316**	**57 324 133**	**67 612 016**	**124 936 149**

As at 31 December 2020 and 2019, 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 non-performing loans		
31-12-2020	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**	**60 479 989**

		Impairment on loans in compliance				Impairment on non-performing loans		
31-12-2019	Total impairment	Regular	Of which cured	Of which restructured	Total	Of which not restructured	Of which restructured	Total
Cards	20 433	20 429	4	-	20 433	-	-	-
Consumption	2 360 770	359 214	31	2 805	362 050	1 740 235	258 485	1 998 720
Overdrafts	90 276	14 908	-	-	14 908	75 368	-	75 368
Large companies	204 175 696	31 433 437	12	127 307 827	158 741 275	4 912 181	40 522 240	45 434 421
Housing	9 147 402	567 518	36 813	-	604 331	8 543 072	-	8 543 072
Small companies	19 861 432	647 820	41	144 897	792 758	15 573 893	3 494 781	19 068 674
Public sector	2 590 921	2 580 657	-	-	2 580 657	10 264	-	10 264
TOTAL	**238 246 930**	**35 623 982**	**36 900**	**127 455 529**	**163 116 412**	**30 855 012**	**44 275 506**	**75 130 518**

As at 31 December 2020 and 2019, the detail of total loans by internal risk rating is presented as follows:

31-12-2020	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**

31-12-2019	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	3 451	188 316	1 098 415	2 618	3 986	980	102 148	1 399 914
Consumption	754 044	11 946 980	51 740 763	728 612	1 156 039	124 021	3 944 756	70 395 215
Overdrafts	1 918	7 211	51 841	3 367	3 644	46 659	91 955	206 595
Large companies	14 237 150	41 133 353	200 245 913	2 259 669	15 975 150	7 326 310	80 186 060	361 363 605
Housing	-	22 803 143	12 590 357	672 255	999 570	364 044	10 125 020	47 554 389
Small companies	1 351 526	3 818 615	6 662 584	1 560 827	8 794 210	941 277	10 632 190	33 761 229
Public sector	164 566 346	-	7 701 094	-	-	-	10 078	172 277 518
TOTAL	**180 914 435**	**79 897 618**	**280 090 967**	**5 227 348**	**26 932 599**	**8 803 291**	**105 092 207**	**686 958 465**

As at 31 December 2020 and 2019, loans have the following composition by geographical area:

	Geographical area		
31-12-2020	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**

	Geographical area		
31-12-2019	Angola	Others	Total
Private customers	119 508 323	-	119 508 323
Companies	376 798 174	-	376 798 174
Public sector	7 706 923	18 374 438	26 081 361
State	164 570 607	-	164 570 607
TOTAL	**668 584 027**	**18 374 438**	**686 958 465**

As at 31 December 2020 and 2019, the loan portfolio presents the following composition by sectors of activity:

31-12-2020	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%
Fishing	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%**

31-12-2019	Loans to customers				Impairment	
ACTIVITY SECTOR	In compliance	In default	Total exposure	Relative weight	Value	%
State	**164 570 607**	**-**	**164 570 607**	**23.96%**	**2 504 247**	**1.52%**
Companies	**306 551 301**	**96 328 234**	**402 879 535**	**58.65%**	**223 084 933**	**55.37%**
Real estate development	134 194 022	19 035 979	153 230 001	22.31%	124 270 356	81.10%
Extractive industry	90 739 793	11 159 791	101 899 584	14.83%	30 726 778	30.15%
Agribusiness	37 918 964	6 256 660	44 175 624	6.43%	26 117 172	59.12%
Manufacturing industry	6 750 956	26 978 256	33 729 212	4.91%	13 028 944	38.63%
Construction	16 083 331	15 586 917	31 670 248	4.61%	8 708 941	27.50%
Trade	12 410 179	7 424 490	19 834 669	2.89%	6 416 149	32.35%
Services	5 340 333	2 537 082	7 877 415	1.15%	7 667 753	97.34%
Fishing	1 040 521	3 662 238	4 702 759	0.68%	3 119 159	66.33%
Hospitality and tourism	280 405	2 516 788	2 797 193	0.41%	2 170 092	77.58%
Agriculture	1 706 577	517 788	2 224 365	0.32%	413 429	18.59%
Livestock farming	3 098	50 479	53 577	0.01%	33 063	61.71%
Others	83 122	601 766	684 888	0.10%	413 097	60.32%
Private customers	**90 900 408**	**28 607 915**	**119 508 323**	**17.40%**	**12 657 750**	**10.59%**
Consumption	59 544 382	12 409 552	71 953 934	10.47%	3 509 937	4.88%
Housing	31 356 026	16 198 363	47 554 389	6.92%	9 147 813	19.24%
TOTAL	**562 022 316**	**124 936 149**	**686 958 465**		**238 246 930**	**34.68%**

As at 31 December 2020 and 2019, the average interest rate of the loan portfolio by currency is as follows:

WEIGHTED AVERAGE RATE	31-12-2020	31-12-2019
In domestic currency	15.04%	17.30%
In foreign currency	6.43%	7.38%

As at 31 December 2020, the Bank held only one loan originated or acquired in stage 3 classified at fair value through profit or loss.

As at 31 December 2020, the breakdown of loans and impairment by stages and days of default is as follows:

	EXPOSURE AT 31-12-2020						
		Stage 1	*Stage 2*		*Stage 3*		
SEGMENT	Total exposure	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	**654 189 906**	**117 133 484**	**129 898 332**	**5 729 996**	**306 243 623**	**2 080 807**	**93 103 665**

	IMPAIRMENT AT 31-12-2020						
		Stage 1	*Stage 2*		*Stage 3*		
SEGMENT	Total exposure	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 2020 and 2019, the detail of the average risk factors associated with impairment is as follows:

	IMPAIRMENT AT 31-12-2020					
	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%**

	IMPAIRMENT AT 31-12-2019					
	Probability of default (PD)			Loss given default (LGD)		
SEGMENT	*Stage 1*	*Stage 2*	*Stage 3*	*Stage 1*	*Stage 2*	*Stage 3*
Cards	0.76%	0.59%	55.78%	1.75%	1.74%	3.20%
Consumption	1.64%	2.89%	99.14%	7.82%	7.81%	36.21%
Overdrafts	5.78%	90.38%	95.87%	21.68%	21.68%	65.99%
Large companies	3.55%	11.90%	62.65%	4.47%	11.50%	26.49%
Housing	1.28%	17.64%	92.62%	31.38%	28.95%	37.32%
Small companies	5.32%	18.05%	94.64%	16.40%	15.97%	43.40%
Public sector	2.44%	6.45%	100.00%	60.00%	60.00%	60.00%
	2.97%	**21.13%**	**85.81%**	**6.63%**	**7.87%**	**49.76%**

The probabilities of default (PD) reported above correspond to the arithmetic average of the PDs to maturity of the transactions in each segment. Loss given default (LGD) also corresponds to the arithmetic mean of the LGD of each transaction in the segment.

As at 31 December 2020 and 2019, impairment losses show the following movements:

	31-12-2020	31-12-2019
Opening balance	**238 246 930**	**182 282 323**
Allocation for the year	104 293 144	23 310 288
Adjustment Stage 3	(22 833 659)	(13 832 509)
Reversal for the year	(53 161 649)	(18 915 515)
Note 36	28 297 836	(9 437 736)
Uses	(21 282 831)	-
Adjustments (including exchange rate effect)	42 887 565	65 402 343
Final balance	**288 149 500**	**238 246 930**

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.

As at 31 December 2020 and 2019, the detail of the fair value of properties received in lieu of payment, by age, is as follows:

	31-12-2020				
TIME ELAPSED SINCE RECEIPT IN LIEU OF PAYMENT / EXECUTION	< 1 year	"≥ 1 year and < 2.5 years"	"≥ 2.5 years and < 5 years"	≥ 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	3 788 890
	1 788 417	**605 457**	**1 928 377**	**1 980 736**	**6 302 988**
Total	**1 788 417**	**849 702**	**3 098 281**	**5 579 499**	**11 315 899**

	31-12-2019				
TIME ELAPSED SINCE RECEIPT IN LIEU OF PAYMENT / EXECUTION	< 1 year	"≥ 1 year and < 2.5 years"	"≥ 2.5 years and < 5 years"	≥ 5 years	Total
Land					
Urban	-	1 530 919	-	769 555	2 300 474
Rural	-	-	-	2 985 789	2 985 789
	-	**1 530 919**	**-**	**3 755 344**	**5 286 263**
Buildings under construction					
Commercial	-	244 245	-	-	244 245
	-	**244 245**	**-**	**-**	**244 245**
Buildings completed					
Commercial	189 405	416 052	1 908 641	-	2 514 098
Housing	-	19 736	1 150 068	1 424 729	2 594 533
	189 405	**435 788**	**3 058 709**	**1 424 729**	**5 108 631**
Total	**189 405**	**2 210 952**	**3 058 709**	**5 180 073**	**10 639 139**

As at 31 December 2020 and 2019, the amount of real estate executed under loan transactions granted is presented as follows:

	31-12-2020			31-12-2019		
	Gross asset	Impairment	Net asset	Gross asset	Impairment	Net asset
Properties received in lieu of payment	13 677 020	(2 361 120)	11 315 900	12 843 678	(2 204 539)	10 639 139
	13 677 020	**(2 361 120)**	**11 315 900**	**12 843 678**	**(2 204 539)**	**10 639 139**

As at 31 December 2020, forward-looking information is represented as follows:

a) considering claims analysed on an individual basis

31-12-2020	Loan exposure value	Recoverable value (present value of estimated future cash flows)	Expected impairment losses
Base scenario	446 881 558	188 827 859.29	258 053 699.16
Favourable scenario	446 881 558	158 615 401.80	288 266 156.65
Adverse scenario	446 881 558	139 732 615.88	307 148 942.58

As at 31 December 2020 and 2019, the exposure to credit risk by financial asset, *rating* and *stage* is presented as follows:

31-12-2020	*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**

31-12-2019	*Stage* 1 (12 months)	*Stage* 2 (instrument duration)	*Stage* 3 (instrument duration)	Total
Loans to customers				
Level A	161 265 754	6 383 086	13 265 607	180 914 448
Level B	23 628 246	55 769 824	499 548	79 897 618
Level C	44 773 999	112 745 900	122 571 068	280 090 967
Level D	213 160	2 925 911	2 088 277	5 227 348
Level E	290 872	233 312	26 408 415	26 932 599
Level F	40 604	5 688	8 757 000	8 803 291
Level G	120 560	13 671 582	91 300 053	105 092 195
Total gross book value	**230 333 195**	**191 735 303**	**264 889 967**	**686 958 465**
Impairments	(9 614 127)	(22 905 124)	(205 727 679)	(238 246 930)
Net book value	**220 719 068**	**168 830 179**	**59 162 288**	**448 711 535**

As at 31 December 2020 and 2019, the funding-to-guarantee ratio of the corporate, construction and property development and housing segments is as follows:

31-12-2020

SEGMENT / RATIO	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**

31-12-2019

SEGMENT / RATIO	Number of properties	Number of other real guarantees	*Stage* 1	*Stage* 2	*Stage* 3	Impairment
Companies						
No associated guarantee	n.a.	n.a.	196 545 908	140 922 689	86 321 551	79 189 987
< 50%	144	845	10 548 684	20 083 946	142 535 833	125 808 284
≥ 50% and < 75%	7	12	964	2 889 187	7 317 776	7 405 285
≥ 75% and < 100%	13	18	402 843	6 440 669	10 383 556	11 652 717
≥ 100%	81	29	552 878	8 352 726	6 104 872	5 042 844
	245	**904**	**208 051 277**	**178 689 217**	**252 663 588**	**229 099 117**
Housing						
No associated guarantee	n.a.	n.a.	16 811 418	8 940 935	7 663 033	5 067 160
< 50%	148	26	3 759 879	3 285 829	4 234 425	3 925 606
≥ 50% and < 75%	3	1	78 567	72 455		10 485
≥ 75% and < 100%	55	2	992 869	596 586	235 084	121 627
≥ 100%	40	1	639 185	150 281	93 837	22 935
	246	**30**	**22 281 918**	**13 046 086**	**12 226 379**	**9 147 813**
Total	**491**	**934**	**230 333 195**	**191 735 303**	**264 889 967**	**238 246 930**

As at 31 December 2020 and 2019, the detail of the fair value of the collateral underlying the loan portfolio of the corporate and housing segments, is as follows:

31-12-2020	Companies				Housing	
	Properties		Other real guarantees		Properties	
FAIR VALUE	Number	Amount	Number	Amount	Number	Amount
< 50 M Kz	50	673 076	503	375 017	385	2 993 138
>= 50 M Kz and < 100 M Kz	8	626 291	9	662 001	19	1 191 106
>= 100 M Kz and < 500 M Kz	14	3 104 923	9	2 170 948	9	1 656 782
>= 500 M Kz and < 1.000 M Kz	6	4 495 566	4	2 945 388	-	-
>= 1.000 M Kz and < 2.000 M Kz	5	7 199 674	2	2 900 000	-	-
>= 2.000 M Kz and < 5.000 M Kz	2	6 479 757	2	5 922 411	-	-
>= 5.000 M Kz	3	46 763 829	4	38 065 777	-	-
Total	88	69 343 117	533	53 041 542	413	5 841 026

31-12-2019	Companies				Housing	
	Properties		Other real guarantees		Properties	
FAIR VALUE	Number	Amount	Number	Amount	Number	Amount
< 50 M Kz	199	1 519 500	875	807 012	236	3 120 540
>= 50 M Kz and < 100 M Kz	1	843 441	4	657 483	-	464 824
>= 100 M Kz and < 500 M Kz	19	4 631 506	8	1 740 196	3	403 354
>= 500 M Kz and < 1.000 M Kz	5	6 262 131	2	1 445 023	-	-
>= 1.000 M Kz and < 2.000 M Kz	1	1 410 490	4	4 997 579	-	-
>= 2.000 M Kz and < 5.000 M Kz	12	16 888 501	9	5 922 411	7	-
>= 5.000 M Kz	8	5 640 000	2	45 913 286	-	-
Total	245	37 195 569	904	61 482 990	246	3 988 718

As at 31 December 2020 and 2019, 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:

	31-12-2020			31-12-2019		
TYPE OF PROPERTY	Number of properties	Asset fair value	Net book value	Number of properties	Asset fair value	Net book value
Land						
Urban	5	1 853 905	1 853 905	5	2 300 474	2 300 474
Rural	3	2 914 762	2 914 762	3	2 985 789	2 985 789
	8	4 768 667	4 768 667	8	5 286 263	5 286 263
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	2 514 098	2 514 098	4	2 514 098	2 514 098
Housing	6	3 788 890	3 788 890	4	2 594 533	2 594 533
	10	6 302 988	6 302 988	8	5 108 631	5 108 631
Total	19	11 315 899	11 315 899	17	10 639 139	10 639 139

11 - NON-CURRENT ASSETS HELD FOR SALE

This item is made up as follows:

	31-12-2020	31-12-2019
Properties		
Properties received in lieu of payment	13 677 019	12 843 678
Other properties	282 155	381 534
Impairments	(2 361 120)	(2 204 539)
	11 598 054	11 020 673
Investments in subsidiaries		
BAI Micro Finanças, S.A.	10 216 293	10 171 009
Impairments	(3 028 549)	(3 539 518)
	7 187 744	6 631 491
	18 785 798	17 652 164

The Bank maintains the expectation of selling the properties within two years. For properties recognised in this item for more than 2 years, the Bank makes its best effort to dispose of them within the period established by the regulator having changed the disposal strategy to an auction model (Note 2.10). The properties in these circumstances amount to mKz 9 338 077 (2019: mKz 9 789 437).

