BAI

ANNUAL REPORT 2019

CONTENT

01

JOINT MESSAGE FROM THE CHAIRMAN AND CEO

Sumbe, Angola

José Carlos Castro Paiva
Chairman of the Board of Directors

Luís Filipe Rodrigues Lélis
President of the Executive Committee

On the last date of November 14th 2019, we celebrated, proudly, our 23rd birthday even more so because it was the year when our institution accomplished notoriety as a solid institution which heavily and actively participates in the process of development and growth of the Angolan economy, tackling all challenges and meeting the financial needs of families and companies in Angola.

Angola persists on bettering its governing structural aspects, as well as lawmaking, taxation and financial growth, ensuring a new social and economic cycle.

Governance wise, highlighted is the heavy combat against the nefarious effects that corruption causes in the business environment, which resulted in the increase of the country in the ranking of the Corruption Perception Index.

Added to the above, measures were taken in terms of tax appropriateness, such as the evolution of tax codes on work efficiency, industrial tax, the approval of added value tax and excise duty, entry into force of customs tariff and the shift in fee charges.

It should be further noticed, regarding the impetus of the private sector and the reform in public finances, the launch of the Privatization Program (PROPRIV), with 195 Sonangol subsidiaries or assets (among them is the stake that Sonangol Holdings holds in BAI).

> (...) THE LAUNCH OF THE PRIVATIZATION PROGRAM (PROPRIV), WITH 195 SONANGOL SUBSIDIARIES OR ASSETS (...)

PROPRIC, complemented with every effort made to modernize the legal and business environment, is and important tool to attract investors that may hold meaningful investment capital, knowledge and expertise helping increase domestic production.

Macroeconomically, FMI has overseen the implementation of the macroeconomic stabilization program that aims at fiscal and budgetary consolidation, inflation rate monitoring, standardization of the exchange market, stabilization in interest rates and stabilization of NET international reserves of the Country.

In the banking sector, BNA has carried out an evaluation of the quality of assets of 13 banks, Bai included, with the goal of evaluating, cross-sectionally, the stability and resilience of the Angolan banking system. The results of this inquiry have shown that the system is indeed robust, 96% of the needs of recapitalization being held by just two institutions.

> BAI HAVE OVERTAKEN THE MILESTONE OF 1 150 000 ACTIVE CLIENTS AND HAVE REINFORCED ITS MARKET LEADERSHIP (...)

BNA have also incentivized granting of loan to the real sector of the economy with banks now being obligated to develop specific loan solutions, including lending and cost limits, in order to finance basic goods production. Additionally, BNA have implemented measures with direct impact in the revenue structure of the Bank, mainly directed at the exchange market and monitoring of banking services costs.

Despite being a demanding year regarding the appropriateness to the new legal and regulatory requirements, BAI have maintained the focus in bettering and evolving its business support platforms, adjusting its risk management procedures and policies and further develop its products and services in order to better answer clients' needs.

As a result, BAI have overtaken the milestone of 1 150 000 active clients and have reinforced its market leadership in asset volume and client deposits.

The evolution of BAI's financial performance is reflected by the financial markets activity, the heavily influenced by the Kwanza depreciation results of the exchange market and the cost reduction of loan impairment when compared to 2018.

The Bank's increase in overheads is the reflection of the continuous bet in appropriateness, human capital evolution, organizational and technical standards that support the bank's activities.

The economic year of 2019 ended in a net result of 118 Thousand Million Kwanzas, equivalent of an equity returns of 47,7% with asset profitability of 5,1% and with 17% solvency ratio.

In 2020, we will start with a new strategic cycle where the bet in innovation leadership and market disruption is maintained, we will also better our service quality and reinforced involvement with the clients leading us ever closer to our vision, "Offering the best banking experience in Angola".

In the name of the Executive Board, we would like to thank all our employees for their dedication and for their help in maintaining BAI's leadership position in Angola. We would also like to thank our shareholders, clients, suppliers and any other relevant parties, reinforcing the trust in the future.

02

RELEVANT ASPECTS

Tundavala, Huíla, Angola

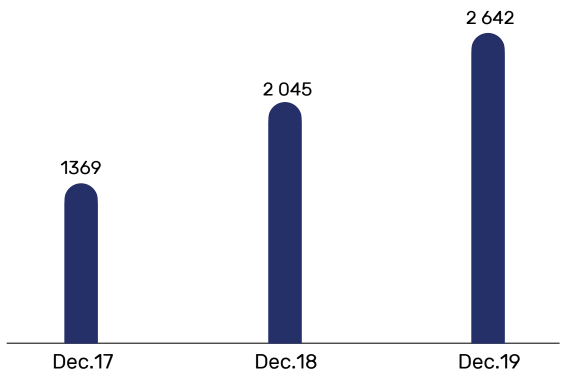
KEY INDICATORS

(In Thousand Millions Kz)	dec. 17	dec. 18	dec. 19	Δ% Abs	Δ% 2018/2019
Balance Sheet					
Net Asset	1 369	2 045	2 642	597	29%
Loans to Customers[1]	369	373	449	75	20%
Customer Resources	1 093	1 808	2 285	477	26%
Own funds	196	199	298	99	50%
Results					
Financial Margin	81	86	104	18	21%
Complementary Margin	31	92	111	20	21%
Banking Product	112	178	215	37	21%
Administrative Costs	39	51	66	15	29%
Net Profit	55	50	119	69	137%
Operation					
(N°) Employess BAI	1 991	2 058	2 025	(33)	(2%)
(N°) Distribution Channels	146	154	153	(1)	(1%)
(N°) Active Clients (BNA)[2]	814 848	982 141	1 157 290	175 149	18%
(N°) Registered Users BAI Directo	343 451	680 788	824 468	143 680	21%
(N°) Active ATM	354	392	424	32	8%
(N°) Active POS	10 265	15 833	21 472	5 639	36%
(N°) Active Cards	461 309	599 767	669 897	70 130	12%
Productivity/Efficacy					
(N°) Clients per employee	409	477	572	95	20%
(N°) Clients per branch	5 581	5 581	7 564	1 983	36%
(N°) Employees per branch	14	13	13	(0)	(1%)
(%) Cost to Income Ratio	35,3%	28,7%	30,5%	1,8 p.p.	6%
Profitability					
(%) ROAE	30,1%	25,4%	47,7%	22,4 p.p.	88%
(%) ROAA	4,0%	2,9%	5,1%	2,1 p.p.	73%
Liquidity and fund management					
(%) Loan-To-Deposit Ratio (net asset / Deposits)	33,8%	20,6%	19,6%	(1,0 p.p.)	(5%)
(%) Concentration in deposits = Top 20	37,0%	35,9%	43,8%	7,9 p.p.	22%
(%) Concentration in loan = Top 20	57,1%	67,9%	63,8%	(4,1 p.p.)	(6%)
Asset quality					
(%) Default loan ratio (+90 days)	16,5%	18,2%	15,3%	(2,9 p.p.)	(16%)
(%) Overdue loan ratio (+30 days)	21,0%	19,9%	16,2%	(3,8 p.p.)	(19%)
(%) loan impairment hedge ratio	19,3%	32,8%	34,7%	1,9 p.p.	6%
(%) Overdue loan loan impairment hedge ratio	72,6%	130,7%	198,1%	67,4 p.p.	52%
(%) loan net loss[3]	3,7%	11,7%	(2%)	(13,6 p.p.)	(116%)
(%) Total loan / Total Asset	27,0%	18,3%	26,0%	7,7 p.p.	42%
Capital Adequacy					
(%) Fixed asset ratio	33,9%	27,0%	23,6%	(3,4 p.p.)	(13%)
(Regulatory own asset (Note 02/2016)	154	195	295	100	51%
(%) Regulatory Solvency ratio (Note 02/16)	19,0%	13,1%	17,0%	3,9 p.p.	30%

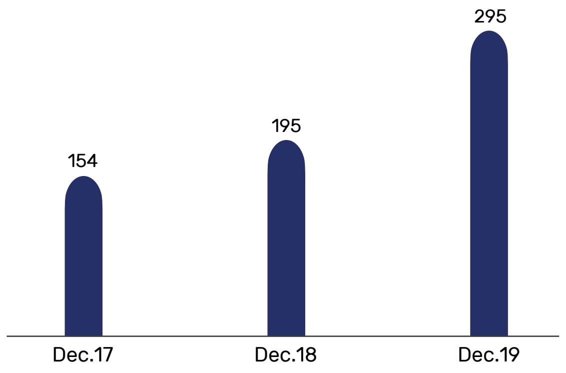
[1] Client Loan, net of impairment.
[2] Number of active Clients (BNA) – SSIF map rules, entities with at least one open account
[3] Client Net loan impairment free from recovery or retrieval

GRAPHICAL ANALYSIS

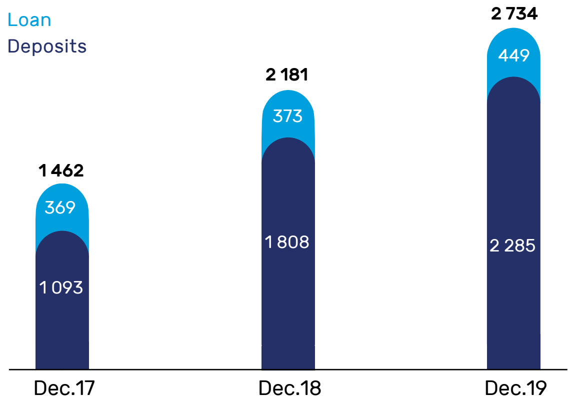
NET ASSETS
(THOUSAND MILLION KZ)



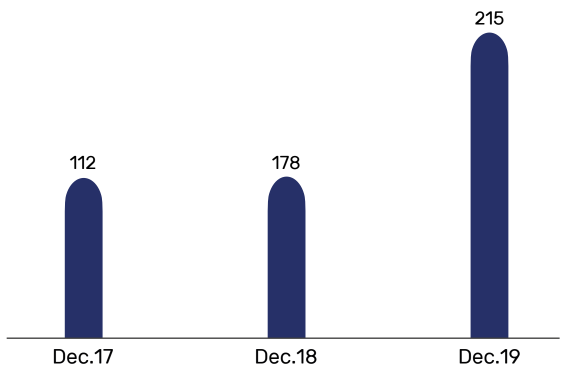
REGULATORY OWN FUNDS (NOTICE 2/2016)
(THOUSAND MILLION KZ)



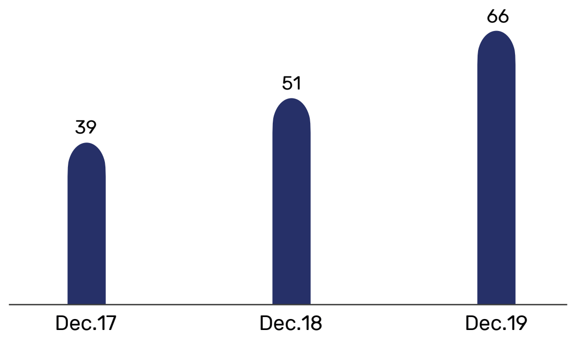
BUSINESS TURNOVER (THOUSAND MILLION KZ)



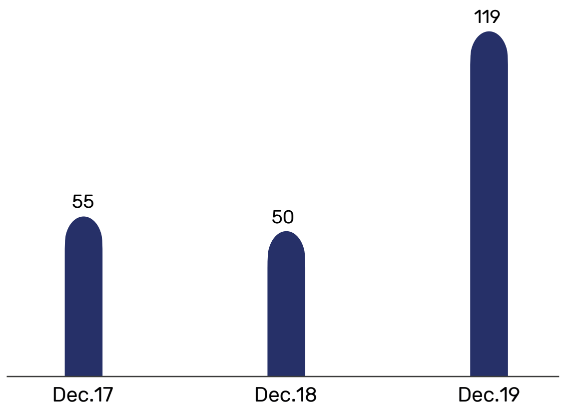
BANK PRODUCT (THOUSAND MILLION KZ)



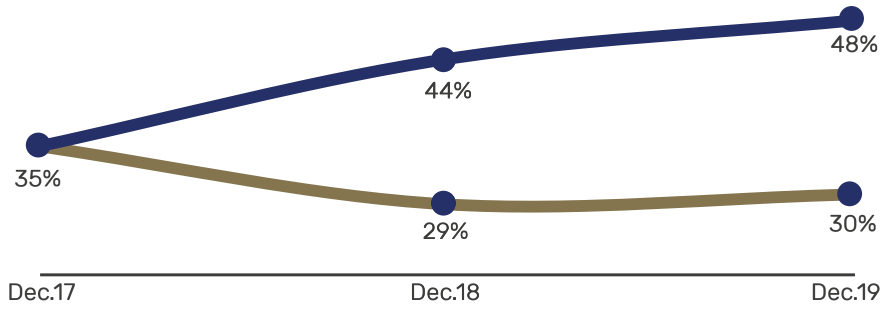
ADMINISTRATIVE COSTS (THOUSAND MILLION KZ)



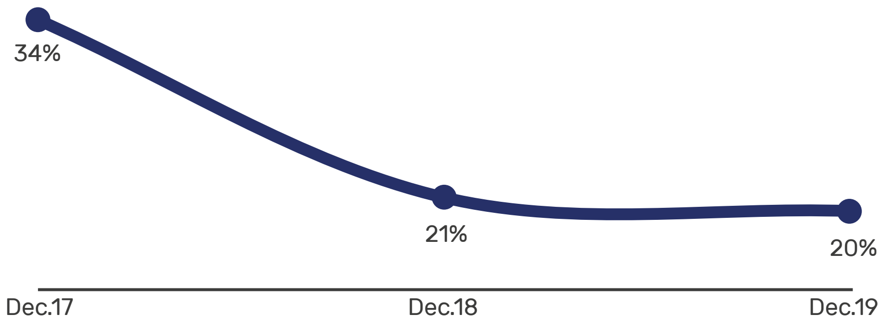
NET PROFITS (THOUSAND MILLION KZ)



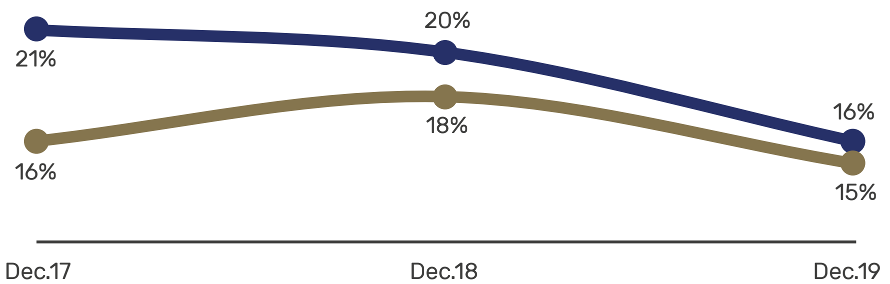
(%) COST TO INCOME RATIO



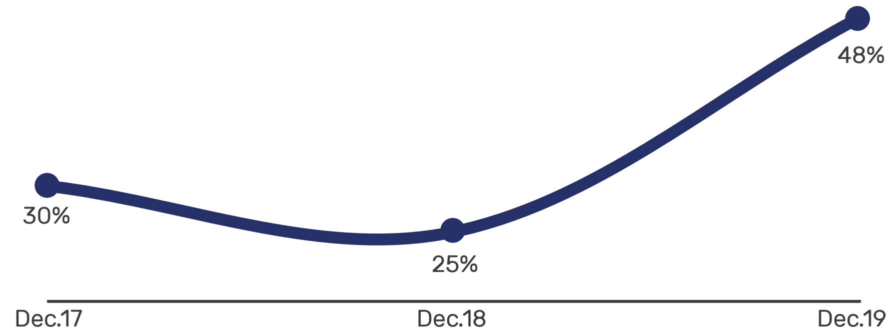
(%) LOAN-TO-DEPOSIT RATIO (Net Asset/Deposits)



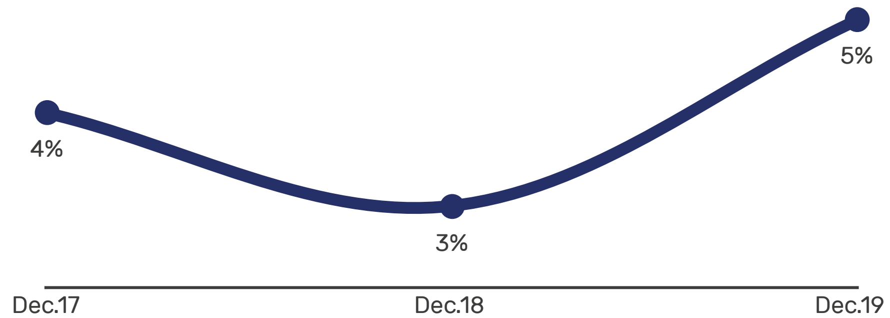
(%) LOAN DEFAULT



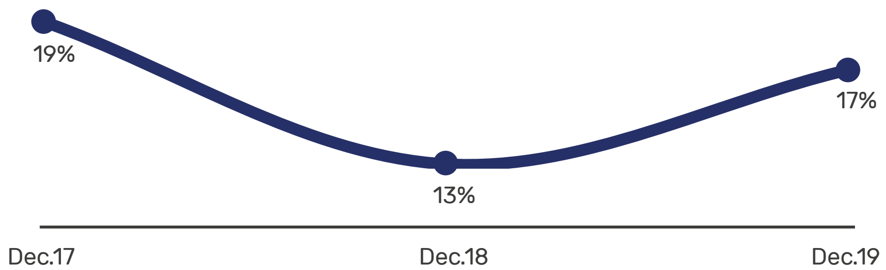
(%) ROAE



(%) ROAA



REGULATORY SOLVABILITY RATIO
(notice 2/2016)



03

STRATEGIC AND GOVERNANCE MODEL

Serra da Leba, Huíla, Angola

3.1 CORPORATE GOVERNANCE MODEL

The Bank abides by the country's laws and regulations applicable to the banking activity as well as the rulings issued by regulatory entities, such as Banco Nacional de Angola, the Capital Markets Monitoring Commission, Angolan Tax Authority, among others. BAI is noted by its transparency and clarity in the way it communicates with the market in matters of activity, financial situation and results, be it individual ones or as a Group.

BAI follows a model that assures and protects, steadily and in a sustained fashion, the interests of all shareholders, clients, employees, suppliers and society as a whole.

CORPORATE GOVERNANCE MECHANISMS

STATUTORY RULES
Regulate shareholder participation in the Bank, being the guideline for procedures and rights.

REGULATIONS
Oversees the Executive Board, both in its functional aspects and in its duties and obligations

ORGANIZATIONAL CHART
States a clear separation of business, support and control duties in the entity's multiple bodies

INTERNAL RULES
Holds specific rules and guidelines on how to proceed in multiple situations and are listed on the Bank's code of conduct.

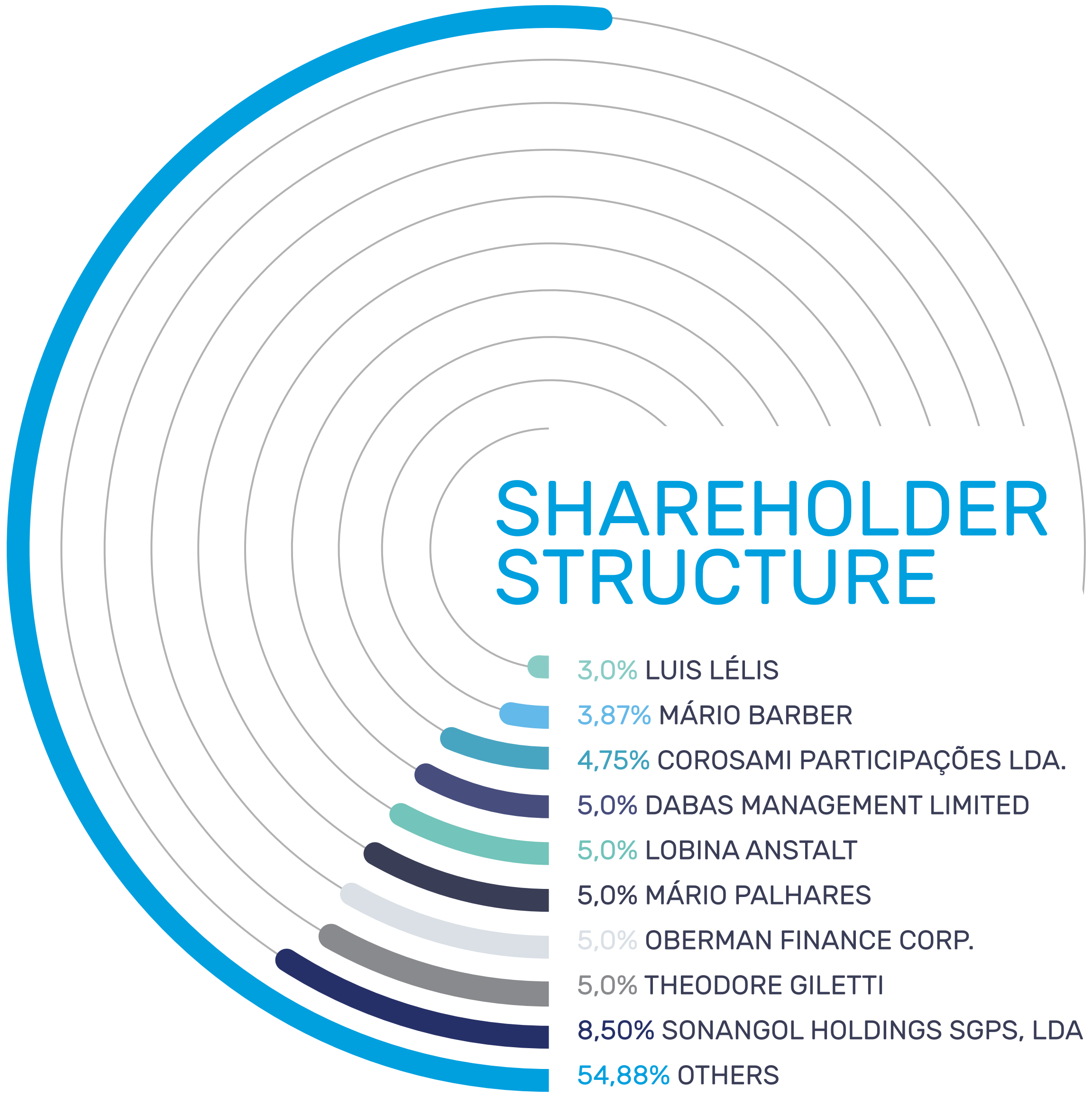
INFORMATION
Tool and devices meant to convey precise and complete information to shareholders

3.1.1. SHAREHOLDER STRUCTURE

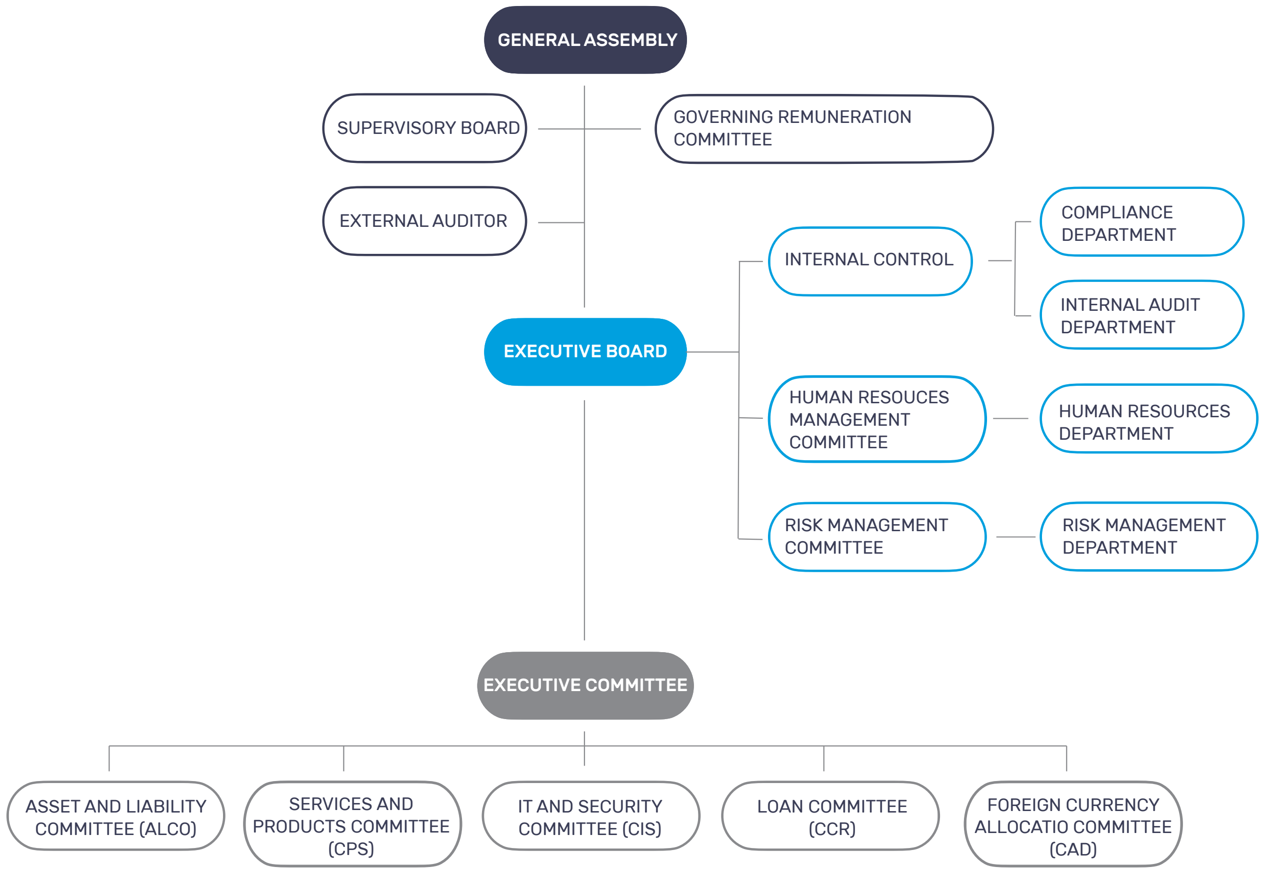
In 2019 BAI increased its equity capital by incorporation of reserves in the amount of 142 758 Million Kz driven by the increase of its shares from 760,24 Kz to 8100 Kz with the new social capital set at 157 545 Million Kz.

Shareholder structure is comprised of 54 shareholders, with none of them holding qualified participations under article 6° n° 1/12 of Abril 19th. Governing bodies stakes are posted in notes of the accounts n°20.

Since 2017, the Bank has its own shares with the face value of 5% of its capital stock.



3.1.2. GOVERNANCE MODEL STRUCTURE



The current governing bodies mandate started in March 2018 and will end in December 2021. Its composition is listed on the Bank's Internet page.

3.1.2.1. GENERAL ASSEMBLY

The General Assembly is comprised of all voting right shareholders and deliberates over all matters in which the law and statutes attribute competences.

IT IS OF THE GENERAL ASSEMBLY RESPONSIBILITY TO:

- Elect and dismiss members of its governing body, including its president;
- Deliberate over capital increase;
- Approve annual report of each year and analyze the opinion of the Supervisory Board;
- Deliberate over application of results;

The General Assembly meets at the end of the first trimester of each year with the ability to meet in extraordinary events deemed relevant and summoned by the Management Board, the Supervisory Board or when one or more of the shareholders holding more than 5% of the capital requests it, in writing.

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

THE GENERAL ASSEMBLY IS COMPRISED OF:

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

3.1.2.2. GOVERNING BODIES REMUNERATION COMMITTEE

The main duty of the Remuneration Committee is to set, implement and review the existing remuneration policy of its governing body according to notice n°17 n°1/13 of April 19th. The Committee is comprised of 3 shareholders that are not part of its governing body with the mandate being contemporary of said bodies.

The Committee meets at least once a year and all its deliberations are written on record.

THE COMMITTEE IS COMPRISED OF:

PRESIDENT	Joaquim D. David
SECRETARY	Augusto Paulino Almeida
ALTERNATE	Sebastião Pai Querido Gaspar Martins

3.1.2.3. SUPERVISORY BOARD

The operating rules of this Body are written on Statutes and its regulations, some of which are listed below:

- Bank administration activity supervision;
- Assessment of balance sheets and result statements;
- Assessment of any irregularities in the books, accounting records e documents deemed relevant;
- Law abiding supervision;
- Summoning of General Assembly, when the president does not; The Board meets quarterly and always summoned by their president or when required by the majority of its members.

The audit committee is comprised of a president, two members and an alternate.

One of the members must be an accounting expert.

THE AUDIT COMMITTEE IS COMPRISED OF:

PRESIDENT	Júlio Ferreira Sampaio
1ST MEMBER IN OFFICE	Moisés António Joaquim
2ND MEMBER IN OFFICE	Alberto Severino Pereira
ALTERNATE MEMBER	Isabel Lopes

3.1.2.4. EXTERNAL AUDITOR

The assigning of an external auditor is made every four years by the Executive Board with its activity and independence being supervised by the Internal Control Committee since 2015.

At this point in time the external audit is made by Ernest & Young Angola (EY), assigned in January 2018, as per Note n°4/13, March 22nd.

3.1.2.5. EXECUTIVE BOARD

The responsibilities and the operating rules of the Executive Board are listed in a rules of procedure document made in accordance with the Bank's Statutes.

The Executive Board is comprised of 7 executive administrators and 6 non-executive, the latter being independent, in accordance with Note n°1/13 of April 2019.

THE EXECUTIVE BOARD IS COMPRISED OF:

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

The résumés of all Executive Board members are listed on the Banks' Internet page.

EXECUTIVE BOARD COMMITTEES

THE EXECUTIVE BOARD BOASTS THE FOLLOWING SPECIALIZED COMMITTEES:

- Internal Control;
- Risk Management;
- Human Resources Management.

The committees above do not hold powers of decision but solely of supervision (information, consulting and proposal).

The rules of conduct of these committees are found in their respective regulations, with one of the regulations being a mandatory quarterly meeting or at any time that meetings are summoned by their respective Presidents.

THE COMMITTEES ARE COMPRISED OF:

	Internal Control Committee	Risk Management Committee	Human Resources Committee
José Carlos de Castro Paiva			PRESIDENT
Mário Alberto dos Santos Barber	PRESIDENT	MEMBER	
Theodore Jameson Giletti		PRESIDENT	
Luís Filipe Rodrigues Lélis		MEMBER	MEMBER
Jaime de Carvalho Bastos	MEMBER		
Omar J. Mascarenhas de Moraes Guerra		MEMBER	
Carlos Augusto Bessa Victor Chaves	MEMBER		
Inokcelina Ben África C. dos Santos		MEMBER	
Irisolange A. S. de Menezes Verdades		MEMBER	
José Carlos Castilho Manuel			MEMBER
Hélder Miguel Palege Jesse de Aguiar			MEMBER

THE ROLES OF THE EXECUTIVE BOARD COMMITTEES ARE LISTED BELOW:

INTERNAL CONTROL COMMITTEE

- Assuring the operationalization of a robust and effective information system, included in this is the financial statement preparation and disclosure;
- Supervising the abiding of institution policies and practices;
- Review of all financial relevant information for publishing or internal disclosure, notably annual administration reports;
- Supervising the efficacy and repute of internal audits; approve and review the scope and frequency of its actions and execution of any corrective measures proposed;
- Compliance supervision;
- Supervising the repute and activity of external audits and creating a communication channel with the intent of understanding any results or reports published.

RISK MANAGEMENT COMMITTEE

I. Advising the Executive Board on risk strategy, having in mind:
- The financial situation of the Bank, dimension and activity complexity;
- The ability to identify, evaluate, monitor and control risks;
- The work being done by external auditing and delegation of power of monitoring of the internal control system;
- All risk areas of the Bank, namely, loan risk, market, operational, strategy and reputation

II. Oversee risk strategy implementation by the Bank;

III. Oversee risk management activities as per Notice n°2/13, April 19th.

HUMAN RESOURCES MANAGEMENT COMMITTEE

- Define employee hiring policies;
- Define employee remuneration policies, assuring its stability, culture and strategy for the long run managing the relevant business risk;
- Recommend the appointment of any employee for a management position to the Executive Board with a detailed description of the role;
- Support and oversee employee evaluations.

EXECUTIVE COMMITTEE

The Executive Committee of the Board of Directors (EC) is composed of seven members, appointed by the Board, among its members. The competences and operating rules are described in an own regulation. The Commission meets at least once a month or whenever convened by its president or at least two executive directors.

EXECUTIVE COMMITTEE RESPONSIBILITIES

- Daily management of the activity of the Bank, ensuring that all laws and regulations are followed;
- Annual and multi-annual Budget Planning and amendments, pending Executive Board approval;
- Preparation of Accountability documents approved by the Executive Board;
- Internal guidelines approval;
- Movables acquisition, disposal and encumbrance and intangible fixed assets deemed necessary to the Bank's activities;
- Acquisition of services deemed necessary to the Bank's activities;
- Implementation of Human Resources policies;
- Disciplinary Power;
- Opening or closing of branches;
- Constitution of authorized signatories and proxies to act under the Bank's instructions;
- Represent the Company, in Court, and outside it, to propose, contest, respond and withdraw any court proceedings.

The Executive Board is assisted by five specialized committees in order to delegate management and decision power on specific issues.

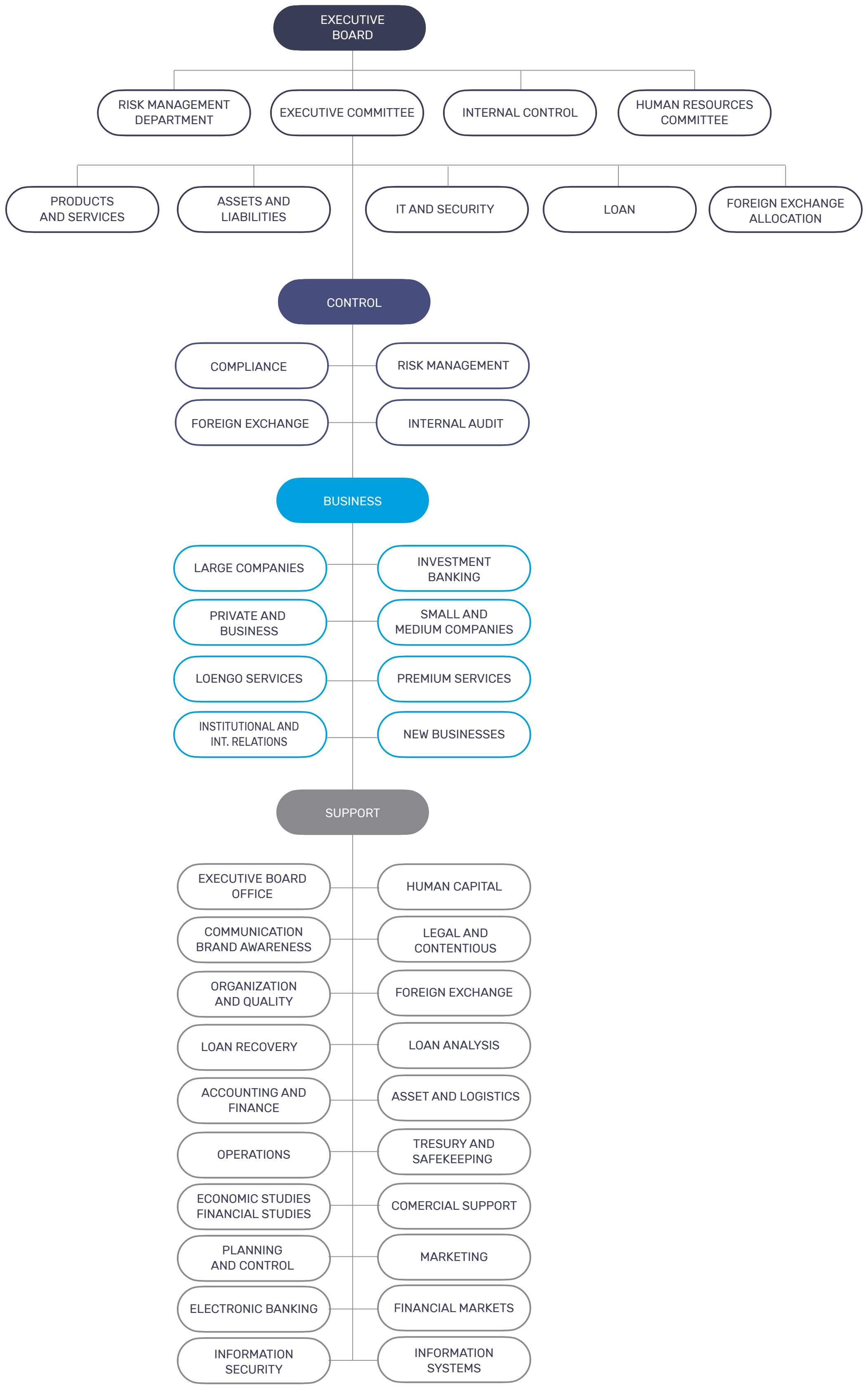
THE EXECUTIVE BOARD IS COMPRISED OF:

	ALCO	CPS	CIS	CCR	CAD
Luis Filipe Rodrigues Lélis	PRESIDENT	PRESIDENT	PRESIDENT	PRESIDENT	
Hélder Miguel Palege Jasse de Aguiar					SUPERVISOR
António Buta	SUPERVISOR				
José Lázaro			SUPERVISOR		
Fábio Correia		SUPERVISOR			
Calisto Ebo					SUPERVISOR

DISTRIBUTION OF FUNCTIONS

Name and Role	Acronym	Business	Suppport	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		✓	
Planning and Control Department	DPC		✓	
Legal and Contentious Department	DJC		✓	
Inokcelina Ben África Correia dos Santos – Executive Admin.				
Risk Management Department	DGR			✓
Internal Audit Department	DAI			✓
Compliance Department	DCL			✓
Foreign Exchange Control Department	GCC			✓
Helder Miguel Palege Jasse de Aguiar – Executive Admin.				
Large Company Division	DGE	✓		
Small and Medium Sized Company Division	DPME	✓		
Investment Banking Department	GBI	✓		
International and Institutional Relations Department	GRI	✓		
José Carlos Castilho Manuel – Executive Admin.				
Private and Business Department	DPN	✓		
Premium Services Department	GSP	✓		
Loengo Services Department	GSL	✓		
New Business Department	GNN-CB	✓		
João Cândido Soares Moura Oliveira Fonseca – Executive Admin.				
Quality and Organizational Department	DOQ		✓	
Accounting and Finances Department	DCF		✓	
Loan Recovery Department	DRC		✓	
Loan Analysis Department	DAC		✓	
Financial and Economic Studies Department	GEF		✓	
Irisolange Azulay Soares Menezes Verdades – Executive Admin.				
Operations Department	DOP		✓	
Financial Markets Department	DMF		✓	
Marketing Department	DMR		✓	
Electronic Banking Department	DBE		✓	
Simão Francisco Fonseca – Executive Admin.				
Comercial Support Department	DSC		✓	
Information Systems Department	DSI		✓	
Asset and Logistics Department	DPL		✓	
Tresury and Safekeeping Department	DTC		✓	
Integrated Security Department	GSI		✓	

ORGANIZATIONAL CHART



3.1.3. INTERNAL CONTROL SYSTEM

The Internal Control System is the combined policies and procedures that encompass the whole institution held by the Board and Employees in order to:

- Business continuity and stability through resource allocation, operation execution and risk control (Performance Targets);
- Reliability and timeliness of accounting information and management support (Performance Targets);
- The abiding of all legal and internal guidelines and regulations (Compliance Targets).

BAI seeks to ensure an appropriate environment and activity control with a solid risk management system, efficient information and communication system and an ongoing monitorization procedure in order to guarantee the quality and efficacy of its own system in the long run.

A BELOW IS THE DESCRIPTION OF THE INTERNAL CONTROL DUTIES:

1. EXECUTIVE BOARD: Periodically approve and review internal control and risk management strategies and policies as well as its progressive alignment with the Group's entities;

2. EXECUTIVE COMMITTEE: Propose and review internal control and risk management policies and assure its implementation throughout the Bank;

3. RISK MANAGEMENT DEPARTMENT: Identify, evaluate, monitor, control and provide information of all risks deemed relevant to BAI's activities as per its own guidelines;

4. COMPLIANCE DEPARTMENT: Implement and monitor Money-Laundering and Terrorism Funding prevention procedures. Oversee compliance with legal, regulatory and ethical provisions issued by supervisory bodies;

5. INTERNAL AUDIT DEPARTMENT: Ensuring all audit related duties and inspection of all the Bank's structure as well as investigation of irregularities or fraud in order to ascertain risk management, internal control and governing efficacy to safeguard the objectives of the Bank, reliability of financial reports and operation efficiency in accordance to the current laws and regulatory norms;

6. INTEGRATED SECURITY DEPARTMENT: Establish policies and rules that assure an adequate management and security system monitoring as well as safeguard computer and electronic equipment and its deployment;

7. FOREIGN EXCHANGE CONTROL DEPARTMENT: Ensuring a rigorous compliance with current foreign exchange laws and regulations and an accurate record of all foreign exchange currency operations.

3.1.4. TRAINING POLICIES

BAI's training policies are aligned and in accordance with the current law and regulations, namely:

a) Law n.° 34/11, December 12th – Money-Laundering and terrorism financing prevention Law;

b) Notice n.° 22/2012, April 15th, oversees all terms set in the Money-Laundering and terrorism financing prevention Law;

c) Notice n.° 01/2013, April 19th – Corporate Governing;

d) Notice n.° 02/2013, April 19th - Internal Control.

IN THE SCOPE OF THIS POLICY, THE FOLLOWING FACTORS ARE LISTED:

- Training, career development and human capital is considered paramount by the Bank for its continuous improvement in quality, services and products;
- All training procedures demand control measures and instruments in order to assure performances of excellence and corrections to deviations from set objectives;
- Implementation of all policies to all BAI employees.

In order to guarantee the correct training, BAI created a training management procedure comprised of multiple steps through multiple areas and departments:

Stage	Supervision
Training Needs	Structure units | DCH
Adequate Training Solutions	DCH | Structure units
Training Planning	DCH
Training Plan Approval	Executive Committee
Training Plan Execution	DCH | Structure units
Training Evaluation and Impact	Trainee | DCH | Structure units

3.1.5. REMUNERATION POLICY

The Bank's remuneration policy is consistent with objectives, values, interests, and long-term solvency, with the main guidelines listed below:

- Rules are meant to be clear, simple and transparent and aligned with the values and culture of the Bank, given its activity;
- Set principles of proportionality that assure sufficient external competitiveness in order to retain and attract employees. The focus is also clear on internal equality in order to promote team cohesion, fairness and justice sentiment;
- The policy is also meant to consider risk mitigation in order to avoid conflict of interest scenarios;
- The policy also predicts all forms of rewards (set, variable and benefits) along with its alignment with the strategy and objectives of the Bank;
- Individual set, variable and benefit remuneration tabulation must include employee evaluation (objectives and competences) in accordance with the economic environment of the country and Bank.

Fixed remuneration
Salary
Holiday Allowance (100%)
Christmas Allowance (100%)
Food Allowance
Family Allowance

Variable Remuneration	
Absence Subsidy	Travel Subsidy
Overtime	Performance Prize
Hardship Allowance	Fuel Subsidy
Hospitalization Subsidy	Technical Subsidy
Role Subsidy	Attendance Subsidy
Transportation Subsidy	Daily Allowances
Shift Subsidy	ATM Subsidy

Other Benefits
Salary Loan
Personal Loan
Car Loan
Housing Loan
Health Insurance
Pension Fund
Self-training Incentives
Communication Plafon (Data, Voice)
Employee Transportation

GOVERNING BODIES MEMBER

The Members of the Governing Body have a distinct remuneration policy that entails a fixed salary along with variables that are decided each year in accordance to the annually global performance of the Bank as a whole.

All members remunerations are divulged along with the financial statements of the Bank.

A This policy is set on the following instruments:

- Role description;
- Role Qualifier;
- Wage tabulation (with framing levels and tiers);
- Evaluation system and performance management (SAGD);
- Career management policy;
- Employee performance policy.

3.1.6. CODE OF CONDUCT

The Bank has a code of conduct that firmly states how employees should act and professional conduct norms while exercising their duties. This applies to all employees and to all governing bodies alike.

1. Ethical duties: Equal treatment of all clients, professional duties, integrity, competence, diligence, loyalty, neutrality, client interests over employee interests, confidentiality, cooperation with supervision authorities, internal conduct duties and transparency;

2. General information and principles related to Money-Laundering and Terrorism Financing prevention;

3. General information and principles regarding fraud and irregularities reporting and follow up in client complaints.

The Code of Conduct and the entities' culture information are delivered to all new employees and are available on its intranet.

3.1.7. RELATED PARTY TRANSACTIONS POLICY

BAI assures its policy on related party transactions is controlled through the below principles:

1. Administrators must act with zeal, efficiency and responsibility when carrying out their duties (Code of conduct);
2. Related party transactions must be done under normal market conditions given its high risk and pricing established by BAI (conflict of interest management policy);
3. When considering related party transactions, it must be taken into account its essence rather than merely its legality (Accounting Policies – substance over form and materiality);
4. Transparency being paramount for the institution, BAI discloses all related party transactions information to its shareholders and market in general via individual financial statements and the financial group as a whole (transparency and information disclosure policy).

O Bellow BAI lists its definition of relater parties under the terms in the Notice n°2/13, April 19th and Notice n°9/16, June 22nd, both from BNA, the Industrial Tax Code and the Presidential Decree n°147/13, October 1st and IAS 24 – related parts disclosure:

- Qualified holdings owners;
- All entities that that hold, directly or indirectly, a dominant or Group relationship;
- All governing bodies and Bank's inspection and their spouses, all descendants and ascendants considered transaction asset beneficiaries;
- Joint ventures in which the Bank is a direct or indirect developer;
- Staff members deemed essential for Bank management.

The Bank further evaluates, annually, all related party transactions pertaining to Price Transfer File, made under the terms of the Presidential Decree n° 147/13, October 1st.

3.1.8. CONFLICT OF INTERESTS MANAGEMENT POLICY

The Conflict of interests Policy was made in compliance with Financial Institutions Basic Law, the Notice n°1/13, April 10th, Angola National Bank (BNA) and the regulation n°1/15, May 15th of the Capital Market Monitoring Commission.

All members and Employees of the Bank, such as its Executive Board, Audit Committee, staff members and any third-party supplier of the Bank, be it under a contract or subcontract as well as all entities under the umbrella of Bai Group are bound to follow the Policy. Bai reserves all rights to modify or add any new rules in order to be in compliance with the Law and regulations in the country.

WHEN MANAGING ALL CONFLICT OF INTERESTS, BAI APPLIES THE FOLLOWING PRINCIPLES:

Identifying existing situations that may lead to conflict of interest	1. Periodical retrieval of information by the Executive Board and the Supervisory Board regarding related parties (family members and companies); 2. Creation of proceedings that allow employees to notify the Bank about situations that may lead to conflict of interest; 3. Assessment of reported situations and maintaining records of them; 4. Identifying services and investments made by BAI as an intermediation agent or of circumstances that may lead to conflict of interest and are potentially harmful to the client (Article 37° of regulation N°1/15 of CMC); 5. Identifying and maintaining record of all services and investment activities made by BAI or in its name that ended up in conflict of interest deemed relevant to clients' interests or ongoing activities that may originate conflict of interest (article 37° of N. ° regulation 1/15 of CMC); 6. Identifying and maintaining records of people with confidential information when the Bank deals with public tenures. (article 37° of regulation N°1/15 of CMC);
	CONFLICT OF INTEREST MITIGATION MEASURES 1. Role segregation; 2. Implementation of barriers when conveying information (article 37° of regulation N. ° 1/15 of CMC); 3. Establishing guidelines when dealing with related parties' operations; 4. Guidelines to acquire property portfolio or disposal of the ones the client may be owner of when buying and selling orders are in place (article 91° of regulation N°1/15 of CMC); 5. Establishing remuneration policies for specific roles;
Disclosure	Previous to any service or activity that poses an unavoidable conflict of interest, the client must be given all information regarding the occurrence and demand a written declaration stating he had been informed and wants to proceed with the operation.
Control	**CONTROL IS MADE BY COMPLIANCE DEPARTMENT AND ITS BASED ON:** 1. Analysis of : 1.1. New product and service proposals and changes to them (especially services and investment activities); 1.2. Operational procedures and organizational changes; 1.3. Related parties' operations. 2. Maintaining an updated record of all situations that are or may be conflict of interest; 3. Reporting to the Executive Board of conflict of interest situations that were not dealt with in accordance with the guidelines in this Policy. 4. Creating the annual report and monitoring of the Policy.

The Executive Board is responsible for defining and approving the conflict of interest management policy as well as overseeing its effectiveness.

The Compliance Department must in turn oversee the enforcement of the Policy and report to the Executive Board as well as review any ongoing proceedings and clarify any doubts that may arise of its enforcement.

The Internal Audit department must periodically evaluate the efficiency and efficacy of the policy and its due proceedings.

3.1.9. TRANSPARENCY AND INFORMATION DISCLOSURE POLICY

The Transparency and information disclosure Policy must guarantee BAI's cooperate governance transparency and clear understanding in compliance with Notice n° 1/13, April 19th, that states:

- All publishing information must be disclosed in a complete and timely fashion;
- All institutional information deemed relevant to disclose to the market must be in a complete, updated and suitable fashion;
- All information disclosed must follow the rules of banking confidentiality.

In turn, the Executive Board must review and update the Policy annually or at any time seen as necessary, mainly when the information is of a compulsory nature to disclose.

	Disclosure			
Content	**Yes**	**No**	**Non-applicable**	**Comments**
Governing bodies' composition, identifying and supervising executive and non-executive administrators	○			Annual Report and Website
Identifying external auditors, including their credentials and abiding by the independency requisites under Notice n°4/13 of April 22nd	○			Annual Report
Identifying units of structure, what competences they have and the responsible staff, mainly in case of key roles of internal control (internal audit, compliance and risk management)	○			Annual Report
Function distribution and area of business segregation, support and control	○			Annual Report and Website
Identifying of policies and communication channels regarding authority relations, competence delegating and communication and information relaying, mainly on corporate governing irregularities.	○			Annual Report

	Disclosure			
Contents	**Yes**	**No**	**Non-applicable**	**Comments**
Capital structure identifying shareholders qualified shares	○			Annual Report Website
Shareholder decisions that change global strategies, organic structures and functionalities of the financial group	○			Annual Report
Financial information				Annual Report Trimestral Balance Sheets
Governing bodies information, including: • Remuneration policies, displaying paid global values by the institution to each body; • Qualifications and professional experience; • Displaying shares in the company; • Identifying governing bodies roles in other entities, • That may belong to the group or otherwise; • Categorization of governing bodies as • Executive and non-executive, Independent or not	○			Annual Report Website Website Annual Report Website Annual Report
Description of risks that may harm the institution, Existing procedures that manage the above, and prediction Of the evolution of the associated risks	○			Annual Report
Corporate governing Policies, namely conduct of conduct and conflict of interest mitigation policies	○			Website Annual Report
Training policies, with total annual hours of training detailed by area of training, namely the ones directed at employees t hat deal with risk management or control functions	○			Website Annual Report
Above mentioned information disclosure	○			Annually posted on website

3.1.10. COMPLAINT MANAGEMENT POLICY

This policy is based on the existing banking regulations, namely in the article 19 of the Notice n°12/16, September 5th – Product Consumer and Financial Services Protection. The Policy states that all complaints, suggestions or discontent from clients must be reviewed and assessed in order to increase satisfaction, quality and image metrics and mitigate any reputation hindering risks. Complaint Management serves as a means to resolve client's dissatisfaction and identify flaws or improvement of products and services.

The current compliant management policy is the institutional webpage.

3.1.11. GRIEVANCES CHANNEL

All BAI employees and clients have at their disposal a grievances channel (denuncias@bancobai.ao) where any unethical or suspicious acts can be disclosed. This includes corruption, fraud, embezzlement, bribery, sexual or moral harassment or any action that violates the Code of Conduct. This channel serves the purpose of consolidating a transparency, accountability and thoroughness culture within the Bank and improve its services.

3.2 STRATEGIC BUSINESS MODEL

In order to offer the best banking experience to all clients through outstanding services, the year's most notable events were:

- Development of business support platforms;
- Leveraging risk management themes, propelled by changes in the banking system and current regulations;
- Mass Market segment approach in order to diversify, grow and spread the Bank's activities and services.

The Bank's strategy is set on three main pillars:

- Core segment;
- High potential segment development and new boundary exploration;
- Critical support platforms modification.

These core pillars are divided in 10 strategic initiatives:

STRATEGIC INITIATIVES - SUPPORT

I	II	III	IV	V
Segmentation model revision	Pricing value and collection efficacy	Implementation and consolidation of a distinct value for affluent	Implementation of a proposal of a different value and company revitalization	Implementation of a profitable proposal for mass market
STATUS 100%	STATUS 100%	STATUS 100%	STATUS 98%	STATUS 35%

STRATEGIC INITIATIVES - SUPPORT

VI	VII	VIII	IX	X
Information technology systems transformation	Key processes regarding risk management and internal control	Human resources transformation and inforcement	Simplification and automation in the processes of client service	Management of Information and employee accountability
STATUS 99%	STATUS 80%	STATUS 91%	STATUS 94%	STATUS 84%

In its fourth year running, The Bank's current strategic plan, named "Geração BAI", has reached meaningful milestones and sustained all the Bank's transformation process in order to build and then consolidate the best banking experience in Angola

2016

- Risk Managing
- PREMIUM Service
- Negotiation and Commission price exemptions
- Commercial Network Optimization Plan
- New Pricing
- Phase 1- Data Warehouse EDW
- Segmentation and closing of client portfolio
- Account opening workflow

2017

- Career Management
- STI infrastructure migration
- Transfer Workflow (TMX) - DPN
- BAI Risk Magagement
- Management general Key indicators
- Risk Management Policy
- LOENGO Manager
- Mechanisms FACTA
- ALCO Assessment in Pricing Model
- Statement account collection

2018

- Reviewed catalogued collections
- New Interface C-LINK + SWIFT
- Collections SWIFT (Extract) of accounts
- Operational risk integrated matrix (business and control)
- New CULTURA BAI
- Statement account collection
- Career management model
- Training management model
- Talent management model

2019

- DCI Correction
- E-Kwanza new strategy
- OMS and Security Vulnerabilities
- Key Performance Indicators per business structure
- Payroll + SSFF Human Capital Management
- Risk Management Policy
- Mass Market Catalogue and commissioning
- Account opening workflow
- 210 thousand clients E-Kwanza

BUSINESS MODEL

O BAI has positioned itself as a universal Bank reaching all its clients through a vast network of branches, call center and Premium services. Aside from its physical presence, BAI has a multichannel communication strategy with its clients with BAI Directo, which boasts internet banking, mobile and phone banking and banking agents.

BAI has adopted an international expansion strategy focused on Portuguese speaking markets:

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

The core business areas of the Financial Group are:

- **Commercial Banking:** Meant to raise company and institution segment resources and loan concession operations, including importing financing;
- **Retail Banking:** Loan concession to private clients, branch network service, internet banking and in Angola's case, mobile and SMS banking;
- **Private Banking:** All private and premium client activity;
- **Investment Banking:** Financial consulting and financing solutions including transfer of resources and Acquisition of securities;
- **Correspondent banking services:** Foreign currency payments of provision of services, vostro account management and international markets operations (mainly foreign exchange operations);
- **Insurance activity and management of group pension funds:** Life and non-life insurance and group pension funds;
- **Investment funds management:** Collective investment undertakings, trading participation units and investment consultancy.

04

FINANCIAL AND MACROECONOMIC FRAMING

Tombua, Namibe, Angola

4.1 INTERNATIONAL CONTEXT

According to World Economic Outlook disclosed by the International Monetary Fund (IMF), in January 2020, global economy expansion slowed 2.9% in 2019 compared to the 3,6% it did in 2018. This projection reflects a 2% cut when taking into account what was predicted in July.

ANNUAL GLOBAL GROWTH PERSPECTIVES

Region	2019 (estimate)	2020 (projection)	2021 (projection)
World	2.9	3.3	3.4
Advanced Economies	3.7	4.4	4.6
Developing Economies	1.8	2.6	2.5
Subsaharan Africa	3.3	3.5	3.5

Source: FMI, WEO, Janeiro 2020

For 2020, BAI expected a small growth acceleration to 3,3%. As it stands and with the unforeseen event of the coronavirus pandemic (COVID-19), all global economy growth will have a lower forecast. As it happens with other International institutions, FMI has announced a review of its prospects given the expected impact that the major world economies will feel, especially during the first trimester of 2020, with a prediction of 2.9% lower than its counterpart in 2019.

In the foreign exchange market, despite the prolonged conflict with China, the Dollar has increased in value compared to its counterparts. On the other hand, the Euro Zone currency has lost value compared to the Dollar, punished by an economic slowdown and an unchanged monetary policy.

4.1.1. ECONOMIC ACTIVITY EVOLUTION

After the economy growth in 2018 (2.93%) in the US, it is now estimated that the growth rate will have dropped to 2,35% in 2019. According to IMF data, this is the lowest annual growth in the last 3 years. The economic growth came with a noticeable drop in company investment as a result of the economic war between the US and China.

Despite that, the job market strengthened with the unemployment rate dropping 3,8% in 2018 and 3,5% in 2019. The US Federal Reserve has looked for economic growth in changing the basic interest rate in a context more suitable for the countries' reality. The bank reduced its interest rate 3 times in a range between 1,5% and 1,75% which in turn impacted inflation that went from 1,9% to 2,3%.

China also slowed down in 2019 with an annual growth of 6,6% in 2018 to 6,1% in 2019. China also felt the impact of the economic war with the US by seeing its productive index drop due to multiple companies feeling the uncertainty of the time and backing down on investments. In addition, China's prices increased from 1,9% to 5,4% reflecting a lower offer in food, mainly due to the swine flu that crossed the country during the analyzed period.

Euro Zone growth rate went from 1,9% to 1,2% mainly due to the drop in its biggest economies. According to IMF, France slowed its growth from 1,5% to 0,5%, Italy from 0,8% to 0,2% and Germany from 1,5% to 0,5%. Inflation rate

in Europe kept below 2%, which was the Central Bank's target. Added to this, there was a drop in deposit interest rates by 10 base points to -0,5% and also the reintroduction of stimulus packages of 20 Thousand Million Euros a month. For sub-Saharan Africa, IMF predicted a growth rate of 3,3% in 2019 from its 3,2% in 2018. This year, however, the growth rate is expected to grow and reach 3,5%. Nigeria seeing its growth from 1,9% to 2,3% and South Africa dropping from 0,8% to 0,4%.

4.1.2. COMMODITY MARKET

According to Monthly Oil Market Report, published in January 2020, world demand of oil increased to 930 thousand barrels a day whilst global offer dropped to 110 barrels a day due to the cut in production from OPEP countries.

OPEP kept its goal of reducing production with cuts of 2 Million barrels a day, bearing in mind, however, that countries like Iran and Venezuela were sanction which in turn also affected their oil production. OPEP and its ally's commitment to support oil prices was made clear in the last meeting in 2019.

As a result of the meeting, it was agreed to expand the production cuts to 1,7 Million barrels a day (2% of global offer). Production cuts led to a 500 thousand barrel a day, well below the 1,2 Million approved in 2017.

OIL MARKET – OFFER AND DEMAND (DAILY MILLION BARRELS)

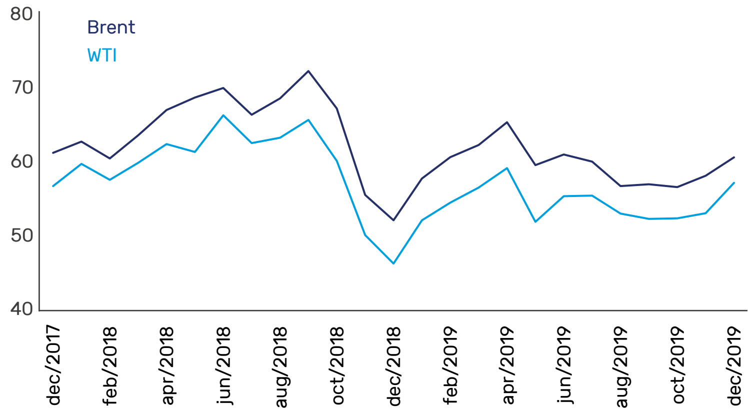
Regions	2018	2019	2020 (P)
Global Demand	**98,84**	**99,77**	**100,98**
OCDE	48,01	25,69	48,08
China	12,71	13,06	13,39
Others	38,12	61,02	39,51
Global Offer	**99,10**	**98,99**	**-**
OPEP LNG	4,76	4,80	4,83
OPEP	31,86	29,86	-
Non OPEP	62,47	64,34	66,68
d/q: OCDE	28,33	29,91	31,74
Excess	**0,26**	**-0,78**	**-**

Source: OPEP

[2] Execution reached 155% at the end of 2019.
[3] According to Reuters, OPEP will extend production cuts until June 2020 and discuss further cuts should Oil prices continue to fall in the international market.

OIL PRICE CHANGES (USD/BARREL)

Source: Bloomberg



Offer reduction catapulted barrel prices in the London market from 53,8 USD in December to 66 USD in 2019 whilst crude prices in New York went from 45,4 to 61,1 USD. Average projection of over 30 international institutions puts Brent prices at 69 USD in the first trimester of 2020.

As for other commodities such as gold there was increase of 18% due to the perception that international markets would feel volatility and increase in risk. Commodities are, in general, a safe haven in less stable market periods and gold peaked at 1 517 USD an ounce at the end of 2019 when compared to 1 282 USD in December 2018.

4.2 NATIONAL CONTEXT

4.2.1. EXTERNAL ACCOUNTS AND FOREIGN EXCHANGE

Throughout the period analyzed in this report, BNA has introduced multiple measures regarding foreign currency operations.

The first semester of 2019 saw BNA releasing notice n°12/2018 which reduced the transaction limit from 10% to 5%, notice n° 3/2019 that decreased the ceiling of commissions and costs in foreign currency transactions and exchange margins of certain operations, the July 12th statement that determined deadlines for operations in foreign currency that used depositor resources.

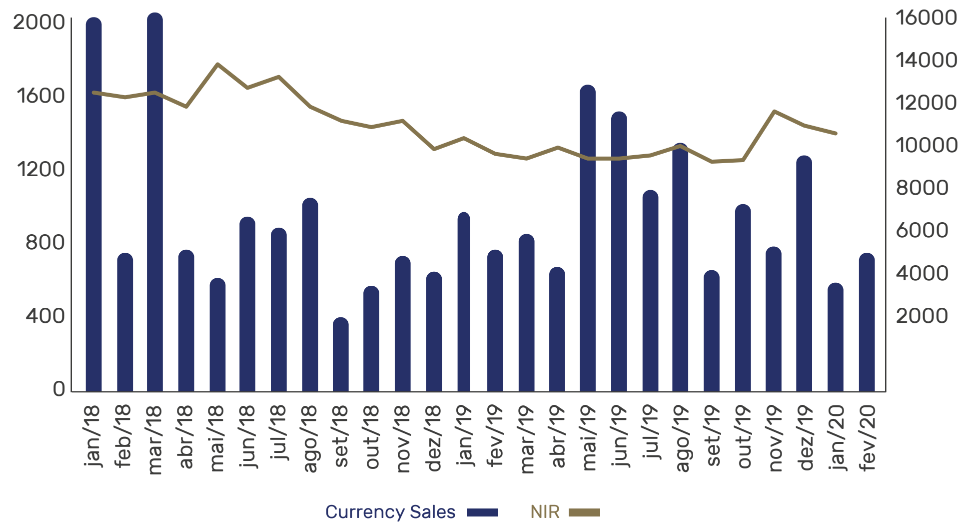
In the second semester Kwanza started depreciating above 2% in each foreign currency auction. At the time BNA wanted to create precedents a looser foreign exchange market. On October 23rd a special session was held by the Monetary Policy Committee to pursue new measures to support the new foreign exchange regimen. The most notable measure was the removal of the 2% margin applied by commercial banks in foreign currency sales to its clients, made official by the instructive n°16/2019.

In 2019 foreign currency sales reached the equivalent of 9,3 Thousand Million USD, which is a 30% decrease from the previous years' sales.

Gross international reserves were at 17,3 Thousand Million USD in December 2019 (16,2 Thousand Million in the previous year) ensuring import coverage of 8,445 months.

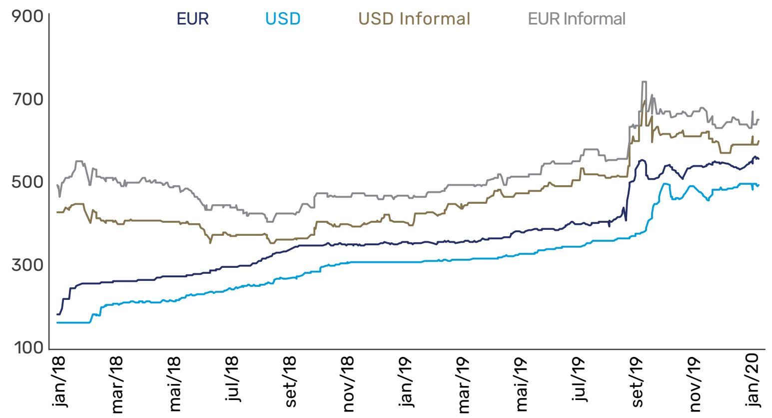
FOREIGN CURRENCY SALES AND NIR (MILLIONS OF USD)

Source: BNA



NET international reserves went up to 11,8 Thousand Million USD, well above the demanded 9,1 Thousand Million USD IMF set for the end of 2019. Heavily influenced by the issue of 3 Thousand Million USD in November and the 248 million USD installment in December.[5]

AVERAGE EXCHANGE RATE (PRIMARY AND INFORMAL MARKET)



[4] IMF predicted target for RIL that is part of the evaluation criteria under the financing agreement with Angola is set at 9,1 thousand million USD until December 2019 and is expected to increase to 9,3 thousand million USD until mid-2020.
[5] This financing was approved by the IMF following the completion of the first assessment of the Macroeconomic Stabilization Program and the National Development Plan 2018-2022

The foreign exchange noted a shrink in the gap between the official and parallel markets which was reduced by 24% at the end of 2019 (opposed to 31% in 2018).

The exchange rate of Dollar and Euro closed the year at 482,227 USD/Kz and 540,817 EUR/Kz which prompted a Kwanza depreciation of 56% and 53% respectively. Kwanza lost 51% (dollar) and 43% (Eur) setting itself at 610 USD/Kz and 670 Eur/Kz.

The spread in both markets positioned itself at 24% at the end of the year when compared to 31% the year prior.

4.2.2 TAX ACCOUNTS AND PUBLIC DEBT

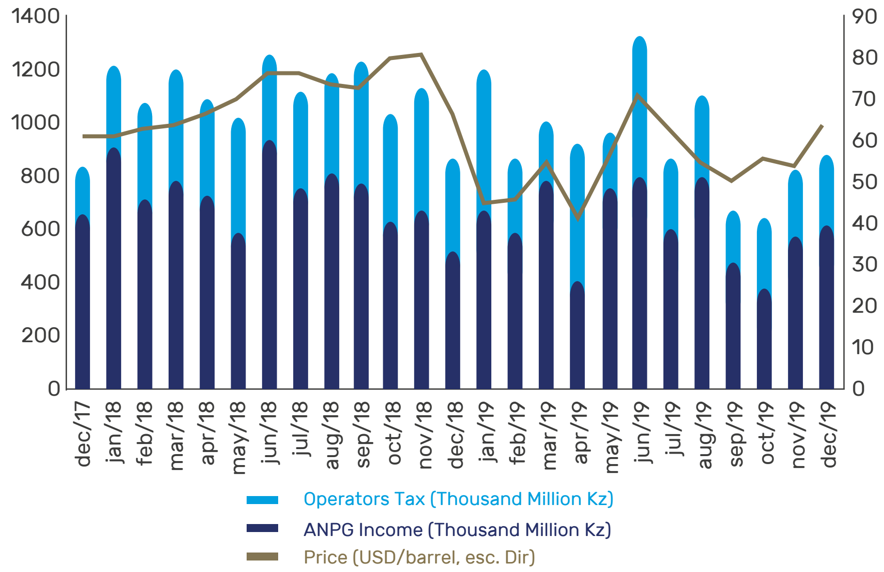
4.2.2.1. TAX REVENUE TRENDS

Having national oil production drop to 8,2% and the average barrel price set at 23% led a decrease of 16,2% in oil fiscal revenue. In 2019 said revenue were of 11 Thousand Million USD, 66% which belonging to the National Oil Agency, gas and biofuel (ANPG) with the remaining 35% of taxes charged to oil companies.

Taxes levied to oil companies slowed 16,7% when compared to 2018 and set themselves at 3,8 Thousand Million USD. The drop is mainly attributed to less Oil Production Tax collection (drop from 41% to 624 million USD). Oil Income Tax also dropped 5,5% (2,9 Thousand Million USD) and Oil Transaction Tax dropped 67,6% (138 million USD). Taxes charged to the operators decreased 16.7% compared to last year and stood at USD 3.8 Thousand Million.

OIL REVENUE VS EXPORTING PRICES

Source: MINFIN

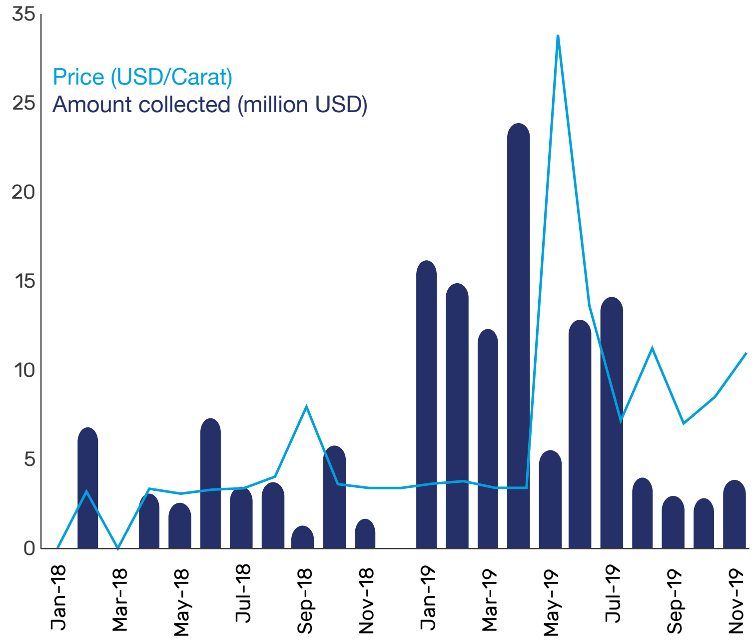


Average oil exports set itself at 1,32 million barrels a day, below the 1,43 million barrels predicted by Government Budget. Added to this average Angolan oil exporting price was also below the 55 USD a barrel target set by the Angolan Government.

Regarding the taxes selected in the diamond sector, the updated data up to November 2019 show that the sale of diamonds corresponds to 29.9 million Kz (+ 49.2% compared to the same period in 2018). Of this amount, 15.7 million Kz corresponds to the industrial tax, while 14.1 million Kz receive *royalties*.

DIAMOND REVENUE

Source: MINFIN



Regarding the tax from the diamond sector, the data until November 2019 shows sales of 29,9 Thousand Million Kz (49,2 more than the correspondent time in 2018). 15,7 Thousand Million Kz derived from industrial tax and 14,1 Thousand Million Kz from royalties. Carat average price recorded 188% of 430,7 USD while exported amount was 8,02 million carats, an annual sale of 4,6%.

In order to further increase tax revenue from non-oil derived goods, the Government has pursued solutions and measures to broaden the country's tax sources. Taking into account IMF recommendations, aside from IVA and Excise Duty (from in effect from October 1st), the Government is deliberating proposals to amend Tax on Labor Income, Circulation Tax and Property Tax in order to further increase state revenue.

4.2.2.2. PRIMARY DEBT MARKET

Public debt issued decreased 46% collated to 2018 and set itself at 790 Thousand Million Kz mainly due to low issue of Treasury bonds, which reached 349 Thousand Million Kz and considerably lower than 2018's 787 Thousand Million Kz recorded the year prior. A total of 125,5 million USD was offered in foreign currency bonds of which 103,5 million USD were issued with interest rates between 4% and 6% with maturity between 2 and 5 years. Treasury Bills (BT) were issued at a lower rate of 39% totaling 441 Thousand Million Kz.

The gap between issue and offer notwithstanding, when comparing to the Debt Annual Plan (PAE 2019), BT operations were set at 79% and OT set at 26%. BT issue rate set at 12,07%, 12% and 14,8% for 91, 182 and 364 days respectively, meaning drops of 2% and 5,05% when compared to 2018.

TREASURE BILLS ALOCATION

Thousand Million Kz		2018	2019	PAE (2019)	Exe. Rate
BT	Offer	1.769	2.158	-	
	Issue	722	441	560	79%
	Repurchase	1.301	802	579	139%
	Net	579	362	19	
OT	Offer	1.426	682	-	
	Issue	787	349	1.340	26%
	Repurchase	1.086	765	1.326	58%
	Net	300	416	14	
Total Issue		**1.509**	**790**	**1.900**	**-48%**
Total RePurchase		**2.387**	**1.567**	**1.905**	**-34%**

Source: SIGMA

4.2.2.3. MACROECONOMIC EXECUTIVE PROGRAM FOR 2019

The government was less optimistic in most of the projections in the Macroeconomic Program reviewed for 2019 (PMER19) having reviewed every projection at a lower rate than the one initially predicted in the Revised State Budget (OGE19R):

- Oil production set at 1,39 million barrels a day (Mbpd), 40 thousand barrels a day lower than the predicted amount in OGE19R;
- Estimated inflation rate at 17,7%, 2% higher than the one projected on OGE19R;
- Economic growth projections point to an eventual fourth year in recession with a 1,1% drop in the economy. The oil sector (natural gas included) is expected to further drop -5,2%, whilst non-oil related economic activities are expected to rise 0,6%.

For the oil sector (including natural gas production), a more pronounced drop is expected (-5.2%), while for non-oil activities, a less significant advance is expected (0.6%).

Only oil average price had a positive projection with the price set at 63,2 USD a barrel in 2019, increasing 8,2 USD a barrel initially predicted on OGE19R.

4.2.3. RATING AGENCIES AND SOVEREIGN DEBT APPRAISAL

Standard & Poor's and Fitch kept their B- and B ratings of Angola in 2019. On the other hand, outlook on debt gross debt ratio was changed from stable to negative.

In March 2020, the increase in public debt, oil production reduction, and drop in barrel price concerned Fitch regarding Angola's rating and prompted the agency to cut rating from B to B- but maintained the stable Outlook it had previously given.

4.2.4. RATING AGENCIES AND SOVEREIGN DEBT APPRAISAL

The economy contracted 0,4% from January to September 2019. In the same period in 2018, it contracted 2,5%.

The oil sector was, again, the main culprit of the economic performance in the trimester maintaining its recession since the first trimester of 2016.

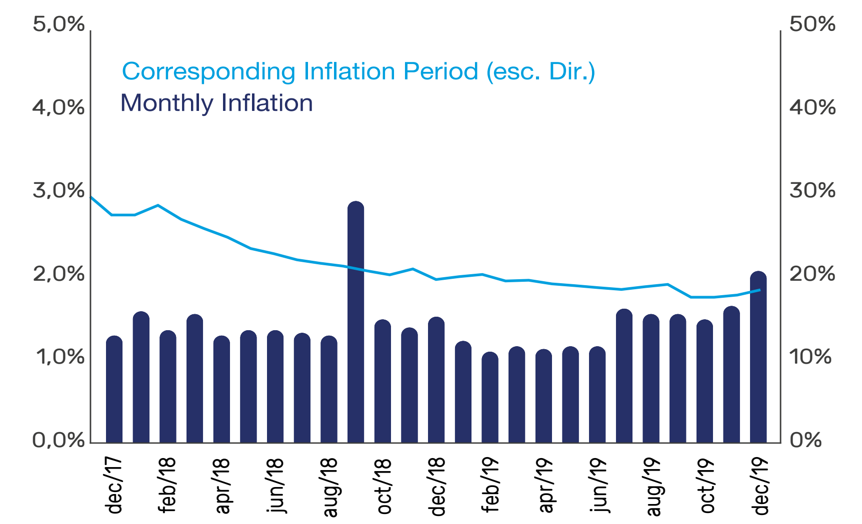
Non-oil related sectors were also at a loss with the fishing sector dropping -15,6%, financial intermediation at -15,6%, manufacturing at -2,4%, telecommunications at -2,1% and trade at -1,3%.

Inflation kept its downward tendency since early 2017. At the end of the year, the national inflation rate was set at 16,9%, dropping from 18,6% from late 2018 and the lowest since 2016.

Conversely, wholesale inflation has risen. Late 2019 Wholesale Output Index (IPG) grew 18,9% compared to the 16,85% number from the previous year.