As at 31 December 2020, receipts arising from the disposal of properties received in lieu of payment in the amount of mKz 371 167 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 mKz 186 660 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 two buildings acquired by the Bank in 2008 with a view to their sale to the Bank's employees at similar prices to those at which they were acquired.

The movement in Non-current assets held for sale as at 31 December 2020 and 2019 and the movement in associated impairment losses were as follows:

	Balances as at 31-12-2019		Impairment (Note 38)				Balances as at 31-12-2020		
31-12-2020	Gross value	Accumulated impairment	Entries	Disposals	Allocations	Reversals	Gross value	Accumulated impairment	Gross value
Propertiesreceivedinlieu 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
Investmentsinsubsidiaries	10 171 009	(3 539 518)	45 284	-	(126 582)	637 551	10 216 293	(3 028 549)	7 187 744
	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

	Balances as at 31-12-2018		Impairment (Note 38)				Balances as at 31-12-2019		
31-12-2019	Gross value	Accumulated impairment	Entries	Disposals	Allocations	Reversals, uses, and transfers	Gross value	Accumulated impairment	Gross value
Propertiesreceivedinlieu of payment	14 049 465	(2 052 217)	228 666	(1 434 453)	(152 322)	-	12 843 678	(2 204 539)	10 639 139
Other properties	725 625	-	-	(344 091)	-	-	381 534	-	381 534
Investmentsinsubsidiaries	10 171 009	(3 783 396)	-	-	-	243 878	10 171 009	(3 539 518)	6 631 491
	24 946 099	(5 835 613)	228 666	(1 778 544)	(152 322)	243 878	23 396 221	(5 744 057)	17 652 164

During the financial year ended 31 December 2020, the Bank:

- Disposed of non-current assets held for sale in the amount of mKz 1 054 455 (2019: mKz 1 778 544); and,
- Received 5 properties in lieu of payment by way of credit recovery proceedings amounting to mKz 1 788 417 (2019: one property amounting to mKz 228 666).

The fair value of the properties received in lieu of payment through loan recovery processes, as at 31 December 2020, 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 ASSETS AND INTANGIBLE ASSETS

This item as at 31 December 2020 and 2019, as well as the movements during these financial years, are presented as follows:

31-12-2020	Gross value					Depreciation, amortisation and impairments				Gross value	
	Balance as at 31-12-2019	Acquisitions	Disposals, write-offs and other transfers	Transfers	Balance as at 31-12-2020	Balance as at 31-12-2019	Amortisations for the financial year	Disposals, write-offs and other transfers	Balance as at 31-12-2020	Balance as at 31-12-2020	Balance as at 31-12-2019
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**	**-**
	75 098 218	**11 674 524**	**(3 926 915)**	**-**	**87 625 068**	**(18 250 109)**	**(4 328 946)**	**2 037 068**	**(20 885 791)**	**66 739 277**	**56 848 108**
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**

31-12-2019	Gross value						Depreciation, amortisation and impairments					Gross value	
	Balance as at 31-12-2018	Impact of transition IFRS 16	Acquisitions	Disposals, write-offs and other adjustments	Transfers	Balance as at 31-12-2019	Balance as at 31-12-2018	Amortisations for the financial year	Impairment losses	Disposals, write-offs and other transfers	Balance as at 31-12-2019	Balance as at 31-12-2019	Balance as at 31-12-2018
Other tangible assets													
Properties													
For own use	35 569 406	-	2 822 873	(854 555)	1 065 285	38 603 009	(3 836 604)	(769 876)	(343 804)	5 346	(4 944 938)	33 658 071	31 732 802
Works on rented properties	7 366 330	-	310 244	(2 175 861)	391 987	5 892 700	(3 314 946)	(743 298)	-	1 308 992	(2 749 252)	3 143 448	4 051 384
Other tangible assets in progress													
For own use	13 654 602	-	4 377 221	-	(1 072 609)	16 959 214	-	-	-	-	-	16 959 214	13 654 602
Works on rented properties	421 348	-	342 777	-	(417 304)	346 821	-	-	-	-	-	346 821	421 348
	57 011 686	**-**	**7 853 115**	**(3 030 416)**	**(32 641)**	**61 801 744**	**(7 151 550)**	**(1 513 174)**	**(343 804)**	**1 314 338**	**(7 694 190)**	**54 107 554**	**49 860 136**
Equipment													
Furniture and material	3 267 171	-	89 215	-	2 345	3 358 731	(1 530 907)	(364 095)	-	-	(1 895 002)	1 463 729	1 736 264
Machines and tools	5 217 262	-	1 085 166	(799 655)	19 633	5 522 406	(3 368 141)	(620 738)	-	565 602	(3 423 277)	2 099 129	1 849 121
IT equipment	3 290 381	-	478 682	-	-	3 769 063	(2 210 482)	(560 726)	-	-	(2 771 208)	997 855	1 079 899
Interior installations	744 336	-	-	7 549	-	751 885	(556 800)	(51 414)	-	-	(608 214)	143 671	187 536
Transport material	2 981 142	-	547 900	(104 317)	-	3 424 725	(2 068 024)	(402 290)	-	156 817	(2 313 497)	1 111 228	913 118
Safety equipment	665 605	-	289 234	-	10 663	965 502	(409 061)	(78 753)	-	-	(487 814)	477 688	256 544
Others	1 249 036	-	337 327	(76)	-	1 586 287	(694 050)	(140 442)	-	311	(834 181)	752 106	554 986
	17 414 933	**-**	**2 827 524**	**(896 499)**	**32 641**	**19 378 599**	**(10 837 465)**	**(2 218 458)**	**-**	**722 730**	**(12 333 193)**	**7 045 406**	**6 577 468**
Other tangible assets	657 315	-	134 000	-	-	791 315	(261 094)	(56 977)	-	-	(318 071)	473 244	396 220
Other tangible assets in progress													
Others	14 284	-	660 034	-	-	674 318	-		-	-	-	674 318	14 284
	671 599	**-**	**794 034**	**-**	**-**	**1 465 633**	**(261 094)**	**(56 977)**	**-**	**-**	**(318 071)**	**1 147 562**	**410 504**
Assets under right of use													
Properties	-	4 597 914	199 851	-	-	4 797 765	-	(525 224)	-	-	(525 224)	4 272 541	-
Other assets	-	181 327	-	-	-	181 327	-	(15 113)	-	-	(15 113)	166 214	-
	-	**4 779 241**	**199 851**	**-**	**-**	**4 979 092**	**-**	**(540 337)**	**-**	**-**	**(540 337)**	**4 438 755**	**-**
	75 098 218	**4 779 241**	**11 674 524**	**(3 926 915)**	**-**	**87 625 068**	**(18 250 109)**	**(4 328 946)**	**(343 804)**	**2 037 068**	**(20 885 791)**	**66 739 277**	**56 848 108**
Intangible assets													
Organisation and expansion costs	754 214	-	-	-	-	754 214	(754 282)	-	-	-	(754 282)	(68)	(68)
Automatic data processing systems	3 765 396	-	1 091 652	95 364	234 251	5 186 663	(2 473 863)	(664 325)	-	-	(3 138 188)	2 048 475	1 291 533
	4 519 610	**-**	**1 091 652**	**95 364**	**234 251**	**5 940 877**	**(3 228 145)**	**(664 325)**	**-**	**-**	**(3 892 470)**	**2 048 407**	**1 291 465**
Intangible assets in progress													
Automatic data processing systems	223 054	-	809 687	-	(234 251)	798 490	-	-	-	-	-	798 490	223 054
	223 054	**-**	**809 687**	**-**	**(234 251)**	**798 490**	**-**	**-**		**-**	**-**	**798 490**	**223 054**
	4 742 664	**-**	**1 901 339**	**95 364**	**-**	**6 739 367**	**(3 228 145)**	**(664 325)**	**-**	**-**	**(3 892 470)**	**2 846 897**	**1 514 519**
	79 840 882	**4 779 241**	**13 575 863**	**(3 831 551)**	**-**	**94 364 435**	**(21 478 254)**	**(4 993 271)**	**(343 804)**	**2 037 068**	**(24 778 261)**	**69 586 174**	**58 362 627**

The item Other tangible assets in progress - Own use includes the amount of mKz 21 897 920 (2019: mKz 15 891 867) relating to the acquisition of a property in the "Torres Kianda" building located in Luanda. During the financial year ended 31 December 2020, the Bank made payments in the amount of mKz 6 006 053 under the construction contract.

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.
The item Other tangible assets - Assets under right of use corresponds to the impact of the application of IFRS 16, as mentioned in Note 2.21.

As at 31 December 2020, the item Advances on account of tangible fixed assets corresponds to the amount advanced for the acquisition of vehicles. During the year, part of this amount was transferred to other tangible fixed assets depending on the receipt of the assets, with the remaining vehicles expected to be received by the end of the first quarter of 2021.

13 – INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

This item is made up as follows:

	Effective participation (%)		Balance sheet value	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
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%	1 195	1 195
Griner, S.A.	2.30%	2.30%	-	-
Abroad				
BAI Europa, S.A.	99.99%	99.99%	4 322 614	4 322 614
BAI Cabo Verde, S.A.	83.85%	83.85%	3 462 409	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 - Investments in subsidiaries			(61 920)	(61 920)
Total			**8 927 045**	**8 927 045**

The movement in impairment losses during the financial years ended 31 December 2020 and 2019 is as follows:

	31-12-2020	31-12-2019
Opening balance	**61 920**	**1 920**
Replacements (Note 38)	-	60 000
Final balance	**61 920**	**61 920**

The balances of asset, liability and off-balance sheet transactions with the Bank's subsidiaries are detailed in Note 40.

As at 31 December 2020, the financial information on participated entities is as follows (values in mKz converted at the year-end exchange rate):

							31.12.2020
	Currency	Reference date	Net asset	Own capital	Net profit	Equityparticipation	Book value net of impairment
BAI Europa, S.A.*	Kz	31-12-2020	466 103 564	71 228 403	33 711	71 221 280	4 322 614
BAI Cabo Verde, S.A.*	Kz	31-12-2020	170 741 326	11 418 177	224 740	9 574 141	3 462 409
NOSSA - Nova Sociedade Seguros Angola, S.A.	Kz	31-12-2020	54 575 512	12 850 378	4 742 452	9 283 113	1 074 661
Banco Internacional de São Tomé e Príncipe, S.A.	Kz	31-12-2020	95 136 577	13 300 040	1 281 188	3 325 010	65 136
SAESP*	Kz	31-12-2020	7 501 046	6 831 651	69 740	1 366 330	1 195
BAI Center, S.A.*	Kz	31-12-2020	11 411 108	7 807 943	249 677	7 807 943	1 030
BAIGEST, S.A.*	Kz	31-12-2020	211 299	119 059	(75 787)	114 297	-
Griner, S.A.	Kz	30-11-2020	71 514 210	11 283 961	(657 232)	259 531	-
Angola Capital Partners, LLP*	Kz	31-12-2020	5 356 794	4 953 405	524 338	2 352 867	-
							8 927 045

Non-financial sector entities without a direct or relevant participation, but controlled by the Bank, in accordance with Note 40, represent less than 3% of the total net assets of the BAI Group as at 31 December 2020.

14 – TAXES

As at 31 December 2020 and 2019, this item is detailed as follows:

	31-12-2020	31-12-2019
Current tax assets		
Taxes to be recovered	1 286 181	2 035 858
Current tax liabilities		
Industrial tax	-	(9 365 027)
Tax contingencies - Industrial tax	(3 101 404)	(3 100 921)
	(3 101 404)	**(12 465 948)**
Tax recoverable/(payable at the end of the financial year)	**(1 815 223)**	**(10 430 090)**

The item Current tax assets includes taxes to be recovered through the provisional assessment of Industrial Tax with reference to the financial year 2020, which amounts to mKz 764 151.

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. The Bank filed a hierarchical appeal on the respective notifications, and a decision is pending at the date of approval of these financial statements.

As at 31 December 2020 and 2019, the deferred tax assets recognised in the balance sheet showed the following composition:

	Assets		Liabilities		Net	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019	31-12-2020	31-12-2019
Financial instruments	122 139	1 440 960	-	(78 679)	122 139	1 362 281
Loans to customers	-	4 785 436	-	-	-	4 785 436
Non-current assets held for sale	-	1 723 216	-	-	-	1 723 216
Investments in subsidiaries, associates and joint ventures	-	18 576	-	-	-	18 576
Provisions	-	835 160	-	-	-	835 160
Potential exchange rate variation	-	-	(22 416 245)	-	(22 416 245)	-
Impairment for the year not accepted	-	-	6 848 172	-	6 848 172	-
Tax losses generated	-	-	15 568 073	-	15 568 073	-
Deferred Tax Assets/(Liabilities)	**122 139**	**8 803 348**	**-**	**(78 679)**	**122 139**	**8 724 669**

During the financial year ended 31 December 2020, with the publication of Law no. 26/20, of 20 July - Law amending the Industrial Tax Code, new rules were introduced in the determination of taxable income, namely (i) the exclusion from tax relevance in the calculation of 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.

As at 31 December 2020, the Bank recognised deferred tax liabilities relating to potential positive exchange rate changes in the amount of mKz 22 416 245 and the recognition of deferred tax assets relating to matters concerning "unaccepted impairment for the year" related to secured loans and "tax losses generated" in the year in the amount of mKz 6 848 172 and mKz 15 568 073, respectively, 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 the same reason, the Bank has offset these deferred tax assets and liabilities.