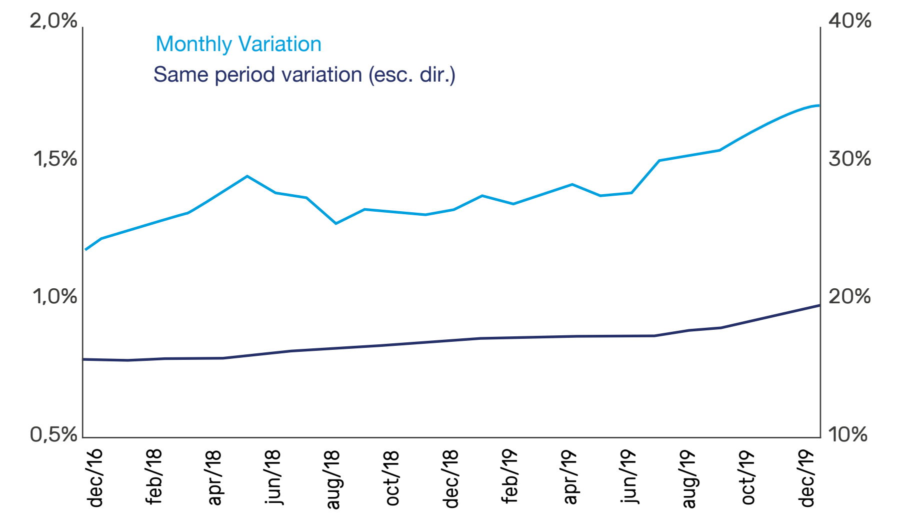
NATIONAL INFLATION

Source: INE



IPG VARIATION

Source: INE



4.2.5. FINANCIAL AND MONETARY OVERVIEW

4.2.5.1. LIQUIDITY AND MONETARY POLICY

In 2019, BNA's main tools focused on maintaining a restrictive monetary policy despite having lowered Basic Interest Rates (BNA rate) twice. The first drop was in January from 16,5% to 15,75% and the second occurred in May and was set at 15,5%. Additionally, Interest Rate increased for 7-day Liquidity Absorption Facility from 0% to 10% while the Reserve Requirement increased 5 pp. to 22%.

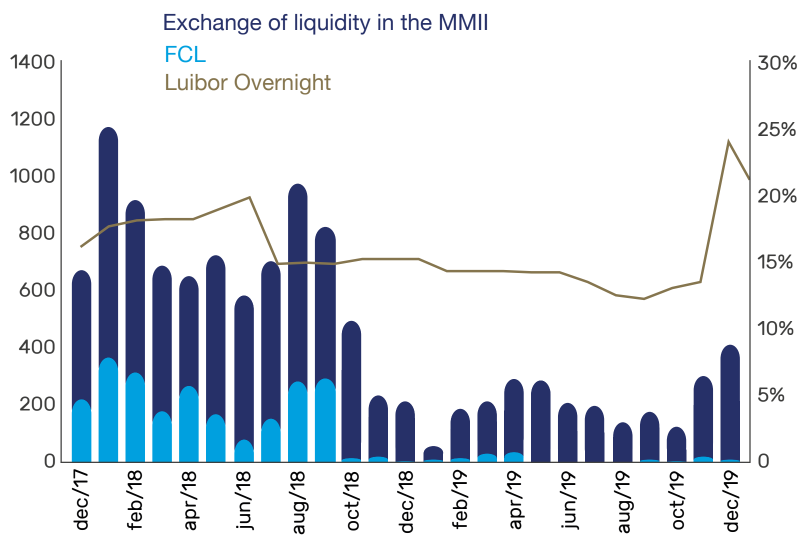
	dec-18	dec-19	Annual Variation
Monetary Base	**1.709**	**2.287**	**33,80%**
Notes and Coin in circulation	498	540	8,30%
Compulsory Deposits	**841**	**1.394**	**65,80%**
In Kwanza	584	923	58%
In foreign currency	257	471	83,40%
Surplus deposits	**369**	**352**	**-4,60%**
In Kwanza	215	123	-42,90%
In foreign currency	154	229	48,90%

All implemented measures showed their impact on the evolution of monetary base with a growth of 58% of reserve requirements and a 43% reduction in free reserves in Kwanza.

During this period, banks exchanged 3 751 Thousand Million Kz in the interbank market, 59% less than the same period in 2018. Having the liquidity offer lessened in MMI, the loan interest rate between banks (Luibor Overnight) increased, setting itself at 22,48% (16,75% in 2018), meaning an increase of 5,73 p.p.

MMI AND FCL TRANSACTIONS (THOUSAND MILLION KZ)

Source: INE



LIBOR

Maturity	dec-18	dec-19
Overnight (1 day)	16,75%	22,48%
1 month	16,81%	19,53%
3 months	17,09%	19,66%
6 months	17,35%	19,19%
9 months	17,82%	19,24%
12 months	17,99%	20,55%

Source: BNA

4.2.5.2. MONETARY SURVEY

Despite having public debt diminishing throughout 2019, State Net indebtedness has been growing and has reached high levels. The state has compensated the decrease in revenue by withdrawing deposits which in turn further exposes itself.

Total loan provided by commercial banks is set at 4 392 Thousand Million Kz, 21% more than last year. Currency loans have also increased to 17% in national currency and 33% in foreign currency.

BANK'S BALANCE SUMMARY

(Thousand Million Kz)	2018	2019	YoY
Central Government Loan	**4 795**	**5 483**	**14%**
Private Sector	**3 622**	**4 392**	**21%**
Non-financial enterprises	3 036	3 693	22%
Loans in Kwanza	2 310	2 687	16%
Loans in foreign currency	726	1 006	39%
Other resident sectors	586	699	19%
Loans in Kwanza	403	499	24%
Loans in foreign currency	183	200	9%
M3	**7 854**	**10 219**	**30%**
M2	**7 845**	**10 214**	**30%**
M1	**4 087**	**4 939**	**21%**
Notes and Coin owned by the public	373	419	12%
Transferable Deposits.	3 714	4 520	22%
Term Deposits	**3 758**	**5 275**	**40%**
Other instruments related to Deposits [2]	9	5	-49%

[2] Includes bonds expect shares and deals when repurchasing national and foreign currency.

Loan structure has shown concentrated financing in a small number of branches of activity with 22% to the retail market, 14% to real estate market, 13% to the construction sector, 12% to services, and 5% to agriculture.

M2 has shown an increase of 30% in monetary aggregates when compared to 2018. The increase is supported by 21% overnight deposits, including notes and coins owned by the public and 40% of time deposits. 15% of them are made in national currency and foreign currency deposits increased by 49%.

4.2.6. BANKING SECTOR STABILITY

In 2019 the banking sector was heavily influenced by the exchange and monetary policies set by BNA, mainly the foreign exchange liberalization in the second semester. In addition, asset quality evaluation (AQA) was carried out and involved the 13 biggest banks intending to appraise the level of capitalization of each bank in regards to: i) asset appreciation adequacy, collateral proof and impairments, ii) asset classification and risk weighting calculation, iii) stress testing parameters and methodologies iv) risk management and governance.

The results of the evaluation showed that only 2 banks had 96% of the means to recapitalize themselves in accordance with the ongoing regulations. Due to impacts it may have on the financial system, BNA ordered that the banks must record the irregularities in their 2019 balance statements and assure prudential limits they will have imposed in accordance with the ongoing regulation until June 30th, 2020.

FINANCIAL SOUNDNESS INDICATORS

(% end of period)	sep-18	sep-19
Original Own Funds (Tier 1) / Capital Requirements	23,4	27,9
Loan ME/ Total Loan	18,03	23,55
Overdue Loan/Total Loan	27,9	29,19
Overdue Loan/Total Loan	27,7	34,62
(Overdue loan – Overdue loan provisions) /FPR*	18,7	-13,72
ROA	4,4	0,84
ROE	24,5	6,31
Cost-to-income	26,3	41,92
Loan Rate – DP Rate (Spread)	28	19,13
Financial Margin / Gross intermediation margin	39	53,91
Net Open Currency Exposure / Original Own Funds	55,3	28,36

Source: BNA

Until the end of the year, the available data on the banking sector stability was reported only until September. The grid shows the data but it must be seen with caution given that aside from BPC's reorganization plan, the AQA results go all the way until December.

In the first 9 months of the year, the solvency ratio increased (23,4% in 2018) to 27,90% in 2019. The capital adequacy ratio (Own Funds Portfolio Tier 1/ Solvency Capital Requirement) increased from 18% to 23,6%. In this period overdue loan provisions and impairments increased causing the default ratio to reflect a rise from 27,7% to 34,62%.

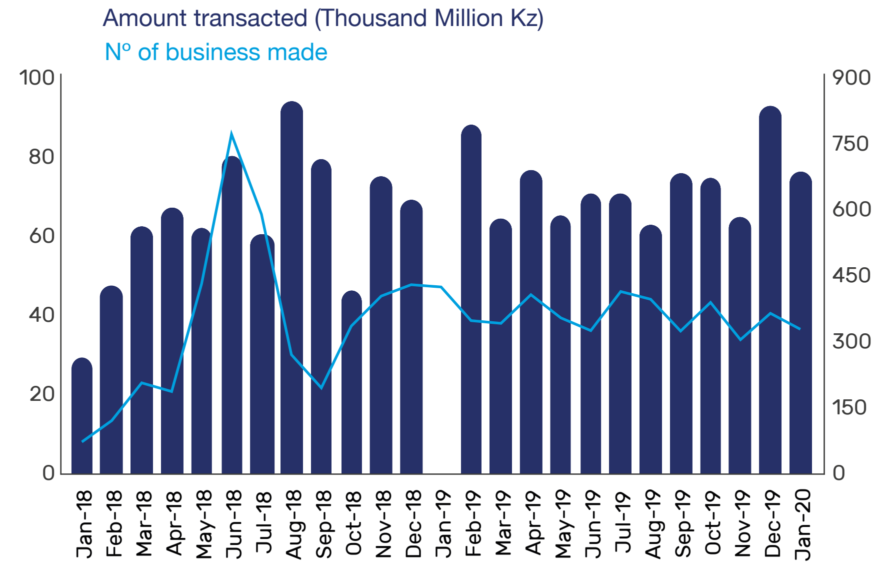
Profitability ratio suffered a run-out due to the decrease in asset profitability (ROA) from 4,4% to 0,84%, from September 2018 to September 2019 while privately owned assets and portfolio profitability decreased from 24,5% to 6,31%. Also clear to see was the increase in Cost-to-Income increase from 26,3% to 41,9% due to profitability loss.

4.2.7. DEBT MARKET

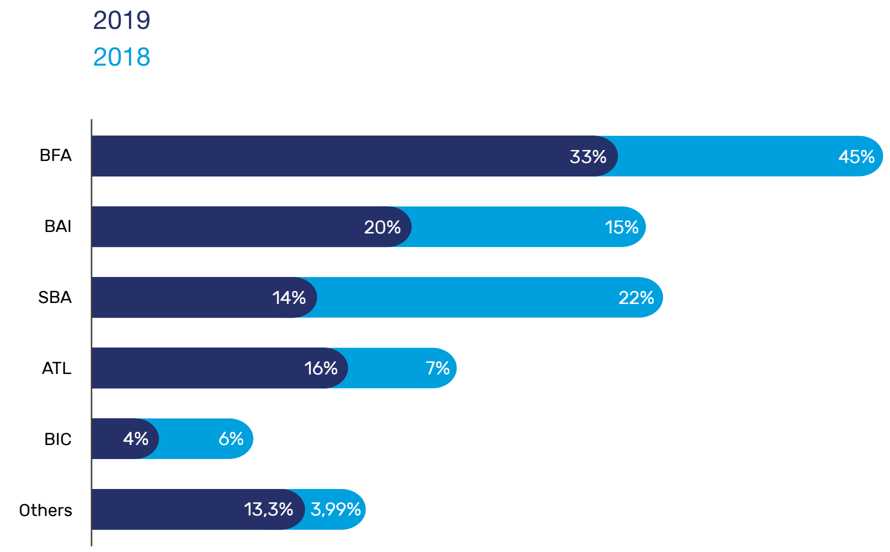
In 2019, 881,2 Thousand Million kz were traded in the Angolan stock Exchange and Derivatives (Bodiva) which amounts to an increase of 11% compared to 2018. Traded securities reached 48 Thousand Million Treasury bills, 44% less than in 2018.

BODIVA TRANSACTIONS

Source: BODIVA



BODIVA - MARKET SHARE



4.2.8. REGULATIONS

Instrument	Ttheme	Subject	Release
Directive n. ° 13/DSB/ DRO/2019 of December 27th	Supervision	Guidelines regarding AQA implementation methodology for 2019	27-12-2019
Directive n. ° 12/DCF/ DRO/2019 of December 27th	Financial Conduct	Financial products and services consumer protection	27-12-2019
Directive n. ° 11/DSB/ DRO/2019 of December 18th	Financial System	Information Reports Deadlines through the Financial Institutions internet portal (PIF)	20-12-2019
Notice n. ° 14/2019 of December 2nd	Foreign Exchange Policy	Foreign Exchange Amount Limit	11-12-2019
Notice n. ° 13/2019 of December 2nd	Foreign Exchange Policy	Oil and Gas foreign exchange operations for asset liquidation and supplied services for foreign currency residents.	11-12-2019
Notice n. ° 12/2019 of De-cember 2nd	Foreign Exchange Policy	Rules and procedures involving foreign exchange operations for individual persons.	11-12-2019
Directive n.° 10/DSB/ DRO/2019	Financial System	Information Reports Deadlines through the Financial Institutions internet portal (PIF)	10-12-2019
Notice n.° 11/2019 of 26 de Novembro	Foreign Exchange Policy	FOREIGN CURRENCY OPERATION PRICE LIST – Commissions and costs maximum limits – Currency charged in commissions	09-12-2019
Directive n.° 09/DSP/ DIF/2019	Payment System	Mobile Payments statistical information.	27-11-2019
Notice no.10/2019 of November 6th	Foreign Exchange Policy	Rules and procedures involving foreign exchange operations for individual persons.	12-11-2019
Notice no.09/2019 of November 6th	Foreign Exchange Policy	PROVISION SERVICES PAYMENTS – Rules of Remittance of amounts operations	12-11-2019
Notice N. ° 08/2019 of November 6th	Foreign Exchange Policy	Operational Rules	12-11-2019
Directive N.° 04/DCC/2019	Foreign Exchange Policy	Definition of “foreign exchange delays”	07-11-2019
Instructive N. ° 19/2019 of November 6th	Foreign Exchange Policy	Foreign currency auctions Organization and Operational procedures	07-11-2019
Directive N. ° 08/DMA/ DRO/2019 of October 24th	Foreign Exchange Policy	Required Reserves and requirements for compliance calculations	25-10-2019
Instructive N. ° 18/2019 of October 25th	Financial System	Foreign exchange limits for merchandise imports	25-10-2019
Directive N. ° 03/DCC/ 2019 of October 25th	Financial System	Letters of loan liquidation under Quantity Auction	25-10-2019
Directive N. ° 02/DMA/ 2019 of October 24th	Financial System	BNA's Basic Interest Rate – BNA's rate, Interest rates on permanent lending facility and liquidity-absorbing	25-10-2019
Instructive N. ° 17/2019 of October 24th	Monetary Policy	Required reserves	25-10-2019
Instructive N. ° 16/2019 of October 24th	Foreign Exchange Policy	Reference exchange rate Methodology for Calculating Banking Financial Institutions exchange rate	25-10-2019
Notice N. ° 07/2019 of October 25th	Monetary Policy	Load concession to the real sector of the economy	07-10-2019
Instructive N. ° 15/2019 of September 6th	Financial System	Non-banking institutions Chart of Accounts	09-09-2019
Instructive N. ° 14/2019 of September 6th	Financial System	Banking Financial Institutions Chart of Accounts	09-09-2019
Notice N. ° 06/2019 of August 30th	Microloan societies	Draft Changes on articles 2° and 6° of Notice N° 08/12 of March 30th	09-09-2019
Notice N. ° 05/2019 of August 30th	Financial System	Accounting Standardization and harmonization of the Angolan Banking Sector	09-09-2019
Instructive N. ° 13/2019 of August 28th	Financial System	Effective Interest Rate Method of Recognition of Income and Financial Instruments Spending	06-09-2019
Instructive N. ° 12/2019 of August 28th	Financial System	Bonds and transferable securities	06-09-2019
Instructive N. ° 11/2019 of August 28th	Financial System	Handling of Losses on Loan Portfolio	06-09-2019
Instructive N. ° 10/2019 of August 28th	Financial System	LEASES Draft Changes on items 7.3 and 8.2 of the Instructive N° 08/16 of August 8th	06-09-2019
Instrutive N.° 09/2019 of August 27th	Financial System	Disclosure of financial instruments	02-09-2019
Instructive N. ° 08/2019 of August 27th	Financial System	Losses by impairment for Loan Portfolio	02-09-2019
Directive N. ° 06/DCC/DMA/ 2019 of July 5th	Monetary Policy	Importing Documentary Loans Upper Limit allocation by Banco Nacional de Angola Applicable Terms and Conditions	08-07-2019
Instructive N. ° 07/2019 of July 5th	Financial System	Value Limits on Operations done on Payment Systems	12-11-2019
Instructive N.° 05/2019 of July 5th	Financial System	Deposit Operations and Withdrawal of Kwanza Notes	12-11-2019
Instructive N. ° 05/2019 of July 5th	Financial System	Handling of Notes with dubious legitimacy	07-11-2019
Directive N. ° 02/DMA/ 2019 of May 30th	Monetary Policy	BNA Rate - Notice N. ° 12/2012 of April 2nd	07-11-2019
Instructive n. ° 04/2019 of April 26th	Monetary Policy	Financial System – Loan Concessions	25-10-2019
Directive N. ° 03/DEE/DSB/ DRO 2019 of March 28th	Monetary Policy	Additional Information on New Loans and Deposits made through the Financial Institution Supervision System – SSIF – Monthly Information	25-10-2019
Instructive N° 03/2019 of April 3rd	Payment System	Payment system – Automated Clearing and Settlement House for Securities of Angola – Assurances of Settling Balances	25-10-2019
Notice. N° 04/2019 of April 3rd	Financial System	Loan Concession to the Real Sector to the Real Sector of the Economy; Terms and conditions	25-10-2019
Notice N° 03/2019 of April 3rd	Financial System	Foreign Currency Transactions Price List	31-03-2019
Directive n. ° 002/DSP/ DRO/2019 of February 21st	Systems and Payments	Payment Cards Validity	22-02-2019
Directive n. ° 01/DCC/2019 of February 5th	Foreign Exchange Policy	Information related to Commitment Declarations issued by commercial banks for merchandising exporting	12-02-2019
Directive n. ° 01/DCC/2019 of February 5th	Foreign Exchange Policy	BNA Rate - Notice N. ° 10/2011, of October 20th	31-01-2019
Directive n. ° 02/DMA/2019 of January 30th	Financial System	Duty of informing clients regarding the Deposit Guarantee Fund	18-01-2019
Instructive n. ° 07/2019 of January 3rd	Foreign Exchange Policy	Foreign Currency Position Limit. Daily information from Comercial Banks.	10-01-2019
Directive n. ° 01/DSB/DRO/ DMA/2018 of January 2nd	Systems and Payments	Guarantee of CCAA parameters on subsystems for determining minimum safeguards and default penalties.	04-01-2019
Directive n. ° 01/DSP/DRO 2019 of January 3rd	Systems and Payments	Automated Clearing and Settlement House for Settling Balances	04-01-2019

4.3 RECENT DEVELOPMENTS

COVID-19 AND OIL PRICE DROP

The Coronavirus (COVID-19) pandemic has created a wave of negative impact on all the economies worldwide. All volatility indexes around the world that measure shareholder uncertainty in the economy and financial investment, in general, have been shown historically high levels. CBOE Volatility Index, as an example, which follows the American stock trading (S&P 500) of the 500 largest companies, has peaked at historically high numbers, only surpassed by the subprime crisis back in 2008.

Due to Chinese growth in the world stage at an economic level, likewise worldwide widespread of the contagion will be reflected in the global economy. Many other countries have experienced a slowdown in their economies as government and companies create contingency and safety measures to stop the virus from running rampant on the population. One of the measures, as an example, is the cuts made by the American Federal Reserves, on interest rates by 50 basis points between 1% and 1,25%. Led by the Fed, the Bank of England and the Bank of Canada followed suit. The European Central Bank did not cut interest rates but provided beneficial loans at lower rates mainly directed at small and medium-sized firms, which will also benefit from lower international tax rates and weakening of USD. BAI expects that the turmoil at the world stage due to COVID-19 will impact the national economy and expects the following:

- Loan demand will increase and deposit growth will diminish due to restrictions on population freedom and circulation that will, in turn, reduce or halt most of the economic activities;
- Restrictions to offer will have a negative effect on inflation;
- Demand for banking services demand will decrease and, by extent, banks will experience less availability and services provided on their side. On the other hand, services like mobile payment for transactions and digital channels, in general, can also experience a growth opportunity;
- Loan risk will also increase given that most of the population will experience lower-income and may shift priorities which in turn affects the tendency to pay the Bank the agreed amount.

After the abrupt drop in oil prices in international markets, the national market will experience the following repercussions:

GDP – Oil sector delay in investment will cause low profitability, impair new eventual projects and oil production in certain zones may halt which will then heavily affect the access to foreign currency that the fragile non-oil related industries already experience. This will undermine the repayment of loans and may stress the banks' inherent risk.

State General Budget (OGE) – The Budget predicted the barrel average price to be 55 USD and its abrupt drop caused a downturn on government tax revenue. The following table shows simulations of the OGE with the oil changes and barrels price alterations, taking into account the same State costs and other spending predicted on 2020's OGE.

BANKING SYSTEM SOLVENCY INDICATORS

Thousand Million Kz	OGE 2020	Outlook 1 Low price (30 USD)	Outlook 2 Low price + ↓8% in oil production
Tax revenue	8.614,6	↓29%	↓32%
d/q: Oil companies	5.580,5	↓45%	↓50%
Costs	8.096,2	-	-
Budget balance (% GDP)	1,2%	-4,8%	-5,4%

Source: MINFIN/Simulações GEF

Indebtedness – Angolan yields have reached staggering numbers with the oil price drop, and along with the government's lessened income, Treasury debt will also not be addressed. The Government may have to finance a 5% higher deficit than the assumed in the OGE instead of a surplus.

Net International Reserves (RIL) – Growth of RIL will be heavily impaired by less tax revenue due to oil companies not being able to proceed with their normal production and lessen the deposit rate in the Single Treasury Account in foreign currency (CUT-ME). With the current rate of foreign currency offer in primary market auctions administered by BNA, will risk the not fulfillment of RIL targets set by IMF. In short, the country's external vulnerability index may be damaged by a drop in RIL, CUT-ME deposit decline, less tax revenue from oil companies, and an increase in external indebtedness.

•Exchange rate – Reduction in revenue from oil companies will cause a drop in foreign currency availability to the banks, both by oil companies and BNA alike, and affect the currency exchange rate. Should BNA not loosen monetary policies in view of maintaining price control, there will be fewer liquid funds to the banking system and the economic sector. On the other hand, if BNA softens the current policies such as lowering the interest rate or obligatory reserves, the exchange rate stress would be much higher. Even in this scenario, the exchange rate would also be affected by the low liquidity needed by the State to negotiate (rollover).

External financing lines – Foreign currency reduction in availability would cause a risk to the country's loan, implying less ability by the banking sector to use financing lines and clean lines (with no interest) with international banks and support the economy, by extent.

05

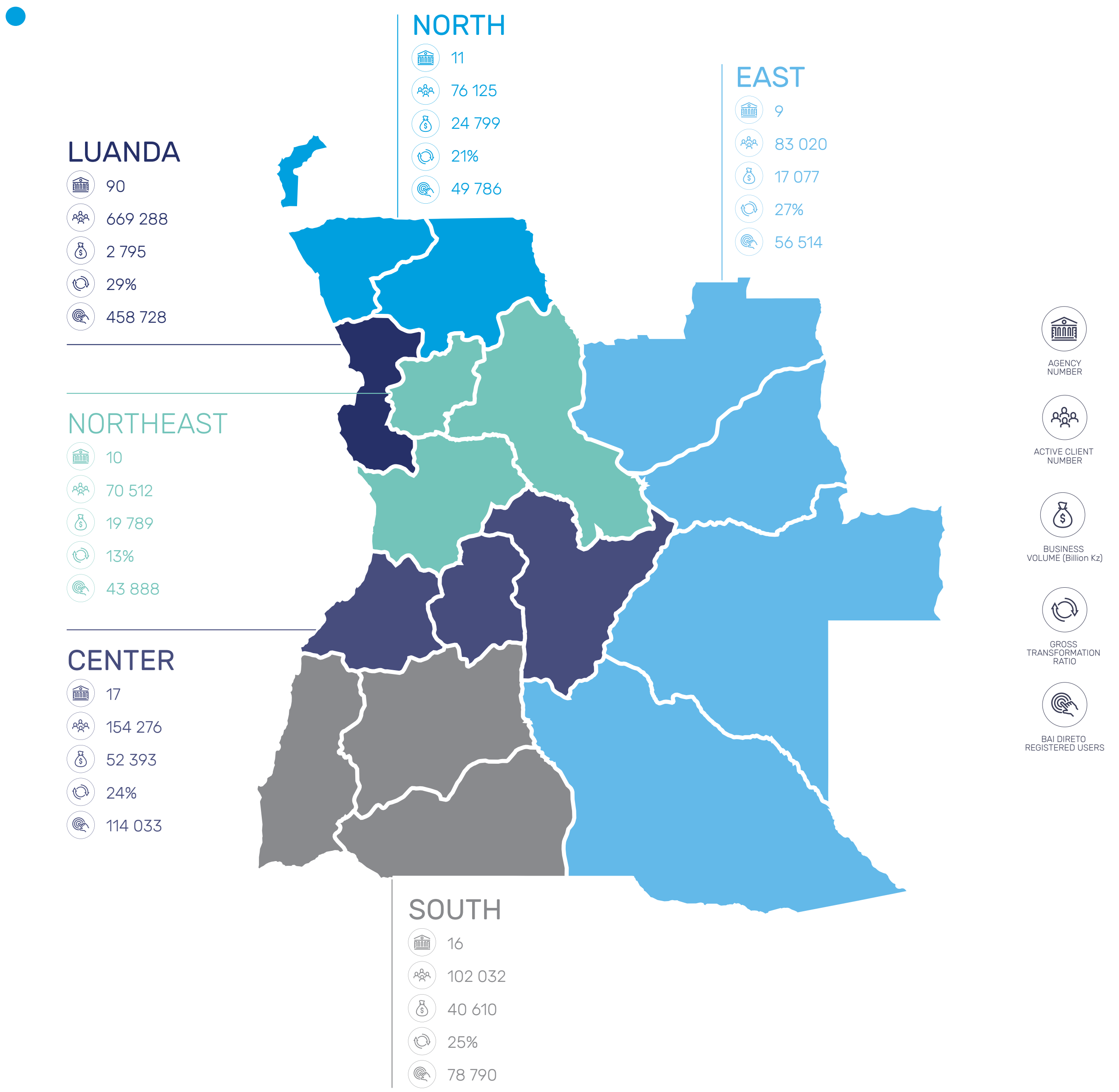
ACTIVITY BY BUSINESS AREA

Chicala, Luanda, Angola

BAI has kept its notoriety in the Angolan market, business volume-wise, with 2 973 Thousand Million Kz being traded, and 1 157 286 clients serviced with nationwide coverage. BAI has kept its premise of focusing on commercial and retail banking, offering a wide variety of solutions for its corporate and private clients.

This includes deposits, savings accounts, mortgages, loan cards, loans, financing, and bancassurance.

5.1 GEOGRAPHIC PRESENCE



Whatever the connection between the client and BAI, the priority is to offer the best banking experience, fitted to individual needs. The goal is to be the best client bank in Angola with choice and flexibility for its customers, building deep, long, and satisfying business links.

5.2 ACTIVITY BY BUSINESS AREA

Gross business volume (deposits and gross loan) reached 2 973 Thousand Million Kz in 2019, increasing 610 Thousand Million compared to 2018.

+18%
N° OF ENTITIES
1 157 286

+26%
DEPOSITS
2 285 mM

+24%
LOAN
687 mM

+21%
USERS
801 315

-0,7%PP
RATIO
20%

-13%
OVERDUE LOAN
121 M

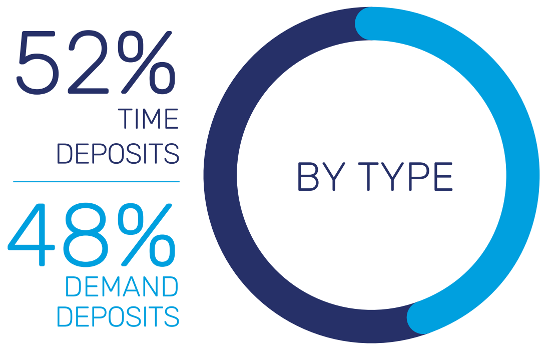
153
NUMBER OF BRANCHES

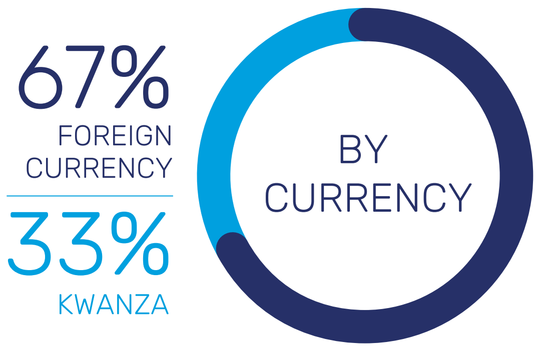
#1
QUOTA OF DEPOSITS

* Gross Loan considered Turnover
Note: Variations compared to 2018

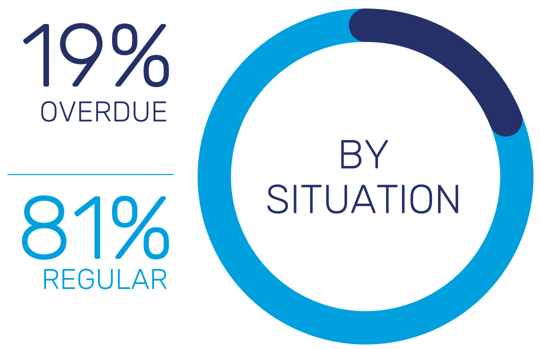
57% of the amount originated in commercial banking, with 1 687 Thousand Million Kz compared to 1 285 Thousand Million Kz in retail banking, or 43%.

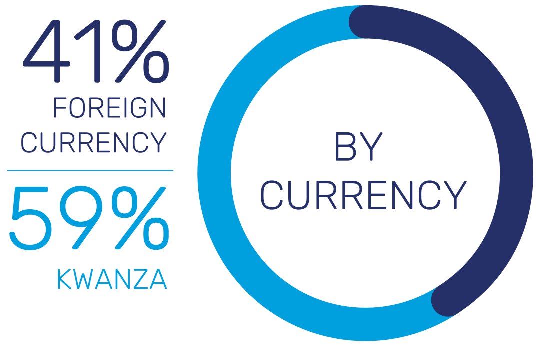
DEPOSIT ANALYSIS





LOAN ANALYSIS





BNA instructed banks to create specific loan solutions for basic good financing to boost the real sector of the economy.

To the effect BNA released Notice n°4/19:

- Loans allocation must be at least 2% of the asset value shown on the December 31st, 2018 balance sheet;
- Loans allocated after January 1st, 2019 are eligible for the total amount of concession, as well as, all loan granted in previous years for the production of goods mentioned in the Notice and are then restructured throughout the year should the grantee have financial difficulties in paying the loan;
- Loan operations must be assessed by the Bank's risk criteria;
- Total loan cost cannot be above 7,5%, including the nominal interest rate and bank commission;
- Total loan amount must be deductible in the required reserves, including the restructured amount throughout the year.

In order to meet the requirements, BAI developed strategies focused on businesspeople, companies, and projects. A list of critical factors was created with respective risk, drawn from the experience gathered by Programa Angola Investe.

BAI created a criteria baseline from which to draw upon to assign risk to each value chain, including agroecology along all municipalities in the country focusing on products mentioned in PAC.

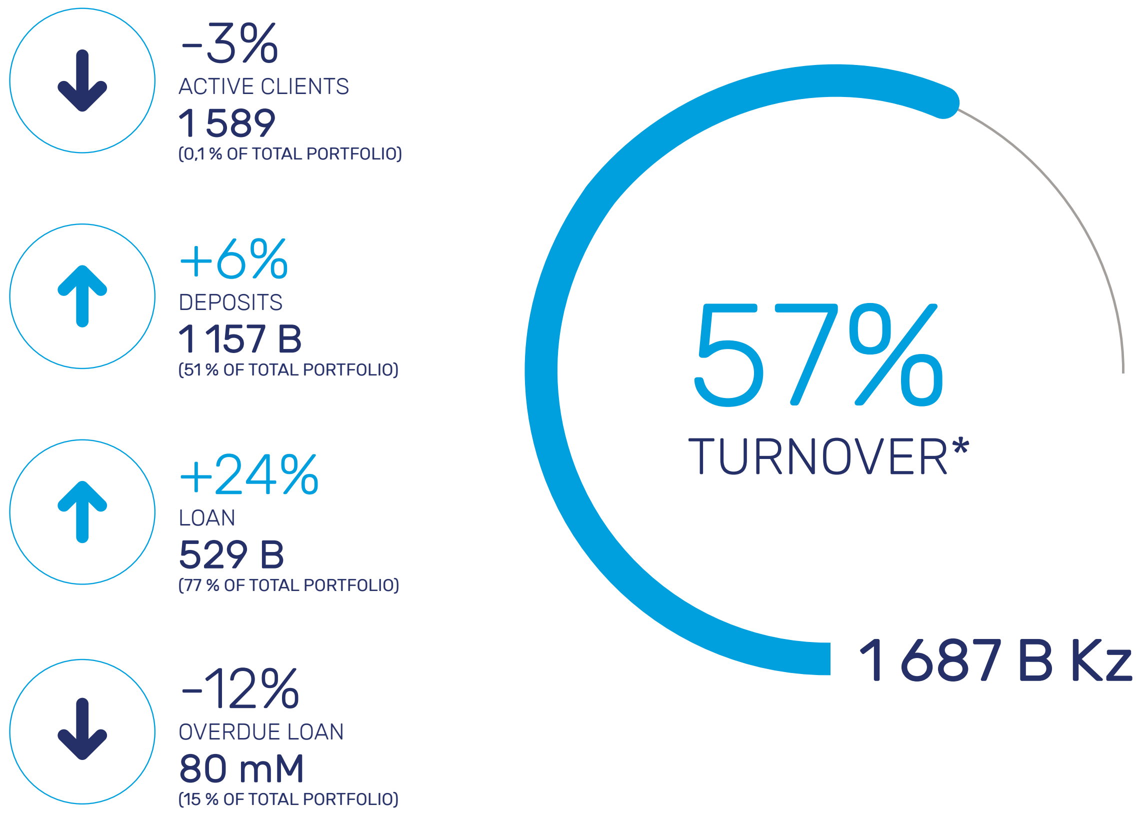
BAI has also pursued strategies to accommodate small rural farmers and providers, normally not part of banking and loan services. Said strategy has demanded personal visits and inquiries regarding land to the main informal markets of Luanda to identify local farmers and understand the chain line to the main original producer. The strategy also included an exchange of ideas and alternative solutions to broaden the possible services.

The total amount of loan allocated under BNA's PAC and Notice n°4/19 was of 47 226 Thousand Million Kz, accomplishing 115% of the target set by BNA. (2% above the 2018's balance sheet asset value).

5.2.1. COMMERCIAL BANKING

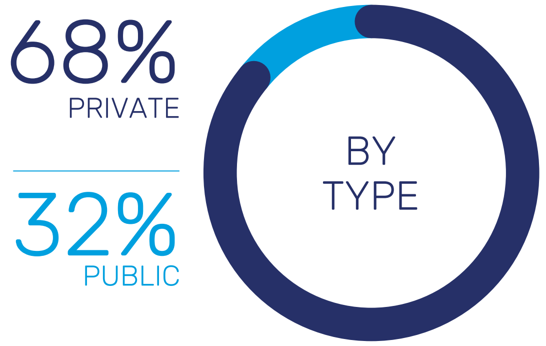
Commercial banking includes Large Corporate (companies) and Public Institutions and offers a wide array of products and services such as banking operations, capital management, and private debt in the Angolan Capital Market.

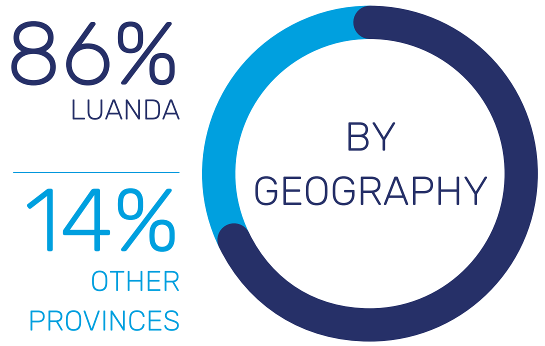
Ongoing investment on digital platforms and services allows for an expedited, safe, and comfortable self-service delivery, allowing for better time management.



*Gross loan deemed turnover

ACTIVE CLIENTS





At the end of 2018, Commercial Banking registered 1 586 clients, 39 less (3%) than in 2018. Large Corporate serviced 1 313 clients in multiple areas of business with the main focus on non-financial private corporate.

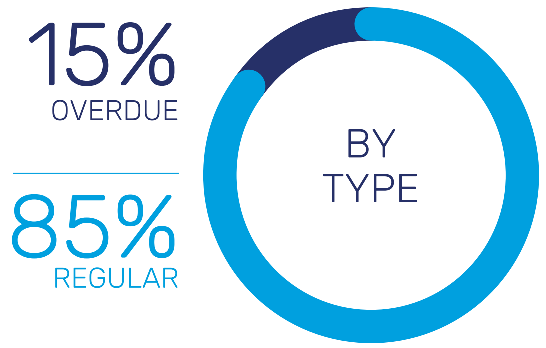
The retail deposit book was set at 1 186 Thousand Million Kz with Large corporate representing 89% of the amount.

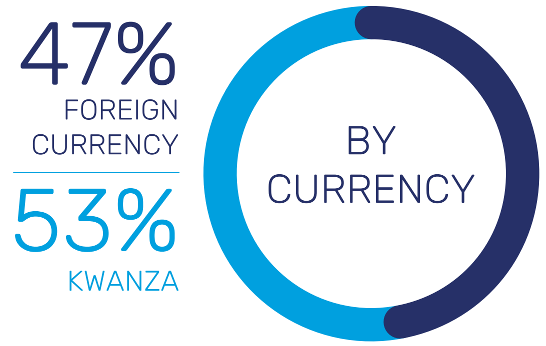
Non-financial corporate private sector weighs 65% of the deposits with the main focus on foreign currency.

The loan portfolio was set at 502 Thousand Million Kz in 2019, increasing 97 Thousand Million Kz (24%) compared to 2018.

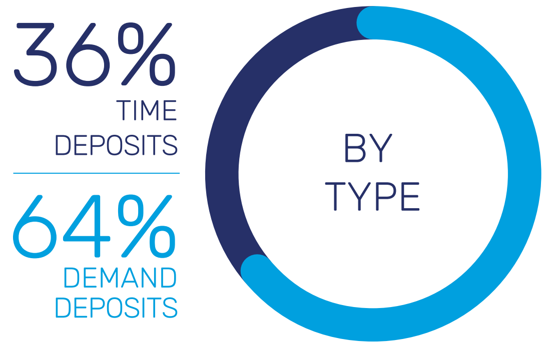
Overdue loans diminished by 12% compared to 2019.