The movements in the deferred tax items of the balance sheet had the following offsetting entries:

	31-12-2020			31-12-2019		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Opening balance	8 803 348	(78 679)	8 724 669	11 807 312	(415 510)	11 728 633
Recognised as profit or loss	(8 640 728)	(78 679)	(8 562 049)	(2 732 194)	-	(2 732 194)
Recognised in reserves - Other comprehensive income	(40 481)	-	(40 481)	(271 770)	336 831	65 060
Final balance	**122 139**	**-**	**122 139**	**8 803 349**	**(78 679)**	**8 724 669**

The tax recognised as profit or loss during at 31 December 2020 and 2019 had the following origins:

	31-12-2020		31-12-2019	
	Recognised as profit or loss	Recognisedinreserves	Recognised as profit or loss	Recognisedinreserves
Deferred taxes				
Financial instruments	(1 199 661)	(8 562 049)	(1 117 833)	271 771
Loans to customers	(4 785 436)	-	(1 764 996)	-
Non-current assets held for sale	(1 723 216)	-	1 206 985	-
Investments in subsidiaries, associates and joint ventures	(18 576)	-	(1 116 443)	-
Provisions	(835 160)	-	60 093	-
	(8 562 049)	**(40 481)**	**(2 732 194)**	**271 771**
Current taxes	**-**	**-**	**(9 365 027)**	**-**
Total tax recognised	**(8 562 049)**	**(40 481)**	**(12 097 221)**	**271 771**

The reconciliation of the tax rate, in what concerns the amount recognised in the income statement, can be analysed as follows:

	31-12-2020			31-12-2019		
	Impact on results	Impact on tax	%	Impact on results	Impact on tax	%
Income before taxes	**37 233 981**	**13 031 893**	**35.0%**	**130 830 343**	**39 249 103**	**30.0%**
Provisions not foreseen	23 166 303	8 108 206	21.8%	4 426 123	1 327 837	1.0%
Capital Gains Tax (IAC) and Urban Real Estate Tax (IPU)	6 922 366	2 422 828	6.5%	5 351 576	1 605 473	1.2%
Amortisations	193 014	67 555	0.2%	1 949 139	584 742	0.4%
Income subject to IAC and IPU	(112 818 849)	(39 486 597)	-106.0%	(87 904 745)	(26 371 423)	-20.2%
Income from loan operations	(8 536 809)	(2 987 883)	-8.0%	(14 310 819)	(4 293 246)	-3.3%
Unrealised favourable exchange rate variations	(64 046 414)	(22 416 245)	-60.2%			
Deductible provisions	(3 428 680)	(1 200 038)	-3.2%	(11 210 350)	(3 363 105)	-2.6%
Increase in donations 40%	(4 152 091)	(1 453 232)	-3.9%			
Other adjustments	2 501 106	875 387	2.4%	2 085 489	625 647	0.5%
Tax profit / (Tax loss)	**(122 966 073)**	**(43 038 125)**		**31 216 756**	**9 365 027**	
Current tax					9 365 027	7.2%
Deferred taxes		8 562 049	23.0%		2 732 194	2.1%
Income tax		**8 562 049**	**23.0%**		**12 097 221**	**9.2%**

As at 31 December 2020, the Bank recognised deferred tax assets on the amount of tax losses carried forward generated in 2020 that may be recovered, in the amount of mKz 44 480 209.

Additionally, as at 31 December 2020, the Bank presents the amount of mKz 78 485 864 of tax losses carried forward generated in 2020, on which the Bank does not recognise a deferred tax asset.

According to the applicable legislation the losses can be used for a period of 5 years (until 2025).

As at 31 December 2020 and 2019, the provision for tax contingencies shows the following movements:

	31-12-2020	31-12-2019
Opening balance	**3 100 921**	**2 214 451**
Reinforcements	-	886 470
Adjustments	(483)	-
Final balance	**3 100 438**	**3 100 921**

Income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, 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 State.

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, in determining the taxable amount, all income subject to IAC shall be deducted.

Accordingly, in determining the taxable income as at 31 December 2020 and 2019, such income has been deducted from the taxable income.

Likewise, the expense ascertained with the assessment 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 is made up as follows:

	31-12-2020	31-12-2019
Other assets at fair value through profit or loss		
Supplies and supplementary services in subsidiary and associated companies		
BAI Center, S.A.	10 608 540	12 593 868
SAESP, S.A.	7 614 153	7 614 153
BAI Micro Finanças, S.A.	2 000 000	2 000 000
BAIGEST, S.A.	370 000	250 000
EMIS, S.A.	7 147	7 147
	20 599 840	**22 465 168**
Variation in fair value		
BAI Center, S.A.	(3 589 194)	(9 344 650)
SAESP, S.A.	(3 188 954)	(927 403)
BAI Micro Finanças, S.A.	(688 298)	(839 369)
BAIGEST, S.A.	(273 984)	(34 888)
EMIS, S.A.	(190)	(531)
	(7 740 620)	**(11 146 841)**
	12 859 220	**11 318 327**
Other assets at amortised cost		
Advances to suppliers	1 985 804	17 936 403
Debtors - Loans	1 359 919	1 569 285
Debtors - BAI INVEST	512 792	1 322 537
Debtors - Novinvest	510 937	393 638
Central Government - Ministry of Finance	393 638	275 888
Debtors - BISTP	231 796	260 454
Debtors - Nossa Seguros	-	215 677
Others	2 453 516	1 328 786
	7 448 402	**23 302 668**
Deferred charge expenses		
Other assets		
Adjustment to employee loans (IAS 19)	14 488 624	9 809 260
Active operations to be settled	7 829 106	13 244 005
Value Added Tax (VAT)	398 795	69 778
Operational risk incidents	199 061	4 106 422
Disposal of properties received in lieu of payment	186 660	293 188
Others	154 437	878 433
	23 256 683	**28 401 086**
Impairments	**(5 626 543)**	**(8 100 801)**
	38 408 519	**55 252 868**

As at 31 December 2020 and 2019, the item Other assets at fair value through profit or loss - Supplies and supplementary services in subsidiary and associated companies - BAI Center, S.A. includes the equivalent amount in mKz 7 019 346 (2019: mKz 3 249 218) referring to the fair value of supplies made to that company in Euros, which are remunerated semi-annually, at a rate of 1.5%. These supplies are measured at fair value through profit or loss, being the adjustment to fair value recognised in the financial year of mKz 2 242 943 (2019: mKz 372 014). During the financial year ended 31 December 2020, the Bank increased the share capital in that company through the partial conversion of supplies in the amount of mEur 10 000, and subsequently reduced the capital to cover the negative retained earnings.

As at 31 December 2020 and 2019, 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 mKz 4 425 199 (2019: mKz 6 655 458) corresponding to the fair value of the supplementary services made, which do not bear interest or have a defined repayment term. These supplies are measured at fair value through profit or loss, being the adjustment to fair value recognised in the year of mKz 2 261 551 (2019: mKz 197 337).

As at 31 December 2020, the change in the item Advances to suppliers corresponds to the reclassification of the amount related to the acquisition of vehicles to the item Other tangible assets - Advances on account of tangible assets.

As at 31 December 2020 and 2019, the item Debtors - Loans in the amount of mKz 1 985 804 (2019: mKz 1 569 285), corresponds essentially to loans made to SOGEI S.A. and other companies related to this bank. These amounts are fully provisioned at 31 December 2020 and 2019.

As at 31 December 2020 and 2019, 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 2020 and 2019, the balance of the item Other assets - Adjustment to loans to employees amounting to mKz 14 488 624 (2019: mKz 9 809 260), corresponds to the impact of the application of IAS 19 - Employee benefits.

The change in the item at 31 December 2020 is essentially due to the additional reduction in the interest rate on loans to employees carried out in 2020. In effect, the Bank, like most Angolan financial institutions, grants loans to its employees at interest rates below those practised for its customers, this being another supplement to their base salary. This benefit allows the employee to have a much lower effort rate than if his credit had a market rate, reason why the opportunity cost should be accounted for the Bank, in line with that defined in IAS 19.

As at 31 December 2020, the variation in the item Other assets - Active operations pending settlement includes the amount of mKz 4 557 732 related to interest subsidies of loans receivable from two customers under the housing loan protocols agreed with the Bank.

The item Operational risk incidents corresponds to operations 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. The variation in this item as at 31 December 2020 is due to settlement, by use of impairment, since it is the Bank's expectation that these amounts will not be recovered.

As at 31 December 2020 and 2019, the movement in impairment for other assets is as follows:

	31-12-2020	31-12-2019
Opening balance	**8 100 801**	**6 959 681**
Reinforcements (Note 38)	2 246 019	2 383 601
Replacements (Note 38)	(177 496)	(1 242 481)
Uses	(4 542 782)	-
Final balance	**5 626 543**	**8 100 801**

The reinforcement of impairments occurred during the financial year ended 31 December 2020 includes the amount of mKz 441 977 associated to the item Other debtors - Loans as well as the amount of mKz 661 289 related to amounts receivable from BAI Invest.

The use of impairment losses occurred during the year is essentially due to the use of impairment of legal processes, as the Bank does not expect to recover the respective amounts, as explained above.

During the financial year ended 31 December 2020, the Other assets at fair value through profit or loss classified in level 3 show the following movements:

	31-12-2020	31-12-2019
Book value (net) at beginning of year	**11 318 327**	**10 821 999**
Total gains/losses recorded:		
Variation in fair value	13 708	(784 213)
Exchange rate	1 527 185	1 280 541
Book value (net) at the end of the year	**12 859 220**	**11 318 327**

16 - RESOURCES FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This item is made up as follows:

	31-12-2020	31-12-2019
Resources from credit institutions in the country		
Other resources	7 155 946	5 999 279
	7 155 946	**5 999 279**

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.

As at 31 December 2020 and 2019, the Resources from other credit institutions have a residual maturity of up to 3 months.

17 - CUSTOMER RESOURCES AND OTHER LOANS

This item is made up as follows:

	31-12-2020	31-12-2019
Demand deposits of residents		
Domestic currency		
Companies	285 422 346	225 489 566
Private customers	214 783 480	141 981 957
Public business sector	45 930 970	23 761 989
Public administration sector	39 222 350	31 649 493
	585 359 145	**422 883 005**
Foreign currency		
Companies	467 382 857	252 403 952
Private customers	163 559 794	123 247 213
Public business sector	79 600 600	23 557 508
Public administration sector	39 278 169	163 257 304
	749 821 420	**562 465 977**
	1 335 180 565	**985 348 982**
Demand deposits of non-residents		
Domestic currency	10 965 679	2 828 688
Foreign currency	4 258 132	6 676 614
	15 223 810	**9 505 302**
Total demand deposits	**1 350 404 376**	**994 854 284**
Term deposits in domestic currency		
Companies	157 421 204	154 611 254
Private customers	108 205 872	78 907 618
Public business sector	71 998 974	100 147
Public administration sector	2 123 065	86 832 537
Non-residents	1 406 388	1 856 975
	341 155 504	**322 308 531**
Term deposits in foreign currency		
Companies	524 361 020	480 897 019
Private customers	455 547 087	330 135 535
Public business sector	4 612 188	547 464
Public administration sector	1 074 572	3 230 921
Non-residents	672 953	65 478 961
	986 267 821	**880 289 900**
Total term deposits	**1 327 423 325**	**1 202 598 431**
Total interest payable on term deposits	**9 820 294**	**5 503 605**
Total term deposits and interest payable	**1 337 243 619**	**1 208 102 036**
Other deposits	**16 857 518**	**82 055 486**
Total customer deposits	**2 704 505 513**	**2 285 011 806**

Term deposits indexed to the US dollar exchange rate in the amount of mKz 24 021 161 (2019: mKz 11 230 940) are reflected under the item Term deposits in domestic currency.

As at 31 December 2020, the item Other deposits includes an amount of mKz 16 857 518 (2019: mKz 82 055 486) referring to the amounts that are captive for the settlement of CDI contracted with the Bank.

The breakdown of customer resources, namely term deposits, by residual maturities, as at 31 December 2020 and 2019, is presented as follows:

	31-12-2020	31-12-2019
Domestic currency		
Up to three months	215 450 542	131 588 360
From three to six months	55 927 856	59 030 170
From six months to one year	60 274 839	125 782 873
More than a year	9 502 268	5 907 128
	341 155 505	**322 308 531**
Foreign currency		
Up to three months	130 448 591	305 523 777
From three to six months	300 681 417	146 597 536
From six months to one year	541 948 963	418 126 156
More than a year	13 188 849	10 042 431
	986 267 820	**880 289 900**
	1 327 423 325	**1 202 598 431**

As at 31 December 2020 and 2019, customer term deposits, excluding interest payable, had the following structure by currency and average interest rate:

	31-12-2020		31-12-2019	
	Average interest rate	Amount	Average interest rate	Amount
In Kwanzas	13.64%	341 155 504	14.44%	322 308 531
In United States Dollars	2.48%	963 323 128	3.71%	864 721 735
In Euros	0.24%	22 944 693	0.26%	15 568 165
		1 327 423 325		**1 202 598 431**

18 – PROVISIONS

The provisions that have been set up can be detailed as follows:

	31-12-2020	31-12-2019
Provisions for probable liabilities		
Cases in litigation	1 400 002	1 152 252
Customer complaints	316 357	-
Fraud cases reported by customers	-	561 605
Operational risk incidents under investigation	175 750	204 857
Tax contingencies (Note 14)	14 728	192 181
	1 906 837	**2 110 895**
Provision for signature loans		
Stage 1	924 895	314 094
Stage 2	193 883	359 578
Stage 3	4 911 669	50 178
	6 030 447	**723 850**
	7 937 284	**2 834 745**

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 2020 and 2019, the balance of the item Tax contingencies in the amount of mKz 14 728 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 years 2013 and 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 2020 and 2019, the provisions show the following movements:

	31-12-2020	31-12-2019
Opening balance	**2 834 745**	**6 012 036**
Provisions for probable liabilities		
Reinforcements (Note 35)	564 108	1 486 395
Replacements (Note 35)	(11 488)	-
Uses	(756 678)	(813 581)
Transfers (Note 14)	-	(324 866)
	(204 058)	**347 948**
Provision for signature loans		
Reinforcements (Note 36)	5 147 580	418 167
Reversals (Note 36)	(262 595)	(3 943 406)
Adjustments	421 612	-
	5 306 597	**(3 525 239)**
Final balance	**7 937 284**	**2 834 745**

19 – OTHER LIABILITIES

This item is made up as follows:

	31-12-2020	31-12-2019
Creditors for the acquisition of goods and rights	5 440 873	3 478 523
Taxes payable - own	1 845 210	1 018 581
Taxes payable - withheld from third parties	1 697 054	827 829
Taxes on income from employment	655 699	366 618
Creditors for services rendered	27 772	43 458
Other amounts payable	5 779	5 779
Other receivables		
Transactions pending settlement	5 394 233	5 394 233
é-Kwanza Network Manager	979 439	979 439
Deposits received - disposal of properties received in lieu of payment	371 167	371 167
Visa swipe transactions	166 388	166 388
Others	3 218 056	3 218 056
Salaries and other remunerations		
Productivity bonus	3 186 722	2 145 000
Holidays and holiday allowance	3 001 045	2 532 871
Advances from customers - BAI Kamba prepaid cards	5 895 160	6 142 265
Lease liability	5 107 904	4 923 102
Other administrative costs	3 448 980	2 740 033
Social Fund	2 376 385	2 510 723
Resources linked to foreign exchange operations	15 885	639 129
	42 833 751	**37 146 236**

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 mKz 3 489 562 (2019: mKz 2 521 133) and mKz 1 378 279 (2019: mKz 1 045 663), relating to amounts to be repaid to the Ministry of Finance and dormant account balances, respectively.

The item Other receivables - E-Kwanza network manager refers to transactions pending settlement on the mobile money é-Kwanza platform. The Bank has resumed the marketing of this product in 2020.

As at 31 December 2020, the item Other receivables - Other includes the amount of mKz 1 429 545 relating to amounts payable to MINFIN, the amount of mKz 577 007 (2019: mKz 503 282), relating to collateral received from local banks under the VISA representation protocol.

As at 31 December 2020, 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).

The item Advances from customers - BAI Kamba prepaid cards, in the amount of mKz 5 895 160 (2019: mKz 6 142 265), 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 resort to credit.

The item Social Fund, in the amount of mKz 2 376 385 (2019: mKz 2 510 723), corresponds to the value of the Social Fund as at 31 December 2020 whose allocation has not yet been made under its regulation (Note 2.12 iv.).

The item Lease liability, in the amount of mKz 5 107 904 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:

	31-12-2020	31-12-2019
1 to 5 years	721 578	561 743
Over 5 years	4 386 326	4 361 359
Total lease liabilities	**5 107 904**	**4 923 102**

As at 31 December 2020 and 2019, the balance of the item Other administrative costs includes the amount of mKz 2 714 690 (2019: mKz 2 700 000) related to the constitution of accrued costs with third party supplies and services provided and not yet invoiced by suppliers. The item Other administrative costs includes, as at 31 December 2020, the amount of mkz 734 290 related to payments to be made to Social Security related to the withholding made to employees, as well as the employer's contribution.

20 - CAPITAL, SHARE PREMIUM AND OWN SHARES

Ordinary shares

As at 31 December 2020 and 2019, the Bank's share capital of mKz 157 545 000 was represented by 19 450 000 ordinary shares, fully subscribed and paid up by different shareholders, of which we highlight:

	31-12-2020			31-12-2019		
	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%**	**157 545 000**	**19 450 000**	**100%**	**157 545 000**

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-President of the Board of Directors	nominal	972 500	5.00%
Mário Barber	Vice-President of the Board of Directors	nominal	752 715	3.87%
Luis 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

The Bank may, under the terms and conditions permitted by law, acquire its own shares and carry out all legally authorised operations thereon.

Own shares are recorded in capital accounts at acquisition value and are not subject to revaluation.

As at 31 December 2020 and 2019, the Bank has recognised in this item own shares in the nominal value of mKz 739 335 (non-revalued amount) corresponding to 5% of the share capital, acquired in 2017.

Share premiums

As at 31 December 2020 and 2019, the balance of this item in the amount of mKz 9 204 478 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 Basic Law on financial institutions requires that the Legal Reserve be credited annually with at least 10% of the net profit, until it is equal to the share capital.

Revaluation reserves, reserves for monetary revaluation of share capital, other reserves and retained earnings

As at 31 December 2020 and 2019, the movements in revaluation reserves, other reserves and retained earnings were as follows:

	Other reserves and retained earnings					
	Fair value reserves (Financialassetsatfairvaluethrough other comprehensive income)	Legal reserve	Reserveformonetarycorrectionof share capital	Otherreservesand RetainedEarnings	Total Other ReservesandRetained Earnings	Total
Balance as at 31 December 2018	**(576 118)**	**14 786 705**	**28 669**	**130 061 555**	**144 876 929**	**144 300 811**
Changes in fair value	905 899	-	-	-	-	905 899
Impairment	(384 394)	-	-	-	-	(384 394)
Tax impact	(271 770)	-	-	-	-	(271 770)
Constitution of reserves	-	-	-	30 039 413	30 039 413	30 039 413
Share capital increase	-	(14 786 705)	(28 669)	(127 942 921)	(142 758 295)	(142 758 295)
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**	**115 097 466**

By unanimous resolution of the General Meeting held on 26 March 2020, it was decided to distribute to the shareholders dividends corresponding to 30% of the net profit obtained in the previous year, and the remaining amount was applied in the item Other reserves. In effect, the dividends per share corresponded to mKz 1 903.

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 movement in the fair value reserve, net of deferred taxes, is as follows:

	31-12-2020	31-12-2019
Previous balance	**(326 383)**	**(576 118)**
Gross change in fair value	193 097	905 901
Recognised impairment	-	(384 395)
Deferred taxes recognised in reserves	(40 481)	(271 771)
Balance at the end of the year	**(173 767)**	**(326 383)**

Earnings per share

Basic earnings per share are calculated by dividing net profit by the number of ordinary shares in circulation during the year.

	31-12-2020	31-12-2019
Net profit for the year	**28 671 931**	**118 733 122**
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 in circulation	18 477 500	18 477 500
Basic earnings per share	**1 552**	**6 426**

Basic earnings per share are coincident with diluted earnings per share as there are no ordinary shares contingently issuable or equivalent financial instruments as at the balance sheet date.

22 – FINANCIAL MARGIN

This item is made up as follows:

	31-12-2020			31-12-2019		
	Of assets/liabilities at amortised cost and fair value through other comprehensive income	Of assets/ liabilities at fair value through profit or loss	Total	Of assets/liabilities at amortised 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	56 175 040	-	56 175 040	49 533 639	-	49 533 639
Interest on investments at amortised cost	110 209 206	-	110 209 206	76 692 010	-	76 692 010
Interest on financial assets at fair value through profit or loss	-	7 100 277	7 100 277	-	4 488 049	4 488 049
Interest on cash equivalents and investments in credit institutions	14 006 408	-	14 006 408	13 976 670	-	13 976 670
Interest on financial assets at fair value through other comprehensive income	-	-	-	1 685 250	-	1 685 250
	180 390 654	**7 100 277**	**187 490 931**	**141 887 569**	**4 488 049**	**146 375 618**
Interest and similar charges						
Interest on customer resources	(54 123 381)	-	(54 123 381)	(40 896 459)	-	(40 896 459)
Interest on leases	(1 147 219)	-	(1 147 219)	(1 135 168)	-	(1 135 168)
Interest on resources from central banks and other credit institutions	(27 360)	-	(27 360)	(424 141)	-	(424 141)
	(55 297 960)	**-**	**(55 297 960)**	**(42 455 768)**	**-**	**(42 455 768)**
Financial margin	**125 092 694**	**7 100 277**	**132 192 971**	**99 431 801**	**4 488 049**	**103 919 850**

In the years ended 31 December 2020 and 2019, the item Interest on customer loans includes the amounts of mKz 8 536 809 and mKz 14 310 820, respectively, relating to income from credit operations with the Ministry of Finance.

The item Interest on loans also includes the amount of mKz 3 085 072 (2019: mKz 1 744 940) 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 mKz 2 062 836 (2019: mKz 1 337 438) 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 2020 and 2019, the item Interest on cash equivalents and investments in credit institutions includes the amounts of mKz 1 522 258 and mKz 3 454 478, respectively, relating to interest on operations for the purchase of third party securities with repurchase agreement contracted with BNA.

As at 31 December 2020 and 2019, the negative effect of the adjustment of credit operations in *stage* 3 in the item Interest on customer loans in accordance with IFRS 9 is mKz 22 833 659 and mKz 13 832 509, 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 is made up as follows:

	31-12-2020	31-12-2019
Income from investments in subsidiaries and associates		
NOSSA - Nova Sociedade Seguros Angola, S.A.	740 440	448 162
Banco Internacional de São Tomé e Príncipe, S.A.	194 697	260 450
Griner, S.A.	-	15 489
	935 137	**724 01**

24 - INCOME FROM SERVICES AND COMMISSIONS

This item is made up as follows:

	31-12-2020	31-12-2019
Income from services and commissions		
For banking services provided	16 250 034	16 002 573
For foreign exchange operations	2 911 982	2 573 825
For commitments to third parties	2 240 169	1 191 689
For transactions carried out on behalf of third parties	271 591	379 413
For guarantees provided	169 369	491 683
Other commissions received	428 952	253 186
	22 272 097	**20 892 369**
Charges from services and commission		
For banking services provided by third parties	(6 863 173)	(4 471 342)
For commitments to third parties	(1 102 616)	(1 909 532)
For other services provided	(955 461)	(1 834)
	13 350 847	**14 020 176**

25 - INCOME FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This item is made up as follows:

	31-12-2020			31-12-2019		
	Income	Costs	Total	Income	Costs	Total
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
From public issuers	15 954 537	(7 734 912)	8 219 625	10 673 928	(8 728 392)	1 945 536
Other variable income securities	-	(1 866 236)	(1 866 236)	345 282	(964 907)	(619 625)
	15 954 537	**(9 601 148)**	**6 353 389**	**11 019 210**	**(9 693 299)**	**1 325 911**
Loans to customers						
Credits not complying with SPPI	2 718 675	(1 067 693)	1 650 982	3 632 951	(4 464 137)	(831 186)
	2 718 675	**(1 067 693)**	**1 650 982**	**3 632 951**	**(4 464 137)**	**(831 186)**
Other financial assets and liabilities at fair value through profit or loss						
Other financial assets	-	(75 000)	(75 000)	3 837 389	(4 902 895)	(1 065 506)
	-	**(75 000)**	**(75 000)**	**3 837 389**	**(4 902 895)**	**(1 065 506)**
	18 673 212	**(10 743 841)**	**7 929 371**	**18 489 550**	**(19 060 331)**	**(570 781)**

This item records the potential gain on the fair value (mKz 2 737 646) and the gain on the sale of securities recorded in the financial assets portfolio at fair value through profit or loss (mKz 5 429 596), as defined in Note 2.3

26 – INCOME FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

This item is made up as follows:

	31-12-2020			31-12-2019		
	Income	Costs	Total	Income	Costs	Total
Financial assets at fair value through other comprehensive income						
Bonds and other fixed income securities						
From public issuers	-	-	-	-	(5 244)	(5 244)
	-	**-**	**-**	**-**	**(5 244)**	**(5 244)**

27 - INCOME FROM INVESTMENTS AT AMORTISED COST

This item is made up as follows:

	31-12-2020			31-12-2019		
	Income	Costs	Total	Income	Costs	Total
Investments at amortised cost						
Bonds and other fixed income securities						
From public issuers	822 094	(195 876)	626 218	1 863 450	(2 185 206)	(321 756)
	822 094	**(195 876)**	**626 218**	**1 863 450**	**(2 185 206)**	**(321 756)**

28 - FOREIGN EXCHANGE RESULTS

This item is made up as follows:

	31-12-2020			31-12-2019		
	Income	Costs	Total	Income	Costs	Total
Revaluation of foreign exchange position	5 012 969 616	(5 002 925 454)	10 044 162	4 234 834 686	(4 227 504 264)	7 330 422
Revaluation of assets and liabilities indexed to the USD	111 854 468	(50 772 795)	61 081 673	68 594 725	4 172 868	72 767 593
Purchase and sale of foreign currency	25 953 620	(4 945 549)	21 008 071	26 728 469	(6 815 849)	19 912 620
	5 150 777 704	**(5 058 643 798)**	**92 133 906**	**4 330 157 880**	**(4 230 147 245)**	**100 010 635**

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.

The item revaluation of assets and liabilities indexed to the USD includes the amount of mKz 56 186 057 relating to the year's revaluation of indexed securities recognised in the Bank's Balance Sheet with reference to 31 December 2020, which was deducted when determining the tax for the year and deferred taxes, as referred to in Note 14.

29 - INCOME FROM THE DISPOSAL OF OTHER ASSETS

This item is made up as follows:

	31-12-2020	31-12-2019
Gains on non-current assets held for sale	382 143	374 191
	382 143	**374 191**
Gains on other tangible assets	7 038	-
Losses on other tangible assets	-	(1 126 268)
	7 038	**(1 126 268)**
	389 181	**(752 077)**

30 - OTHER OPERATING INCOME

This item is made up as follows:

	31-12-2020	31-12-2019
Other operating income		
Income from the provision of miscellaneous services	6 795 097	7 423 206
Recovery of interest and overdue loan expenses	5 747	3 897 455
Other operating income	1 320 005	3 603 319
	8 120 849	**14 923 980**
Other operating charges		
Taxes and fees not levied on income	(7 992 518)	(6 952 038)
Debt relief	(555 952)	(2 310 052)
Contributions - Deposit Guarantee Fund	(1 360 842)	(3 251 915)
Penalties applied by regulators	(695 923)	(25 680)
Insufficient estimated industrial tax	(386 315)	-
Other operating costs and charges	(11 645 043)	(4 152 414)
	(22 636 593)	**(16 692 099)**
	(14 515 744)	**(1 768 119)**

The item Other operating income - Income from the provision of miscellaneous services reflects the income obtained during the year charged for the various services provided by the Bank, namely services relating to the issue of cheques.

The item Other operating charges - Debt relief refers to the losses assumed by the Bank within the scope of the restructuring and write-off of loans, which were already fully covered by the recognition of impairment losses.

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 - Other operating costs and charges includes donations and sponsorships in the amount of mKz 10 837 275 (2019: mKz 912 245), of which we highlight the donation made to the Ministry of Health as a result of the Covid-19 Pandemic context.

31 - STAFF COSTS

This item is made up as follows:

	31-12-2020	31-12-2019
Wages and salaries	17 349 203	15 071 202
Other remuneration	18 024 254	9 883 577
Post-employment benefit costs	3 057 601	2 346 034
Social Security and Mandatory Charges	2 825 654	2 661 830
Other costs	1 024 962	1 296 845
	42 281 674	**31 259 488**

The item Other remuneration includes the amount of mKz 3 085 072 (2019: mKz 1 744 940) referring to the effect of loans granted to employees, in accordance with IAS 19.

The item Post-employment benefit costs includes the amount of mKz 2 351 309 (2019: mKz 1 731 938) related to contributions to the Social Security fund. This item also includes the amount of mKz 706 292 (2019: mKz 614 096) relating to contributions to the BAI Pension Fund, as defined in Note 32.

The costs of remuneration and other benefits attributed to the Board of Directors and Supervisory Board during the financial years ended 31 December 2020 and 2019 are presented as follows:

	31-12-2020				31-12-2019		
	Board of Directors	Board of the General Meeting	Supervisory Board	Total	Board of Directors	Supervisory Board	Total
Wages and salaries	1 009 429	3 000	47 661	1 060 090	982 328	30 009	1 012 337
Other remuneration	1 950 702	-	-	1 950 702	654 114	-	654 114
Post-employment benefit costs	214 800	-	2 040	216 840	152 930	2 401	155 331
	3 174 931	**3 000**	**49 701**	**3 227 632**	**1 789 372**	**32 410**	**1 821 782**

The number of employees of the Bank, considering permanent and fixed-term contract employees, is broken down by professional category as follows:

	31-12-2020		31-12-2019	
	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	56	58	80	78
Leadership and management	321	324	310	279
Technicians	1 411	1 413	1 424	1 435
Administrative assistants	93	91	109	159
Other employees	120	116	104	61
	2 014	**2 015**	**2 040**	**2 025**

32 - 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 in the contract establishing the "BAI Pension Fund".