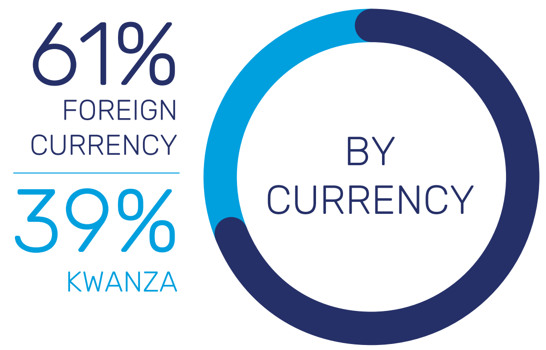
LOAN ANALYSIS





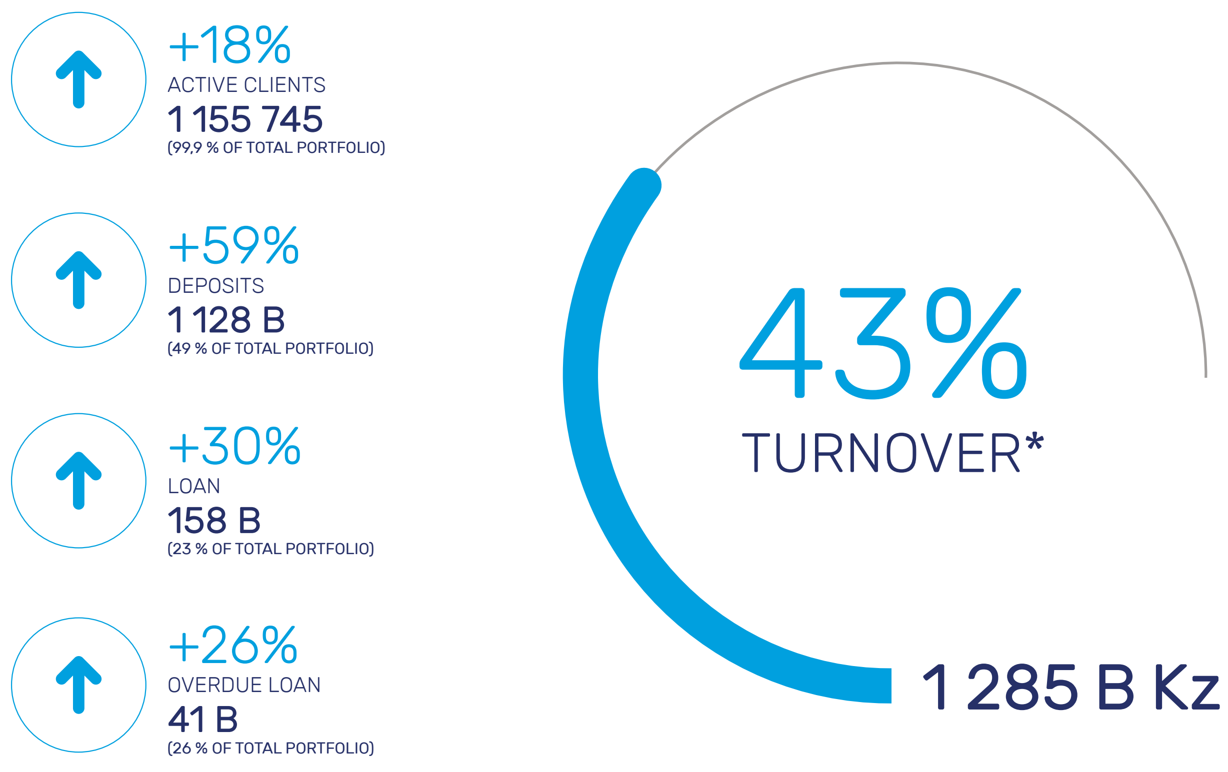
DEPOSIT ANALYSIS





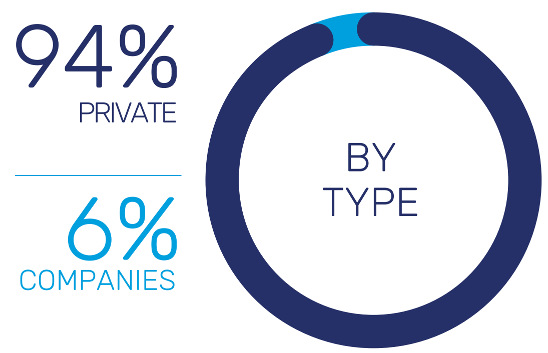
5.2.2. RETAIL BANKING

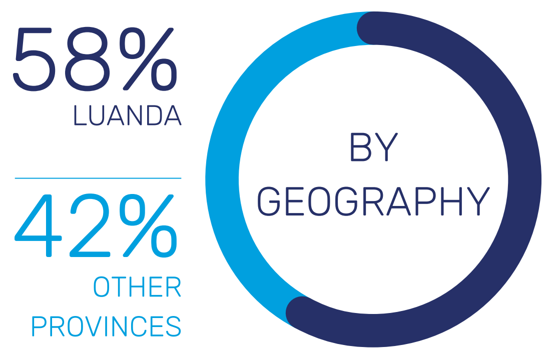
Retail banking operates with Mass Market, general business, Affluent, small and medium-sized companies (PME), Premium employees and Potential Businesses, and other multichannel, standardizing business with a larger emphasis on product transparency to better service and reduce risk while working within baselines deemed as a safe risk.



*Gross loan deemed as turnover

ACTIVE CLIENTS

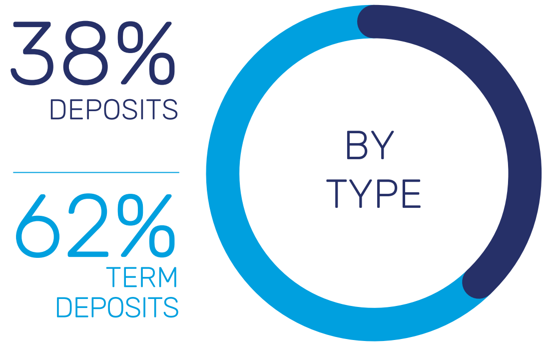


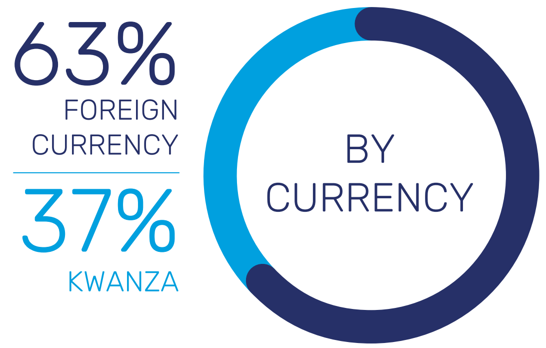


At the end of 2019, retail banking serviced 1 155 745 clients, increasing 175 200 from last year, 90% of which belonging to Mass Market.

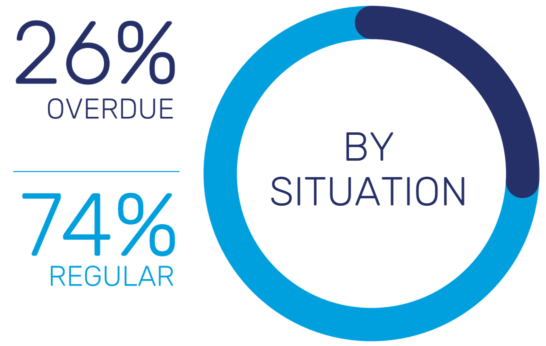
Small and medium-sized companies increased by 547 to a total number of 7 516 currently. Turnover recorded 11 285 Thousand Million Kz, 88% belonging to deposits, and 12% to loan.

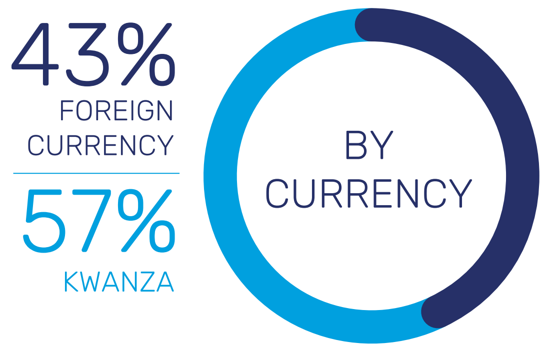
DEPOSIT ANALYSIS





LOAN ANALYSIS





The loan portfolio was set at 158 Thousand Million Kz, 30% higher than last year.

82% of the portfolio is private clients and 18% are corporate. Foreign currency loan has also decreased due to a large number of mortgage lending in Kwanzas.

Deposit wise, the numbers increased to 59% with fixed-term deposits amounting to 301 Thousand Million Kwanzas and time deposits amounting to 119 Thousand Million Kz.

The increase is justified by Kwanza depreciation leading to deposits in national currency growing by 14%.

5.2.3. ELECTRONIC BANKING

The ongoing growth of digital platforms is exceeding expectations once again and is forecasted to have an upward trajectory in the next few years. Financial services and client experience keep increasing due to new technologies that allow for better efficiency and transparency. Added to the experience, clients also remain trustworthy of the institution due to its cybersecurity, protection, and appropriate use of the client's information.

+166%
ACTIVE MDA
16

+8%
ACTIVE ATM
424

+36%
ACTIVE POS
21 472

+20%
VALID CARDS
724 490

+24%
CREDIT CARDS
2 596

+12%
KAMBA CARDS
(PRE-PAYMENT)
42 915

#1
POS
SHARE

#2
ATM
SHARE

Note: Variations compared to December 2018

BAI has maintained its strategy in betting on digital channels that allow closer proximity with its clients and boost its offer of services. New functionalities and updates were added to broaden the services and products available, always maintaining the objective of increasing client satisfaction and experience.

5.2.3.1. BAI DIRECTO

The user number reached 801 315, recorded 141 679 more subscribers than in 2018, increasing by 21%.

BAI Directo has seen its position consolidated in the Angolan market in 2019 due to its user-friendly use, its simplicity, commodity, safe and fast navigation. Averaging 42 opening of new accounts a day and 15 316 at the end of the year. BAI also recorded 287 060 (788 a day) cardless withdrawals and 3 950 193 miscellaneous operations.

5.2.3.2. AUTOMATIC DEPOSIT MACHINES - MDA

Automatic Deposit Machines park increased to 16 machines, a 67% increase compared to 2018, and scattered around Luanda, Benguela, Cabinda, and Huíla.

Deposit turnover reached 2 126 million Kz during 2019, 94% were made in Luanda with Kikolo, Morro Bento, and the Headquarters branches drawing the most volume.

5.2.3.3. BANKING TERMINALS AND ATMS (ATM E TPA - POS)

On December 31st 2019, BAI had a notable increase in its Automatic Payment Terminal or Point of Sales network and a more moderate rise in ATM (Automatic Teller Machines).

POS inventory pointed to 27 623 active devices which added to a 24% increase in machines compared to 2018, leading to established market leadership with 25% of all active machines in the country.

ATM network grew 14% peaking at 427 machines which further allowed BAI to keep its second place in the market share.

Operability levels were high during 2019, hitting 98% in an operational ratio for ATM and 78% for POS.

5.2.3.4. PAYMENT CARDS

POS active and valid cards noted growth with 21% of active cards reaching the milestone of 669 897 and valid cards registering 724 490 throughout 2019.

VISA International cards also noted a growth of 4% reaching 6 629 active ones.

VISA operations also had a turnover of 3 221 million Kz as a result of 5 5 422 million Kz in profit and 2 201 million Kz in operation costs.

06
FINANCIAL HOLDINGS

Muxima, Angola

Besides the financial sector, BAI also owns shareholdings in other Portuguese speaking countries such as Portugal, Cabo Verde, and São Tomé e Principe.

98,41%
BMF

99,99%
BAI EUROPA

83,85%
BAI CABO VERDE

25%
BISTP

72,24%
NOSSA SEGUROS

96%
BAI GEST

20%
SAESP

100%
BAI CENTER

BAI
SHAREHOLDINGS

Note: Aside from the above-mentioned entities, BAI also holds 2,3% shareholdings in Griner Engenharia, S.A. and 47,5% in Angola Capital Partners which the accounting value, or book value, is null.

6.1 BAI EUROPE

In 2019, BAI Europe's (BAIE) net result was of 3 389 million EUR, which represents a decline of 2 519 million EUR (42,6%) when compared to 2018 due to the decrease in financial leeway of 1 331 million EUR on account of the increase of paid taxes and proceeds from borrowings.

BAI Europe's asset is set at 821 579 million EUR, a decrease of 324 423 million EUR (28,3%) compared to 2018 on account of a decline in financial applications in loan institutions of 245 830 million EUR and financial assets at fair value through other comprehensive income in 134 333 million EUR.

In December 2019, total liability debt reached 734 957 million EUR which is a reduction of 44% to 327 910 million EUR on account of likewise time deposits decrease to other loan institutions in the amounts of 320 726 million EUR and 35 432 million EUR in demand deposits.

BAIE

(Thousand EUR)	Dec.17 Audited	Dec.18 Audited	Dec.19 Audited	Variation Abs.	Variation %
Financial and Investment Assets	232 768	306 614	169 783	-136 831	-44,6%
Loans to customers (gross)	72 103	76 304	81 744	5 440	7,1%
Impairment	-2 883	-1 880	-2 405	-525	27,9%
Other Assets	702 736	764 964	572 457	-192 507	-25,2%
Total Asset*	**1 004 723**	**1 146 002**	**821 579**	**-324 423**	**-28,3%**
Deposits (BC + OIC + Clients)	921 835	1 049 691	727 333	-322 358	-30,7%
Other Liabilities	5 010	13 176	7 624	-5 552	-42,1%
Owned Funds	77 878	83 135	86 622	3 487	4,2%
Total Impairment + CP*	**1 004 723**	**1 146 002**	**821 579**	**-324 423**	**-28,3%**
Bank product	13 585	14 566	12 789	-1 777	-12,2%
Cost structure	-4 634	-5 863	-6 479	-616	10,5%
Net results	5 138	5 908	3 389	-2 519	-42,6%
N° of employees	32	41	45	4	9,8%
N° of clients	538	622	840	218	35,0%

* Information purposely hidden

6.2 BAI MICRO FINANCES (BMF)

In December 2019, BMF's net outcome was of 507 million Kz, increasing from 269 million Kz (112,5%) compared to December 2018. This was driven by the increment of (i) foreign exchange results of 299 million Kz and (ii) 297 million Kz in net commissions.

Fixed assets were of 21 231 million Kz, from 6 338 million Kz (43%) of 2018 due to the increase (i) in cash and central banks availability in 2 552 million Kz (95%) and (ii) from central bank's investments and other loan institutions in 2 503 million Kz (100%).

In 2019, total liabilities matched an increase of 5 869 million Kz (82%) when compared to 2018 on account of growth in client resources and other loans in the amount of 5 621 million Kz (82%). This is also due to the increase in time deposits and other loans of 3 700 million Kz (152%) and demand deposits from clients and other loans in the amount of 1 890 million Kz (45%).

BMF

				Variation	
(Thousand EUR)	Dec.17 Audited	Dec.18 Audited	Dec.19 Audited	Abs.	%
Financial and Investment Assets	5 204	9 691	10 474	784	8,1%
Gross Loan	739	1 188	1 305	116	9,8%
Impairment	-574	-594	-338	256	-43,1%
Other Assets	3 439	4 559	9 791	5 231	114,7%
Total Asset*	**8 808**	**14 844**	**21 231**	**6 388**	**43,0%**
Deposits (BC + OIC + Clients)	6 149	6 884	12 493	5 609	81,5%
Other Liabilities	199	297	556	260	87,5%
Owned Funds	2 460	7 675	8 183	507	6,6%
Total Impairment + CP*	**8 808**	**14 856**	**21 231**	**6 376**	**42,9%**
Bank product	1 481	2 201	3 031	831	37,7%
Cost structure	-1 352	-1 870	-2 315	-446	23,8%
Net results	315	239	507	269	112,5%
N° of employees	184	208	214	6	2,9%
N° of clients	115 912	122 293	129 669	7 376	6,0%

* Information purposely hidden

6.3 BAI CABO VERDE (BAICV)

In 2019, BAI Cabo Verde converted 2 267 million EUR in debt securities to shares prompting BAI's shares to increase from 80,43% (December 2019) to 83,85% in December 2019. As a complement to the above stated, there were also issued debt securities in the amount of 4 534 million EUR at a 4,25% a.o.a rate and maturity until December 2025.

BAICV net profit was of 931 million EUR depicting a growth of 20 million EUR (2,2%) when compared to 2018 and mostly explained by the increase (i) of the financial margin in 111 million EUR (2%), (ii) increase in complementary margin of 139 million EUR (15%) and (iii) impairment reversal of 646 million EUR (86%).

Total assets were worth 202 880 million EUR, matching an increase of 15 981 million EUR (8,6%) when compared to 2018. This is a result of (i) other tangible assets worth 5 006 million EUR (151%), (ii) client loan worth 2 807 million EUR (2%), (iii) cash and central bank balances worth 2 079 million EUR (8%) and (iv) other loan institutions balance worth 1 549 million EUR (114%).

In 2019, total liabilities were of 183 877 million EUR, increasing 12 704 million EUR (4%). This rise is explained by (i) Kwanza client deposits of 15 127 million EUR (29%) and (ii) decline in loaning from other loan institutions of the amount of 5 390 EUR (11) %.

BAICV

				Variation	
(Thousand EUR)	Dec.17 Audited	Dec.18 Audited	Dec.19 Audited	Abs.	%
Financial and Investment Assets	46 910	53 869	55 339	1 470	2,7%
Gross Loan	85 710	88 069	90 807	2 738	3,1%
Impairment	-3 268	-4 737	-4 667	70	-1,5%
Other Assets	46 286	49 697	61 400	11 704	23,5%
Total Asset*	**175 639**	**186 898**	**202 880**	**15 981**	**8,6%**
Deposits (BC + OIC + Clients)	159 723	170 960	176 143	5 183	3,0%
Other Liabilities	5 357	5 396	12 917	7 521	139,4%
Owned Funds	10 559	10 542	13 820	3 278	31,1%
Total Impairment + CP*	**175 639**	**186 898**	**187 873**	**975**	**0,5%**
Bank product	6 311	6 937	7 187	251	3,6%
Cost structure	-4 619	-5 217	-5 944	-727	13,9%
Net results	680	911	931	20	2,2%
N° of employees	87	100	116	16	16,0%
N° of clients	20 128	26 254	31 704	5 450	20,8%

* Information purposely hidden

6.4 SÃO TOMÉ E PRÍNCIPE (BISTP) INTERNATIONAL BANK

At the end of 2019, BISTP net results were 2 648 million EUR, growing 228 million EUR (9,4%) when compared to December 2018. This is due to an increase in (i) investment in securities in the amount of 157 million EUR (43%) and (ii) foreign exchange results in the amount of 114 million EUR, thus explaining the increase in foreign banks' operations of 131%.

Total assets rose to 114 562 million EUR from 7 868 million EUR (7,4%) when compared to 2018. This is explained by the increase in (i) investment in securities in the amount of 10 221 million EUR (75%), increase in (ii) foreign deposits in the amount of 2 885 million EUR (113%) and by (iii) the decline in cash and deposits in BCSTP in the amount of 7 168 million EUR (21%). O passivo situou-se em 97 045 m EUR, um aumento de 6 594 m EUR (7%)

Total liabilities rose to 97 045 million EUR from 6 594 million EUR (7%) when compared to the same period in 2018 and it is largely explained by the increase in deposits in the amount of 3 850 million EUR (4%), the rise in demand deposits of 3 850 million EUR (5) and the decrease in time deposits in the amount of 270 million EUR (2%).

BISTP

(Thousand EUR)	Dec.17 Audited	Dec.18 Audited	Dec.19 Audited	Variation Abs.	Variation %
Financial and Investment Assets	10 610	13 674	23 873	10 199	74,6%
Gross Loan	35 740	42 479	43 568	1 089	2,6%
Impairment	-7 895	-8 835	-8 815	20	-0,2%
Other Assets	57 611	59 377	55 936	-3 440	-5,8%
Total Asset*	**96 065**	**106 694**	**114 562**	**7 868**	**7,4%**
Deposits (BC + OIC + Clients)	78 500	86 855	89 870	3 015	3,5%
Other Liabilities	2 779	3 596	7 175	3 579	99,6%
Owned Funds	14 786	16 243	17 517	1 274	7,8%
Total Impairment + CP*	**96 065**	**106 694**	**114 129**	**7 435**	**7,0%**
Bank product	9 125	10 109	10 043	-66	-0,7%
Cost structure	-5 919	-5 958	-6 351	-394	6,6%
Net results	1 598	2 421	2 648	228	9,4%
N° of employees N° of employees	164	160	158	-2	-1,3%
N° of clients	58 194	41 663	48 941	7 278	17,5%

6.5 NOSSA SEGUROS – INSURANCE COMPANY

Nossa Seguros had 3 600 million Kz in net assets, increasing 1 531 million Kz (74,1%) when compared to 2019. This is mainly explained by the increase in (i) investment income in the form of 321 million Kz (32%) and (ii) outcome of foreign exchange reassessment in the amount of 151 million Kz (4%).

At the end of 2019, total assets were worth 38 283 million Kz, increasing from 13 233 million Kz (53%) when compared to 2018, mostly due to the increase in (i) fixed-interest securities at 11 271 million Kz (99%) and (ii) collection excess at 1 226 million Kz (24%).

NOSSA SEGUROS

(Thousand EUR)	Dec.17 Audited	Dec.18 Audited	Dec.19 Audited	Variations Abs.	Variations %
Investments	8 766	11 418	22 689	11 271	98,7%
Reinsurance and technical provisions	1 947	2 590	3 661	1 071	41,3%
Colletion Commissions	3 988	5 084	6 311	1 226	24,1%
Other Assets	2 482	5 957	5 623	-335	-5,6%
Total Assets*	**17 184**	**25 050**	**38 283**	**13 233**	**52,8%**
Technical Provisions	7 354	10 263	14 894	4 632	45,1%
Other Impairments	6 234	9 508	14 970	5 462	57,4%
Own Funds	3 597	5 279	8 419	3 140	59,5%
Total Impairments + CP*	**17 184**	**25 050**	**38 283**	**13 233**	**52,8%**
Technical Results	2 738	2 546	5 437	2 891	113,6%
Net Results	964	2 068	3 600	1 531	74,1%
N° of Employees	127	134	140	6	4,5%
N° of Branches	26	27	26	-1	-3,7%

* Information purposely hidden

6.6 BAIGEST

March 2019 saw the launch of the first investment fund managed by BAIGEST and is aimed at Premium market segments of the economy with a predicted budget of 10 Thousand Million Kwanzas.

The number of funds under BAIGEST management reached 23 Thousand Million Kwanzas.

The solvency ratio is 36,5%, exceeding the minimum requirements by 26,5 p.p.

BAIGEST

			Variation	
(Million KZ)	Dec.18 Audited	Dec.19 Audited	Abs.	%
Assets	59	174	115	197%
Own Capital	-62	83	145	-234%
Income	0	162	162	100%
Operational Costs	-97	-156	-59	61%
Net Asset Results	-122	-105	17	-14%
N° of Employees	7	7	0	0%

6.7 ANGOLAN SOCIETY OF PRIVATE HIGHER EDUCATION (SAESP)

SAESP net result set itself at 70 million Kz, depicting an increase of 288 million Kz (132,3%) when compared to 2018. The result is explained by the increase in income from post graduations (i) Banking Management, ii) Human Resources Management, (iii) Fraud Prevention Course, (iv) Real Estate Valuation (9th edition), and (v) BAI's Social Responsibility Conference.

Total asset value was of 7 885 million Kz in 2019, corresponding to an increase of 634 million Kz (8,7%) when compared to the same period the year prior due to the rise in (i) accounts receivable of 503 million Kz (199,6%) and (ii) funds of 294 million Kz (2014,8%).

SAESP

				Variation	
(Million Kz)	Dec.17 Audited	Dec.18 Audited	Dec.19 Audited	Abs.	%
Tangible Assets	6 550	6 491	6 358	-133	-2,0%
Clients	338	500	1 004	503	100,6%
Cash and Client Deposit	223	144	438	294	204,8%
Other Assets	82	116	85	-31	-26,6%
Total Assets*	**7 193**	**7 251**	**7 885**	**634**	**8,7%**
Financing Obtaining	193	203	843	641	316,1%
Other liabilities	94	359	283	-77	-21,4%
Own Funds	6 906	6 689	6 759	70	1,0%
Total Liabilities + CP*	**7 193**	**7 251**	**7 885**	**634**	**8,7%**
Income from Services	1 351	1 540	2 184	645	41,9%
Operational Costs	-1 337	-1 776	-2 063	-286	16,1%
Net Asset Results	38	-217	70	288	-132,3%

* Information purposely hidden

6.8 BAI CENTER

In 2019, the BAI CENTER's net result reached a negative 344 million EUR. This is mainly explained by the cost structure and volume (operational costs + provisions + financial results) much superior to its income.

Total asset value was set at 13 681 million EUR which depicts a decrease of 1 288 million EUR (8,6%) when compared to 2018. This decline is heavily influenced by Edificio BAI's (BAI's building) market value drop in the amount of 1 368 million EUR.

Total liabilities were set at 7 731 million EUR, which constitutes an increment of 896 million EUR (378%) and it is mainly attributed to financial increments collected in the amount of 616 million EUR (9,1%).

BAI CENTER

				Variation	
(Million Kz)	Dec.17 Audited	Dec.18 Audited	Dec.19 Audited	Abs.	%
Tangible Assets	1 552	14 051	12 849	-1 202	-8,6%
Clients	6	79	35	-44	-55,7%
Cash and Client Deposit	46	583	791	208	35,8%
Other Assets	22	256	6	-250	-97,8%
Total Assets*	**1 625**	**14 968**	**13 681**	**-1 288**	**-8,6%**
Financing Obtaining	680	6 759	7 375	616	9,1%
Other liabilities	3	76	356	280	368,5%
Own Funds	942	8 133	5 949	-2 184	-26,9%
Total Liabilities + CP*	**1 625**	**14 968**	**13 680**	**-1 288**	**-8,6%**
Income from Services	104	877	895	18	2,1%
Operational Costs	-1 083	-655	-420	235	-35,9%
Net Results	-1 046	-434	-344	91	-20,8%

* Information purposely hidden

Furnas da Sassa, Kwanza Sul, Angola

Due to its nature, the banking activity leads to plenty of exposure to multiple types of risks. As a result of it, risk is at the center of all financial institution's activities.

Main developments related to Risk Management and Risk in General in 2019:

- Undertake BNA's 2019 Asset Quality Evaluation (AQA);
- Stress testing (sensitivity analysis) risk factors such as exchange rate, interest rate, risk of concentration and risk of default in the second semester;
- Mapping operational risks of all mandatory business operations, support and control;
- Establishing a risk management Procedures Manual;
- Risk management Policy approval for non-financial group;
- Detailed Report on the risk management role in the financial group;
- Private client loan scoring review;
- Publishing of the methodology used to forecast expected losses in impairments;
- Training sessions on commercial network contingency procedures and client follow up.

7.1 GOVERNMENT AND RISK MANAGEMENT ORGANIZATION

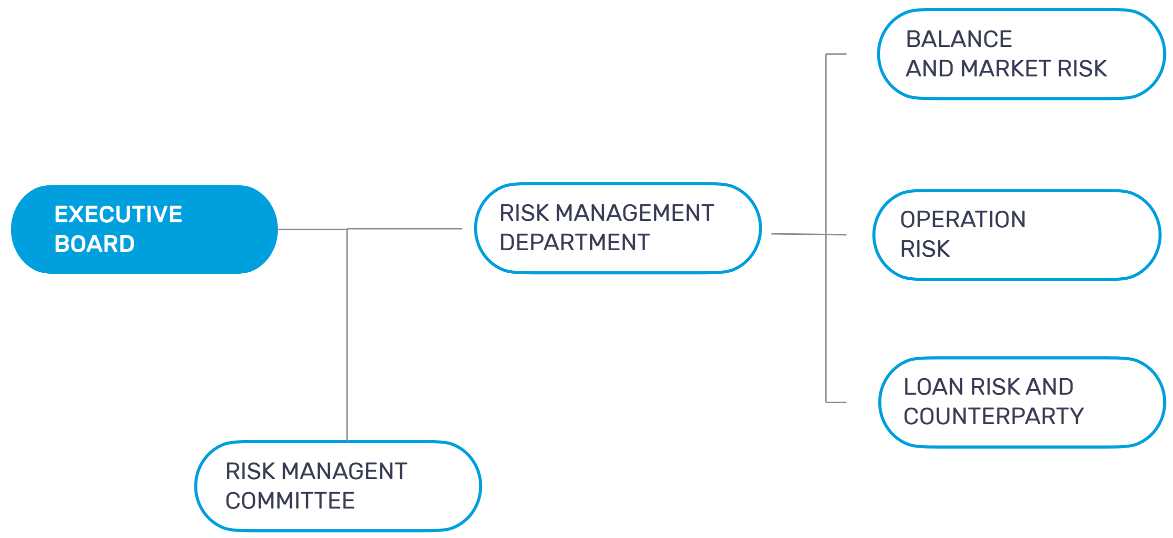
Risk management is a key element in BAI's strategy in which the Bank identifies, evaluates, monitors and controls on a daily basis all related risks to the business in order to assure legal compliance, financial stability and client, partners and stakeholder trust, in accordance with the best market practices and regulator recommendations.

Risk management is ruled by the following criteria:

i. PROTECTING FINANCIAL STABILITY: Control risks in order to limit the potential negative impact on capital and Bank earnings;
ii. PROTECTING REPUTATION: Reputation is key for good Bank performance and its preservation must be paramount;
iii. 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;
iv. INDEPENDENCE: There is a governing structure that allows identifying, evaluation, follow up and risk control done by a department that operates outside the sphere of the Bank's business areas;
v. LIMIT CONTROL: Risk monitoring is done through placing each risk within the boundaries and limits set by policies.

BAI's risk management system was implemented considering the strategic guidance and risk tolerance level of the Executive Board, the extent, nature and complexity of the Bank's activities. The organizational structure and risk management system includes an independent and autonomous feature, the Risk Management Department (RMD) – (DGR) – with direct influence and responsibility over any risk-taking activity and in turn reports to the Executive Board. It is also overseen by the Risk Management Committee and monitored daily by an administrator appointed by the Executive Committee.

ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM:



All bodies and their roles involved in the risk management system are detailed in the note n°42 of the financial statements (Internal Organization).

The involved bodies and respective roles are listed as follows:

EXECUTIVE BOARD (EC) - (CA)

Responsible for defining, approve and implement a risk management system capable of identifying, evaluate, control and monitor all risks that the Bank may be exposed to and avoid elements that could potentially impact the Bank's financial situation.

It is up to the Executive Board to:
1. Approve regulations and operations of the Risk Management committee;
2. Ensure adequate human and material resources in order to facilitate and supply Risk Management performance;
3. Ensure that Risk Management maintains levels of independency, stature, sufficient visibility and periodical updates and evaluations;
4. Approve exposure limits to all risks the Bank may be in contact with;
5. Define guidelines for the Risk Management System and define the Bank's risk profile, formalized in the Risk Management Policy

RISK MANAGEMENT COMMITTEE (CGR) – (RMC)

Responsible for overseeing and evaluating risk management efficacy:
1. Counsel the Executive Board on risk strategy;
2. Supervise the Risk Strategy Implementation;
3. Supervise the Risk Management department as predicted on Notice n°2/13, April 19th.

RISK MANAGEMENT DEPARTMENT (DGR) – (RMD)

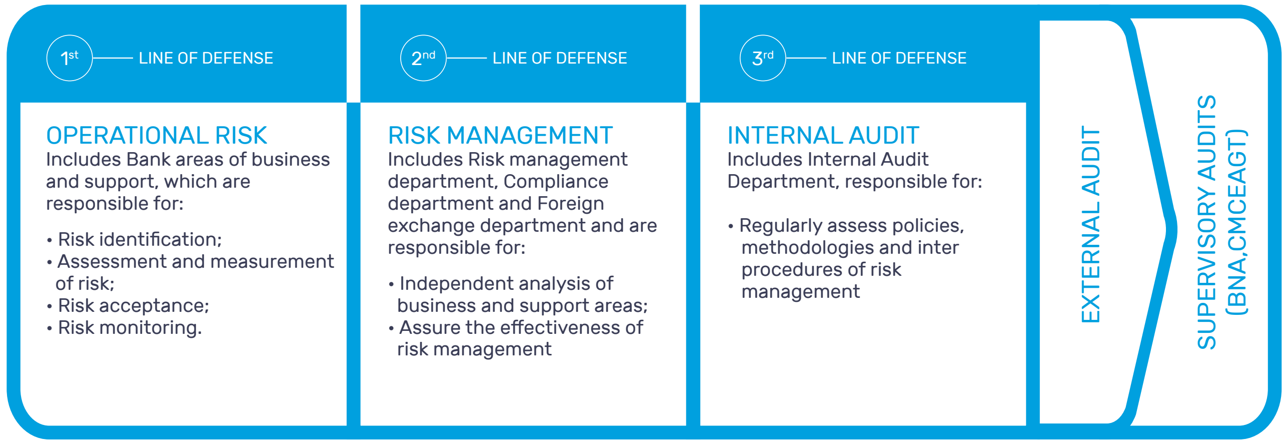
Responsible for identifying, evaluating and monitor all relevant risks to the bank as well as oversee the efficacy of measures taken to correct eventual flaws of the risk management system.

INTEGRATED SECURITY OFFICE (GSI) – (ISO)
Responsible for creating policies, rules and guidelines that assure an adequate management and monitoring of the security systems, computers and electronic devices and their implementation.

STRUCTURAL UNITS OF THE BANK
Responsible for the control and abiding of internal procedures created and set by the Executive Committee.

7.1.1. RISK MANAGEMENT RESPONSIBILITY MODEL

BAI's risk management is comprised of an internal control and evaluation structure set by three lines of defense:



The FIRST LINE OF DEFENSE is comprised of risk areas which must assure the effectiveness of risk management inside the scope of their direct organizational responsibilities, namely the following:

1. Inform: Assure that all risks are identified, evaluated, mitigated, monitored and reported;
2. Control: Assure the implementation and abiding of all policies, procedures, limits and other risk control requirements as well as propose updates to all risk policies within the acceptable boundaries and patterns;
3. Planning and optimization: Aligning business areas strategies and support roles prone to risk and minimize risk of no returns.

The SECOND LINE OF DEFENSE consists on the independent review process made by the Risk Management department and Compliance department. Risk management and compliance department perform an independent analysis from the first line of the defense. DGR then assures full efficacy of the risk management system.

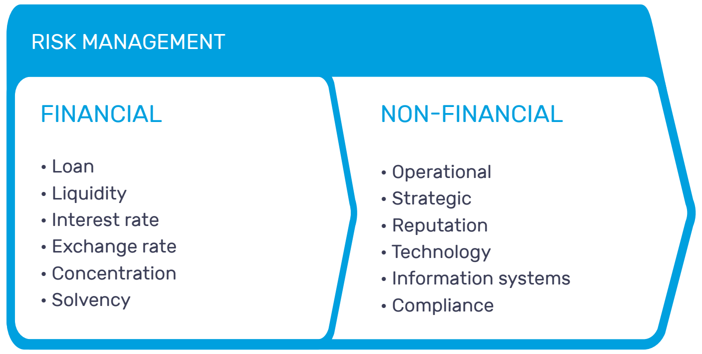
Internal audit is the THIRD AND LAST LINE OF DEFENSE at BAI and is it up to it to evaluate and update policies, methodologies and procedures to guarantee that they are suited and are being implemented in an effective fashion.

7.1.2. RISK PROFILE AND DEGREE OF TOLERANCE RISK-WISE

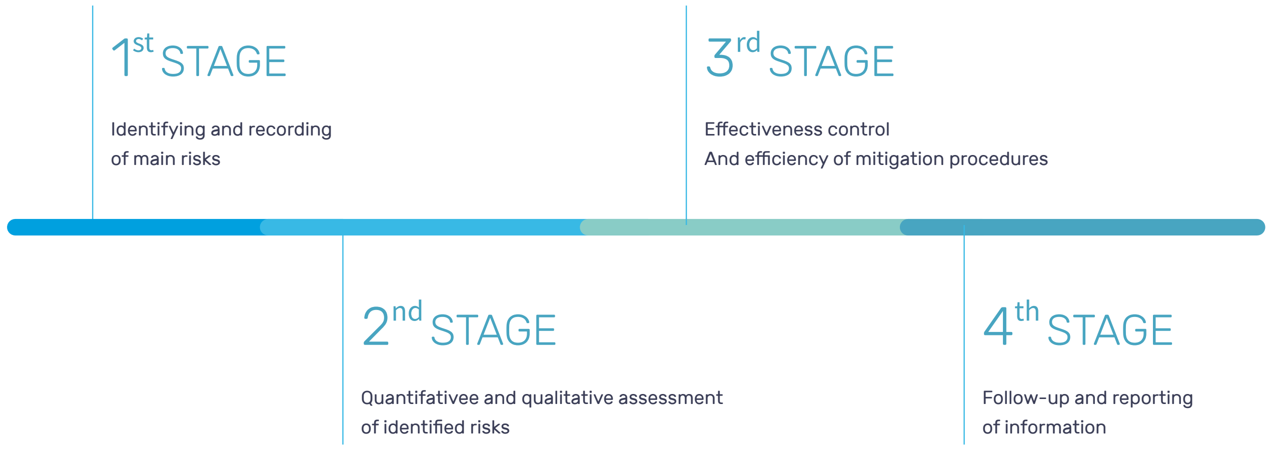
The Executive Board set a conservative risk adoption objective for all risks assumed by the Bank and in turn a low degree of tolerance, assuring business continuity. The profile and strategy were determined bearing in mind the current macroeconomic framing in which the Bank operates.

7.1.3. IDENTIFYING AND ASSESSING THE MOST RELEVANT RISK CATEGORIES

BAI differentiates risk in accordance to the following categories:



STAGES OF THE RISK MANAGEMENT PROCESS:



7.2 LOAN AND COUNTERPARTY RISK

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

In accordance with the position the Bank has in liquidity surplus, the financial analyst consults the best interest rates in the interbank market (Angolan or International) via email, phone, Reuters or Bloomberg to negotiate entrusting of funds. After collecting the information, said analyst issues his/her opinion with the terms being negotiated in accordance with the Bank's liquidity standing, which will then be validated by the Financial Market Director and sent as a contract to the counterparty for validation and signature.

The Executive Board set the exposure limit of 50% of the regulatory own funds (ROF – FPR), thus not prompting the Executive Committee to set an even more conservative limit. Thereby, the Bank sets the same maximum exposure limits to its counterparties through an internal model with financial and economic variables. It is then reviewed and approved by the Asset and Liability Committee (ALC) (ALCO in Portuguese). The internally approved limit is not applicable to the Government.