Until 31 December 2009, the Bank had granted, on a voluntary basis, in the defined 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 defined benefit pension plan to a defined contribution plan, through voluntary membership.

Following this alteration to the Fund, the defined 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 the Bank, between 2010 and December 2013, created provisions relating to its potential contribution of 6% on employees' salaries 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 Defined Benefits Plan and who were transferred to the Defined Contribution Pension Plan, the Fund currently has the allocation required to meet this responsibility.

With regard to the Defined 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 entire process was accompanied and authorised by ARSEG.

33 - THIRD PARTY SUPPLIES AND SERVICES

This item is made up as follows:

	31-12-2020	31-12-2019
Audits, consultancy and other specialised technical services	15 488 790	12 491 148
Communications	7 819 676	4 506 665
Various materials	7 538 839	5 560 426
Security, conservation and repairs	2 556 226	2 575 596
Rents and leases	1 981 469	2 109 093
Publications, publicity and advertising	1 636 496	1 264 468
Insurance	615 633	364 807
Water and energy	176 835	161 250
Transport, travel and accommodation	152 893	366 572
	37 966 857	**29 400 025**

As at 31 December 2020, the item Rents and leases includes the amounts of mKz 1 511 592 and mKz 42 060, respectively, related to low value asset leases and short-term leases, as described in the accounting policies (Note 2.21).

34 - DEPRECIATION AND AMORTISATION FOR THE YEAR

This item is made up as follows:

	31-12-2020	31-12-2019
Other tangible assets		
Properties	1 414 297	1 513 174
Equipment	2 552 272	2 218 458
Other tangible assets	81 056	56 977
Assets under right of use	551 150	540 337
	4 598 775	**4 328 946**
Intangible assets		
Automatic data processing systems	1 121 122	664 325
	1 121 122	**664 325**
	5 719 897	**4 993 271**

35 - PROVISIONS NET OF CANCELLATIONS

This item is made up as follows:

	31-12-2020	31-12-2019
Allocation for the year (Note 18)	564 107	1 486 395
Reversal for the year (Note 18)	(11 488)	-
	552 619	**1 486 395**

36 - IMPAIRMENT FOR CUSTOMER LOANS NET OF REVERSALS AND RECOVERIES

This item is made up as follows:

	31-12-2020	31-12-2019
Loans to customers		
Allocation for the year net of reversals (Note 10)	28 297 836	(9 437 736)
Signature credit		
Allocation for the year net of reversals (Note 18)	4 884 985	(3 525 239)
	33 182 821	**(12 962 975)**

37 - IMPAIRMENT FOR OTHER FINANCIAL ASSETS NET OF REVERSALS AND RECOVERIES

This item is made up as follows:

	31-12-2020	31-12-2019
Allocation for the year		
Investments in central banks and other credit institutions (Note 6)	26 899 823	23 640 089
Investments at amortised cost (Note 9)	75 465 822	7 034 228
	102 365 645	**30 674 317**
Reversal for the year		
Investments in central banks and other credit institutions (Note 6)	(25 873 490)	(987 156)
Investments at amortised cost (Note 9)	(2 102 252)	(890 291)
	(27 975 742)	**(1 877 447)**
	74 389 903	**28 796 870**

38 - IMPAIRMENT FOR OTHER ASSETS NET OF REVERSALS AND RECOVERIES

This item is made up as follows:

	31-12-2020	31-12-2019
Allocations for the year		
Non-current assets held for sale (Note 11)	283 163	152 322
Investments in subsidiaries and associates (Note 13)	-	60 000
Other tangible assets (Note 12)	-	343 804
Other assets (Note 15)	2 246 019	2 383 601
Reversals for the year		
Non-current assets held for sale (Note 11)	(637 551)	(243 878)
Other assets (Note 15)	(177 496)	(1 242 481)
	1 714 135	**1 453 368**

39 – OFF-BALANCE SHEET ACCOUNTS

This item is made up as follows:

	31-12-2020	31-12-2019
Guarantees and sureties provided	110 900 742	212 405 673
Guarantees and sureties received	(570 710 185)	(464 651 336)
Commitments to third parties	51 389 688	36 398 308
Deposit and custody of valuables		
BNA	(771 639 348)	(630 863 380)
CEVAMA	(645 487 519)	(341 790 103)
Liabilities for services rendered		
Custody of securities	338 844 891	388 339 573
Treasury Bills	7 723 485	9 162 376
Custody of BNA values (Soyo)	9 895 270	15 107 890
Other liabilities for services rendered	41 297 095	27 594 733
Consigned amounts	2 055 232	1 526 042
Credit maintained on assets	(617 970 024)	(673 417 269)
Credit written off from assets		
Capital	(250 885 233)	(197 116 123)
Overdue interest	(122 071 490)	(105 666 492)
Credit granted by third parties (Note 6)	86 875 968	90 710 201
Other off-balance sheet accounts	(13 761)	(35 594)

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 defined by the Bank and in accordance with the requirements of IFRS 9 (mKz 92 555 228). As at 31 December 2020 and 2019, these exposures, as well as the associated impairment, present the following composition:

	Individual analysis		Collective analysis		Total	
31-12-2020	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**

	Individual analysis		Collective analysis		Total	
31-12-2019	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Guarantees and sureties provided	26 408 472	71 967	185 997 201	651 883	212 405 673	723 850
Commitments to third parties	17 909 094	-	18 489 214	-	36 398 308	-
	44 317 566	**71 967**	**204 486 415**	**651 883**	**248 803 981**	**723 850**

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 2020 amount to mKz 56 374 939 and impairment in the amount of mKz 990 401.

The breakdown by *stage* of guarantees, sureties provided and commitments to third parties as at 31 December 2020 and 2019 is presented below:

31-12-2020	*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**

31-12-2019	*Stage 1*	*Stage 2*	*Stage 3*	Total
Guarantees and sureties provided	186 986 581	16 951 962	8 467 130	212 405 673
Commitments to third parties	25 539 003	8 285 511	2 573 794	36 398 308
	212 525 584	**25 237 473**	**11 040 924**	**248 803 981**

Guarantees and sureties are banking operations 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 alteration 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 mKz 18 276 346 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 verified 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 mKz 22 736 140 (2019: mKz 16 877 945) relating to an irrevocable credit line granted to BAI Europa.

Notwithstanding the particularities of these commitments, the assessment of these operations obeys the same basic principles as any other commercial operation, namely the solvency of both the customer and the underlying business, and the Bank requires that these operations are duly collateralised when necessary. As it is expected that most of them will 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 loans 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.

40 - 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 2020, 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.	83.85%	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
Novenge, S.A.	n.a.	Angola
GRINER Engenharia S.A.	2.30%	Angola
BAI Invest S.A.	n.a.	Angola
Novinvest S.A.	n.a.	Angola
Griner Gana	n.a.	Ghana
Griner Cabo Verde	n.a.	Cape Verde
Fundação BAI	100.00%	Angola

Name of related entity	%	Head Office
MEMBERS OF BAI'S BOARD OF DIRECTORS		
José Carlos de Castro Paiva - President	n.a	n.a
Mário Alberto dos Santos Barber - Vice-President	n.a	n.a
Theodore Jameson Giletti - Non-Executive Director	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 - President	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 MEETING		
Domingos Lima Viegas - President	n.a	n.a
Alice Escórcio - Vice-President	n.a	n.a
Ana Regina Victor - Secretary	n.a	n.a
REMUNERATION COMMITTEE		
Joaquim D.David - President	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
FIPA - Fundo de Investimento Privado de Angola S.A.	25.64%	Luxembourg
BISTP - Banco Internacional de São Tomé e Princípe S.A.	25.00%	SãoToméandPríncipe
SODIMO - Sociedade de Desenvolvimento Imobiliário S.A.	n.a	Angola
SOPROS S.A.	n.a	Angola
Hotel Terminus Lobito	n.a	Angola
Hotel Terminus Ndanlatando	n.a	Angola
IMOGESTIN SA	n.a	Angola
Sodecom, S.A.	n.a	Angola
FIPA II	45.00%	Luxembourg
Angola Capital Partners Escritório de Representação	47.50%	Delaware
Fundo Investimento Privado Angola SARL	n.a	Luxembourg
AL 13 Indústria LDA	n.a	Angola
Novibay Lda	n.a	Angola
ITE - S.A.	n.a	Angola
Sociedade Ivestur	n.a	Angola
Emimopa Empresa Imóveis Paiva Lda	n.a	Angola

Other Related Entities	%	Head Office
Invespa Ivestimentos Paiva Lda	n.a	Angola
Sagrime Sociedade Agro Industrial Nhime Lda	n.a	Angola
African Real Estate Construction Lda	n.a	Angola
IMSA - Sociedade Negócios e Desenvolvimento	n.a	Angola
Empreendimentos Angolanos Hotelaria Lda	n.a	Angola
Angola Capital Partners Llc	n.a	Delaware
Drill Go PT	n.a	Portugal
Drill Go AO	n.a	Angola
ACP Advisors	n.a	Delaware

The value of the Bank's transactions with related parties as at 31 December 2020 and 2019 and the related margin costs and income recognised in the year under review are summarised as follows:

	31-12-2020					31-12-2019
	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 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
Deposits 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 Liabilities	**2 705 065**	**18 604 973**	**7 040 785**	**4 356 670**	**32 707 493**	**37 020 875**
Off-balance sheet						
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
Signature credit	-	273 382	2 945 846	-	3 219 228	2 260 029
Commitments to third parties	-	-	22 736 140	-	22 736 140	16 879 695

	31-12-2020					31-12-2019
FINANCIAL MARGIN	Relatives of the Members of Governing Bodies	Members of GoverningBodies	Subsidiaries,associates and joint ventures	Other Related Entities	Total	Total
Interestoncashequivalentsandinvestmentsincredit 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 customer resources	(22 308)	(113 516)	(72 609)	(313 875)	(522 308)	(439 302)
Interest on resources from central banks and other 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 2020 and 2019, 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 AND CASH EQUIVALENTS IN OTHER CREDIT INSTITUTIONS	31-12-2020	31-12-2019
BAI Europa, S.A.	18 890 861	25 226 299
Impairment of deposits with financial institutions	-	(3 048)
BAI Cabo Verde, S.A.	566 702	1 225 821
Impairment of deposits with financial institutions	-	(2 023)
Total	**19 457 563**	**26 447 050**

INVESTMENTS IN OTHER CREDIT INSTITUTIONS	31-12-2020	31-12-2019
BAI Europa, S.A.	190 658 774	238 690 353
Impairment of interbank money market operations	(19 070)	(240 824)
BAI Cabo Verde, S.A.	34 792 331	25 174 941
Impairment of interbank money market operations	(731 554)	(491 064)
Total	**224 700 481**	**263 133 406**

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 operations 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.

41 - 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 the financial assets and liabilities held by the Bank is presented as follows:

	Measured at fair value					
	Amortised cost	Market quotation (Level 1)	Valuation models with observable market parameters (Level 2)	Valuation models with observable market parameters (Level 3)	Total Balance Value	Fair value
31 December 2020						
Cash and cash equivalents at central banks	311 703 705	-	-	-	311 703 705	311 703 705
Cash and 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 amortised cost	1 263 492 435	-	-	-	1 263 492 435	1 301 141 508
Loans to customers	366 040 406	-	-	718 333	366 758 738	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	2 926 982 770	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**

	Measured at fair value					
	Amortised cost	Market quotation (Level 1)	Valuation models with observable market parameters (Level 2)	Valuation models with observable market parameters (Level 3)	Total Balance Value	Fair value
31 December 2019						
Cash and cash equivalents at central banks	333 319 523	-	-	-	333 319 523	333 319 523
Cash and cash equivalents in other credit institutions	152 964 900	-	-	-	152 964 900	152 964 900
Investments in central banks and other credit institutions	629 718 675	-	-	-	629 718 675	629 718 675
Financial assets at fair value through profit or loss	-	-	42 715 547	15 634 077	58 349 624	58 349 624
Financial assets at fair value through other comprehensive income	-	-	-	116 536	116 536	116 536
Investments at amortised cost	856 264 416	-	-	-	856 264 416	852 342 873
Loans to customers	448 482 503	-	-	229 032	448 711 535	420 777 371
Other assets	43 934 541	-	-	11 318 327	55 252 868	55 252 868
Financial assets	2 464 684 558	-	42 715 547	27 297 972	2 534 698 077	2 502 842 370
Resources from central banks and other credit institutions	5 999 279	-	-	-	5 999 279	5 999 279
Customer resources and other loans	2 285 011 806	-	-	-	2 285 011 806	2 285 011 806
Financial liabilities	**2 291 011 085**	**-**	**-**	**-**	**2 291 011 085**	**2 291 011 085**

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 2020 and 2019, 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 amortised cost are analysed as follows:

Cash and cash equivalents at central banks, Deposits with banks 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 the projection of non-deterministic cash flows such as indexing factors.

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.

As at 31 December 2020 and 2019, there were no transfers of financial instruments between level 2 and level 3 of the fair value hierarchy.

Investments at amortised 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 in domestic currency for domestic currencies and the yields of *Eurobonds* on the reference date for foreign currencies.