It is of the DMF responsibility to monitor risk positions of national and international counterparties and control limit compliance.

It is up to the Executive Board to authorize any limit excess of counterparty exposure and then delegate competences up to a set excess percentage, according to the following hierarchy:

1. DMF Director up to a maximum of 10% excess to the set limit;
2. DMF Administrator and Board member up to a maximum of 25% of the excess to the set limit;
3. Executive Committee (at least 2 administrators) for amounts above 25% of the set limit and up to 50% of the FPR.

The Bank can increase its exposure to certain counterparties beyond the calculated limit on the rating model, as long as said counterparty presents collateral as security, which in turn can be accepted by the Bank to guarantee an operation. Loan-wise, during the granting phase and after collecting all obligatory information for analysis, the commercial area must draw a commercial opinion about the client.

Depending on the type of loan and the requested amount there may be a need to pass the case to the Loan Analysis Department (CAD) (DAC in Portuguese) so an even more thorough risk analysis can be conducted and presented to the hierarchy to then be pending approval.

The Bank has its own rating and scoring models for judging the loan risk to companies and private clients.

In the company's case, rating is attributed from the assessment of (i) company management capabilities, (ii) financial situation, (iii) banking history, (iv) asset quality guarantees and (v) business area.

For each of these parameters there are calculations that will eventually produce a rating.

In the case of private clients, the scoring model assesses (i) commercial involvement, (ii) social stability, (iii), professional situation and (iv) financial situation. For each of these parameters there are calculations that will in turn produce a final client score.

The sum of the scores of the 4 parameters is equal to the clients scoring (see table below).

GRANTED LOAN CLASSIFICATION

	Risk	Risk factor (Scoring scale)
A	Null	[6,5 a 7]
B	Very reduced	[5,5 a 6,4]
C	Reduced	[4,5 a 5,4]
D	Moderate	[3,5 a 4,4]
E	Elevated	[2,5 a 4,4]
F	Very elevated	[1,5 a 2,4]
G	Loss	[0 a 1,4]

Additionally, the Bank has at its disposal tools that allow for the loan assessment of clients at a national and international level. To assess client exposure to risk in the national market, BAI uses the Loan Risk Information Central (CIRC in Portuguese) made available by BNA.

The Loan Committee is a collegiate body and focuses on promoting the alignment between policies and loan granting, analyze and approve loan operations in compliance with the limits set by the Executive Board as well as monitor loan portfolio in a non-compliance position. All decisions made involve the active participation from all the committee members so there are not individual powers alone making the decision.

The Executive Committee has set a matrix of loan decision where multiple subcommittees are involved and periodically meet in light of the above-mentioned topics. The decision matrix is only applicable to clients with risk tiers from A to C, from BAI's internal scoring and rating model. Any operation noted as having a risk superior to 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.

LOAN DECISION MATRIX

Decision Echelon	Decision making bodies
1°	Commercial coordenator + Managers
2°	Directors/subdirectors DAC + DRC + GSP + DPME + GSL + DPN + Commercial Director
3°	1 administrator + director DAC + DRC + DGE + GSP + DPME + GSL + DPN
4°	Executive Board + directors DAC + DRC + DGE + GSP + DPME + GSL+ DPN + DJC + GRII + GBI
5°	Executive Board (CA)

In order to maintain an adequate quality control of loan portfolio, the Loan Recovery Department (DRC in Portuguese) monitors and follows loan portfolio overdue from 45 days onwards, which alerts the Bank to situations of risk in order to mitigate and act to reduce said risk. Loan recovery is structured in accordance with client segmentation: Private and Corporate and also has specific management models. Loan recovery management also has multiple different stages: preventive management and starts in the commercial network and overdue loan management, which is of DRC responsibility.

Loan assessment and analysis is done at multiple levels, starting with areas that take risk, areas with different action focus:

1. DAV performs individual loan risk by operation or economic group;
2. DRC analyzes irregular loan and loan portfolio management;
3. DGR collectively analysis risk factors and monitors risk limits, regulatory or internal.

Loan risk monitoring and follow up is done by the Executive Committee and Executive Board from monthly loan risk reports by analyzing them. Executive Committee analyses risk on a monthly basis whereas the Executive Board does it on a trimestral basis. Among other internal limits set by the Executive Committee on loan policies, other applicable limits to loan are as follows:

LIMITS TO THE LOAN

Indicators	Limit	Defined and followed up by
Maximum client exposure limit	25% of FPR	BNA/EB
Exposure limit to largest borrowers	300% of FPR	BNA/EB
Maximum client exposure limit – Company segment (% total portfolio) [1]	55%	EB
Maximum client exposure limit – Private segment (% total portfolio)	20%	EB
Maximum client exposure limit - State (% total portfolio)	25%	EB
Maximum limit according FPR (% de [(1/15%) * FPR - RCRM)	100%	EB

* FPR – Regulatory own funds

The Bank implemented an impairment calculation process on loan portfolio by fully adopting international accounting and financial reporting (IAS/IFRS) norms from 2016 onwards. To that effect, the impairment model anchors on loan life cycle after identification of a loss event. This way, impairment losses are calculated for IBNR operations – Incurred Losses, but Not Reported, impairment evidence and in default. In IBNR operations, impairment loss calculations are made on “Collective Analysis” on Impairment evidence and default event calculations are made using “Individual Analysis” and “collective Analysis”.

The inherent activities related to impairment loss assessment are done by the following areas:

EXECUTIVE COMMITTEE
Responsible for deliberating and decided guidelines related to impairment loss;

RISK MANAGEMENT DEPARTMENT
Responsible for validating and following up on impairment losses assessment done by Loan Analysis Department (DAC), Loan Recovery Department (DRC) and Investment Banking Department (GBI) as well as any configurations on support tools to calculate Collective Analysis;

DAC E DRC
Responsible for impairment loss assessment for loan portfolios subject to “Individual Analysis”;

PRIVATE AND BUSINESS DEPARTMENT (DPN IN PORTUGUESE), LARGE COMPANY DEPARTMENT (DGE IN PORTUGUESE), PREMIUM SERVICE DEPARTMENT (GSP IN PORTUGUESE), SMALL AND MEDIUM-SIZED COMPANIES (DPME IN PORTUGUESE)
Are responsible for supporting DAC/DRC in assessing impairment losses, mainly on follow-up and gathering client and operation information;

INFORMATION SYSTEMS DEPARTMENT:
Responsible for supporting extraction and maintenance of information;

INTERNAL AUDIT DEPARTMENT:
Responsible for validating procedures for impairment loss assessment and overseeing correct use of tools.

Impairment loss assessment involves the following cycles:

MONTHLY CYCLE:
a. Information extraction;
b. Tool configuration;
c. Impairment calculation;
d. Result assessment;
e. Report;

TRIMESTRAL CYCLE:
a. Individual Analysis;

ANNUAL CYCLE:
a. Sensitivity analysis, back testing and risk factor calculation.

All BAI loan operations are subject to guarantees/collateral in order to mitigate risks. The process of formalizing collateral securities is crucial as it must obey legal regulations and if its non-compliance is flawed then the operation may be invalidated.

BAI demands collaterals grouped by the following:

REAL COLLATERALS
BAI requests the following real collaterals: mortgage, pledge, public debt securities, term deposits, shares and collateral deposits.

The chosen collateral type depends on the type of loan operation, its deadline and amount.

All presented real collateral are assessed before deciding on providing the loan or not

PERSONAL GUARANTIES
Guaranties in which people or legal entities assume the role of guarantors and are forced to honor commitments made to the Bank regarding loan operations. BAI demands the following personal guaranties: Promissory note and deposits.

OTHER GUARANTIES
BAI also asks for the additional following guarantees: Client employer guarantee for loans granted, mortgage promise, insurance and letter of comfort.

Loan management and follow-up is aimed at detection as soon as possible of situations that may harm client’s ability to uphold his/her loan obligations established with the Bank and implementation of concrete actions in order to avoid effective default and allow immediate regularization of the amount in debt or change recovery terms with the client.

The follow up on loan operations is aimed at minimizing financial losses or default by the clients or failure to uphold contractual obligations through a set of methodologies, namely:

- Periodical reassessment of risk scoring and existing models;
- Periodical reassessment of existing risk mitigators;
- Monitorization of alerts;
- Permanent maintenance and adequate relationship with the client;
- Periodical assessment of client's portfolio.

Loan default up to 30 days are of the Commercial Department responsibility and it must start first contact with client in order to resolve de delay.

Loan granted that is more than 30 days delayed transition to overdue loan and become DRC responsibility. When a case goes to DRC, this department becomes the manager of client relationship with the Bank and all actions must be authorized by them. However, DRC must also assure that branch and client relationship is assured and fully informed.

Should extrajudicial options of recovery no longer be available, operations then transition to DJC responsibility to manage judicial recovery. All loan operations can be withdrawn after the contentious recovery process is completed.

7.3 BALANCE SHEET RISK AND MARKET

The balance sheet risk measures the Bank's ability to uphold its obligations (liabilities) in lieu of the assets in its balance sheet. It is subject to the following risks: i) balance interest rate risk, which is a result of assets and liabilities that are affected by interest rate variations; ii) foreign exchange risk; and iii) liquidity risk when assets are involved in transactions and the ability to uphold financial obligations.

The different types of risk are monitored daily by Financial Markets Department (DMF in Portuguese) through reports, which are in turn sent to the executive committee.

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

The stress test serves as a management method to assess the potential effects on an institution's financial situation, resulting from changes in risk factors or in stress scenarios in lieu of exceptional events.

It is up to the governing boy and relevant organizational structures and are made annually (scenario and simulations analysis) and semiannually (inverted stress test).

BAI uses the following metrics when assessing these risks:

Risk	Metrics and Tools
Liquidity	Liquidity gaps
	Liquidity ratio evolution
	Largest depositors concentration
	Simulations
Interest rate	Interest rate gaps
	Profitability ratio evolution
	Simulations
	Monthly tax rate analysis and portfolio
	Earning at Risk
	Exposure by maturity interval; re-fixing; re fixing of impact rate 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 and market risks through limits set by the Executive Board, ALCO and BNA (when applicable). The main internal and external limits are:

Risk	Limit	Defined and followed up by
Aggregated transformation ratio [1]	50%	EB
Aggregated transformation ratio Including bonds and transferable securities [1]	85% [2]	EB
Liquidity gap	i. 0% for maturities up to 2 weeks ii. 5% for superior maturities at 2 weeks up to 3 months	EB
Regulatory solvency ratio (RSR)	15%	ALCO
Foreign exchange exposure limit	10% of applicable FPR to long and short exposures	EB

[1] In order to calculate the transformation ratio, the obligatory reserves and special reserves for foreign currency acquisition are excluded.
[2] The limit can go up to 120% whenever bonds with 12-month maturity are applicable.

The presented gap is the comparison between asset and liability, distributed by periods of residual maturity, making it clear the flux of payments and receipts throughout operation's time frame. The Bank calculates the gap in contractual liquidity and the gap in behavioral liquidity.

In the gap of contractual liquidity, the distribution of asset and liability amounts is done by residual maturity periods and term deposits are framed in the first temporal band.

On the other hand, in the behavioral gap loans are distributed according to the financial plan of each operation and deposits according with the linear regression model, which projects future deposit behavior in lieu of past information, adopting a behavioral measure that does not consider deposit exits alone. All overdue loan as well as impairments are excluded from the gap.

7.4 OPERATIONAL RISK

7.4.1. DESCRIPTION

Bai describes operational risk as the probability of negative events to occur in the Bank's results or in its capital, from analysis flaws, operation handling or liquidity errors, fraud (external or internal), subcontracting resources, ineffective decision-making procedures and infrastructure inoperability.

BAI manages operational risk based on a series of business, control and support procedures, being cross-sectional throughout all organizational structures. This type of management is support by principles, methodologies and control mechanisms, such as: role segregation, lines of responsibility, code of conduct, Risk ad Control Self-Assessment (RCSA), Key Risk Indicators (KRI), Access control (physical and logical), reconciliation activities, exemption reports, contingency plans, insurance and internal training on procedures, products, services and systems.

The Operational Risk is managed by the Operational Risk Department and Risk Management Department with the goal of ensuring identification, assessment and monitoring of operational risks bound to the bank's activities.

7.4.2. RISK MANAGEMENT OPERATIONAL TOOLS

BAI utilizes the following tools to identify, analyze and control the different levels of operational risk:

OPERATIONAL RISK INTEGRATED MATRIX (MIRO IN PORTUGUESE):
It consists on mapping multiple bank procedures, in which risks and existing controls are identified for each procedure, as well as the ones responsible for its mitigation;

OPERATIONAL RISKS EVENTS DATABASE:
Allows for root cause analysis of each event; identifying the origin of each occurrence. It also allows to understand the importance scale of each operational risk to the Bank, bearing in mind potential impacts on the Bank's results;

KEY RISK INDICATORS (KRI):
Are metrics that meant to indicate or highlight Bank activities with high potential of operational risk events;

AUTOMATIC ALERT MANAGEMENT
Has the objective of monitoring and following up on error alerts or frauds by different areas within the structure.

7.4.3. OPERATIONAL RISK IDENTIFICATION AND ANALYSIS

In the identification and operational risk analysis stage, MIRO tool is used with the objective of identifying, assessing and mitigating any current or potential risks.

In MIRO risks are categorized according to the following table:

Risk categories	Description
Internal fraud	Losses due to fraud, unlawful appropriation of assets deviate from legislation, regulation or corporate policies with the exception of acts related to discrimination that involve an internal part of the company
External fraud	Losses from acts related to fraud and unlawful appropriation of assets deviate from legislation in the name of a third party
Practices on employment and safety in the workplace	Losses due to acts that are not in compliance with legislation with work agreements, health and safety and payment of personal damage related with acts of discrimination
Customers, products and business practices	Losses from intentional impairment or by negligence of a professional obligation related to specific clients or type and conception of a product
Damage to physical assets	Losses from damage to assets from natural catastrophes or other events
Disturbance of business activities and system failures	Losses from disruption of commercial activities or flaws in the system
Execution, delivery and process management	Losses due to flaws in operation processing or processing management as well as vendors and commercial counterparties

Operational risk initial assessment is based on three factors that will result in Risk Priority Number (NPR in Portuguese), with the impact of the event (I), occurrence probability (O) surprise probability or (S) degree of risk detection ability.

NPR value is between 1 – 8000 with a positive relation with the operational risk and as NPR number is higher so is the level of operational risk to the Bank. NPR value can be classified by low, medium-low, medium, medium-high and high. It is at the stage that the risk is determined.

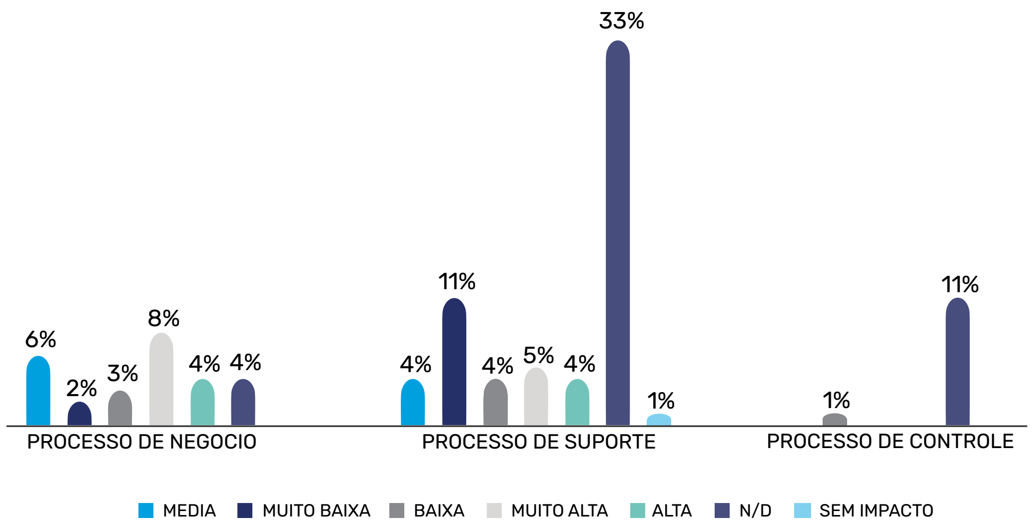
Final assessment is made by the owner of the process with the relation between probability and consequence of exposure being assessed. Controls can be strong, satisfactory, requiring improvements, deficient or very deficient. The difference between implicit risk and quality control will originate residual risk.

Once operational risks are identified, they are categorized in the following fashion:

a) Implicit operational risk: the risk inherent to the Bank's activities without the need for measures to mitigate it;
b) Residual operational risks: Risk that lingers and continues even after mitigation measures are implemented.

BAI concluded its mapping of critical business procedures. The picture below portrays the assessment state of business, support and control procedures.

Some business procedures were noted not to have support and control levels of criticality defined which in turn can jeopardize the mapping of risk in said procedures, as the picture below illustrated:



The table below shows the Operational Risks Integrated Matrix and illustrates the distribution of 57 identified risks at different levels.

			% Risk Amount	
Implicit risk	Controls	Residual Risk	dec-18	dec-19
Medium	Requires improvement	Medium	4%	4%
Medium	Deficient	Medium	11%	12%
Medium	Very Deficiente	Medium	15%	9%
Medium High	Requires improvement	Medium High	2%	2%
Medium High	Deficient	Medium High	11%	32%
Medium High	Very Deficient	Medium High	28%	18%
High	Deficient	High	24%	21%
High	Very Deficient	High	6%	4%
Total n° of mapped risks			100%	100%

7.4.4. OPERATIONAL RISK CONTROL

BAI utilizes Internal and External Operational Risk Database, Operational Risk Key Indicators and Automatic Alert Management as a tool to control operational risks.

7.4.5. OPERATION RISK EVENT DATABASE

Collection of operational risk events is comprised of identification, record and characterization in the database and has the following objectives:

- Allow for identification and analysis or the root cause of each event and how to act preventively on the event's origins;
- Reinforce the importance of operational risk within the Bank;
- Quantifying the number of times a risk may put the Bank in jeopardy;
- Serve as back testing of results of operational risk mapping, allowing for assessment in risk categories in each procedure.

It is of all BAI employees the responsibility to detect and report whilst its recording and classification is of DGR responsibility. However, the reporting index of each department and business unit is low, exception being DSI due to its daily report of occurrences.

Operational risk events are sorted according to Basle II guidelines in accordance to operational risk categorization Table.

7.4.6. KEY RISK INDICATORS (KRI)

When it comes to operational risk, Operational Key Risk Indicators are used as a tool due to being metrics that allow to identify and highlight bank activities with high potential of an operational risk event.

The main objectives of the Indicators are:

- Provide warnings about potential operational risk occurrences;
- Provide metrics and data that allow to predict operational risk occurrences;
- Identify areas more prone to potential risk.

IN 2019, THE FOLLOWING KEY INDICATORS WERE ANALYZED

BAI CLIENT COMPLAINTS
The amount of complaints registered by BAI. Its increase is directly correlated to decrease in client satisfaction, customer loyalty, denigration of the Bank's image and as a consequence the impact on the Bank's strategy;

ATM FLAWS AND WASTE
The number of registered operations at branches resulting from disparities/surplus detected by employees at the end of each day. The increase or decline of this indicator affects the need to analyze subsidies as well as internal frauds (unlawful appropriation of funds or intentionally non-reported transactions);

CHECK RETURNS DUE TO INSUFFICIENT FUNDS
Total amount of returned checks for insufficient funds or attempt of fraud;

UNJUSTIFIED ABSENCE FROM EMPLOYEES
The amount of days of unjustified absences from employees. A high index potentially leads to a larger percentage of client and other employee dissatisfaction, lower productivity and work conflicts;

FLAWS ON ACCOUNT OPENING BY EMPLOYEE
Corresponds to detected irregularities during the process. A high index potentially leads to impact on reputation, capital and Bank results.

7.4.7. AUTOMATIC ALERTA MANAGEMENT

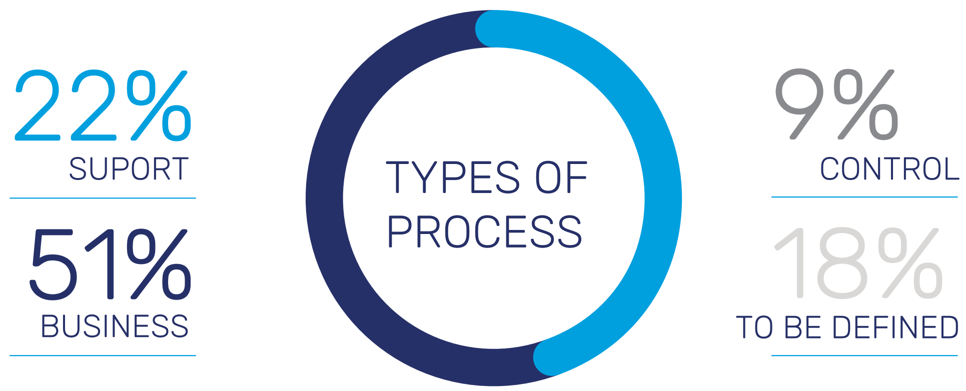
The automatic alert management has the following goals:

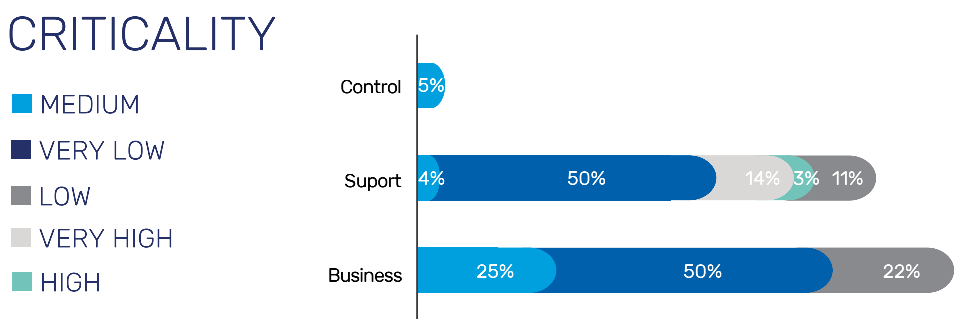
- Mapping existing alerts related to Bank procedures;
- Identify and update beneficiaries;
- Assess information quality and report follow up;

- Assess costs taking into account the level of usage of automatic alerts;
- Identify needs of cessation, improvements or new beneficiary development.

The pictures below represent analysis summary during the 2019:

DISTRIBUTION OF ALERTS BY:





7.4.8. INTERNAL CONTROL AWARENESS PROGRAM

Besides the abovementioned operational control tools, BAI has implemented an ongoing program called Internal Control Awareness Program (PSCI in Portuguese) (2016-2021) in order to develop a risk awareness culture and internal control competences to all BAI employees.

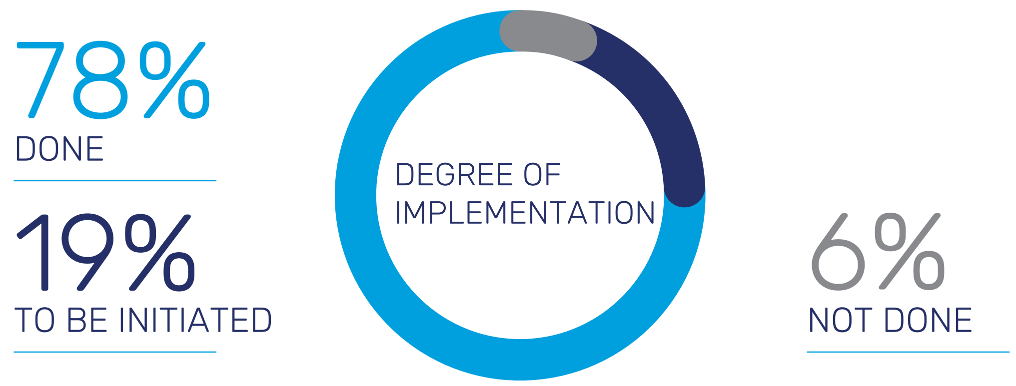
PSCI is cross section to all Bank's structure and covers the following aspects:

- Basic concepts on process management, risk management and internal control;
- Competences on process management, risk management and internal control;
- Risk management culture and ongoing impairment in internal control systems;
- Internal control deficiency resolution (DCI). Resolução das Deficiências de Controlo Interno "DCI";
- Director and Management performance assessment;
- Internal control self-assessment.

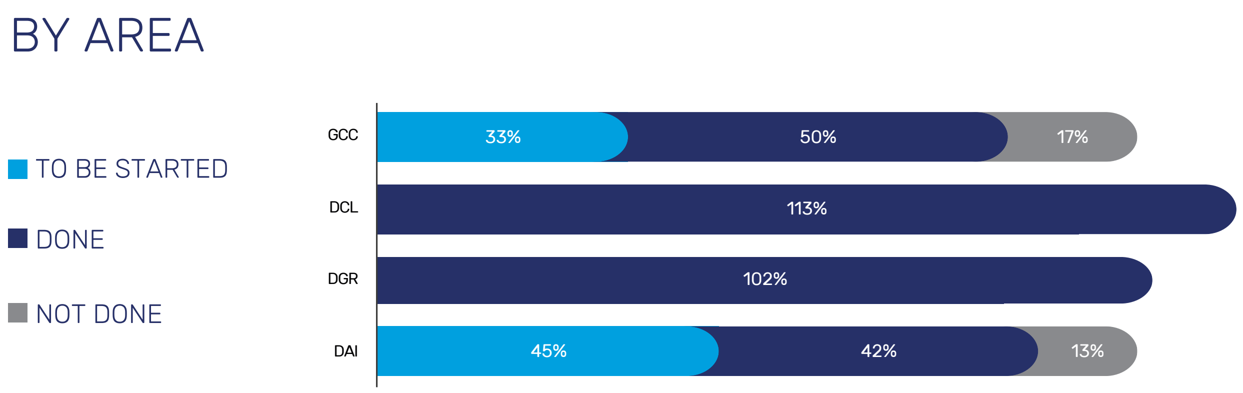
From January to October 2019, 61% of the 86 total activities foreseen by PSCI, DGR, DAI, GCC and DCL took place.

The pictures below show the global state and area:

DEGREE OF IMPLEMENTATION OF THE 2019 PLAN



EVOLUTION OF ACTIVITIES BY AREA 2019



The following PSCI activities were established to be done annually:

Activity Description	Themes
Creating content on risk management and internal control	Control Self-Assessment Internal audit glossary terms Process owner importance Main differences between internal control and internal audit COSO methodology for internal control systems Identifying of responsible people for processes and controls Films in themes of CI (BCFT/risk/control/ethics, etc.) Confidentiality obligation Risk factors Financial sanctions Suspicious operations detection Business continuity management Contingency procedures planning Client follow-up plan Default impact in the banking system Impairment impact in results Portfolio loan quality Incorrect practices in job matters Obligation of record and report of foreign exchange BNA operations Default impact on foreign exchange legislation and regulation Foreign currency map of needs
Workshops and meetings	Internal control newsletter Internal control minute RO event report Foreign exchange operations BC/FT combat
Assessment and disclosure of Internal control Deficiencies	Reports on Internal control deficiency

BUSINESS CONTINUITY PLAN

BAI developed a program to implement the Business Continuity Plan (PCN in Portuguese) in order to assure the continuous functioning of the business as well as potential damage mitigation as a response to an adverse event that may compromise the regular fulfillment of activities.

PCN covers, among others:
• Governing structure;
• Defining Procedures and technological means of support;
• Formalize and promote adequate solution procedures.

When compared to 2018, there were no developments to the ongoing activities, as shown below:

However, DGR performed workshop sessions on the following themes:
• Executive Committee contingency management procedures and PCN support areas;
• Commercial area Procedure Contingency Plan;
• Commercial Area client referral Plan;
• Completion of the preparation for an alternative location for Central Services as a contingency;

PCN ACTIVITY STATUS

Description	Area	Date	Data
Teleworking plan	DSI	ONGOING	Dec. 2019
Business Impact analysis – IT	DSI	ONGOING	Dec. 2019
Continuity plan operacional - TI	DSI	ONGOING	Dec. 2019

7.5 REPUTATIONAL RISK

BUSINESS CONTINUITY PLAN

BAI defines reputation risk as the probability of the occurrence of events that may cause negative impact upon results or Bank capital, breach of trust from clients, suppliers, counterparties, shareholders, investors or regulators. In extreme cases it may even impact BAI's operations.

Reputation Risk	Vulnerability
Dispute occurrendes	Deficient deal with commercial partners; Operation execution non-compliance; Delays / non-compliance with operation execution; Non-compliance in providing correct information; Fraud/error occurrence.
Fraud occurrence	Validation absence; Employees that do not dominate the process, product, service or systems; System flaw; Conflict of interests; Colluding with third parties.
Error occurrence	Validation absence; Employees that do not dominate the process, product, service or systems; System flaws.
Performance Financial-economic below Market expectations	Macroeconomic changes; Non-compliance with legislation; Establishing new regulatory guidelines; Internal/external fraud.
Commercial/working relation with fraudulent entities Os fraud suspicion	Validation absence Employees that do not dominate the process, product, service or systems; Non-compliance with information disclosure; Conflict of interests; Colluding with third parties.
Actiond that cause Social and environment damage	Variation in price in transferable securities in the world economy; Increase in public debt exposure; Incorrect assessment of market tendencies; Increase in costs from labor and suppliers; Inflation.

For the identification and analysis of reputation risks, the following activities were adopted by DGR:

• DATA COLLECTION
Internal and external guidelines;
Books and publications.

• RISK FACTOR DEFINITION
Suppliers;
Employees;
Related parties;
Clients;
Shareholders;
External entities

• RISK ASSESSMENT
Assessing risk on vulnerability, probability of occurrences and control.

In order to control the level of reputational risks, the following reputational risk key indicators were set:

- **Client Complaint:** DGR and DOQ reports are made in specific documents created for Complain Management;
- **Fines/Penalties:** Corresponds to financial losses resulting from guideline non-compliance and interested parties dispute;
- **Detection of suspicious operations of money-laundering and terrorism financing:** Employee responsibility to detect and report suspicious events to DCL;
- **Number of people politically exposed (PEP in Portuguese) to shareholder structure:** The higher the risk, the higher likelihood of BAI to be exposed to risk;
- **Liquidity Cushion Ratio:** Corresponds to the Bank's capability to support short term bonds; Solvency Ratio: The Calculation to verify BAI's ability to uphold medium- and long-term bonds.

When analyzing BAI's reputational risk management, it was concluded that the Bank is susceptible to medium-high risk, as shown in the picture below:

Indicator	Risk level	Ponints
Client complaints	Medium – high	4
Fines/penalties	High	5
BC and FT suspicious operations	Medium – high	4
PEP number in shareholder structure	High	5
Liquidity ratio	Medium – high	3
Solvency ratio	Low	2
Indicator average	Medium – high	4

7.6 STRATEGICAL RISK

According to the item 2 on article n°8 of the Notice n° 7/2016 of June 22nd, the impact of risk concentration must be assessed and reviewed periodically in the Bank's business strategy. Once the Bank's strategy is set, BAI must manage strategic risk in an effective, consistent fashion and influence in its decision making, in accordance with item 2 of article n°10 of Notice n°02/2013 of April 19th.

BAI has the vision of offering the best banking experience until 2021, and to that effect 3 main strategic objectives were created:

• Reach a larger market share in Business Volume;
• Increate profitability of Own Funds;
• Increase the number of active clients;

In order to reach those milestones, BAI must identify any risks that may impact its strategic performance. According to risk management Policy, strategic risk is the probability of the occurrence of negative repercussions in its results or capital, resulting from the following:

- Inadequate strategic decisions;
- Lackluster implementation of decisions;
- Inability to correctly respond to changes in the surrounding business environment;
- Changes in the institution's business environment.

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

DATA COLLECTION
• Interview the structure areas with ruling responsibilities and supervision of the Strategic Plan;
• "Geração BAI" strategic Plan;
• Internal and external guidelines;
• Books and publications.

DEFINITION OF RISK FACTORS
• According to the strategic plan, identifying the origin of strategic risks.

RISK ASSESSMENT
• Assesses risk, bearing in mind any vulnerabilities, risk event probability and control.

After analysis, it was ascertained that BAI is exposed to 6 strategic risks, resulting from the following factors:

• External factors: Political, regulatory, market and financial risks;
• Internal factors:
• People (Operational risks);
• Procedures (Operational and compliance risks)
• Systems (operational risks).

Of all the identified risks, 71% have a medium-high level with controls in need of improvement.

7.7 ELECTRONIC, ASSET AND DATA SECURITY

In order to assure security, integrity, confidentiality and availability of the electronic security systems and information technology platforms, the bank has at its disposal the Data Security Department (GSI in Portuguese) with the following objectives:

7.7.1. CYBER SECURITY AND DATA SECURIT

- Review, update and divulge of the Data Systems Access Matrix;
- Verify and regulate implemented accesses on data systems in order to guarantee compliance with policies (access profile) defined in the Accesses Matrix;
- Cyber security and data security incident assessment and resolution reported by areas and employees in general.
- Investigate and follow up on cyber and data security incidents;
- Take part in Security Committee (CIS in Portuguese) meetings, providing clarifications if need be;
- Systematic identifying and assessing risks related to data security;
- Request tests and risk analysis within the information system infrastructure in order to guarantee that vulnerabilities and risks are properly resolved;
- Perform approved controls to Information Security Policies in order to assure their compliance;

7.7.2. ELECTRONIC SECURITY

- Guarantee rapport with external electronic security companies and oversee their performance. Ensure corrective and preventive interventions through frequent maintenance;
- Assure management and control of electronic accesses to people and goods within the facilities, spread of an electronic security culture within the Bank;
- Assure and control the correct functioning of all electronic security devices (access control, CCTV, intrusions and fire alarms);
- Assure the correct accesses to employees respecting clearances and hierarchy, visitor, client and supplier support;
- Assure 24/7 monitoring of all BAI websites and remote support from Torre BAI;

Among other tasks, GSI also has to define and update policies, procedures, controls and security guidelines that assure an adequate risk management and monitoring to which the Bank's data structures may be exposed (archives, data centers, work stations, servers and networks).

7.8 COMPLIANCE RISK

Compliance risk is the possibility of a future event to occur and negatively impact the Bank's own fund due to violations or failure to abide by laws, rules, regulations, contracts, stipulated practices and ethical standards.

Compliance risk management falls under the jurisdiction of the Compliance Department, and as the following tasks:

I. Establish procedures to detect and assess risk from non-compliance with legal obligations and Bank duties, and their respective corrections;
II. Establish a work program that advocates different approaches according to the type of risk;
III. Establish and keep a permanent and updated record of internal and external guidelines identifying entities held accountable for any breach of due compliance;
IV. Assess preventive procedures and criminal activity detection, including money-laundering and terrorism financing prevention (BCFT in Portuguese) and due reporting to the authorities, namely the Financial information Unit;
V. Document all procedures associated with their area of intervention;
VI. Participate and work groups with other areas of the institution in order to develop further approaches in Liew of comply with internal and external guidelines.

Compliance department reports directly to the Executive Committee and its actions are overseen by the Internal Control Committee (CCI in Portuguese) and its reach of intervention is solely at a national level and can be extended to the whole Financial Group.

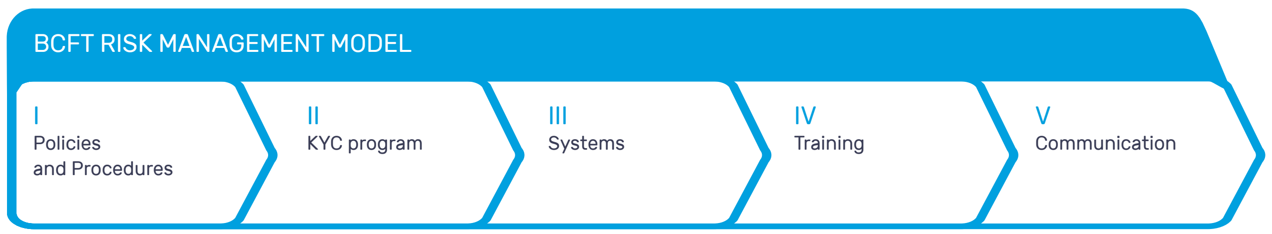
In addition, the Compliance Harmonization College of the Group, created in 2018 in lieu of (i) harmonize regulatory policies and procedures in matters of compliance and (ii) enforcement of regulatory requisites that align with national and international laws and regulations.

7.8.1. BCFT RISK MANAGEMENT MODEL

The main objective of BCFT risk management is leadership in the combat against financial crime, including money-laundering and terrorism financing (BCFT in Portuguese) as well as protect the Bank from non-compliance risk, reputational risk and by extent, financial risk.

The compliance feature has been implementing defenses against BC/FT and strengthen controls on due diligence when opening new accounts, identifying clients, high risk account monitoring, record keeping, training and create awareness in the Bank's employees on BCFT.

BCFT risk management model focuses on five crucial cornerstones allowing the Bank to abide by the laws and regulations and international good practices.



7.8.2. POLICIES AND PROCEDURES

BCFT prevention policies and procedures establish the legal requirements that the Bank must abide by, namely:

- Money Laundering and Terrorism Financing Combat Policy;
- Sanctions Policy;
- Client Acceptancy Policy;
- Anticorruption and Bribery Policy;
- Inactive Client Management, Blocking and Account Closure;
- "Know your Customer" ("Conheça o seu cliente" in Portuguese) Manual of Procedures;
- Identifying Beneficial Society Owners;
- Suspicious Operation Communication Procedures;
- Diligence Procedures;
- Complementary Rules in the Opening Act, Maintenance and Movement of Politically Exposed People (PPE in Portuguese).

Policies are annually reviewed and are applicable to all Bank's employees and all Financial Group shareholders and must comply with the law and regulation in the country.

7.8.3. KNOW YOUR CUSTOMER PROGRAM

The "Know Your Customer" program establishes diligence measures in order to identify the client, attain and conserve necessary data in order to understand the nature of his/her business and calculate risk profile, according to the following factors:

- Monitor BCFT risk and follow up of internal control procedures;
- Apply diligence procedures (simple e reinforced);
- Identify and analyze BCFT suspicious operations, centralizing data from all areas of the Bank;
- Investigation of occurrences in BCFT scope and communicating to the Financial Information Unit (UIF in Portuguese) whenever justifiable.

Additionally, the Bank has at its disposal a risk matrix for its clients and it is implemented in account opening and maintenance workflow.

SYSTEMS
The Bank has a client classification tool and assigns clients by risk levels, sanction list filtering, foreign operation validation, client monitoring and transactions in order to identify and prevent BCFT suspicious clients.

TRAINING
The training program is an essential tool to assure BCFT prevention efficacy programs and it should cover all employees, including governing bodies.

In 2019, it was possible to train 88% of the employees regarding BCFT matters using e-learning. All training sessions were made in lieu of the needs of each structural area with special focus on the commercial and decision-making areas.