For the purpose of this disclosure, it was assumed that Treasury Bills have short-term residual maturities and that foreign currency Treasury Bonds have interest rates in line with comparable prevailing market rates, 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 defined 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 amortised 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 practised 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 2020 and 2019, the fair value of financial instruments is presented as follows:

31-12-2020	Fair value of financial instruments recorded in the balance sheet					
	Book value (net)	At fair value	At amortised cost	Total	Difference	Book value (total)
Assets						
Cash and cash equivalents at central banks	311 703 705	-	311 703 705	311 703 705	-	311 703 705
Cash and 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 amortised 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**

31-12-2019	Fair value of financial instruments recorded in the balance sheet					
	Book value (net)	At fair value	At amortised cost	Total	Difference	Book value (total)
Assets						
Cash and cash equivalents at central banks	333 319 523	-	333 319 523	333 319 523	-	333 319 523
Cash and cash equivalents in other credit institutions	152 964 900	-	152 964 900	152 964 900	-	152 964 900
Investments in central banks and other credit institutions	629 718 675	-	629 718 675	629 718 675	-	629 718 675
Financial assets at fair value through profit or loss	58 349 624	58 349 624	-	58 349 624	-	58 349 624
Financial assets at fair value through other comprehensive income	116 536	116 536	-	116 536	-	116 536
Investments at amortised cost	856 264 416	-	856 264 416	856 264 416	-	856 264 416
Loans to customers	448 711 535	229 032	448 482 503	448 711 535	-	448 711 535
Investments in subsidiaries, associates and joint ventures	8 927 045	-	8 927 045	8 927 045	-	8 927 045
Other assets	55 252 868	11 318 327	43 934 541	55 252 868	-	55 252 868
	2 543 625 122	**70 013 519**	**2 473 611 603**	**2 543 625 122**	**-**	**2 543 625 122**
Liabilities						
Resources from central banks and other credit institutions	5 999 279	-	5 999 279	5 999 279	-	5 999 279
Customer resources and other loans	2 285 011 806	-	2 285 011 806	2 285 011 806	-	2 285 011 806
Other liabilities	37 146 236	-	37 146 236	37 146 236	-	37 146 236
	2 328 157 321	**-**	**2 328 157 321**	**2 328 157 321**	**-**	**2 328 157 321**
	215 467 801	**70 013 519**	**145 454 282**	**215 467 801**	**-**	**215 467 801**

As at 31 December 2020 and 2019, the book value of Financial Instruments is presented as follows:

	31-12-2020				
	Measured at fair value	Measured at amortised cost	Measured at historic cost	Impairment	Gross value
Assets					
Cash and cash equivalents at central banks	-	311 703 705	-	-	311 703 705
Cash and cash equivalents in other credit institutions	-	189 158 638	-	(26 580)	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 amortised 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**

	31-12-2019				
	Measured at fair value	Measured at amortised cost	Measured at historic cost	Impairment	Gross value
Assets					
Cash and cash equivalents at central banks	-	333 319 523	-	-	333 319 523
Cash and cash equivalents in other credit institutions	-	153 013 888	-	(48 988)	152 964 900
Investments in central banks and other credit institutions	-	655 565 585	-	(25 846 910)	629 718 675
Financial assets at fair value through profit or loss	58 349 624	-	-	-	58 349 624
Financial assets at fair value through other comprehensive income	116 536		-	-	116 536
Investments at amortised cost	-	869 579 767	-	(13 315 351)	856 264 416
Loans to customers	229 032	686 729 433	-	(238 246 930)	448 711 535
Investments in subsidiaries, associates and joint ventures	-	8 927 045	-	-	8 927 045
Other assets	11 318 327	52 035 342	-	(8 100 801)	55 252 868
	70 013 519	**2 759 170 583**	**-**	**(285 558 980)**	**2 543 625 122**
Liabilities					
Resources from central banks and other credit institutions	-	5 999 279	-	-	5 999 279
Customer resources and other loans	-	2 285 011 806	-	-	2 285 011 806
Other liabilities	-	37 146 236	-	-	37 146 236
	-	**2 328 157 321**	**-**	**-**	**2 328 157 321**
	70 013 519	**431 013 262**	**-**	**(285 558 980)**	**215 467 801**

As at 31 December 2020 and 2019, the book value of Financial instruments subject to credit risk is presented as follows:

	31-12-2020				
	Measured at fair value	Measured at amortised cost	Measured at historic cost	Impairment	Gross value
Assets					
Cash and cash equivalents at central banks	-	311 703 705	-	-	311 703 705
Cash and cash equivalents in other credit institutions	-	189 158 638	-	(26 580)	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 amortised cost	-	1 354 367 787	-	(90 875 352)	1 263 492 435
Loans to customers	718 333	-	-	(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	**2 602 973 102**	**-**	**(420 280 311)**	**2 935 909 815**
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**
	99 027 119	**2 602 973 102**	**(92 555 228)**	**(414 249 864)**	**2 849 385 035**

	31-12-2019				
	Measured at fair value	Measured at amortised cost	Measured at historic cost	Impairment	Gross value
Assets					
Cash and cash equivalents at central banks	-	333 319 523	-	-	333 319 523
Cash and cash equivalents in other credit institutions	-	153 013 888	-	(48 988)	152 964 900
Investments in central banks and other credit institutions	-	655 565 585	-	(25 846 910)	629 718 675
Financial assets at fair value through profit or loss	58 349 624	-	-	-	58 349 624
Financial assets at fair value through other comprehensive income	116 536	–	-	-	116 536
Investments at amortised cost	-	869 579 767	-	(13 315 351)	856 264 416
Loans to customers	229 032	686 729 433	-	(238 246 930)	448 711 535
Investments in subsidiaries, associates and joint ventures	-	8 927 045	-	-	8 927 045
Other assets	11 318 327	52 035 342	-	(8 100 801)	55 252 868
	70 013 519	**2 759 170 583**	**-**	**(285 558 980)**	**2 543 625 122**
Off-balance sheet					
Guarantees provided and documentary credits	-	-	121 468 221	(723 850)	120 744 371
Commitments to third parties	-	-	36 398 308	-	36 398 308
	-	**-**	**157 866 529**	**(723 850)**	**157 142 679**
	70 013 519	**2 759 170 583**	**(157 866 529)**	**(284 835 130)**	**2 386 482 443**

42 - 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 define 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 the identification, assessment, monitoring, control and reporting of 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 - The concept of market risk reflects the probability of the occurrence of negative impacts on results or capital, due to adverse movements in interest and exchange rates and/or in the prices of the different financial instruments that comprise it, considering both the correlations that exist between them and their volatilities. Thus, market risk includes interest rate risk, exchange rate risk and other price risks.

Liquidity - This risk reflects the probability of the occurrence of negative impacts on results or capital, arising from the inability of the institution to have liquid funds to meet its financial obligations, as they fall due.

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 ("CA"), being supervised by the Risk Management Committee ("CGR"), and daily monitored by a portfolio director appointed by the Executive Committee ("EC").

The CA is responsible for defining, approving and implementing a risk management system that allows the identification, assessment, control and monitoring of all material risks to which the Bank is exposed, in order to ensure that they remain at the previously defined level and that they will not significantly affect the Bank's financial 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) define general guidelines for the risk management system and definition of 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 CA with regard to the risk strategy, supervising the implementation of the risk strategy and overseeing the performance of the DGR as provided for in Notice No. 2/13, of 19 April, issued by the BNA.

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 defined by the EC.

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

During the 2016 financial year, the BNA issued a set of Notices and Instructions with a special emphasis on risk management and reporting by Financial Institutions. The Bank is in the process of implementing them, in order to carry out the reporting and compliance within the legally applicable deadlines.

RISK ASSESSMENT

Credit risk

Credit risk models play an essential role in the credit assignment decision process. Thus, the decision-making process for granting credit 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 credit risk for financial assets and off-balance sheet loans is presented below:

	31-12-2020		
	Gross book value	Impairment	Net book value
Assets			
Cash and cash equivalents at central banks	311 703 705	-	311 703 705
Cash and 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 amortised 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**

	31-12-2019		
	Gross book value	Impairment	Net book value
Assets			
Cash and cash equivalents at central banks	333 319 523	-	333 319 523
Cash and cash equivalents in other credit institutions	153 013 888	48 988	152 964 900
Investments in central banks and other credit institutions	655 565 585	25 846 910	629 718 675
Financial assets at fair value through profit or loss	58 349 624	-	58 349 624
Financial assets at fair value through other comprehensive income	116 536	-	116 536
Investments at amortised cost	869 579 767	13 315 351	856 264 416
Loans to customers	686 958 465	238 246 930	448 711 535
Other assets	63 353 669	8 100 801	55 252 868
	2 820 257 057	**285 558 980**	**2 534 698 077**
Off-balance sheet			
Guarantees provided and documentary credits	121 468 221	723 850	120 744 371
Commitments to third parties	36 398 308	-	36 398 308
	157 866 529	**723 850**	**157 142 679**
	2 978 123 586	**286 282 830**	**2 691 840 756**

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 credit 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 operations 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 defined in IFRS 9, as well as the guidelines and interactions for implementing IAS/IFRS, according to the plan defined by the BNA, in order to align the calculation process with best international practices;
- The Bank's impairment model begins by segmenting the customers in the loan portfolio into different groups, namely into public sector, large companies, small- and medium-sized companies, and for individuals into consumer credit, credit cards, housing loans and overdrafts;
- The assessment of the existence of impairment losses on an individual basis is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses, at each balance sheet date, the expected impairment loss (ECL);
- It should be noted that restructured loans are a sign of impairment, so the portfolio of loans marked as restructured is included in loans with signs of impairment;
- In accordance with the defined 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 individual 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:

a) Probability of default ("PD"): corresponds to the internal estimates of default, based on the risk classifications associated with the operations/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%;

b) 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 operations of the customer, adjusted to the macroeconomic scenarios and updated according to the effective interest rate of each operation.

As at 31 December 2020, the geographical concentration of credit risk, measured by net value, has the following distribution:

31-12-2020	Angola	Others	Total
Cash and cash equivalents at central banks	311 703 705	-	311 703 705
Cash and cash equivalents in other credit institutions	271 693	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	433 991	-	433 991
Investments at amortised cost	1 263 492 435	-	1 263 492 435
Loans to customers	366 758 738	-	366 758 738
Other assets	38 408 520	-	38 408 520
	2 104 453 705	**822 529 065**	**2 926 982 770**

31-12-2019	Angola	Others	Total
Cash and cash equivalents at central banks	333 319 523	-	333 319 523
Cash and cash equivalents in other credit institutions	77 800	152 887 100	152 964 900
Investments in central banks and other credit institutions	58 862 922	570 855 753	629 718 675
Financial assets at fair value through profit or loss	52 029 431	6 320 193	58 349 624
Financial assets at fair value through other comprehensive income	116 536	-	116 536
Investments at amortised cost	856 264 416	-	856 264 416
Loans to customers	430 337 103	18 374 432	448 711 535
Other assets	55 252 868	-	55 252 868
	1 731 007 731	**748 437 478**	**2 534 698 077**

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 is within the regulatory limits.

The investment portfolio at amortised cost is mainly exposed to sovereign debt of the Republic of Angola, representing 100% (2019: 100%) of the total of this portfolio as at 31 December 2020.

The evaluation of the interest rate risk originated by operations 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.

The aggregation for each of the currencies analysed, of the expected cash flows in each of the time intervals, makes it possible to determine the interest rate gaps by re-fixing maturity.

Following the recommendations of BNA Instruction No. 09/2019, of 27 August, the Bank calculates its exposure to balance sheet interest rate risk based on the methodology defined in the instruction.

As at 31 December 2020 and 2019, assets and liabilities gross of impairment and amortisation are broken down, by type of rate, as follows:

	Exposure			
31-12-2020	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 and cash equivalents in other credit institutions	-	-	189 158 639	189 158 639
Investments in central banks and other credit institutions	707 578 163	-	-	707 578 163
Financial assets at fair value through profit or loss	85 009 070	-	6 505	85 015 575
Financial assets at fair value through other comprehensive income	-	-	433 991	433 991
Investments at amortised cost	1 354 367 787	-	-	1 354 367 787
Loans to customers	359 994 523	294 913 715	-	654 908 239
Other assets	4 456 491	-	39 578 571	44 035 062
	2 511 406 034	**294 913 715**	**540 881 411**	**3 347 201 161**
Liabilities				
Resources from central banks and other credit institutions	7 155 946	-	-	7 155 946
Customer resources and other loans	1 329 155 779	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**	**2 711 661 459**
	1 175 094 309	**294 912 494**	**(877 300 852)**	**635 539 702**

	Exposure			
31-12-2019	Fixed rate	Variable rate	Not subject to interest rate risk	Total
Assets				
Cash and cash equivalents at central banks	-	-	333 319 523	333 319 523
Cash and cash equivalents in other credit institutions	-	-	153 013 888	153 013 888
Investments in central banks and other credit institutions	655 565 585	-	-	655 565 585
Financial assets at fair value through profit or loss	48 931 708	-	9 417 916	58 349 624
Financial assets at fair value through other comprehensive income	-	-	116 536	116 536
Investments at amortised cost	869 579 767	-	-	869 579 767
Loans to customers	12 267 283	674 691 182	-	686 958 465
Other assets	-	-	63 353 669	63 353 669
	1 586 344 343	**674 691 182**	**72 888 121**	**2 333 923 646**
Liabilities				
Resources from central banks and other credit institutions	1 033 084 362	169 514 069	1 082 413 375	2 285 011 806
Customer resources and other loans	5 999 279	-	-	5 999 279
Other liabilities	-	-	37 146 236	37 146 236
	1 039 083 641	**169 514 069**	**1 119 559 611**	**2 328 157 321**
	547 260 702	**505 177 113**	**(1 046 671 490)**	**5 766 325**

As at 31 December 2020 and 2019, financial instruments with exposure to interest rate risk present the following detail by re-fixing date:

	Residual contractual terms								
31-12-2020	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	Undetermined	Total
Assets									
Investments in central banks and 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 amortised 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**	**87 792 068**	**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	1 500 308 407	192 840 254	260 895 163	656 502 884	9 854 475	71 125 890	12 978 440	-	2 704 505 513
	1 500 308 407	**199 996 200**	**260 895 163**	**656 502 884**	**9 854 475**	**71 125 890**	**12 978 440**	**-**	**2 711 661 459**
	(1 217 721 791)	**323 805 470**	**(173 103 095)**	**(289 578 309)**	**959 067 039**	**267 220 625**	**107 048 169**	**113 192 114**	**89 930 222**

	Residual contractual terms								
31-12-2019	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	Undetermined	Total
Assets									
Investments in central banks and other credit institutions	379 627 648	145 614 086	94 032 854	10 444 087	-	-	-	-	629 718 675
Financial assets at fair value through profit or loss	-	-	15 634 077	10 548 177	15 338 712	17 935 412	-	-	59 456 378
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	116 536	116 536
Investments at amortised cost	25 851 342	23 037 870	7 792 698	66 493 168	290 998 487	427 673 314	14 417 537	-	856 264 416
Loans to customers	7 436 546	12 740 500	4 235 674	7 023 915	202 531 991	126 662 456	167 478 715	-	528 109 797
	412 915 536	**181 392 456**	**121 695 303**	**94 509 347**	**508 869 190**	**572 271 182**	**181 896 252**	**116 536**	**2 073 665 802**
Liabilities									
Resources from central banks and other credit institutions	5 960 380	-	-	38 899	-	-	-	-	5 999 279
Customer resources and other loans	1 163 780 819	350 241 672	205 627 706	543 909 029	3 093 006	8 715 492	9 644 082	-	2 285 011 806
	1 169 741 199	**350 241 672**	**205 627 706**	**543 947 928**	**3 093 006**	**8 715 492**	**9 644 082**	**-**	**2 291 011 085**
	1 582 656 735	**531 634 128**	**327 323 009**	**638 457 275**	**511 962 196**	**580 986 674**	**191 540 334**	**116 536**	**4 364 676 887**

As at 31 December 2020 and 2019, 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:

	31-12-2020			31-12-2019		
	Average balance for the financial year	Interest for the financial year	Average remuneration	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%	361 523 763	13 976 670	4%
Securities	1 172 462 962	117 308 897	10%	628 377 531	82 865 309	13%
Loans to customers	660 647 537	54 048 233	8%	542 946 971	49 533 639	9%
	2 514 401 021	185 363 539	7%	1 532 848 265	146 375 618	9%
Liabilities						
Resources from central banks and other credit institutions	1 188 707 618	54 470 497	5%	694 923 027	42 031 627	6%
Customer resources and other loans	792 005	27 360	3%	23 541 285	424 141	2%
	1 189 499 624	**54 497 857**	**5%**	**718 464 312**	**42 455 768**	**6%**

As at 31 December 2020 and 2019, net gains or net losses on net interest income from financial instruments show the following detail:

31-12-2020	By offsetting entry			By other comprehensive income		
	Gains	Losses	Net	Gains	Losses	Net
Assets						
Investments in central banks and other credit institutions	14 006 408	-	14 006 408	-	-	-
Financial assets at fair value of other comprehensive income	-	-	-	-	(283 217)	283 217
Investments at amortised cost	110 209 206	-	110 209 206	-	-	-
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)**	**-**	**-**	**-**
	180 390 654	**55 297 960**	**(235 688 614)**	**-**	**283 217**	**(283 217)**

31-12-2019	By offsetting entry			By other comprehensive income		
	Gains	Losses	Net	Gains	Losses	Net
Assets						
Investments in central banks and other credit institutions	13 976 670	-	13 976 670	-	-	-
Financial assets at fair value through profit or loss	4 488 049	-	4 488 049	-	-	-
Financial assets at fair value through other comprehensive income	1 685 250	-	1 685 250	5 240 594	5 523 811	(283 217)
Investments at amortised cost	76 692 010	-	76 692 010	-	-	-
Loans to customers	54 262 280	4 728 641	49 533 639	-	-	-
	151 104 259	**4 728 641**	**146 375 618**	**5 240 594**	**5 5203 811**	**(283 217)**
Liabilities						
Resources from central banks and other credit institutions	-	424 141	(424 141)	-	-	-
Customer resources and other loans	-	42 031 627	(42 031 627)	-	-	-
	-	**42 455 768**	**(42 455 768)**	**-**	**-**	**-**
	151 104 259	**47 184 409**	**103 919 850**	**5 240 594**	**35 841 927**	**(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 2020 and 2019, the sensitivity analysis of financial instruments to interest rate changes, net of impairment, at the regulatory own funds level are as follows:

31-12-2020	Exposures by maturity interval or rate re-fixing - Impact on net situation						
Temporal band	Assets	Liabilities	Off-balance sheet elements +	Off-balance sheet elements -	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
	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%**

31-12-2019	Exposures by maturity interval or rate re-fixing - Impact on net situation						
Temporal band	Assets	Liabilities	Off-balance sheet elements +	Off-balance sheet elements -	Position	Weighting Factor	Weighting Position
in sight - 1 month	426 059 785	87 231 595	7 363 785	-	346 191 974	0.08%	276 954
1 - 3 months	220 030 725	351 650 420	1 399 926	-	(130 219 769)	0.32%	(416 703)
3 - 6 months	108 555 606	207 019 693	1 531 106	-	(96 932 981)	0.72%	(697 917)
6 - 12 months	90 369 285	545 598 169	200 030 229	-	(255 198 655)	1.43%	(3 649 341)
1 - 2 years	384 911 443	200 481 990	36 116 191	-	220 545 644	2.77%	6 109 114
2 - 3 years	305 682 519	1 661 041	411 902	-	304 433 379	4.49%	13 669 059
3 -4 years	219 437 097	2 092 695	305 990	-	217 650 392	6.14%	13 363 734
4 - 5 years	66 136 840	1 201 223	-	-	64 935 617	7.71%	5 006 536
5 -7 years	26 508 655	-	-	-	26 508 655	10.15%	2 690 628
7 - 10 years	86 375 455	4 824 650	465 386	-	82 016 192	13.26%	10 875 347
10 -15 years	25 988 309	5 311 381	-	-	20 676 927	18.84%	3 895 533
15 - years	7 062 494	-	-	-	7 062 494	22.43%	1 584 117
>20 years	10 981 372	-	-	-	10 981 372	26.03%	2 858 451
	1 978 099 585	**1 407 072 859**	**247 624 514**	**-**	**818 651 240**		**55 565 512**
Cumulative impact of interest rate sensitive instruments							**55 565 512**
Regulatory Own Funds							**295 313 068**
Impact on Economic Value / Regulatory Own Funds							**18.8%**

As at 31 December 2020 and 2019, the sensitivity analysis of financial instruments, net of impairment, to interest rate changes at the net interest margin level is as follows:

31-12-2020 — Exposures by maturity interval or rate re-fixing - Impact on interest margin

Temporal band	Assets	Liabilities	Off-balance sheet elements +	Off-balance sheet elements -	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**
Accumulated impact of interest rate sensitive instruments up to one year/Interest rate margin							**5.67%**

31-12-2019 — Exposures by maturity interval or rate re-fixing - Impact on interest margin

Temporal band	Assets	Liabilities	Off-balance sheet elements +	Off-balance sheet elements -	Position	Weighting Factor	Weighting Position
in sight	66 051 000	1 293 000	-	-	64 758 000	2.00%	1 295 160
in sight - 1 month	360 009 000	85 939 000	7 364 000	-	281 434 000	1.92%	5 394 152
1 - 2 months	80 130 000	85 830 000	936 000	-	(4 764 000)	1.75%	(83 370)
2 - 3 months	139 901 000	265 820 000	464 000	-	(125 455 000)	1.58%	(1 986 371)
3 - 4 months	51 726 000	-	-	-	51 726 000	1.42%	732 785
4 - 5 months	8 203 000	-	-	-	8 203 000	1.25%	102 538
5 - 6 months	48 627 000	207 020 000	1 531 000	-	(156 862 000)	1.08%	(1 699 338)
6 - 7 months	2 636 000	-	-	-	2 636 000	0.92%	24 163
7 -8 months	52 474 000	-	-	-	52 474 000	0.75%	393 555
8 - 9 months	16 974 000	-	-	-	16 974 000	0.58%	99 015
9 -10 months	2 941 000	-	-	-	2 941 000	0.42%	12 254
10 - 11 months	2 383 000	-	-	-	2 383 000	0.25%	5 958
11 - 12 months	12 961 000	545 598 000	200 030 000	-	(332 607 000)	0.08%	(277 173)
Total	**845 016 000**	**1 191 500 000**	**210 325 000**	**-**	**(136 159 000)**		**4 013 328**
Cumulative impact of interest rate sensitive instruments up to one year							**4 013 328**
Interest Margin							**103 920 000**
Accumulated impact of interest rate sensitive instruments up to one year/Interest rate margin							**3.9%**

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 2020 and 2019, the sensitivity analysis of the equity value of financial instruments to changes in interest rates, net of impairment, is as follows (in millions of Kz):

31-12-2020 — Changes in interest rates

	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Assets						
Investments in central banks and 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 amortised 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)	(3 727)	(4 800)	4 800	9 601	19 201
	(26 656)	**(7 454)**	**(6 664)**	**6 664**	**13 328**	**26 656**
	(50 042)	**(30 894)**	**(12 510)**	**12 510**	**25 021**	**50 042**

31-12-2019 — Changes in interest rates

	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Assets						
Investments in central banks and other credit institutions	(56 674)	(28 337)	(14 168)	14 168	28 337	56 674
Financialassetsatfairvaluethroughprofitor loss	(225)	(112)	(56)	56	112	225
Financial assets at fair value through other comprehensive income	(812)	(406)	(203)	203	406	812
Investments at amortised cost	(71 246)	(35 623)	(17 811)	17 811	35 623	71 246
Loans to customers	(35 917)	(17 959)	(8 979)	8 979	17 959	35 917
	(164 874)	(82 437)	(41 217)	41 217	82 437	164 874
Liabilities						
Resources from central banks and other credit institutions	(5 492)	(2 746)	(1 373)	1 373	2 746	5 492
Customer resources and other loans	(11 909)	(5 954)	(2 977)	2 977	5 954	11 909
	(17 401)	**(8 700)**	**(4 350)**	**4 350**	**8 700**	**17 401**
	(182 275)	**(91 137)**	**(45 567)**	**45 567**	**91 137**	**182 275**

The amount of the overall impact for a 200 basis points change does not consider the amounts of exposure to letters of credit and guarantees provided.

As at 31 December 2020 and 2019, the breakdown of assets and liabilities by currency, net of impairment, is presented as follows:

31-12-2020	Kwanzas	United States Dollar	Euros	Indexed to the United States Dollar	Other currencies	Total
Assets						
Cash and cash equivalents at central banks	223 885 409	75 514 313	-	-	12 303 983	311 703 705
Cash and 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 amortised 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	8 927 045	-	-	-	-	8 927 045
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)**	**119 227 050**	**11 659 915**	**291 370 584**

31-12-2019	Kwanzas	United States Dollar	Euros	Indexed to the United States Dollar	Other currencies	Total
Assets						
Cash and cash equivalents at central banks	182 369 796	147 523 904	3 186 797	-	239 026	333 319 523
Cash and cash equivalents in other credit institutions	77 800	121 535 524	25 749 924	-	5 601 652	152 964 900
Investments in central banks and other credit institutions	57 936 447	545 484 657	26 297 571	-	-	629 718 675
Financial assets at fair value through profit or loss	35 068 367	21 910 978	42 332	1 327 947	-	58 349 624
Financial assets at fair value through other comprehensive income	116 536	-	-	-	-	116 536
Investments at amortised cost	250 912 719	450 611 216	-	154 740 481	-	856 264 416
Loans to customers	213 872 685	234 322 174	516 676	-	-	448 711 535
Non-current assets held for sale	17 652 164	-	-	-	-	17 652 164
Other tangible assets	66 739 277	-	-	-	-	66 739 277
Intangible assets	2 846 897	-	-	-	-	2 846 897
Investments in subsidiaries, associates and joint ventures	8 927 045	-	-	-	-	8 927 045
Current tax assets	2 035 858	-	-	-	-	2 035 858
Deferred tax assets	8 803 348	-	-	-	-	8 803 348
Other assets	39 521 622	4 982 774	10 104 157	-	644 315	55 252 868
	886 880 561	1 526 371 227	65 897 457	156 068 428	6 484 993	2 641 702 666
Liabilities						
Resources from central banks and other credit institutions	5 962 255	9 164	24 816	-	3 044	5 999 279
Customer resources and other loans	739 887 128	1 424 712 063	107 269 693	11 230 940	1 911 982	2 285 011 806
Provisions	2 078 045	236 844	511 839	-	8 017	2 834 745
Current tax liabilities	12 465 948	-	-	-	-	12 465 948
Deferred tax liabilities	78 679	-	-	-	-	78 679
Other liabilities	24 025 449	56 577 719	4 576 958	-	17 046	37 146 236
	784 497 504	**1 481 535 790**	**112 383 306**	**11 230 940**	**1 940 089**	**2 343 536 693**
	102 383 057	**44 835 437**	**(46 485 849)**	**144 837 488**	**4 544 904**	**298 165 973**

As at 31 December 2020 and 2019, the sensitivity analysis of the equity value of financial instruments to changes in exchange rates at the date of is presented as follows:

31-12-2020	-20%	-10%	-5%	+5%	+10%	+20%
Currency						
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**

31-12-2019	-20%	-10%	-5%	+5%	+10%	+20%
Currency						
United States Dollar	(37 934 585)	(18 967 293)	(9 483 646)	9 483 646	18 967 293	37 934 585
Euros	9 297 170	4 648 585	2 324 292	(2 324 292)	(4 648 585)	(9 297 170)
Other currencies	(908 981)	(454 490)	(227 245)	227 245	454 490	908 981
	(29 546 396)	**(14 773 198)**	**(7 386 599)**	**7 386 599**	**14 773 198**	**29 546 396**

As at the date of this report, the Bank's assets and liabilities suffered a revaluation corresponding to the depreciation of the exchange rate of the Kwanza against the EUR, the reference currency on the foreign exchange market, in the order of 47.63% compared to 31 December 2020, the positive impact of which is estimated at Kz 71 billion.

Liquidity Risk

Liquidity risk is assessed using internal metrics defined 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 development of the liquidity situation is carried out, 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 defined by BNA (Instruction no. 19/2016, of 30 August).

As at 31 December 2020, the liquidity gap in the Bank's balance sheet had the following structure:

	Residual contractual terms									
31-12-2020	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	Undetermined	Total
Assets										
Cash and cash equivalents at central banks	311 703 705	-	-	-	-	-	-	-	-	311 703 705
Cash and cash equivalents in other credit institutions	189 158 639	-	-	-	-	-	-	-	-	189 158 639
Investments in central banks and 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 amortised 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	1 411 609 919	88 698 488	192 840 254	260 895 163	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
	1 415 494 841	**101 463 496**	**214 843 203**	**260 894 532**	**667 826 527**	**9 868 337**	**71 127 668**	**12 977 311**	**(705)**	**2 754 495 210**
	(909 402 213)	**177 369 494**	**344 735 556**	**(154 762 972)**	**(331 617 841)**	**842 335 522**	**203 997 210**	**302 796 011**	**117 255 183**	**592 705 951**

	Residual contractual terms									
31-12-2019	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	Undetermined	Total
Assets										
Cash and cash equivalents at central banks	333 319 523	-	-	-	-	-	-	-	-	333 319 523
Cash and cash equivalents in other credit institutions	152 964 900	-	-	-	-	-	-	-	-	152 964 900
Investments in central banks and other credit institutions	-	379 627 648	145 614 086	94 032 854	10 444 087	-	-	-	-	629 718 675
Financial assets at fair value through profit or loss	-	-	-	15 939 402	2 408 877	13 439 162	17 269 114	9 293 069		58 349 624
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	116 536	116 536
Investments at amortised cost	-	25 182 518	23 706 694	3 464 476	70 821 390	289 926 520	428 745 281	14 417 537	-	856 264 416
Loans to customers	12 538 941	842 948	12 493 022	3 592 417	3 760 372	183 969 028	33 730 727	95 143 243	102 640 837	448 711 535
Other assets	634 852	1 447 727	14 480 391	-	23 745 026	-	-	-	14 944 872	55 252 868
	499 458 216	**407 100 841**	**196 294 193**	**117 029 149**	**111 179 752**	**487 334 710**	**479 745 122**	**118 853 849**	**117 702 245**	**2 534 698 077**
Liabilities										
Resources from central banks and other credit institutions	5 951 492	8 888	-	-	38 899	-	-	-	-	5 999 279
Customer resources and other loans	1 078 433 391	85 707 968	351 650 425	207 019 704	545 598 195	3 172 158	3 293 924	10 136 041	-	2 285 011 806
Other liabilities	6 885 211	9 727 957	10 087 987	3 020	9 582 034	851 700	3 855	434	4 038	37 146 236
	1 091 270 094	**95 444 813**	**361 738 412**	**207 022 724**	**555 219 128**	**4 023 858**	**3 297 779**	**10 136 475**	**4 038**	**2 328 157 321**
	(591 811 878)	**311 656 028**	**(165 444 219)**	**(89 993 575)**	**(444 039 376)**	**483 310 852**	**476 447 343**	**108 717 374**	**117 698 207**	**206 540 756**

As at 31 December 2020 and 2019, the liquidity ratio calculated in accordance with Instruction no. 19/2016, of 30 August, amounts to 459% and 465%, respectively. This Instruction defines 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. The regulator has set the same minimum observation ratios as those for liquidity. The Bank has observation ratios for 1 to 3 months at 4 170%, for 3 to 6 months at 1 725% and for 6 to 9 months at 652%. The regulator has defined the same minimum observation ratios as those for liquidity.