Apart from that, further on-job, workshop, forums and seminar training took place, including the Financial Assistance program (Service Volunteer Corps (FSVC)), promoted by ABANC.

COMMUNICATION
The Bank is required to communicate to the Financial Information Unit the following information:

a) Suspicious Operations, whenever (i) it has knowledge of, (ii) existence of suspicion and (iii) there are sufficient reasons for suspicion on activities that may be related to BCFT;
b) People, groups or entities, that have been flagged by sanctions from the United Nations Security Council and by the authority in the country, flagged by the Office of Foreign Assets Control (OFAC) and by the European Union (UE). The bank is further required to freeze, with immediate effect and with no prior notice, all funds or economic resources that belong, directly or indirectly to the flagged individual, entity or group.
c) Transactions that are over the limit of 15 000,00 USD (or the equivalent in Kwanza).

The data from the main activities in 2019, done by the Compliance Department in the scope of BCFT prevention are:

Description	2018	2019
Investigated movements	5 342	2 993
Reporting of suspicious operations	13	12
Training participants	1 264	1 643

In order to further reinforce the compliance role for 2020, the following activities are predicted:

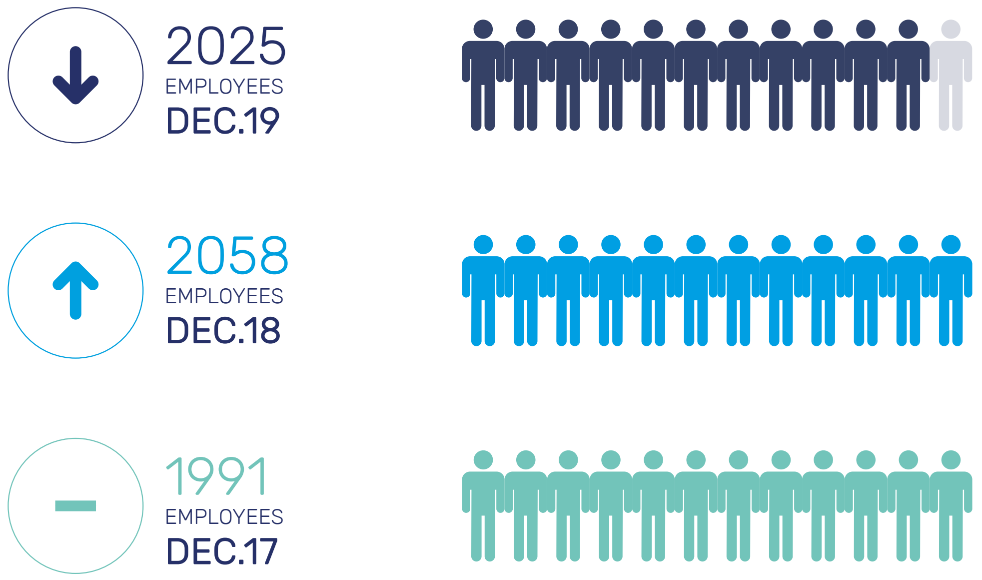
- Appropriateness to the new law on BCFT prevention (Law n° 5/20).
- Association of Certified Anti-Money Laundering Specialists (ACAMS) of 50% of the Bank's employees and the following year, the remaining Compliance Department employees.
- Implementation of the Trade Finance module, a new client monitoring tool, and transactions that abide by all regulatory requirements demanded by good practices.

08

HUMAN CAPITAL

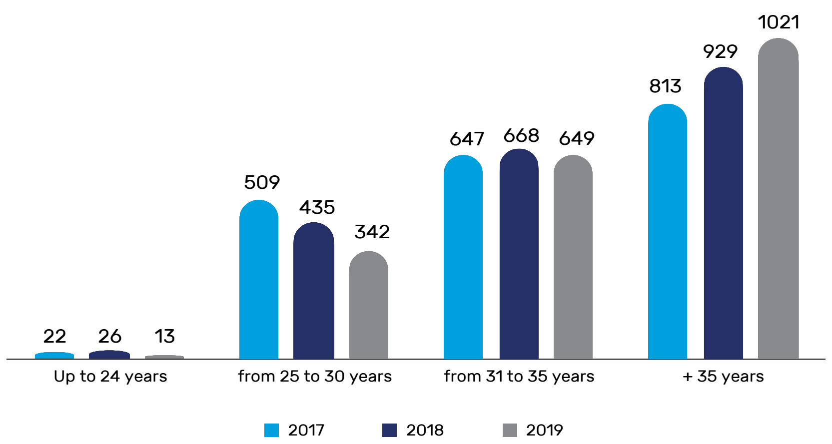
Angola

8.1 HUMAN CAPITAL

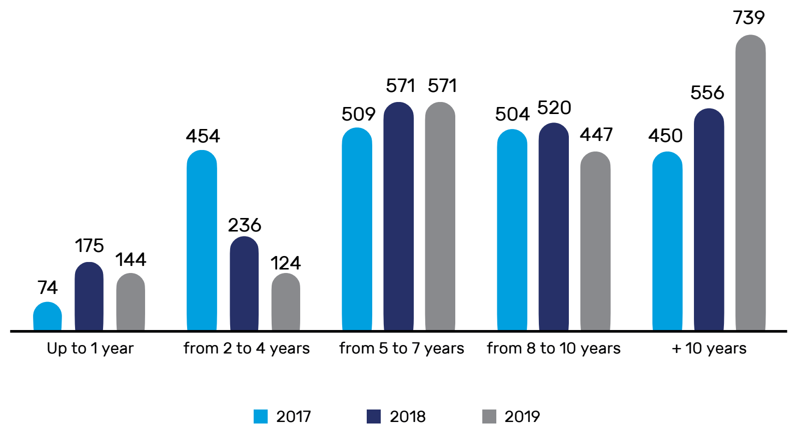


In 2019, the Bank's workforce was set at 2 025 employees, 33 less than 2018.

Of all BAI employees at the end of 2019, most were male (56%) and 44% female.



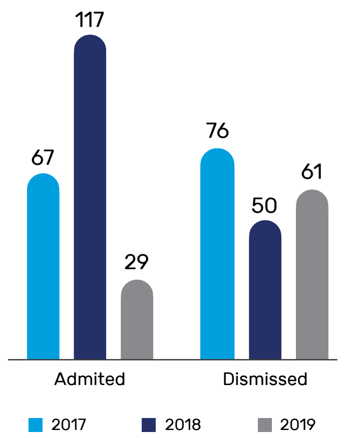
In 2019, the average age of the BAI employee was above 35 years old and it represents 50% of the workforce, continuing the tendency of growth of the 35 years old or older echelon in the last 3 years. On average, the age by employee echelon was of 37 years old.

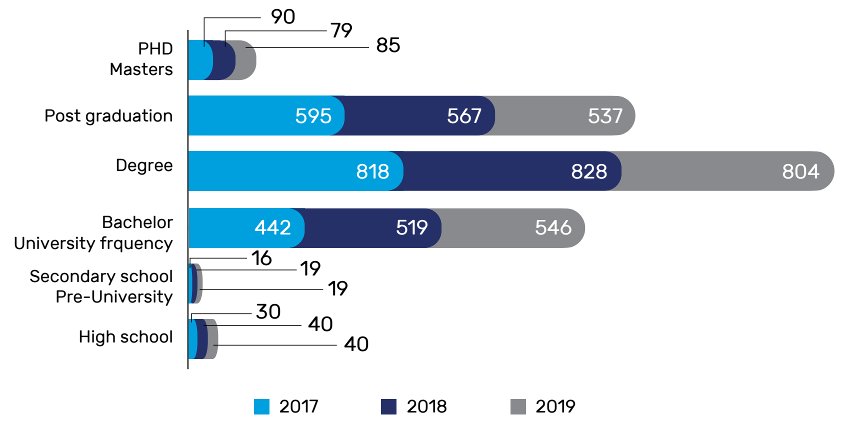


On the other hand, employee turnover has been low due to contract length and quality of working conditions. This is proven by the seniority of employees within the Institution.

In 2019, 87% of employees had more than 5 years of effectiveness and representing a raise from 7% when compared to 2018.

In 2019, BAI employed 29 new people (78 less employees when compared to 2018) - 21% were allocated to the commercial network and 79% to central services. Conversely, there were 60 contract terminations, 22 of which were from their own initiative, 4 transferred to retirement, 8 from disciplinary contract terminations, 23 abandonment of work, 1 deceased and 2 for other reasons (mutual agreement).





When selecting new employees for 2019, BAI assessed skills and potential in order to best address the needs of every available position.

Regarding academic qualifications, 30% of the workforce completed possess college education such as degrees, post-graduations and masters. All in all, 2% less than in 2018.

The table below portrays workforce distribution by structural area:

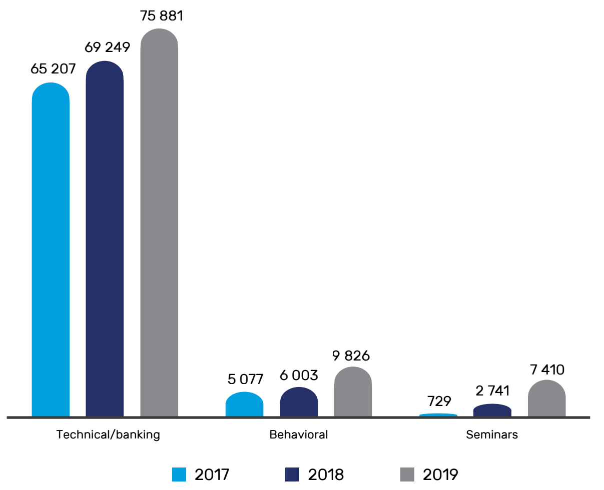
Área	Description	Support	Control	Commercial	Subtotal
Executive Board	PCA + Administrator				6
Executive Committee	PCE + ADM Executive				7
Coordination	Director Coordinator	3	0	0	3
Management	Director	18	4	12	34
	Subdirector	14	1	5	20
Consulting	CE|CA Consultant	10	0	0	10
	Director consulting	10	0	2	12
Intermediate Management	Head of department	48	6	1	55
	Coordinator Manager	0	0	22	22
Management	Manager	0	0	129	129
	Sub Manager	0	0	96	96
Technical expertise	Analyst	25	0	0	25
	Technician	347	46	34	427
	Programmer	4	0	0	4
	Accountant	0	0	131	131
	Supervisor	13	6	0	19
	Manager	5	0	137	142
	Specialist	3	0	0	3
	Commercial Technician	5	0	673	678
Technical expertise	Administrative assistant	17	3	12	32
	General services assistant	33	0	0	33
	Counter assistant	10	0	4	14
	Operator	16	0	0	16
Technical expertise	Driver	29	0	3	32
	Catering Service	19	0	5	24
	Courier	5	0	0	5
Non-specified					30
Others					16
Total		**634**	**66**	**1 266**	**2 025**

Business Unit	Initials	Respon. entity	Category	Admin.	Control	Support	Business	Total
General Assembly president		Domingos Viegas	Pres. General Assembly			2		2
Audit Committee	CF	Júlio Sampaio	Pres. Audit Committee	4				4
Executive Board	CA	José Paiva	PCA	6				6
Executive Committee	CE	Luís Lélis	PCE	7				7
Office of the President of the Executive Commission	GPCE	Alexandre Morgado	Director Coordinator			17		17
Information Security Office	GSI	Luís Martins	Director			12		12
Compliance Department	DCL	Nadhia Victorian	Directora		19			19
Control Planning Department	DPC	Carlos Guerra	Director			11		11
Risk Management Department	DGR	Antonio Buta	Director		16			16
Internal Audit department	DAI	Selma Coelho	Directora		24			24
Investment Banking	GBI	João Lourenço	Director			1		1
International Relations Department	GRI	Ulanga Martins	Director			3		3
New Business Development	GNN	Helena Faria	Directora			8		8
Foreign Exchange Control	GCC	Manuel Cardoso	Director		8			8
Private and Corporate - North	DPNN	Mário Lima	Director			7	85	92
Private and Corporate - Luanda	DPNN LI	Celmira Santos	Director			16	340	356
Private and Corporate - Luanda II	DPN LII	Henrique Santos	Director			3	250	253
Private and Corporate – Northwest	DPN R	Rui Fançony	Director			1	64	65
Private and Corporate - East	DPN E	Rui Fançony	Director			2	68	70
Private and Corporate - Center	DPN C	Mário Monteiro	Director			9	120	129
Private and Corporate - South	DPN S	Helder Real	Director			4	134	138
Commercial Support Department	DSC	Petra Mangueira	Director			34		34
Large Companies Department	DGE	Paula Lélis	Director			17	102	119
Loengo Services	GSL	Adalgiza Gonçalves	Director			4		4
Premium Services	GSP	Nzola Rangel	Director			4	15	19
Financial and Economic Studies	GEF	Diogo Silva	Director			5		5
Electronic banking department	DBE	Ivano Garrido	Director			64		64
Brand Communication and Management	GCM	Maria Neto	Director			14		14
Financial Markets Department	DMF	Calisto Ebo	Director			23		23
Operations Department	DOP	Antónia Cardoso	Director			65		65
Loan Analysis Department	DAC	Gisela Fonseca	Director			28		28
Loan Recoup Department	DRC	Paulo Assis	Director			32		32
Human Capital Department	DCH	Irene Graça	Director			36		36
Logistics and Portfolio Department	DPL	Carlos Torres	Director			115		115
Accounting and Finances	DCF	Juvelino Domingos	Director			22		22
Information Systems	DSI	José Lazaro	Director			67		67
Marketing	DMR	Fabio Correia	Director			22		22
Organization and Quality	DOQ	Diala Monteiro	Director			21		21
Legal Department	DJC	Ebb Colsoul	Director			14		14
Custody and Accounting	DTC	Garibaldina Silva	Director			35		35
Small and medium-sized companies	DPME	Jorge Silva	Director			8	4	12
Others (Associates BAI e BAIGEST)						33		33
Total Dec. 2019				**17**	**67**	**759**	**1182**	**2025**
Total Dec. 2018				**19**	**74**	**828**	**1138**	**2058**
Total Dec. 2017				**17**	**74**	**632**	**1268**	**1991**

8.2 TRAINING AND DEVELOPMENT

In 2019, training investment was of 584 754 million Kz, an increase of 55% when compared to 2018 (377 967 million Kz). The investment was done in 77 different training issues, 67 of which were in Angola and 10 were abroad, namely Ethiopia, Portugal, South Africa, USA, Brazil and United Kingdom.

Pertaining to the number of hours in each training, the largest representation of number of hours are of the technical/banking variant, followed by behavioral training and multiple seminars. Average hours per participant in 2019 were of 15 hours per training, an increase of 7% when compared to 2018 (14 hours per training).

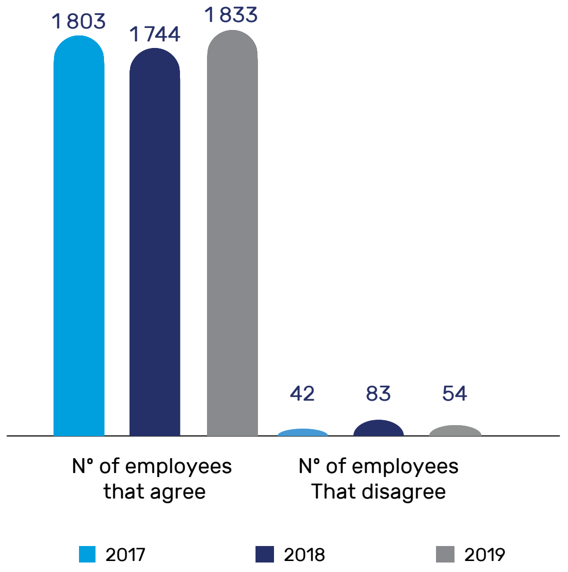


Training	Participants	Training Hours	Instructor
2ª edition of accounting procedures	162	810	ABAI
3ª Tax Workshops model about transfer pricing	2	14	ABAI
Professional illnesses and work accidents	10	40	ABAI
Changes in the Angolan social security system	6	96	ABAI
AMDEC –Company and Account and Entity Maintenance	65	260	ABAI
Financial statement analysis	51	1 224	ABAI
Company financial analysis	11	264	ABAI
High Income Premium Performance Client assistance	11	72	ABAI
Executive assistant	5	860	Portugal
Insurance Banking	61	460	ABAI
Sale database	13	520	ABAI
Financial Calculations and Financial Mathematics	12	480	ABAI
CBC	176	10 781	ABAI
CBPG	128	6 848	ABAI
CBT	14	1 008	ABAI
International Coaching Certification	4	296	ABAI
CISSP training in Addis Ababa (Ethiopia)	3	63	Ethiopia
Personal and Professional Development Coaching	49	310	ABAI
Powerpoint insititutional communication	13	312	ABAI
Annual Internal Audit Conference	10	80	ABAI
Conference IVA – Ready, Set, GOI- Perspectives, Practices and Implementation of IVA	7	28	ABAI
ITIL procedures conference	64	2 048	ABAI
Advanced Financial Accounting - PWC	2	32	ABAI
Taxing advanced course	2	132	ABAI
Audit course	6	24	ABAI
Part I, II e III CIA Exam Course	2	8	Portugal
Challenges of new technological crimes	3	54	ABAI
Business writing	22	352	ABAI
Excel	13	416	ABAI
Excel for professionals	23	732	ABAI
Office Outlook Tools	8	64	ABAI
Compliance Annual training	344	1 396	ABAI
Company and business assessment training	11	220	ABAI
Training CDI´s	134	556	ABAI
Time Management Training	6	48	ABAI
Trade Finance Training	5	160	África do Sul
Foreign Exchange operations training	162	1 134	ABAI
Subtotal	**1 620**	**32 202**	

Training	Participants	Training Hours	Instructor
1.2019 Instructor pedagogic training	8	720	ABAI
Transported marchandise training	10	40	ABAI
Purchase Management	7	56	ABAI
Banking and procedure training	1	76	ABAI
IBM Think 2019 - USA	1	16	EUA
Financial Instruments	12	36	ABAI
Emotional intelligence applied to Client's attention	14	224	ABAI
IV Banking Law Congress	2	32	Portugal
Leading Angola to the future	7	112	ABAI
Capital Market	12	192	ABAI
Microsoft Power BI	9	180	ABAI
New Intranet O365	38	152	ABAI
Time and Schedule Management Edition 1	12	184	ABAI
Official Training CKP Checkpoint Security Administration/Expert	1	40	Brasil
PAGEB	12	576	ABAI
Planning, Budget management and cost control	9	216	ABAI
Post-graduation in human resources management and Social Benefits	1	32	ABAI
Fraud prevention	197	2 340	ABAI
Fraud prevention and Integrity Declaration	83	3 320	ABAI
Technical assistance program FSVC/ABANC on Compliance	5	154	ABAI
Leadership Program	58	3 706	ABAI
Bank reconcilliation	13	208	ABAI
Executive Board secretariat and Top Managers	6	108	Portugal
Seminar – Good practices on Loan concession	20	60	ABAI
Seminar Analyst certification (PDA)	4	64	ABAI
ABAI Seminar on work hygiene and health 1ª edition_DTC	31	124	ABAI

Change Management seminar	15	120	ABAI
"Ser Pro" seminar	205	615	ABAI
SIBOS Conference 2019	8	32	Reino Unido
Powerpoint presentations procedures	15	360	ABAI
Customer presenting procedures	21	416	ABAI
Communication procedures	8	128	ABAI
Sales and negotiation procedures	15	376	ABAI
Women On Board	8	320	ABAI
Workshop – Phishing prevention	1 654	2 712	ABAI
Workshop – Sale procedures	149	596	ABAI
Workshop PAC	61	244	ABAI
Workshop SAGD	8	32	ABAI
Risks in the banking system	1	76	IFBA
Conference Navigator	2	48	África do Sul
Money laudering prevention	1 653	41 872	PWC
Subtotal	**4 396**	**60 915**	
Total	**6 016**	**93 117**	

8.3 PERFORMANCE ASSESSMENT



The performance assessment process made in 2019 was made according to output of 2018.

In 2019 there were 2 023 employees eligible to be assessed and 1 887 were permanent employees (3% higher than in 2018). BAI evaluated 97% of its staff and 53% achieved the mark of "Objective reached" according to performance evaluation.

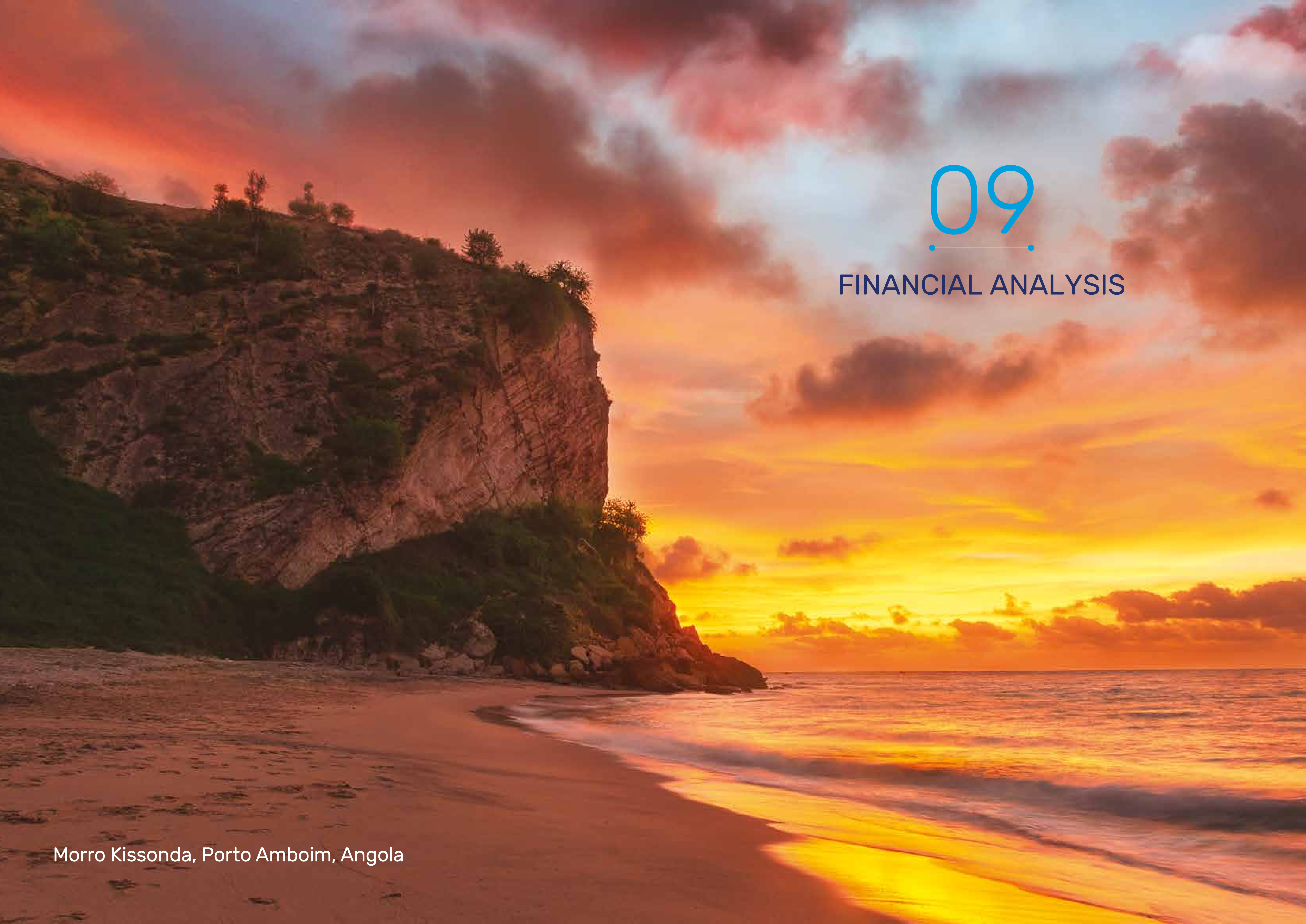
8.4 ORGANIZATIONAL ENVIRONMENT

In 2019, an internal client satisfaction survey was conducted in lieu of measuring the level of employee satisfaction in internal professional relations. The assessment criteria were:

• Availability, empathy and friendliness;
• Deadline compliance/timely feedback;
• Ease of access/contact with other areas.

1 886 employees participated in the survey and 1 632 of them were permanent employees, equivalent to a response rate of 86%.

Of the collected results, 90% of the employees were satisfied or very satisfied with the professional relations within the Institution.

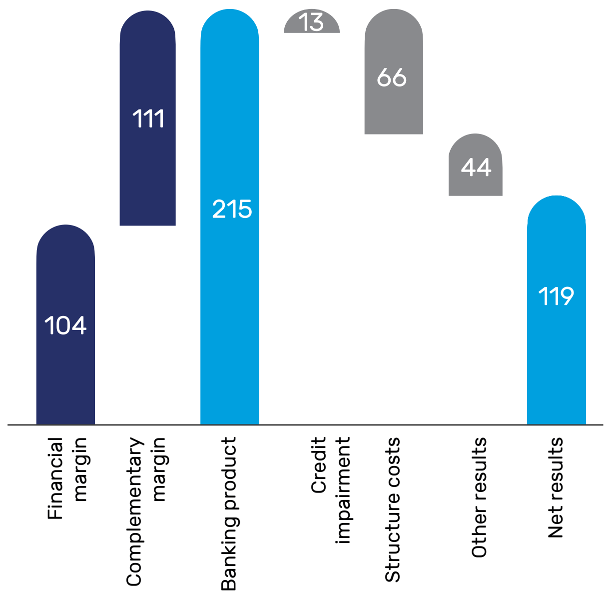


Morro Kissonda, Porto Amboim, Angola

9.1 INCOME STATEMENT

During 2019's exercise, Banco BAI recorded a net result of 119 Thousand Million Kz, which reflects a Return of Investment of 47,7%. The abovementioned result is essentially justified by the increase of 21% in the financial margin, foreign exchange results represented 24% and were heavily driven by Kwanza depreciation, and by the decrease in impairment by 119% when compared to 2018.

				Δ%	
(Thousand Million Kz)	dec. 17	dec. 18	dec. 19	Absoluta	2018/2019
Interest and similar income	108	122	146	24	20%
Interest and similar costs	(27)	(36)	(42)	(7)	18%
Financial Margin	81	86	104	18	21%
Income from equity instruments	0	0	1	0	160%
Net commissions	10	19	14	(5)	(28%)
Asset and liabilities through results	1	(2)	(1)	2	(63%)
Foreign exchange results	26	80	100	20	24%
Alienation results	1	1	(1)	(2)	(161%)
Other results from exploration	(7)	(7)	(2)	5	(76%)
Banking product	112	178	215	37	21%
Staff costs	(18)	(26)	(31)	(6)	21%
Suppliers and third-party services	(18)	(21)	(29)	(8)	38%
Depreciações e amortizações do exercício	(3)	(4)	(5)	(1)	23%
Administrative costs	(39)	(51)	(66)	(15)	29%
Net provisions of anullments	3	(3)	(1)	2	(51%)
Loan impairment, net of reversals and recoveries	(18)	(69)	13	82	(119%)
Loan impairment to other assets, net of reversal and recoveries	0	()	(29)	(29)	33505%
Impairment for other assets net of reversals	(2)	(4)	(1)	3	(68%)
and recoveries	55	50	131	81	160%
Current tax	0	0	(9)	(9)	100%
Deferred asset tax	0	0	(3)	(3)	1513%
New result from financial year	55	50	119	69	137%



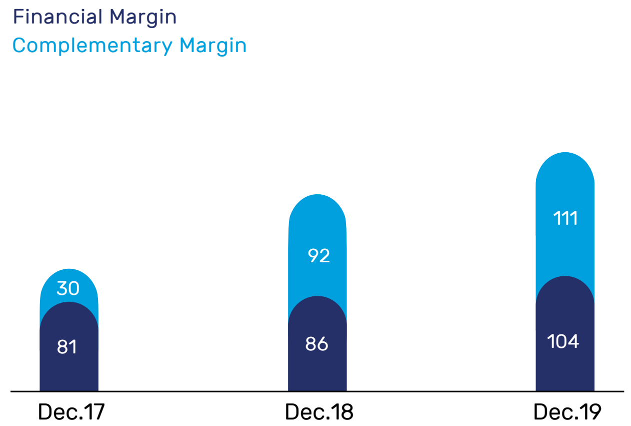
9.1.1. BANK PRODUCT

The banking product was set at 215 Thousand Million Kz and matches an increase of 21% when compared to 2018. The positive change in results is propelled by the 21% increase in the financial margin and by the complementary margin. The raise of both margins is explained by investment income and financial assets, the income from client loans and Kwanza depreciation of 53% vis-à-vis the Euro.

The complementary margin represented 52% of the banking product and the financial margin constituted 48%.

9.1.1.1. FINANCIAL MARGIN

The financial margin observed an increase of 104 Thousand Million Kz, 21% more than in December 2018, as a result of an adequate asset management in central banks and other loan institutions benefiting from liquidity demand in the inter banking monetary market, the upturn in the average interest rate of investments and average interest rate. Standing out is also the cost with client resources, at 18%.



				Δ%	
(Thousand Million Kz)	dec. 17	dec. 18	dec. 19	Absolute	Dec.18/Dec.19
Loan	44	47	48	1	3%
Investment in Central banks and other CI	4	14	14	0	(2%)
Investments and financial assets	56	60	83	22	37%
Commissions associated amortized cost	4	1	1	1	157%
Deposits	(27)	(36)	(42)	(7)	18%
Total	81	86	104	18	21%

9.1.1.2. COMPLEMENTARY MARGIN

2019 was impacted by the Kwanza depreciation, and that indicator is also reflected upon the Bank's results. The foreign currency position and portfolio investment composition drove foreign exchange gains by a growth on 24%.

Commission results declined by 28%, reaching 14 Thousand Million Kz, much due to the decrease in commissions by tax collection, the decline in commissions from documentary payments, pre-paid Visa card charging and from commissions on foreign exchange operations.

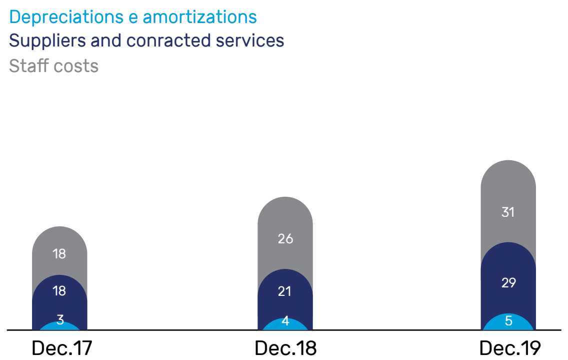
The other results will be shown as negative, at 3 Thousand Million Kz (5 less than in the same period in 2018), and are heavily impacted by the contribution made to the Deposit Guarantee Fund.

				Δ%	
(Thousand Million Kz)	dec 17	dec. 18	dec. 19	Absolute	Dec.18/Dec.19
Commission Results	10	19	14	-5	(28%)
Foreign Exchange Results	26	80	100	20	24%
Other results	(5)	(8)	(3)	5	(58%)
Total	**30**	**92**	**111**	**19**	**21%**

FOREIGN EXCHANGE RESULTS

The increase in foreign exchange results at 20 Thousand Million Kz is justified by the increment in purchase and sale of foreign currency at 22% and by the currency fluctuation of treasury bonds indexed at 38%.

				Δ%	
(Thousand Million Kz)	dec. 17	dec. 18	dec. 19	Absolute	Dec.18/Dec.19
Asset and liability reassessment	0	32	6	-26	(80%)
Foreign currency buys and sales	32	16	20	4	22%
Foreign currency fluctuation OTXC and indexed DP	0	30	73	43	141%
Other items	-6	2	1	0	(25%)
Total	**26**	**80**	**100**	**20**	**24%**



9.1.2. ADMINISTRATIVE COSTS

The administrative costs have increased 29%, 15 Thousand Million Kz more than in 2018 and heavily influenced by staff costs, which rose to 21% and by the 38% increase in supplier costs and by services rendered by third parties, as a reflection of inflation and BAI's bet on optimization and modernizing of its business structure, control and support.

				Δ%	
(Thousand Million Kz)	dec. 17	dec. 18	dec. 19	Absolute	Dec.18/Dec.19
Staff costs	18	26	31	6	21%
Supply and Contracted services	18	21	29	8	38%
Depreciations and amortizations	3	4	5	1	23%
Total	**39**	**51**	**66**	**15**	**29%**

9.1.3. LOAN IMPAIRMENT

BAI has collected income from loan impairment from clients through net recoveries in the amount of 13 Thousand Million Kz and also influenced by changes and reversions in operation normalization.

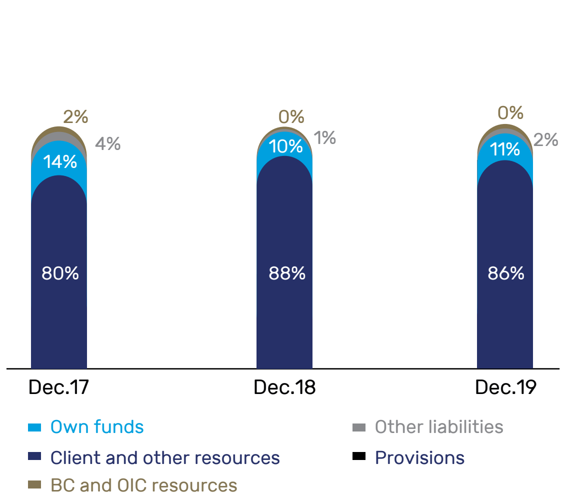
Impairment costs for other financial assets, net of reversion and recoveries reached 29 Thousand Million Kz due to the increase in investment portfolio impairments and financial assets.

9.2 BALANCE

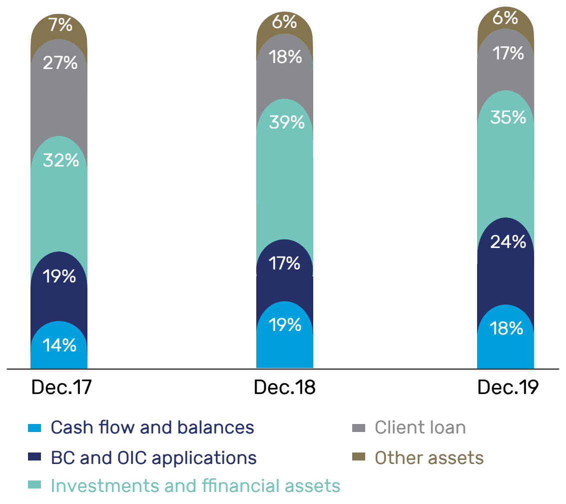
				Δ%	
(Thousand Million Kz)	dec. 17	dec. 18	dec. 19	Absolute	2018/2019
Cash flow and balances	190	379	486	107	28%
Applications in CB and other Institutions	255	351	630	279	79%
Investments and other financial assets	441	802	915	113	14%
Client loan	369	373	449	75	20%
Investment in subsidiaries, associates and investments	7	8	9	1	16%
Tangible and intangible assets	52	58	70	11	19%
Non-current assets held for sale	19	19	18	(1)	(8%)
Assets by current tax	1	1	2	1	126%
Assets by deferred tax	3	12	9	(3)	(25%)
Other assets	32	41	55	14	35%
Asset Total	**1 369**	**2 045**	**2 642**	**597**	**29%**
Central bank and other CI resources	28	4	6	2	52%
Client and other loans resources	1 093	1 808	2 285	477	26%
Demand deposits	700	953	1 077	124	13%
Time deposits	392	855	1 208	353	41%
Provisions	4	8	3	(5)	(66%)
Other liabilities	49	26	50	24	94%
Own funds	196	199	298	99	50%
Total liabilities and own capital	**1 369**	**2 045**	**2 642**	**597**	**29%**

The Bank's balance was of 2 642 Thousand Million Kz, growing 29% when compared to 2018.

LIABILITY STRUCTURE



ASSET STRUCTURE



Changes in asset structure took place due to Kwanza depreciation, by the decrease in investment and financial asset weight, as well as, the weight of Central Bank's and other loan institutions' financial applications due to the increase of applications in the country and abroad.

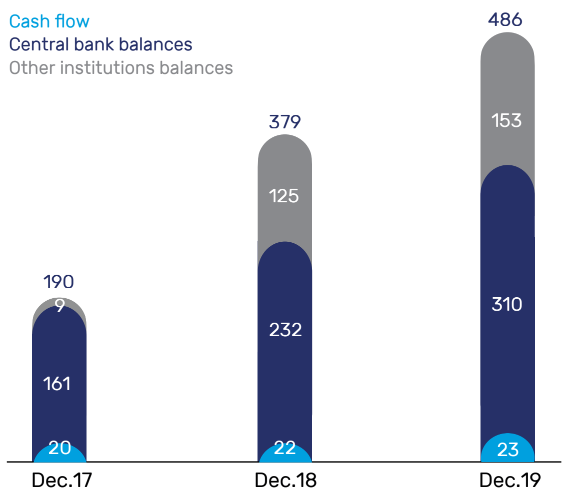
9.2.1. CURRENCY BALANCE

(Thousand Million Kz)	MN	Indexed to FC	FC	NC	Indexed to FC	NC
	Dez. 18			Dez. 19		
Balances and applications	208		522	240		876
Investments and Financial assets	320	153	329	286	156	473
Client Loan	163		210	214		235
Other Assets	130		9	147		16
Total Assets	**821**	**153**	**1 070**	**887**	**156**	**1 599**
Deposits	661	52	1 094	739	11	1 535
Other liabilities	25		13	(3)		62
Own funds	200		(0)	298		0
Total liability + CP	**885**	**52**	**1 107**	**1 034**	**11**	**1 597**
Foreign exchange position EUR			(105)			4

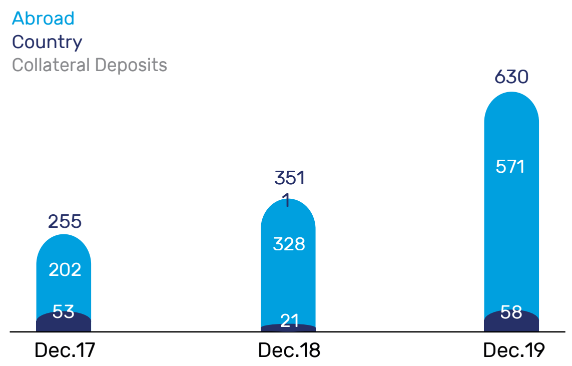
9.2.2. CASH AND FINANCIAL APPLICATIONS ON THE CENTRAL BANK AND OTHER LOAN INSTITUTIONS

The increase in available cash was registered at 28% when compared to 2018, at 486 Thousand Million Kwanza, reflecting the increase in Central Bank's available cash in foreign currency in 85 Thousand Million Kz and other Institutions in 28 Thousand Million Kz. . Increase in investments in the Central Bank and other loan institutions by 279 million Kz,

CASH FLOW AND BALANCES



CENTRAL BANK APPLICATIONS AND IN OTHER LOAN INSTITUTIONS

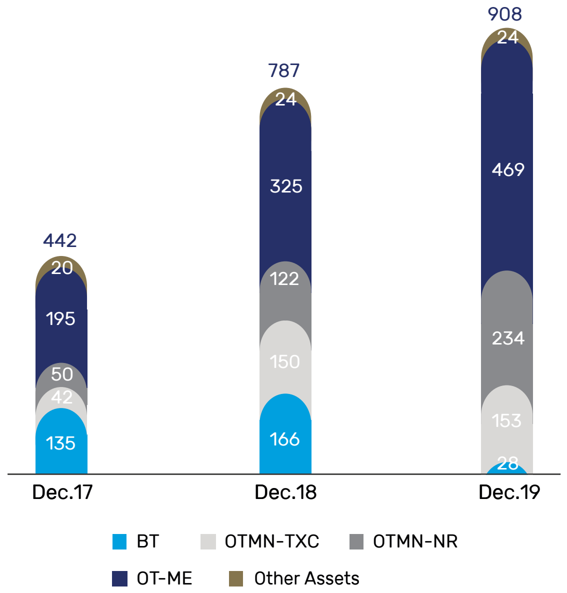


The increase of 279 Thousand Million Kz in financial assets in the Central Bank and other Institutions was influenced by the rise in portfolio applications abroad in 243 Thousand Million but also by Kwanza depreciation and applications in the country in the amount of 37 Thousand Million.