Operational Risk

An operational risk management system has been implemented which is based on the identification, assessment, monitoring, measurement, mitigation and reporting of this type of risk.

The Bank manages operational risk based on a vision of business processes, support and control, which is transversal to the structural units of the organisation. 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.

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 funds requirements for credit risk and counterparty credit risk (Notice No. 3/16), own funds requirements for market risk and counterparty credit risk in the trading book (Notice No. 4/16) and own funds requirements for operational risk (Notice No. 5/16).

Financial institutions must maintain a level of own funds compatible with the nature and scale of operations duly weighted by the risks inherent in the operations, with a minimum Regulatory Solvency Ratio of 10%.
Regulatory Own Funds comprise:
1. Basic Own Funds - comprise: (i) the paid-up Share Capital; (ii) Share premiums in respect of items falling under the previous sub-paragraph; (iii) Reserve for recording the amount of monetary revaluation of the paid-up Share Capital; (iv) positive retained earnings from previous financial years; (v) legal, statutory and other reserves arising from undistributed earnings, or set up for capital increase; (vi) positive net profit of the previous financial year; (vii) provisional positive net profit of the current financial year; (viii) portion of the reserves and results corresponding to deferred tax assets, to the extent that they are associated with losses that they contain as a negative element of the original own funds, and (ix) instruments whose issue conditions have been previously approved by BNA.

2. Negative elements of Basic Own Funds - Comprise: (i) own shares in portfolio, at their book value in the balance sheet; (ii) negative results, carried forward from previous financial years; (iii) negative net result of the previous financial year; (iv) negative latent results relating to the revaluation of securities; (v) negative latent results relating to the revaluation of securities available for sale and cash flow hedging operations and investments abroad; (vi) provisional negative net result of the current financial year; (vii) intangible fixed assets net of depreciation; (viii) deferred costs expenses related to pension liabilities; (ix) portion of reserves and results corresponding to deferred tax liabilities to the extent that they are associated with gains that they contain as a positive element of original own funds; (x) positive revaluation differences arising from the application of the equity method; (xi) insufficient provisions in relation to the provisions of Notice no. 12/14, of 17 December, on the constitution of provisions; and (xii) actuarial losses not recognised in results.

3. Complementary Own Funds - comprise (i) redeemable preferred shares; (ii) generic funds and provisions; (iii) reserves from the realisation of properties for own use; (iv) subordinated debts, in the form of loans or bonds issued, whose issue conditions were previously approved by the National Bank of Angola; (v) positive latent results relating to the revaluation of securities available for sale and hedging operations of cash flows and investments abroad, up to 45% (forty-five per cent) of their value (by the amount of the net effect of the hedge) before tax; (vi) f) other instruments whose issue conditions have been previously approved by the BNA.

Deductions - Comprise:
(i) instruments issued or contracted by other financial institutions, held by the Institutions, provided for in sub-paragraphs a) and i) of Article 5(2) and in sub-paragraphs a), d) and f) of Article 7(2), both of Notice No. 2/16. This deduction should consider the book value in the balance sheet, net of provisions, and comply with the following conditions:
a) if the Institution has a holding of more than 10% (ten per cent) of the capital of the participated company, the whole of the instruments referred to above shall be deducted; or
b) If the institution has a holding of less than or equal to 10% (ten per cent) of the capital of the participated company, and if higher than 10% (ten per cent) of the capital of the participated company, the value of the instruments referred to above shall be deducted excluding 10% (ten per cent) of the own funds of the participated company, considered before this deduction.

(ii) the excesses in relation to the limits established in Notice No. 9/16, on prudential limits on large exposures.

The positive results referred to in the previous points can only be considered whenever certified by the expert accountant member of the supervisory body or statutory auditor and by the external auditor.

As at 31 December 2020 and 2019, the calculation of the regulatory solvency ratio is as follows:

(THOUSAND KWANZAS)		31-12-2020	31-12-2019
Regulatory Ow Funds Requirements			
Operational risk		33 387 657	27 363 013
Market risk		21 480 240	15 126 004
Credit and counterparty risk		107 713 080	131 230 788
	A	162 580 976	173 719 805
Regulatory own funds	B	276 768 494	295 313 068
Basic own funds	C	276 666 421	295 142 317
Basic own funds Without Deferred tax and subordinated debt	D	276 544 282	286 338 969
Regulatory solvency ratio	E=B/A*10%	17.02%	17.00%
Regulatory solvency ratio considering only basic own funds	F=C/A*10%	17.02%	16.99%
Regulatory solvency ratio considering only basic own funds without deferred tax and subordinated debt	G=D/A*10%	17.01%	16.48%

43 - RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

43.1. Voluntary changes in accounting policies

During the year there were no voluntary changes in accounting policies compared with those considered in the preparation of the financial information for the previous year presented in the comparatives.

43.2 New standards and interpretations applicable to the financial year

IFRS 16 - Leases

The IASB issued amendments to IFRS 16, in May 2020, that set out an optional practical expedient for the non-application by lessees of the requirements for accounting for amendments to contracts for concessions in payments that arise as a direct consequence of COVID-19. The accounting resulting from these amendments should be analysed on a case-by-case basis, depending on details related to the concession obtained in lease payments. These amendments are applicable in periods beginning on or after 1 June 2020.

Definition of business activity - amendments to IFRS 3
Amendments that have occurred clarify the minimum requirements to be considered a business, remove the assessment of whether market participants have the ability to substitute missing elements, add guidance on whether an acquired process is substantive, narrow the definitions of business activity and output, and introduce an optional fair value test of business activity.

This amendment is effective for transactions that are considered business combinations or purchases of assets for which the acquisition date occurred on or after the beginning of the first period beginning on or after 1 January 2020.

Definition of material - Amendments to IAS 1 and IAS 8
The purpose of this amendment was to make the defini-

tion of "material" consistent between all current standards and to clarify some aspects related to its definition.

This amendment is effective for periods beginning on or after 1 January 2020. This amendment has to be applied prospectively. Early adoption is permitted and must be disclosed.

The conceptual framework for financial reporting

The revised conceptual framework for financial reporting is not a standard and none of its concepts override concepts in standards or other requirements in any of the standards. It is applicable to entities that develop their accounting principles based on the conceptual framework for financial years beginning on or after 1 January 2020. The Bank does not anticipate any impact of the application of these amendments on its financial statements.

43.3 New standards and interpretations already issued, which will come into force in future years

The standards and interpretations recently issued by the IASB whose application is mandatory only in periods beginning after 1 January 2020 or later, which the Bank has not adopted in advance, but intends to adopt on the effective date, are as follows:

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.

In November 2018, the IASB decided to propose a change to the effective date of the standard for annual financial years beginning on or after 1 January 2022. The IASB is also seeking to amend the standard to consider the concerns and implementation challenges of the standard that have been raised by stakeholders.

IFRS 9, IAS 39 and IFRS 7 Benchmark Interest Rate Reform (IBOR Reform)

Amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as "IBOR reform"), in order to reduce the potential impact of the change in benchmark interest rates on financial reporting, namely in hedge accounting.

44 - SUBSEQUENT EVENTS

Disposal of the shareholding in Banco BAI Micro Finanças, S.A.

In January 2021, the Bank negotiated the terms of a promissory contract for the purchase and sale of Banco BAI Micro Finanças, S.A., whose completion depends on the payment of the first tranche.
However, as this has not occurred, the Bank began negotiations at the end of February with another party interested in acquiring the shares.

State Budget Law 2021 - VAT withheld on APT transactions

Law no. 42/20, of 31 December, which approves the State Budget for 2021, provides for the implementation of the obligation to withhold, by way of VAT, 2.5% on receipts by economic agents at Automatic Payment Terminals (APTs), relative to the transmission of goods and provision of services. As at the date of this report, working meetings were underway between AGT, EMIS and ABANC for the implementation of this rule.

13

EXTERNAL AUDITOR'S REPORT

EY
Building a better working world

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 2020 (que evidencia um total de 3.056.904.482 milhares de kwanzas e um total de Capital próprio de 291.370.584 milhares de kwanzas, incluindo um Resultado líquido de 28.671.931 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. Com referência a 31 de Dezembro de 2017 e 2018 a Associação Angolana dos Bancos ("ABANC") e o Banco Nacional de Angola ("BNA") expressaram uma interpretação de que não se encontravam cumpridos a totalidade dos requisitos previstos na IAS 29 – Relato financeiro em economias hiperinflacionárias ("IAS 29") para que a economia Angolana fosse considerada hiperinflacionária, e, consequentemente, a Administração do Banco decidiu não aplicar as disposições constantes naquela Norma nas suas demonstrações financeiras. Neste contexto, o nosso relatório de auditoria sobre as demonstrações financeiras com referência a 31 de Dezembro de 2019, emitido em 26 de Março de 2020, incluía uma reserva por desacordo relativamente a este assunto. Apesar de se constatar que a tendência de descida observada na taxa de inflação permite suportar um entendimento de que a moeda funcional das demonstrações financeiras do Banco, no exercício findo em 31 de Dezembro de 2019 e 2020, não corresponde à moeda de uma economia hiperinflacionária, o Banco não procedeu à reexpressão das quantias comparativas para os exercícios anteriormente apresentados, nem dos saldos de abertura de forma a reflectir as disposições previstas na IAS 29 quando uma economia deixa de ser considerada hiperinflacionaria. Tal como em exercícios anteriores, não obtivemos a informação suficiente que nos permita quantificar com rigor os efeitos desta situação nas demonstrações financeiras do Banco em 31 de Dezembro de 2020, que entendemos serem materiais.

7. Conforme divulgado na Nota 9 do Anexo às demonstrações financeiras, em 31 de Dezembro de 2020, o Banco apresenta, na rubrica "Investimentos ao custo amortizado", títulos de dívida pública angolana no montante de 1.263.492.435 milhares de kwanzas (2019: 856.264.416 milhares de kwanzas), líquidos de perdas por imparidade acumuladas no montante de 90.875.352 milhares de kwanzas (2019:13.315.351 milhares de kwanzas). O Conselho de Administração do Banco entende que, em 31 de Dezembro de 2020, não se encontram identificados factores de aumento significativo de risco de crédito desde o seu reconhecimento inicial para estes activos, pelo que a imparidade representa as perdas esperadas num prazo de 12 meses. Em função da evolução verificada nas classificações das agências de rating internacionais, que reflectem um agravamento nos indicadores de risco de incumprimento do país, entendemos que, com referência a 31 de Dezembro de 2020, já se observa um aumento significativo do risco de crédito desde o reconhecimento inicial dos títulos adquiridos pelo Banco até Outubro de 2017, pelo que a imparidade destes activos devia ser uma quantia equivalente à perda de crédito esperada ao longo da sua duração residual. Assim, estimamos que a rubrica de "Investimentos ao custo amortizado" e o resultado líquido do exercício se encontram sobreavaliados em cerca de 19.000.000 milhares de kwanzas. Adicionalmente, devemos salientar que tendo a implementação do modelo de imparidade colectiva de crédito, nos termos definidos pela norma IFRS 9 – Instrumentos Financeiros, sido terminada por referência a 31 de Dezembro de 2020, conforme divulgado na Nota 2.3 do Anexo, não obtivemos a informação suficiente que nos permitam quantificar com rigor os efeitos desta situação nos resultados do exercício e de exercícios anteriores, sendo a nossa opinião 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 2020, 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, 29 de Março de 2021

Ernst & Young Angola, Lda.
Representada por:

Daniel José Venâncio Guerreiro
(Perito Contabilista n.º 20130107)

Sílvia Silva
Partner

14

SUPERVISORY BOARD'S REPORT AND OPINION

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 apreciação de V. Exas. o Parecer do Conselho Fiscal sobre o Relatório do Conselho de Administração e Demonstrações Financeiras do exercício de 2020 do Banco Angolano de Investimentos, S.A., que compreendem o Balanço o qual evidencia um total de Activo de 3.056.904.482 milhares de Kwanzas, um total de Passivo de 2.765.533.898 milhares de Kwanzas e um total de Capitais Próprios de 291.370.584 milhares de Kwanzas, bem como a Demonstração de Resultados que apresenta um resultado líquido de 28.671.931 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, nomeadamente as Direcções de Planeamento e Controlo, Compliance, 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 de Gestão do Conselho de Administração, o Balanço, a Demonstração de Resultados e as respectivas Notas, documentos estes que foram elaborados em conformidade com as Normas Internacionais de Contabilidade (IASB) e as Normas Internacionais de Relato Financeiro (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 2020.

5. Nestes termos, e tendo em consideração a opinião do auditor externo, concluímos o seguinte:

   (a) O Relatório de Gestão do Conselho de Administração e as Demonstrações Financeiras do Banco, respeitam as disposições legais e estatutárias aplicáveis, permitindo compreender a sua situação financeira;

   (b) O exercício de 2020 foi positivo, tendo o Banco alcançado um resultado líquido no montante de 28.671.931 milhares de Kwanzas (vinte e oito mil seiscentos e setenta e um milhões e novecentos e trinta e um milhares de Kwanzas), substancialmente inferior ao resultado líquido obtido em 2019 (118.733.122 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 nos exercícios anteriores.

6. Considerando que os documentos referidos no ponto (2) permitem no seu conjunto a compreensão da situação financeira e dos resultados económicos do Banco, propomos:

   (a) A aprovação do Relatório de Gestão do Conselho de Administração e das Contas referentes ao exercício de 2020;

   (b) A aprovação da proposta de aplicação do resultado líquido do exercício de 2020, constante do Relatório do Conselho de Administração.

7. Finalmente, expressamos o nosso agradecimento ao Conselho de Administração e a todos os colaboradores do Banco com quem contactámos, pela valiosa colaboração prestada.

Luanda, 29 de Março de 2021

O Conselho Fiscal

Júlio Sampaio

(Presidente)

Moisés António Joaquim

(Vogal)

Alberto Cardoso Pereira

(Vogal)

ANNUAL REPORT 2020