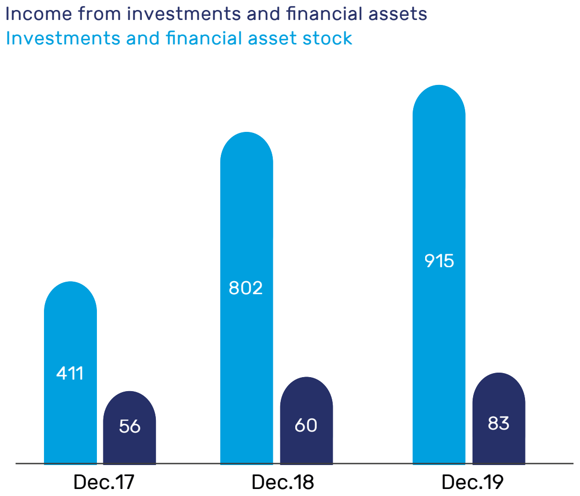
9.2.3. INVESTMENT APPLICATIONS AND FINANCIAL ASSETS

The investment portfolio and financial assets have been the most underlying asset in the balance sheet and were registered at 915 Thousand Million Kz in 2019. This is an increase of 14% when compared to 2018 and heavily influenced by the increase of OTMN-NR, OTMN-TXC, OTME and by the positive change in foreign exchange.

INVESTIMENTS AND FINANCIAL ASSETS



INVESTIMENT INCOME AND FINANCIAL ASSETS



In December 2019, investment income in financial instruments was measure at 83 Thousand Million Kz, an increase of 37% when compared to the figure recorded in 2018.

9.2.4. LOANS TO CUSTOMERS

The increase in customer loans was of 75 Thousand Million Kz in December 2019, growing 20% in net terms, and reflecting the positive impact of foreign currency loans, from Kwanza depreciation, loan transformations in foreign currency to Kwanza and new gross disbursements.

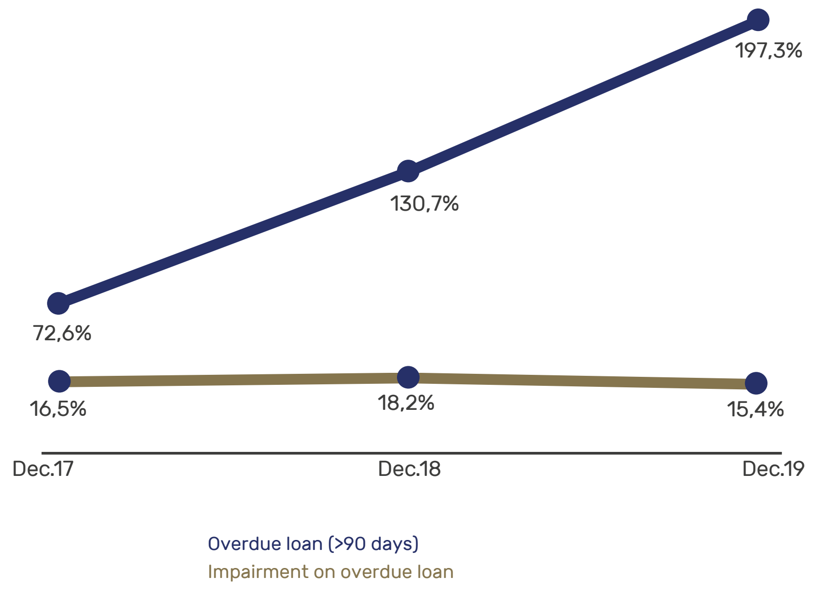
Overdue loan peaked at 121 Thousand Million Kz, registering a decrease of 19 Thousand Million Kz when compared to 2018.

LIVE AND OVERDUE LOAN (BY DAYS IN DEFAULT)

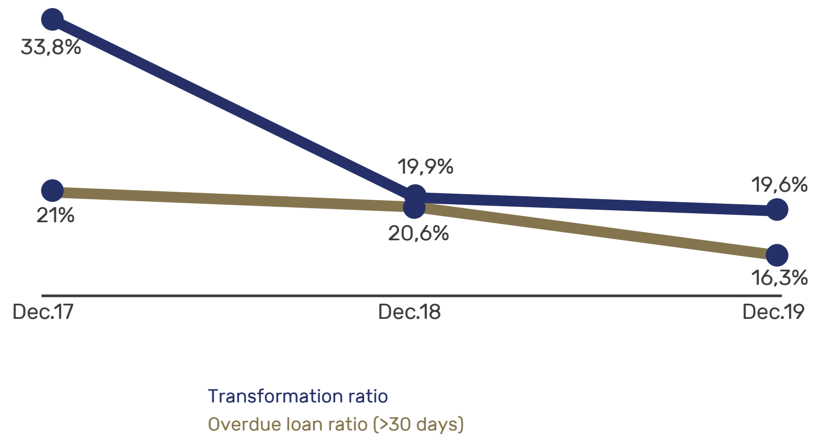
				Δ%	
(Thousand Million Kz)	dec. 17	dec. 18	dec. 19	Absolute	2018/2019
Performing loan - MinFin	106	162	162	0	0%
Performing loan - MinFin	209	232	382	150	65%
Performing Loan	315	394	544	150	38%
Non-performing loans	122	139	121	(19)	(13%)
Up to 30 days	26	29	9	(20)	(69%)
Between 30 and 90 days	21	10	6	(4)	(38%)
More than 90 days	75	101	106	5	5%
Interest to receive - Minfin	1	3	3	0	5%
Interest to receive – Other sectors	20	20	20	(0)	(0%)
Interest to receive	21	22	23	0	1%
	458	556	687	131	24%
(-) Acumulated impairment losses	(88)	(182)	(238)	(56)	31%
Net loan	369	373	449	75	20%
Off-balance credit provisions	4	8	3	(5)	(66%)
Letters of credit	53	202	102	(100)	(50%)
Guarantees provided	10	19	34	15	78%
Credits write-offs of which	122	198	274	75	38%
Capital	87	139	197	58	42%
Overdue interest	35	60	76	17	28%
Interest CCC and D/O written-off assets					
Ratios					p.p
Impairment on loan default	72,6%	130,7%	197,3%	67	67
Overdue loan +30 days	21,0%	19,9%	16,3%	(4)	(4)
Overdue loan (+90 days)[1]	16,5%	18,2%	15,4%	(3)	(3)
Overdue loan (+90 days)[2]	21%	26%	20%	(6)	(6)
Transformation ratio	33,8%	20,6%	19,6%	(1,0)	(1,0)

[1] Non performing loans of more than 90 days for total loans
[2] Non performing loans of more than 90 days for total loans excluding MINFIN

OVERDUE LOAN



TRANSFORMATION RATIO VS OVERDUE LOAN RATIO +30 DAYS



Transformation ratio, from net loan on deposits was of 19,6% and a decrease, when compared to 2018, of 1,0 p.p. and influencing a further increase of retail deposit portfolio.

The Bank set the objective of having a coverage ratio above 100%, benefiting from the high foreign exchange results in order to bolster balance sheet soundness. To that effect, 2019 closed with a coverage loan default by impairment of 197,3%.

9.2.5. CLIENT RESOURCES AND OTHER LOANS

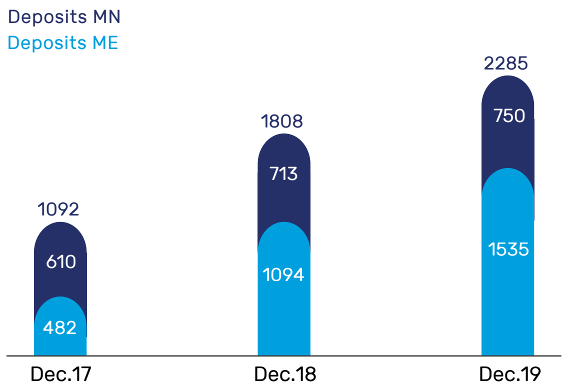
Client deposits were of 2 285 Thousand Million Kz in 2019, and an increase of 26% compared to 2018.

(Thousand Million Kz)	dec. 17	dec. 18	dec 19	Δ% Absolute	Δ% 2018/2019
OSF- Public societies of insurance and pension funds	0	0	4	4	100%
OSF – Private Soc. of insurance and pension funds	0	0	1	1	100%
OSF – Private other financial intermediaries	0	0	0	(0)	(39%)
Central government	9	21	17	(4)	(19%)
Local government (Provinces)	0	0	0	0	200%
Municipal administration	0	0	0	(0)	(15%)
Autonomous public services	6	3	3	(0)	(12%)
Social security funds	48	78	99	21	26%
Non-financial public sector	10	26	20	(6)	(23%)
Non-financial private corporate sector	383	388	370	(18)	(5%)
Non-profit institutions	2	3	11	8	281%
Private	153	194	225	31	16%
Kwanza	**610**	**713**	**750**	**37**	**5%**
OSF- Public societies of insurance and pension funds	0	0	7	7	100%
OSF – Private Soc.of insurance and pension funds	0	0	46	46	100%
OSF – Private other financial intermediaries	0	1	1	1	112%
Central government	13	25	159	133	525%
Local government (Provinces)	0	0	0	0	52%
Municipal administrations	0	0	0	(0)	(23%)
Autonomous public services	0	4	7	2	46%
Social security funds	0	1	1	0	57%
Non-financial public sector	10	12	24	12	102%
Non-financial private corporate sector	339	760	822	62	8%
Non-profit institutions	3	4	11	7	170%
Private	118	287	457	170	59%
Foreign currency	**482**	**1 094**	**1 535**	**441**	**40%**
Deposits in FC (EUR million)	3	3	3	(0)	(8%)
Type:					
Demand deposits - MN	407	444	426	(18)	(4%)
Demand deposits - ME	293	509	651	142	28%
Demand deposits - ME (EUR million)	2	1	1	(0)	(17%)
Time deposits- MN	203	270	324	54	20%
Time deposits - ME	189	585	884	299	51%
Time deposits - ME (EUR milhões)	1	2	2	(0)	(1%)
Total	**1 093**	**1 808**	**2 285**	**477**	**26%**
Deposits ME	**482**	**1 094**	**1 535**	**441**	**40%**
Deposits MN	**610**	**713**	**750**	**37**	**5%**
Total deposits	**1 093**	**1 808**	**2 285**	**477**	**26%**

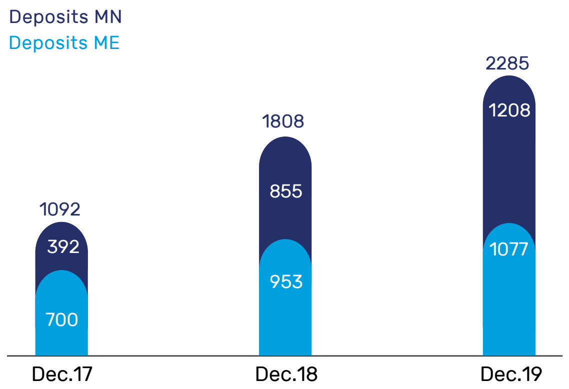
Term deposits predominantly contributed to the portfolio increase in 1 207 Thousand Million Kz (855 Thousand Million Kz in 2018), reflecting an increase of 41% due to Kwanza depreciation, which had a positive impact in foreign currency deposits and new investments.

Term deposits were of 1 077 Thousand Million Kz in 2019 (953 Thousand Million in 2018), which reflects an increase of 13%, much due to the increase in deposits from the non-financial private sector, Central Government and private clients.

CLIENT RESOURCES AND OTHER CURRENCY DEPOSITS



CLIENT RESOURCES AND LOAN BY TYPE



Foreign currency deposits in 2019 were of 67% of all data, whilst deposits in Kwanza were of 33%.

9.3 REGULATORY SOLVENCY RATIO

The Regulatory Solvency Ratio (Notice nº 2/2016 from BNA) was of 17% at the end of 2019, thereby maintaining its minimum limit of 10%, as determined by the regulator.

(Thousand Million Kz)	dec. 17	dec. 18	dec. 19	Absolute variation	Dec. 18 %
Regulatory Own Funds Requirements					
Operational Risk	14	21	27	6	28%
Market Risk	8	13	15	2	12%
Loan and counterparty risk	58	114	131	17	15%
Total	**81**	**149**	**174**	**25**	**16%**
Regulatory own funds	**154**	**195**	**295**	**100**	**51%**
Solvency ratio	**19,00%**	**13,10%**	**17,00%**	**3,9 p.p**	**30%**

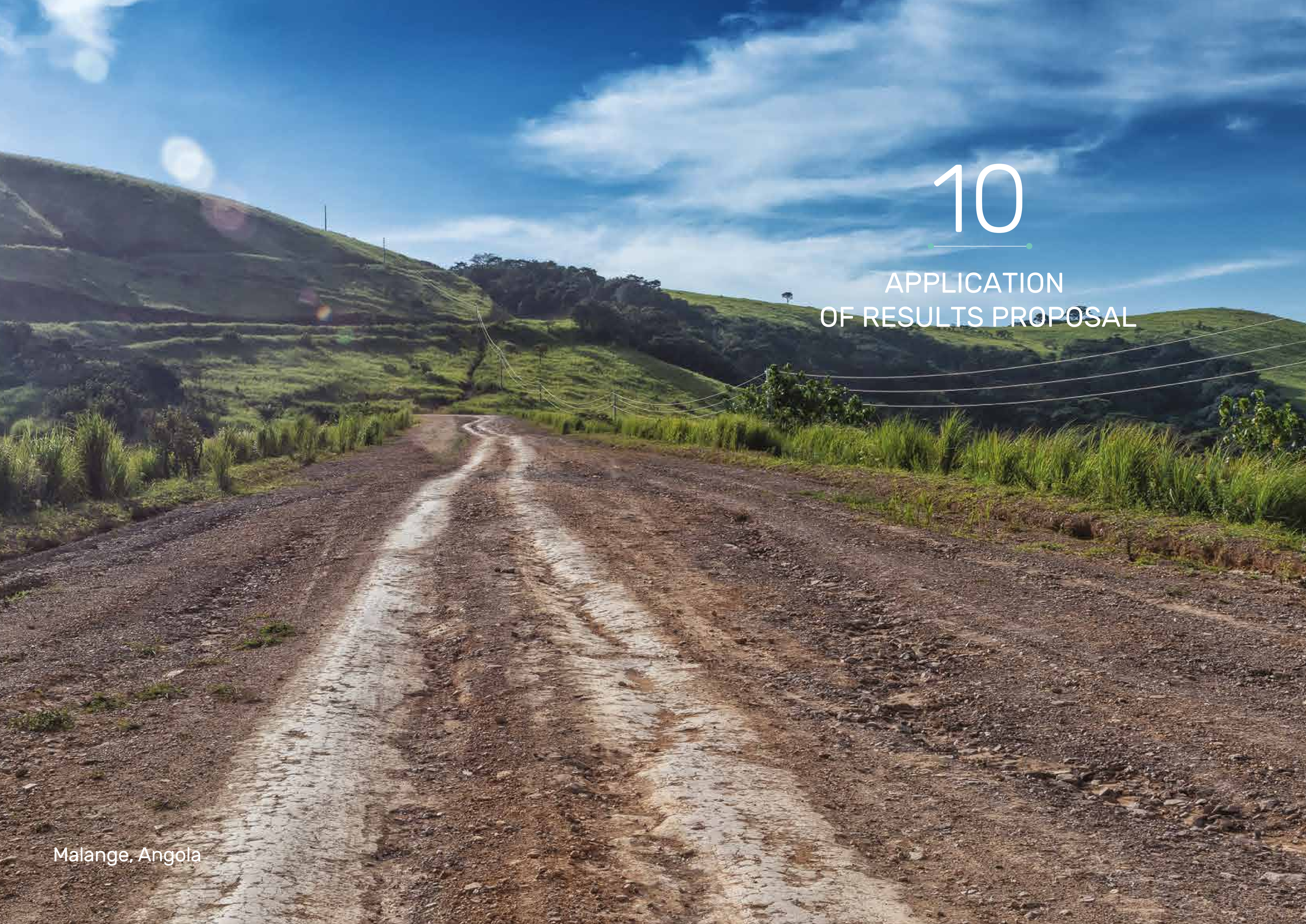
9.4 PROFITABILITY

Average capital fund profitability (ROAE) was of 47,7% in 2019, 88% more than in 2018, mostly due to the increase in net asset profitability of 73%.

Profit Composition	dec. 17	dec. 18	dec. 19	Δ% 2018/2019
Interest and similar income	7,9%	7,1%	6,2%	(13%)
Interests and costs	(1,2%)	(2,1%)	(1,8%)	(14%)
Financial margin	6,8%	5,0%	4,4%	(12%)
Income from capital instruments	0,0%	0,0%	0,0%	89%
Net commissions	0,4%	1,1%	0,6%	(47%)
Asset and liability through results	0,0%	(0,1%)	(0,0%)	(73%)
Foreign exchange results	1,1%	4,7%	4,3%	(9%)
Results from alienation of other assets	0,0%	0,1%	(0,0%)	(145%)
Exploration results	(0,3%)	(0,4%)	(0,1%)	(82%)
Banking product	**8,1%**	**10,4%**	**9,2%**	**(12%)**
Staff costs	(0,8%)	(1,5%)	(1,3%)	(12%)
Suppliers and third-party services	(0,8%)	(1,2%)	(1,3%)	1%
Depreciations and amortizations in the financial year	(0,1%)	(0,2%)	(0,2%)	(10%)
Administrative costs	**(1,7%)**	**(3,0%)**	**(2,8%)**	**(6%)**
Net provisions and annulments	0,1%	(0,2%)	(0,1%)	(64%)
Loan impairment, net of reversals and recoveries	(0,8%)	(4,0%)	0,6%	(114%)
Loan impairment, net of reversals and recoveries	0,0%	(0,0%)	(1,2%)	24381%
Loan impairment for others, net of reversals and recoveries	(0,1%)	(0,3%)	(0,1%)	(76%)
Ongoing operation results before tax	5,7%	2,9%	5,6%	90%
Asset tax	0,0%	0,0%	(0,5%)	5103%
Average net asset profitability (ROAA)	5,7%	2,9%	5,1%	73%
Leveraging	7,5	8,6	9,4	9%
Average profitability of own capital (ROAE)	43,1%	25,4%	47,7%	88%

10

APPLICATION OF RESULTS PROPOSAL



Malange, Angola

The Executive Board purposes, (taking into account legal and regulatory provisions) that the net result of 118 733 121 529, 85 Kz (One hundred and eighteen Thousand Million, seven hundred and thirty three million, one hundred and twenty one thousand, five hundred and twenty nine Kwanza and eighty five cents), referring to 2019, be implemented on the following:

	%	AKZ
For legal reserves	10,0%	11 873 312 152,99
To cover for negative results from previous years	17,6%	20 840 899 615,79
For free reserves	52,4%	62 272 285 455,11
For dividends	20,0%	23 746 624 305,97

THE EXECUTIVE BOARD

José Paiva
President of the Executive Board

Theodore Giletti
Administrator

Jaime Bastos
Administrator

Carlos Chaves
Administrator

Inokcelina Santos
Administrator

João Fonseca
Administrator

Irisolange Verdades
Administrator

Mário Barber
Administrator

Omar Guerra
Administrator

Luís Lélis
Administrator

Simão Fonseca
Administrator

Helder Aguiar
Administrator

José Manuel
Administrator

11 FINANCIAL STATEMENTS

Parque Natural Iona, Cunene, Angola

11.1 BALANCE SHEET

INDIVIDUAL STATEMENTS IN DECEMBER 31ST 2018 AND 2019

(Amounts in thousands of Kwanzas – Except when shown otherwise)	Notes	31.12.2019 Value before Impairments and amortization	31.12.2019 Impairments and amortizations	31.12.2019 Net value	31.12.2018 Net value
Asset					
Cash and cash equivalents at central banks	4	333 319 523	-	333 319 523	253 867 188
Cash and cash equivalents at other credit institutions	5	153 013 888	48 988	152 964 900	125 398 411
Applications in central banks and other loan institutions	6	655 565 585	25 846 910	629 718 675	351 162 813
Financial assets at fair value through results	7	58 349 624	-	58 349 624	49 351 693
Financial assets at fair value through comprehensive income	8	116 536	-	116 536	30 160 357
Investments at amortized cost	9	869 579 767	13 315 351	856 264 416	722 661 496
Client loan	10	686 958 465	238 246 930	448 711 535	373 253 283
Non-current assets held for sale	11	23 396 221	5 744 057	17 652 164	19 110 486
Other tangible assets	12	87 625 068	20 885 791	66 739 277	56 848 108
Intangible assets	12	6 739 367	3 892 470	2 846 897	1 514 519
Investiments in subsidiaries	13	8 988 965	61 920	8 927 045	7 719 154
Assets by current taxes	14	2 035 858	-	2 035 858	949 020
Assets by deferred taxes	14	8 803 348	-	8 803 348	11 807 312
Other assets	15	63 353 669	8 100 801	55 252 868	40 790 969
Total Assets		**2 957 845 884**	**316 143 218**	**2 641 702 666**	**2 044 594 809**
Liabilities and own capital					
Resources from central banks and other loan institutions	16	5 999 279	-	5 999 279	3 942 530
Client resources and other loans	17	2 285 011 806	-	2 285 011 806	1 807 522 210
Liabilities by current taxes	14	12 465 948	-	12 465 948	2 214 451
Liabilities by deferred taxes	14	78 679	-	78 679	78 679
Provisions	18	2 834 745	-	2 834 745	6 012 036
Other liabilities	19	37 146 236	-	37 146 236	25 615 511
Total liabilities		**2 343 536 693**	**-**	**2 343 536 693**	**1 845 385 417**
Social capital	20	157 545 000	-	157 545 000	14 786 705
Social capital monetary update fund	21	-	-	-	28 669
Issued awards	20	(9 204 478)	-	(9 204 478)	(9 204 478)
Own shared	20	(739 335)	-	(739 335)	(739 335)
Reassessment reserves	21	(326 383)	-	(326 383)	(576 118)
Other reserves and transition funds	21	32 158 047	-	32 158 047	144 848 260
Net individual result of the financial year		118 733 122	-	118 733 122	50 065 689
Total own capital		**298 165 973**	**-**	**298 165 973**	**199 209 392**
Total liabilities and own capital		**2 641 702 666**	**-**	**2 641 702 666**	**2 044 594 809**

Annexed notes are part of the statements

11.2 RESULT STATEMENTS

INDIVIDUAL RESULT STATEMENTS FOR THE FINANCIAL YEARS OF 2018 AND 2019

(Amounts in thousands of Kwanzas – Except when shown otherwise)	Notes	31-12-2019	31-12-2018
Interests and similar income calculated by interest rate method	22	141 887 569	119 848 497
Interests and similar income not calculated by interest rate method	22	4 488 049	2 106 443
Interest and similar costs	22	(42 455 768)	(35 841 926)
Financial margin		**103 919 850**	**86 113 014**
Income of capital instruments	23	724 101	278 430
Income from services and commissions	24	20 892 369	23 564 633
costs from services and commissions	24	(6 872 193)	(4 111 745)
Results from assets and liabilities at fair value through results	25	(570 781)	(2 407 968)
Results from assets and liabilities at fair value through other comprehensive income	26	(5 244)	-
Results from investment at amortized cost	27	(321 756)	-
Foreign exchange results	28	100 010 635	80 396 774
Results from alienation of other assets	29	(752 077)	1 228 003
Other results of exploration	30	(1 768 119)	(6 550 511)
Banking activity product		**215 256 785**	**178 510 630**
Staff costs	31	(31 259 488)	(25 739 916)
Suppliers and third-parties contracted	33	(29 400 025)	(21 291 634)
Depreciations and amortizations	34	(4 993 271)	(4 058 596)
Net provisions of anullments	35	(1 486 395)	(812 407)
Loan impairments to client's net of reversals and recoveries	36	12 962 975	(68 878 865)
Impairment for other financial assets net of reversals and recoveries	37	(28 796 870)	(85 692)
Impairment for other assets net of reversals and recoveries		(1 453 368)	(5 193 993)
RESULT BEFORE ONGOING OPERATION TAX		**130 830 343**	**52 449 527**
Tax on results			
Current tax	14	(9 365 027)	(2 214 451)
Deferred tax	14	(2 732 194)	(169 387)
RESULTS FROM TAX AFTER ONGOING OPERATIONS		**118 733 122**	**50 065 689**
INDIVIDUAL NET RESULT OF FINANCIAL YEAR		**118 733 122**	**50 065 689**

Annexed notes are part of the statements

11.3 COMPREHENSIVE INCOME STATEMENTS

INDIVIDUAL COMPREHENSIVE INCOME STATEMENTS FOR THE FINANCIAL YEARS OF 2018 AND 2019 ON DECEMBER 31ST

(Amounts in thousands of Kwanzas – Except when shown otherwise)	Notes	31-12-2019	31-12-2018
Individual net result of financial year		**118 733 122**	**50 065 689**
Other comprehensive income			
Items that are not reclassified for results of the financial year			
Variations resulting from gain/losses in instruments of own capital at fair value through other comprehensive income			
Gross value	21	(160 028)	(534 560)
Tax impact	14	48 009	160 367
		(112 019)	**(374 193)**
Items that will be reclassified for results of the financial year			
Debt instruments at fair value through other comprehensive income			
Variations at fair value	21	1 065 927	(1 065 927)
impairment	21	(384 394)	230 787
Fiscal impact	14	(319 779)	319 779
		361 754	**(515 361)**
Result not included in statement		**249 735**	**(889 554)**
Total from comprehensive income of the financial year		**118 982 857**	**49 176 135**

Annexed notes are part of the statements

11.4 CHANGES IN SHAREHOLDER EQUITY STATEMENTS

STATEMENTS OF THE CHANGES IN INDIVIDUAL OWN FUNDS FOR THE FINANCIAL YEARS OF 2018 AND 2019

				Reservas de Reavaliação		Outras reservas e resultados transitados					
(Amounts in thousands of Kwanzas – Except when shown otherwise)	Social Capital	Issuing awards	Own shares	Reserves at Fair value	Sub-Total	Legal reserve	Other reserves	Retained Results	Sub-Total	Individual net result of financial year	Total own capital
Balances in December 31st 2017	**14 786 705**	**(9 204 478)**	**(739 335)**	**565 146**	**565 146**	**14 786 705**	**120 843 730**	**-**	**135 630 435**	**54 704 352**	**195 742 825**
Adjustments to IFRS 0 transition	-	-	-	(251 709)	(251 709)	-	-	(20 840 900)	(20 840 900)	-	(21 092 609)
Application of individual net result of the financial year											
Transfer to other reserves	-	-	-	-	-	-	30 087 394	-	30 087 394	(30 087 394)	-
Dividend distribution	-	-	-	-	-	-	-	-	-	(24 616 958)	(24 616 958)
Result from financial year	-	-	-	(889 555)	(889 555)	-	-	-	-	50 065 689	49 176 134
Abalances in December 31st 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**
Aplicação do resultado líquido individual do exercício											
Transfer to other reserves	-	-	-	-	-	-	30 039 413	-	30 039 413	(30 039 413)	-
Dividend distribution	-	-	-	-	-	-	-	-	-	(20 026 276)	(20 026 276)
Increase/decrease in social capital	142 758 295	-	-	-	-	(14 786 705)	(127 971 590)	-	(142 758 295)	-	-
Result from financial year	-	-	-	249 735	249 735	-	-	-	-	118 733 122	118 982 857
Result not included in statement of results	**157 545 000**	**(9 204 478)**	**(739 335)**	**(326 383)**	**(326 383)**	**-**	**52 998 947**	**(20 840 900)**	**32 158 047**	**118 733 122**	**298 165 973**

11.5 CASH FLOW STATEMENTS

INDIVIDUAL CASH FLOWS FOR THE FINANCIAL YEARS OF 2018 AND 2019

(Amounts in thousands of Kwanzas – Except when shown otherwise)	Notes	31-12-2019	31-12-2018
Cash flow from operation activities			
Interest, commissions and other similar income received		168 775 741	145 888 745
Interests, commissions and other equiparable costs paid		(54 265 888)	(33 839 691)
Payment to employees and suppliers		(53 221 113)	(40 290 077)
Payment and contributions to pension funds and other benefits		(2 346 033)	(1 254 701)
Recovery of loans written off		3 897 406	-
Other results		15 718 402	80 396 774
Cash flow before changes in operational asset and liability		**78 558 515**	**150 901 050**
Increase/decrease in operation assets			
Applications in central banks and other loan institutions		(75 458 547)	(96 603 594)
Financial assets at fair value through results		(1 395 048)	(47 719 196)
Financial assets at fair value through comprehensive income		18 197 008	(12 044 020)
Investments at amortized cost		116 209 142	(307 425 540)
Client loan		31 148 232	(103 210 270)
Non-current assets held for sale		1 828 806	5 379 019
Other assets		(4 437 800)	(13 867 197)
Net cash flow from operation assets		**86 091 793**	**(575 490 798)**
Increase/decrease in operation liabilities:			
Resources from central banks and other loan institutions		284 729	(23 737 158)
Client resources and other loansRecursos de clientes e outros empréstimos		(87 073 982)	708 746 368
Other liabilities		(18 548 343)	(31 044 875)
Net cash flow from operation liabilities		**(103 337 596)**	**653 964 335**
Net cash flow from operation activities before tax on comprehensive income		61 312 712	229 374 586
Tax on paid income		(1 086 761)	-
Net cash flow from operation activities		**60 225 951**	**229 374 586**
INVESTMENT ACTIVITY CASH FLOWS			
Received dividents		(10 367 290)	(10 344 825)
Tangible asset acquisition, net of alienations		(1 996 703)	(311 565)
Intangible asset acquisition, net of alienations		1 200	(5 000 000)
Acquision of shares in subsidiaries, associates and enterprises		(11 899 145)	(15 377 960)
Net cash flow from investment activities		**86 091 793**	**(575 490 798)**
CASH FLOW FROM INANCING ACTIVITIES			
Dividend distribuiton		(20 198 799)	(25 071 170)
Payments from leading liabilities		(157 443)	-
Net cash flow from financing activities		**(20 356 242)**	**(25 071 170)**
Cash flow variations		27 970 564	188 925 456
Cash flow at the beginning of the financial year		379 265 599	190 340 143
Effects from foreign exchange variation in cash flow		79 097 248	-
Cash flow at the end of financial year		**486 333 411**	**379 265 599**
Cash flow is comprised of:			
Cash flow	4	23 366 903	22 059 052
Overnight deposits in BNA	4	309 952 620	231 808 136
Balances in other loan institutions.	5	153 013 888	125 398 411
		486 333 411	**379 265 599**

Annexed notes are part of the statements

11.6 ANNEX TO THE FINANCIAL STATEMENTS IN DECEMBER 2019 AND 2018

1. INTRODUCTORY NOTE

The Banco Angolano de Investimentos, S.A., (Angolan Investment Bank informally translated to English), (henceforth titled as "Banco" or "BAI"), with its head office located in Luanda, is a private capital Bank with non-resident entities. The Bank was founded on November 13th, 1996 and its commercial practice started in November 4th, 1997. In January 11th, 2011, the Bank altered its commercial name from Banco Africano de Investimentos, S.A., (African Investment Bank, informally translated to English) 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 Banco Nacional de Angola (henceforth titled as BNA), engaging in the acquisition of resources owned by third parties in the form of deposits, deposit certificates and cash bonds, in which it grants, along with its own resources, loans, BNA deposits, financial institution applications, bond acquisitions or other activities of which it is duly authorized. The Bank further 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 BASIS OF PRESENTATION

In compliance with Notice n°5/2019, August 23rd, from BNA, BAI's individual financial statements are prepared under the assumption of operation continuity and in accordance with Accounting and Financial Reporting International Guidelines (IAS/IFRS). These financial statements allude to the Bank's individual activity in December 31st, 2019. In accordance with current legislation, the Bank prepares and presents its consolidated financial statements separately.

IAS/IFRS include accounting guidelines issued by the International Accounting Standards Board (IASB) and its interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and by their respective predecessors.

Individual financial statements are quantified in thousand Kwanzas (mKz) and are rounded to the closest number. They are also prepared according to the historical cost principle, namely financial assets registered in their true value through results and financial assets registered through other comprehensive income.

This is the first financial statement in which the implementation of IFRS 16 – Lease is present. The most relevant accounting policies are detailed in Note 2.22.

Preparation of IAS/IFRS financial statements force the Bank to apply judgements and estimates and use new guidelines that affect accounting policies, income amounts, costs, assets and liabilities. Non-compliance or changes to the guidelines may impact real estimates and judgements. Areas where a greater level or judgement or complexity are applied, are detailed in Note 3.

BNA, the Angolan Bank Association (ABANC in Portuguese) and the Bank's Executive Board are of the opinion that the requirements predicted on IAS 29 – Hyperinflated economies financial report - were not met and that the Angolan economy should not be considered hyperinflated during the financial years of 2017 and 2018. Therefore, and by extent, it was decided not to apply the IAS 29 guidelines to 2019's financial year either.

2.2 INFORMATION COMPARISON

The bank has adopted guidelines for all financial years, starting from January 2019 onwards. The accounting policies were applied in accordance with the ones from 2018, the only exception being the adoption of IFRS 16 – Leases, referring to January 1st, 2019. These guidelines came to take IAS 17 –Leases place, and established new requirements on classification, reconnaissance and measurement of leases.

As a result of adopting IFRS 16 on January 1st, 2019, the Bank carried out a gathering of existing contracts up to this date and used the practical expedient as predicted in the guideline. This way, comparative information was not restated.

In the ongoing action of utilizing the practical expedient in IFRS 16 transition, the Bank acknowledged a liability on the current value of future payments, using an incremental tax rate to the initial date of the implementation of the guidelines and the right to use assets for the amount of leasing liabilities.

The current impacts of IFRS 16 implementation on January 1st, 2019 are detailed in Note 2.22.

In addition to this, on December 27th 2019, BNA disclosed its recommendations on appreciation of estimates related to financial assets on Directive n°13/DSF/DRO/2019 which were implemented on the financial statements in regards to the financial year that ended on December 31st 2019.

2.3 FOREIGN CURRENCY TRANSACTIONS

Assets and liabilities in foreign currency are registered according to multi-currency system.

Transactions in foreign currency are converted to Kwanzas and are subject to the exchange rate on the transaction date.

Monetary assets and liabilities in foreign currency are converted to Kwanzas at the exchange rate BNA publishes at the date of the balance sheet. Costs and income in foreign currency that result from currency conversion are noted in results, in the foreign exchange results section. (note 28).

Non-monetary assets and liabilities are denominated in foreign currency and are converted to Kwanza according to the following methodology:

- Registered at historical cost – at the exchange rate on the date of the transaction;
- Registered at fair value – at the exchange rate on the date in which the fair value is calculated and recognized by result counterparty, with the exception of the ones recognized in financial assets at fair value through comprehensive income.

The exchange rates between Kwanza and United States Dollar (USD) and Euro (EUR) were as follows:

	USD		EUR	
Financial Year	End of the year	Average of the year	End of the Year	Average of Financial year
31-12-2019	482,227	364,325	540,817	407,598
31-12-2018	308,607	252,315	353,015	296,308

2.4 FINANCIAL INSTRUMENTS

(i) Classification, initial recognition and measurement

According to IFRS 9 – Financial Instruments, financial assets can be classified in three categories with different measurement criteria (amortized cost, fair value through results and fair value through comprehensive income). Asset classification depend on cash flow features and associated business model.

As for contractual cash flow features, the criteria set on assessing if it only reflects on interest payments (SPPI – Solely Payments of Principal Interest).

As for business model, the guidelines states two models that are relevant to the Bank's activities:
• Business model in which the objectives are reached through asset contractual cash flow (Hold to collect);
• Business model in which the objectives are reached through asset contractual cash flow and also through its sale (Hold to collect and sell);

- A debt financial instrument that (i) is managed under a business model that focuses of keeping financial assets on the portfolio and collect contractual cash flows and (ii) have contractual cash flow in specific dates that are to be exclusively spent on paying capital and interest on the amount in debt – must be measured against the amortized cost, unless it is used in the Hold to Collect model.

- A debt financial instrument that (i) is managed under a model that focuses on contractual cash flow receipts through the sale of financial assets and (ii) assure contractual clauses that originate cash flows that exclusively correspond to capital and interest payment – must be measured at its fair value by other comprehensive income, as a Hold to Collect and Sale model.

- All debt financial instruments must be measured at their fair value by results (FVPL).

The bank assessed its business models by having a range of indicators that highlight the business plan and risk management policies.

The Bank assesses the objective of a business model where the asset is held at a portfolio level given that the model reflects better the fashion in which the business is managed and how the information is shared to the management bodies. The information includes:

• Policies and objectives set for the portfolio and operability, specifically the way the management strategy focuses on payments of contracted interests, keeping a profile of interest rate, combining the duration of asset to the liability that finances assets or fulfillment of cash flows through disposal of assets.
• The way in which the portfolio performance is assessed and reported to the management bodies;
• The risks that affect the business model performance and the fashion in which said risks are managed;
• Business managers rummuneration;
• The frequency, volume and periodicity of sales from previous financial years, reason for sales and perspectives of future sales. However, sale information should not be assessed in an isolated fashion and should instead be part of a global assessment on how the Bank establishes objectives for financial asset management and how cash flow is generated.

Financial assets are held for negotiation so that performance and measurement are evaluated on a fair value basis through results due to not being held for contractual cash flow collection.

ASSESSMENT IF CONTRACTUAL CASH FLOW CORRESPOND ONLY TO CAPITAL AND INTEREST PAYMENT

For the purpose of this assessment, capital is defined as the financial fair value in its initial appreciation. Interest is defined as the by the amount in debt, temporal value and profit margin.

When assessing the contractual cash flow instruments, which are solely meant for capital payment and interest, the Bank considers the initial contractual terms of the instrument. The assessment implies the analysis if the financial asset has a contractual item in which the periodicity and cash flow amounts can be changed so they are not SPPI compliant. In the assessment process, the following items are considered:

• Contingencies that may change periodicity and cash flow mounts;
• Leveraging features;
• Upfront payment terms and maturity extension;
• Terms that may limit the Bank's ability to claim a specific asset's cash flow (non-recourse financing);
• Features that may change offset by money's time value (periodic restart of interest rates).

Hold to collect business model assesses the sale frequency and outcome and to that effect, a few thresholds were put in place taking into account previous experiences. The threshold created for frequency was set by the number of transactions in a specific time frame. The threshold created for outcome was set on the on the accounting value weight on total portfolio. Sales on financial assets do not exceed the Bank's set thresholds.

As for the remaining financial instruments, namely own capital instruments, they are classified in lieu of their fair value through results. For own capital instruments the option exists to assign all variations to be noted by the fair value in other comprehensive income. Only its dividends are noted in results.

GRANTED LOAN AND ACCOUNTS RECEIVABLE

The loan loan and accounts receivable are financial assets that are non-derivative with fixed and determinable payments that are not rated in an active market and that are not intended to be short term sold. This includes loans granted to clients, cash flow and available cash, applications in loan institutions and other amounts to receive that are not exchanged in an active market.

Loan granted to accounts receivable are initially recognized by their fair value and then valued at amortized cost and then presented as deductions by impairment losses. Recognized taxes are shown in the financial margin in a linear fashion.

Loan granted and receivable accounts are derecognized of balance when (i) the Bank's contractual rights to its respective expired cash flows, (ii) the Bank transferred all risks and benefits associated with its detention, or (iii) despite the Bank removing its share, all risks and benefits associated with its detention, the asset control was also 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 requisites to the new category are now applied from the reclassification date. No income, losses or interests are previously recognized should be restated. Financial assets, in their reclassification date, are measured at fair value.

It is not allowed investment reclassification in capital instruments measured at fair value through comprehensive income, nor financial instruments measured at fair value through results.

It is not allowed to reclassify financial liabilities.

SALES LOAN

Gains and losses in sales loan are registered on result statements (Note 29). Gains and losses correspond to the difference between the amount of the sale and the amount of balance of those assets.

DERECOGNITION

i) The Bank derecognizes na financial asset when:
• Contractual rights to cash flow resulting from financial assets expire;

• Transfers the financial asset, as per item ii) and iii) below and said transfer meets derecognition requirements according to item iv).

ii) The Bank transfers the financial asset if on the following takes place:

• Contractual rights transfer to receive cash flow resulting from financial assets;
• Retain the contractual rights to receive cash flows resulting from financial assets but must take a contractual obligation to pay cash flows to one or more recipients in a deal that meets the conditions detailed in iii)

iii) When the Bank retains contractual rights to receive flow resulting from cash of a financial asset but is tthen obliged to pay for those cash flows to one of more entities, the Bank then deals with the transaction as a financial asset transfer if the following three conditions are met:

• The Bank does not hold any obligation to pay final recipients unless it receives the equivalent amounts resulting from the original asset. Short term advance payments by the entity with full rights to recoup the loaned amount plus the overdue loans to market exchange rates do not violate this condition;
• The Bank is prohibited to sell or pledge the original asset in order to deal with the obligation to pay the cash flow to the final recipient;
• The Bank has an obligation to send the cash flow to the recipient without any delay and does not have the right to reinvest those cash flows.

iv) When the Bank transfers a financial asset, it should then assess which risks and benefits it retains. In that case:

• If the Bank transfers all risks and benefits from the financial asset, it derecognizes the asset and recognizes, in a separate fashion, as assets or liabilities any rights and obligations created or retained by the transfer;
• If the Bank retains risks and benefits from the financial asset, it then continues to recognize the asset;
• If the Bank does not transfer or retain risks and benefits from the asset, it then must claim if it retains the control of the asset altogether. In that case:
  a) If the Bank does not retain control, it must derecognize the asset and recognize it as an asset or liability and any rights and obligations created by the transfer;
  b) If the Bank retains control, it must then continue to recognize the asset and keeping it as its own.

v) Transfer of risks and benefits is assessed by comparison of the Bank's exposure before and after the transfer, judging the amount and moment of net cash flow resulting from the transferred asset.

vi) Whether the Bank retains the transferred asset or not, it depends on the ability the entity to sell the asset. If said entity has the ability to sell it for its total amount to a third party and is able to unilaterally execute the sale without imposing extra restrictions, then the entity did not retain control. In every other case, the entity retained asset control.

The assets given to the Bank as collateral through buyback deals and other operations are no derecognized due to the Bank being the holder of risks and benefits, not following the derecognition criteria.

Financial liabilities are derecognized when the respective bond expires or it is canceled.

LOAN CHANGES

On occasion, the Bank renegotiates or changes the contractual loan cash flow to clients. In cases like this, the Bank assesses whether the new terms are considerably different than the original ones. The analysis is done according to the following factors:

• If the borrower is in financial difficulties and the changes only diminish the contractual cash flows to an amount that the borrower may be able to pay;

• If a new meaningful term is added or the interest in results is affects the loan risk;
• Significant extension of contract maturity when the borrower is in financial difficulties;
• Significant changes in the interest rate;
• Changes in the currency in which the loan contract was made;
• Inclusion of financial collateral that significantly affects loan risk of the loan.

If the contract terms are significantly different, then the Bank derecognizes the original financial asset and recognizes a new asset fair value and adjusts its new interest rate. The date of the initial recognition is considered the renegotiation date for the purpose of impairment calculations, even if there is an increase in loan risk. The Bank also assesses if the new financial asset is in impairment at the time of the initial recognition. The differences in the sums are recognized in the results, whether there is gain or loss of derecognition.

If the terms of the contract are not significantly different, renegotiation or changes will not result in derecognition and the Bank recalculates the net sum on the financial asset cash flow and recognizes a gain or loss of this change in results. The new sum is recalculated minus the changes in the cash flow to the original interest rate.

After the abovementioned change, the Bank may determine that the loan risk improved and that the assets went from stage 3 to stage 2 (ECL lifetime) or stage 2 to stage 1 (ECL 12 months). This situation can only happen when the performance of the asset (changed) is in accordance with the new terms of the contract during a 12-month period. Additionally, the Bank continues to monitor if there was a significant increase in loan risk from these assets.

ASSET WRITE-OFF POLICY

The Bank recognizes an asset write-off when it has no prospects of retrieving the asset in its total value. This only happens after the Bank's actions and options have no impact and the terms for its tax deductibility are fulfilled.

GUARANTEES AND IRREVOCABLE COMMITMENTS

Guarantees and irrevocable commitments are formally registered by its risk value and the interest flows, commissions and other income in results throughout the duration of the operation.

Performance guarantees are initially recognized at their fair value, which is illustrated on the commission value received throughout the duration of the contract. In the event of contract breach, the Bank has the right to revert the guarantee with the sums recognized in Loan to clients after the loss compensation transfer to the beneficiary.

FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income include instruments of own capital and debt and are registered at their initial recognition, at fair value. Losses and gains to the fair value are reflected in own capital, called "fair value backup" until they are sold and by consequence, reclassified to financial year results, with the exception of capital instrumental, which will be kept as own capital.

The inherent interest is calculated in accordance to the effective interest rate method in results in "Interest and Similar Income".

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT

The financial assets at fair value through profit are recognized at their initial fair value. Gains and losses occurring from appreciation will be shown at the profit balance sheet.

Financial assets at fair value through profit, transacted in active markets use their fair value as their bid price, within bid ask range or at their price at the time of closing of the balance sheet. If a market price is not available, the fair value of the instrument is estimated with appreciating methods, which include assessment models or discounter cash flows methods.

When discounted cash flow methods are issued, the future financial fluxes are estimated according to managing expectations with similar features. In price assessment models, all data corresponds to information from market prices.

SALE TRANSACTIONS WITH REPURCHASE AGREEMENT

Bonds sold with repurchase agreement are kept in the portfolio they were initially registered to. Any received funds are registered in the settlement date, with periodic interest payments.

IMPAIRMENT LOSSES

IFRS 9 determines that the anticipated loss impairment concept must be applied to all financial assets, except financial assets measured at fair value through profit and own capital instruments measured at fair value through own capital, hence recognizing loan losses on institutional balance sheets

The Bank applies the IFRS concept on anticipated losses to financial assets at amortized cost, debt instruments measured at fair value through comprehensive income, balance sheet exposures, other sums to receive, financial guarantees and loan commitments not appreciated at fair value.

According to the guidelines, there are two methods for impairment loss calculations: (i) individual analysis and (ii) collective analysis.

The goal of individual analysis is to assure a more thorough analysis on each client's situation with individual exposures to the Bank. The exposure importance is determined by qualitative and quantitative criteria that reflect exposures dimension, complexity and portfolio risks.

The existence of impairment loss in individual clients is determined through a total loan exposure case by case. For each loan, the Bank evaluates the evidence of impairment.

Each client/company analysis measures the following factors:

- Contractual aspects, assessing non-compliance with contractual terms potential or the existence of restructured loan due to financial difficulties from clients;
- Financial aspects, evaluating the potential drop in gross or net income;
- Assessment of guarantees, including type, formalization, appreciation and degree of coverage;
- Other aspects, assessing the management instability, shareholder structure or solvency proceedings;

According to the Instructive n°08/2018, August 27th 2019, on loan portfolio impairment losses, individual clients and companies that have exposure equal or superior to 0,5% of the Bank's own funds, must be analyzed case by case. The Bank considers its twenty largest clients to have significant individual exposure. In addition, clients or companies with non-significant loan exposures but that have shown to have impairment risk, must be analyzed whenever the risk is equal or superior to 0,1% of the Bank's own funds.

For the remaining segments of loan portfolio and significant individual exposures that do not show evidence of impairment, the Bank does a collective analysis to ascertain if there are impairment losses.

The anticipated loss by loan risk is an estimate on the probability (current value) of loan loss. This estimate is a result of the difference between cash flows owed to the Bank and cash flows that the Bank expects it might receive from multiple future macroeconomic backdrops, deducted to the interest rate of the financial instruments.

Instruments subject to impairment calculation are divided in three stages according to risk level:

- *Stage* 1: No significant increase in loan risk from the moment of initial recognition up to now. In this case, impairment will reflect expected loan loss from default events that may occur in the 12 months after the report date;
- *Stage* 2: Instruments in which a significant increase in loan risk since the initial recognition was felt, but with no impairment evidence. In this case, impairment will reflect loan losses from default events that may occur in the instrument residual lifespan;
- *Stage* 3: Instruments that experience evidence of impairment from events that resulted in losses. In this case, the impairment sum will reflect expected loan loss throughout the instrument's lifespan.

With the exception of financial assets acquired with impairment (POCI in Portuguese), impairment losses must be estimated through a sum equal to:

- Anticipated loss by 12-month loan risk, or, total estimated loss resulting from financial instrument default within the 12-month period after report date (Stage 1);
- Anticipated loss by loan risk until maturity, or, total estimated loss resulting from default events throughout the instrument's lifespan (stage 2 and 3);
- A provision is necessary for anticipated loss by loan risk until maturity for a financial instrument if the loan risk increased significantly since initial recognition or if the financial instrument is in impairment.

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

- Assessment of the existence of a significant risk increase since the initial recognition;
- Inclusion of forward-looking information in the anticipated loss calculation (Expected Credit Loss – ECL).

ECL CALCULATION

ECL are loan loss estimates and are determined in the following fashion:

- Financial asset with no signs of impairment at the time of reporting: current value of all cash shortfalls;
- Financial assets with signs of impairment at the time of reporting: difference between gross accounting value and estimated cash flow value;
- Non-used loan commitment: The current value of the difference between contractual cash flows that are owed to BAI in case the commitment is activated and what BAI expects to receive;
- Financial guarantees: expected payment value to reimburse minus the values that BAI expects to recoup.

BAI's approach regarding losses by impairment for loan to be collectively analyzed has, as a concept, the setting of segments, considering the quality of its assets and client risk features. This way, the Bank assures that for the purpose of these exposure analysis and risk parameters (Probability of Default – PD and Loss Given Default – PGD), both have similar risk features. The Bank's impairment model initiates segmentation loan portfolio clients in distinct groups, namely in the public sector, large companies, large companies of the commercial sector, large companies of the service sector, small and medium-sized companies, loan cards, housing loan and overdrafts.

When it comes registered balances in "Cash flow and balances", "Balances in other loan institutions", "Investments in central banks" and "Balances in other loan institutions", "Applications in central banks and other loan institutions" and "Investments in amortized cost" is done an analysis of expected loss according to the following assumptions:

- In Items "Cash flow and balances in central banks" and "Applications in central banks and other loan institutions" – Bond Buying operations from third parties with repurchase agreement" contracted with BAI, the Loss Given Default (LGD) is considered null due to not existing recoup risks, impairment is not estimated, in accordance with Directive n°13/DSB/DRO/2019, December 27th 2918, from BNA – Guidelines on Recommendations in Methodology Implementation from AQA for the financial year of 2019.
- In Items "Balances in other loan institutions" and "Applications in other central banks and other loan institutions Inter banking Monetary Market" the entity's rating is verified or in case the entity is not available in the country it is based on. In compliance with Directive n°13/DSB/DRO/2019, is considered a Default Probability ("PD in Portuguese") equivalent to 1/12 of PD in 12 months, according to its counterpart rating and a LGD of 60% in all counterparties that

have not recorded a significant increase in loan risk;
- The balance on Item "Investment on amortized cost" regarding government securities in Kwanza and foreign currency is considered PD for sovereign default for the rating of the Angolan State attributed by Moody's "sovereign default and recovery rates, 1983-2018" and its LGD to sovereign default events also noted in the same study "60%), according to Directive n°13/DSB/DRB/2019.

SIGNIFICANT INCREASE IN LOAN RISK

Stage 2 classification is set on a potential significant increase of loan risk level. Since the guideline does not clarify how to measure the increase, BAI calculates it by comparing residual PD Lifetime Forward-Looking to the report date with the ones estimated at contractual phase, for the same residual maturity.

Since BAI does not have rating and scoring models with the necessary maturity, stage 2 classification is based on trigger objectives based on the available information and days in delay, and indicates restructuring and default probability estimate.

Triggers for the significant increase in loan risk are detected by automatic procedures, based on information from BAI's information systems.

ECL MEASURING INPUTS

The main inputs used for measuring ECL on a collective base include the following variables:

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

PDs are estimated considering a specific historical period and calculated according to statistical models. These models are based on internal data, following quantitative and qualitative factors. In a potential risk change or exposure in counterparty, the PD estimate is also changed.

Degrees of risk are highly relevant input to determine PDs in each exposure. BAI collects performance and default indicators on their exposures to loan risk with analysis on client type and products.

A LGD é a magnitude da perda que se espera que ocorra caso a exposição entre em incumprimento. O BAI estima os parâmetros de LGD com base no histórico de taxas de recuperação após a entrada em default de contrapartes. Os modelos de LGD consideram os colaterais associados e o tempo em incumprimento.

EAD is an exposure estimate in a future default date, taking into account expected changes in exposure after the reporting date. BAI gets EAD values from the current exposure to potential changes to its current value, according to contractual conditions, including amortizations and anticipated payments. For financial guarantees, EAD value considers used loan amount and the expectation of a potential future amount that may be used in accordance with the contract.

As previously stated, with the exception of financial assets that have a 12-month PD by not presenting default risk during the maximum maturity of the contract or, in specific situations, based on behavioral maturity.

FORWARD-LOOKING INFORMATION

In accordance with this new model based on IFRS 9 requisites, expected loss measurement must also include information (forward-looking information), which focuses on tendencies and future scenarios. This way, expected

losses from impairment now include multiple macroeconomic scenarios that and their probability will be assessed considering past events, current situation and future macroeconomic tendencies.

In this area, BAI used a linear regression model in order to detect the macroeconomic factors with negative influence on default probability. In this model, 3 different scenarios were considered: i) a scenario that corresponds to a conservative economic development (70%); ii) a favorable scenario that corresponds to an optimistic forecast (10); and iii) an unfavorable scenario (20%) which includes inflation rates. These different scenarios ate set on Directive n°13/DSB/DRO/2019, December 27th 2019.

The Bank measures the expected loss individually and collectively for financial instrument portfolios that share the same risk features. Impairment measurement for losses is based on current cash flow values expected of the asset, using the original interest rate. Individual operations that have individual impairment rates inferior to 10% are remitted to the process of collective impairment calculation.

BACKTESTING

The Bank checks if the estimate of PD curves reflect default rates adequately from information through back testing exercises. The exercise consists on defining a period (generally 12 months) of data outside the PD curves estimate period, called período de teste.

During the financial year, the Bank did back-test exercises with statistical significance levels of 9% and 99% for PD curves estimated values of 3,504 and concluded that 98,97 of the cases pass both tests, 0,46% pass the test with 95% significance but not on 99% and 0,57 fail both tests. Based on the back-test, the Bank concluded that estimated PD curves in collective impairment calculation adequately reflect default rates.

COLLECTIVE IMPAIRMENT MODEL EVOLUTION ON CONSTRAINTS DETECTED IN PREVIOUS PERIODS

During the financial year of 2019, and regarding the collective analysis, the Bank concluded the implementation of LGD calculation, recalculated PDs and resolved constraints related to data input reconciliation of expected losses. There were further noticed, in terms of data quality, a PD curve attribution of rating 2 and in "days in delay" mapping, with their respective resolutions in the first semester of 2020.

FINANCIAL ASSETS IN IMPAIRMENT

A financial asset is in impairment when one of more events negatively impact estimated cash flow of the asset. Financial assets with lower recoup loan value in default are referred as assets in stage 3. The Bank adopted an internal definition of default loans as criteria for stage 3 loan identification. The internal definition of default loans is ruled by objective and subjective criteria and is used for the Bank's loan risk management and for calculation of capital by advanced methods of loan risk.

ACQUIRED FINANCIAL ASSETS OR ORIGINATED WITH IMPAIRMENT (POCI IN PORTUGUESE).

Acquired financial assets or originated with impairment are assets that present objective loan impairment at the moment of their initial recognition. Na asset in in loan impairment if one of more negative events impacted their estimated cash flows.

The two events that lead to a creation of a PCI exposure are as follows:

- Financial assets originated in the process of a recoup that shows clear evidence of impairment, that resulted from its derecognizing and the recognizing of a new contract that reflects loan losses that occurred;
- Acquired financial assets with a significant discount that resulted from incurred loan loss at the moment of their initial recognition.

In the initial recognition, POCI have no impairment. Instead, expected loan loss are included in the interest rate. As a consequence, POCI gross accounting value is now at its net value before recognition as POCI.

IMPAIRMENT LOSS RECOGNITION

The Bank recognizes impairment loses to expected loan losses in financial instruments in the following manner:

- Financial assets at amortized cost: The value is reduced in the balance
- Debt instruments at fair value of other comprehensive income: impairment losses by this instrument are noted as results as a by-product of other comprehensive income.
- Loan for signature: impairment losses associated to loan for signature are noted in liabilities.

FINANCIAL LIABILITIES

Financial liabilities correspond essentially to central bank resources, from other loan institutions and client deposits. These liabilities are initially appreciated at fair value, at net transaction costs and are then registered at amortized cost, in accordance with the interest rate method in a linear fashion.

Variations at liability fair value resulting from loan risk changes, to be recognized as own funds, unless this accounting handling manages “accounting mismatch”. Reclassifications are not allowed, not even when repurchasing these liabilities.

2.5 CAPITAL INSTRUMENTS

A financial instrument is classified as capital instrument when there is no contractual obligation of its settlement by means of cash or any other financial asset to third parties, highlighting a residual interest in an entity’s assets after deduction of all its liabilities.

The transaction costs attributed to capital instruments issuing, are registered as a counterparty on its own capital as a deduction in issuing value. Paid and received values by purchases and capital instrument sales are registered of their own net value.

Capital instruments income (dividends) are recognized when the right to receive is set and deducted on its own capital.

2.6 OTHER TANGIBLE ASSETS

(i) Recognition and measuring

Other tangible assets are registered at acquisition cost, deducted from their respective amortization and impairment losses. The cost included expenses that are directly attributed to acquisition of goods.

SUBSEQUENT COSTS

Subsequent costs are recognized as a separate asset only if it is probable that they will result in future economic benefits for the Bank. Maintenance and repair expenses are recognized as a cost as they are incurred in accordance with the accrual basis.

(ii) Depreciations

Terrains are not appreciated. For the other assets, depreciation is calculated by the method of constant quotas, in accordance with the following:

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

When there is an indication that an asset may be in impairment, IAS 36 – Asset impairment demands that its recoup value be estimated, with an impairment loss whenever the net value of an asset exceeds its recoup value. Impairment losses are recognized in the balance sheet.

The recoup value is determined with the highest price between its net sale and its use value, with said value being calculated based on the current value of its cash flows, that are expected, in the future, to obtain continuous use of the asset and its disposal at the end of its usefulness.

As mentioned in Note 2.22, this item includes assets under the right of use arising from lease contracts.

2.7 INTANGIBLE ASSETS SOFTWARE

Costs incurred from acquisition and software to third parties are capitalized as additional expenses supported by the Bank and deemed necessary. This cost is amortized in a linear fashion by the estimate lifespan, normally set at 3 years.

BURDENS WITH DEVELOPING AND INVESTIGATIVE PROJECTS

Costs directly related with IT applications, which are expected to generate economic benefits, are recognized and registered as intangibles.

All the burdens related to IT are recognized as costs.

2.8 TANSACTIONS WITH REPURCHASE AGREEMENT

Assets sold with repurchase agreement (repo) for a fixed price or for a price that equals its sale price is not recognized in the balance (Note 2.4). The corresponding liability is accounted in values to be paid to other loan institutions or to clients. The difference between sale value and repurchasing value is handled throughout the deal’s lifespan.

Assets bought with reseller agreement (reverse repo) by a fixed price or by a price that equals if purchase price with a tax are not recognized in the balance, with the repurchasing value being registered as loan to other institutions or clients.

2.9 INVESTMENTS IN SUBSIDIARIES AND PARTNERS

Investments in subsidiaries and partners are calculated in the Bank's balance sheet at its historical cost deducted to any impairment losses.

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed, or have rights, to variation in returns from their activities and can take hold of said entity given the power the has over the relevant activities of that entity.

Companies associated with entities in which the Bank has significant influence but does not have control over its financial and operational policies. It is assumed that the Bank has significant influence when it detains more than 20% of voting power. In the eventuality of the Bank holding less than 20% of voting power, then it does not have significant influence.

The existence of significant influence by the Bank is normally demonstrated by one or more of the following ways:

• Representation in the Administration Committee or equivalent managing body;
• Participates in defining policies, including decisions of dividends;
• Material transactions between Bank and associate;
• Management staff exchange;
• Supplying essential information.

Dividends are registered as income in the financial year its distribution is decided by subsidiaries.

IMPAIRMENT

The recoup value of subsidiary investments is assessed anytime the Bank notices signs of impairment. Losses by impairment are calculated based on the recoup value of subsidiary investments and their accounting value. Impairment losses are registered by return of results, in case of reduction in amount lost.

2.10 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets, non-current asset groups held for sale and discontinued operations are classified as held for sale when there is an intention to alienate assets and liabilities are available for immediate sale and its sale is very probable.

The Bank also classified as non-current assets held for sale, the assets acquired with the objective of a later sale. Right before their classification as non-current assets held for sale, the measuring 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 its reclassification, these assets are measured to the least cost between its own cost and its fair value deducted form sale costs.

The Bank classifies as non-current assets held for sale; the sale of property receives by loan recoup. These assets are registered by the amount calculated in its assessment and its used the Immediate Transaction Probable Value (PVTI), by counterparty of the recoup loan and its respective provisions.

In addition, in this item, the property and real estate projects that are in construction phase and are then meant to be alienated by Bank employees, are registered.
The assets registered in this item are amortized, but valued at the least value between its deed and its fair value, deducting costs incurred from the sale (at least 5% over PVTI). The asset fair value is determined based on periodical assessments made by external appraisers. In compliance with Directive n° 13/DSB/DRO/2019, this appreciation is

adjusted based on discount rates given the appreciation. Anytime the resulting of these assessments is inferior to the value for which they were accounted, losses by impairment are registered in the item "Other net asset "impairment of other financial assets, net of reversion and recovery".

Given the possibility of occurrences considered improbable or outside the Bank's control, the alienation of these assets may not be concluded up to a year after its classification. In these circumstances the Bank maintains its commitment with the plan to alienate assets undertaking efforts, such as hiring an intermediary agent and specialist, active publicity and sale price revision.

When the legal deadline of 2 years is depleted without the assets being alienated, a new assessment is done in lieu of finding an updated market value in order to eventually constitute corresponding impairment. According Directive n° 01/DSB/DRO/2020 of BNA, in case property is acquired by loan reimburse without respective alienation within the legal deadline since the financial year of 2018.

2.11 TAX ON PROFIT

Income taxes recorded in profit and loss include the effect of current and deferred taxes. Taxes are recognized in the income statement except to the extent that they relate to items that are carried under shareholders' equity. Deferred taxes recognized in equity arising from the revaluation of financial assets at fair value through other comprehensive income and cash flow hedging derivatives are subsequently recognized in the income statement when gains or losses giving rise to the deferred taxes are recognized in the income statement.

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.

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

With the publication of Law no. 19/14, of 22nd October, and recent changes published by Law no. 4/19, of 18th April, Industrial Tax is provisionally assessed in a single installment to be made in August, calculated by applying a rate of 2% on the result 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 current legislation, industrial and other tax returns may be subjected to review and correction by the tax authorities in the five years following the financial year to which they are related.

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 recognized for all taxable temporary differences except goodwill, which is not deductible for tax purposes, of 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 investments in subsidiaries to the extent that they are not likely to reverse in the future.

Deferred tax assets are recognized when it is probable that future taxable profits will be available to absorb deductible temporary differences for tax purposes (including reportable tax losses).

As established in IAS 12 - Income Tax, paragraph 74, the Bank offsets assets and liabilities against deferred taxes whenever: (i) it has a legally enforceable right to set off current tax assets and current tax 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 realize 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, amortization or repayment premiums and other forms of remuneration on public debt securities, bonds, participation securities 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 ACT 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 ACT (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 Transactions of Current Invisibles ("CEOCIC") is levied at the rate of 10% 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 27th October (amended by Presidential Decree No. 123/13 of 28th August).

2.12 REMAINING TAXATION

i. Wealth Taxes

URBAN PROPERTY TAX ("IPU")
The IPU is levied at a rate of 0.5% on the equity value of the Bank's own real estate for the development of its normal business when its equity value exceeds mKz 5,000.

With regard to the properties leased by the Bank, as lessee, it follows from Law no. 18/11, of 21 April, that the Bank withholds at source the IPU due, at the rate of 15%, on the payment or delivery of rents relating to these properties, and the amount withheld must be delivered to the State coffers within 30 days following the one to which the amount withheld relates.

The Bank, in its capacity as landlord, shall settle and pay the IPU, at the rate of 15%, by reference to the rents received in the previous year, in the months of January and July of the year in question, in the case of leasehold property whose tenant is not a person with organized 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 determining of the IPU.

SISA
In accordance with Legislative Decree no. 230 of 18th May ,1931, and the amendments introduced by Law no. 15/92 of 3rd July, 1992, and Law no. 16/11 of 21st April, 2001, SISA is responsible for all acts involving the perpetual or temporary transfer of ownership of any value, species 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 real estate by means of donations with contributions or pensions, or the transfer of real estate by means of donations), at the rate of 2%.

ii. Other taxes

VALUE-ADDED TAX
The Code of Value Added Tax ("VAT"), approved by Law no. 7/19 ("Law 7/19"), published in Diário da República on April 24th of 2019, and amended by Law no. 17/19, of August 13th, introduced a new consumption tax in the Angolan legislation, which came into force on October 1st of 2019. In effect, VAT revoked and replaced the Consumption Tax that until then was in force in the Angolan legal system.

The Bank, as a taxpayer registered with the Tax Office of Major Taxpayers, has been obligatorily 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 (in place of Stamp Duty) are taxed at 14% VAT. The remaining financial intermediation operations are exempt from VAT, to which the Stamp Tax will continue to be applied, when due.

In this sense, since the Bank is a taxpayer who carries out taxed transactions and transactions exempt from VAT, 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 AGT of the periodic declaration, 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 declaratory 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 declarations 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, consumer tax, as well as other taxes.

iii. Tax substitution

Within the scope of its activity, the Bank assumes the role of a 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 20th October, the Bank withholds IAC at the rate of 10% on interest on time deposits paid to customers.

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

INDUSTRIAL TAXES
In accordance with the provisions of paragraph 1 of article 67 of Law no. 19/14, of 22nd October, the provision of services of any nature is subject to tax, withholding tax at the rate of 6,5%.

URBAN PROPERTY TAX ("IPU")
In accordance with the provisions of Law no. 18/11, of 21st April, the Bank withholds the IPU due to (i) the 15% rate

on the payment or delivery of rents relating to leased properties; and, (ii) at the rate of 0.5%, 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.

2.13 EMPLOYEE BENEFITS

i. Defined contribution plans

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

ii. Benefits associated with termination of service

The benefits associated with the termination of employment are recognized as a cost, when it occurs earlier, between the time when the Bank can no longer withdraw the offer of these benefits or when the Bank recognizes 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 recognized 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.

The Law No. 07/2015, of 15th June - General Labor 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

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

The financial allocations of the Social Fund are made exclusively by approval of the Board of Directors for the allocation in each economic year of a percentage of the profits before deducting taxes. Appropriations not used annually are carried over 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 19th 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.

2.14 PROVISIONS

Provisions are recognized 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 that its payment will be required and (iii) when 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 in 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 derecognized through their use for the obligations for which they were initially constituted or in cases where they cease to be observed.

2.15 INTEREST RECOGNITION

The results referring to interest on financial assets and liabilities measured at amortized cost are recognized 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 recognized in the financial margin as well as financial assets and liabilities at fair value through profit or loss.

The 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 recognized, 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 guarantees 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 recognized and unpaid on loans overdue for more than 90 days that are not covered by collateral are canceled, and they are only recognized when received because it is considered that their recovery is remote.

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

2.16 RECOGNITION OF DIVIDENDS

Dividends (income from equity instruments) are recognized 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, depending on the classification of the underlying instrument

2.17 RECOGNITION OF INCOME FROM SERVICES AND COMMISSIONS

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

- When they are obtained as services are rendered, they are recognized 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.

2.18 AFIDUCIARY ACTIVITIES

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

2.19 RESULTS 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 also include gains on the sale of financial assets at fair value through other comprehensive income and investments at amortized cost.

2.20 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 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 loan institutions" (Notes 4 and 5), not considering impairments.

2.21 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 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 the market value are initially recognized at fair value, with the initial fair value being amortized over the useful life of the guarantee or commitment. Subsequently, the liability is recorded at the highest of the amortized amount and the present value of any payment expected to be settled.

2.22 CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

As described in Note 2.2, the Bank adopted IFRS 16 - Leases on 1st January 2019 to replace IAS 17 - Leases. This standard establishes the new requirements regarding the scope, classification/recognition and measurement of leases.

The standard introduced a single model for accounting for leases on the balance sheet. Accordingly, the Bank, from the lessee's perspective, recognized 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. Accounting as a lessor remains unchanged compared to existing accounting policies.

The Bank adopted IFRS 16 using the modified retrospective approach, an approach that does not imply an impact on equity since, with the exception of previous or accrued lease payments related to that lease recognized in the statement of financial position immediately before the initial application date, there are no differences between the right to use the asset and the lease liability at the time of initial recognition (January 1st, 2019). The comparative information presented for 2018 has not been restated - e.g., it is presented as previously disclosed, in accordance with IAS 17 and related interpretations. Details of changes in accounting policies are disclosed in the following points.

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 a 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 the revaluation of 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 was decided not to separate the non-lease components and account for the lease and non-lease components as a single lease component.

RENTER

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

As a lessee, the Bank previously classified leases as operating leases or finance leases, based on the general assessment of whether the lease transfers substantially all the risks and benefits associated with the ownership of the underlying assets. In accordance with IFRS 16, the Bank recognizes assets under right of use and lease liabilities for some classes of assets.

However, the Bank chose not to recognize 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 recognizes 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, that is, in the same line of items that it presents the underlying assets of the same nature that are its property.

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

i) Significant accounting policies

ASSETS UNDER RIGHT OF USE

Assets under right of use are initially measured at cost and, subsequently, at cost less 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, if less.

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, less any rental 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.

RENTAL 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.

ii) Transition
Previously, the Bank classified real estate leases as operating leases in accordance with IAS 17. Some leases include options to extend the lease for additional periods after the end of the non-cancellable period. Some leases also provide for additional rent payments due to changes in local index prices.

In the transition, for leases classified as operating leases in accordance with IAS 17, the lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental financing rate on January 1st, 2019. The assets under usage rights are measured at the amount equivalent to the lease liability, adjusted by the amount of any advance or accumulated lease payments - the Bank has adopted this approach for all other leases.

PRACTICAL EXPEDIENTS
The Bank adopted some practical steps provided for in the standard when applying IFRS 16 for leases previously classified as operating leases in accordance with IAS 17, namely:

- The exception of non-recognition of assets under right of use and liabilities for short-term leases (e.g. with lease term equal to or less than 12 months) applied; and
- The exception of non-recognition of assets under right of use and liabilities for low value leases (e.g. new value less than USD 5,000 equivalent) was applied.

LESSOR
The accounting policies applicable to the Bank as lessor in the comparative year are not different from the policies applicable under IAS 17. Thus, the Bank is not required to make any adjustments in the transition to IFRS 16 for leases in which it acts as lessor

IMPACTS ON FINANCIAL STATEMENTS
The adoption of the standard implies changes in the Bank's financial statements as a lessee, namely:

- In the income statement - Financial Margin recording (Note 22) of interest expense related to lease liabilities, records in Supplies and services of third parties (Note 33) of amounts related to short-term or low-value lease contracts and recording in Depreciation and amortization for the year (Note 34) of the depreciation cost of assets under right of use;
- On the balance sheet - recorded in Other tangible assets (Note 12), for the recognition of assets under right of use and in Other liabilities (Note 19) for the value of recognized lease liabilities;
- In the cash flow statement - i) cash payments relating to the share of the capital of the lease liability in the scope of financing activities; ii) cash payments related to the interest portion of the lease liability, applying the requirements set out in IAS 7 - Statement of cash flows related to interest paid; and iii) payments related to low-value leases and lease payments not included in the measurement of the lease liability within the scope of operating activities.

iii) Transition impacts
In the transition to IFRS 16, the Bank recognized assets under right of use and lease liabilities. The impact on the transition is detailed below:

	01.01.2019
Assets under right of use presented in Other tangible assets	
Properties	4.597.915
Other Assets	181.327
	4.779.242
Leasing liabilities presented in Other liabilities	**4.735.025**

When measuring lease liabilities, the Bank discounted lease payments using its incremental financing rate as of January 1st, 2019 (Note 3.5).

iv) Impacts for exercise
In relation to leases under IFRS 16, the Bank recognized depreciation and interest expense, instead of operating lease expenses. During the year ended in December 31st of 2019, the Bank recognized mKz 540,334 of depreciation charges (Note 34) and mKz 1,135,168 of interest charges on these leases (Note 22).

3. MAIN ESTIMATES AND JUDGMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS
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 accounting treatment which is most appropriate. 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 AMORTIZED COST OR FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
The critical judgments with the greatest impact on the recognized impairment amounts of financial assets at amortized 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. BAI determines the business model according to how it wants to manage the financial assets and the business objectives. The Bank monitors whether the classification of the business model is appropriate based on the analysis of the anticipated derecognition of assets at amortized cost or at fair value through other comprehensive income, assessing whether a prospective change is necessary:

- Significant increase in loan risk: as mentioned in Note 2.4 - 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, 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 impairment 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 after considering market conditions, time value, 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 different financial results from those reported.

3.3 IMPAIRMENT LOSSES ON LOANS TO CUSTOMERS

The Bank periodically reviews its loan portfolio in order to assess the existence of impairment losses, as referred to in the accounting policy described in Note 2.4.

The loan portfolio assessment process is subject to various estimates and judgments in order to determine whether an impairment loss should be recognized. This process includes factors such as the probability of default, the 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 recognized, 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 taxpayer of Group A.

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 December 31st, 2019 and December 31st, 2018 was determined under the terms of paragraph 1 of article 64 of Law no. 19/14, of 22nd October, the applicable tax rate being 30%. 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 financial years of 2015 to 2019.

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

In order to determine the overall amount of taxes 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.

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 December 31st, 2019 and 2018, deferred tax was, in general terms, calculated based on a rate of 30%, and considering the most important is the estimate of its recoverability through future profits.

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

3.5 LEASES

The relevant judgments 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 you are in the lessee position and which include extension and termination options, the Bank determines the lease term as the non-cancellable period, during which you have 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 recognized right of use.

The Bank has the option, namely in real estate lease agreements, to lease assets for additional terms of 1 to 20 years. The Bank applies judgment 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 for the exercise of 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 re-adjustable to 3 years) plus a Bank's risk spread. The incremental financing rate is the discount rate that the Bank would acquire to obtain, with the same maturity and similar guarantee, the funds necessary for the acquisition of the underlying asset, which, on the transition date, is estimated at approximately 23%.

4. CASH AND DEPOSITS AT CENTRAL BANKS

This item has the following composition:

	31-12-2019	31-12-2018
CASH		
In national currency	19 294 631	18 701 477
In foreign currency	4 072 272	3 357 575
DEMAND DEPOSITS AT BANCO NACIONAL DE ANGOLA		
In national currency	163 075 165	168 322 957
In foreign currency	146 877 455	63 485 179
	333 319 523	**253 867 188**

The heading Demand deposits at BNA includes deposits made to satisfy the mandatory reserve regime. As of December 31st, 2019, these reserves are constituted in accordance with BNA's Instruction No. 17/2019, of October 24th, 2019 and Directive No. 08 / DMA / DRO / 2019, of October 24th, 2019, which are summarized as follows:

TAX BASE	Calculation	National currency coefficient	Foreign currency coefficient
Central Government	Diário	22%	100%
Local Governments and Municipal Administrations	Diário	22%	100%
Other Sectors	Semanal	22%	15%

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 in 20% with the amounts deposited with the BNA and 80% in Treasury bonds in foreign currency issued from 2015.

As of December 31st, 2019, the total amount due (Central Government, Local Governments, Local Administrations and Other sectors) amounts to mKz 519,452,820 (2018: mKz 304,765,773). Of the total amount due, 73% was being fulfilled with Treasury bonds in foreign currency.

5. CASH AND CASH EQUIVALENTS WITH OTHER LOAN INSTITUTIONS

This item has the following composition:

	31-12-2019	31-12-2018
CASH AND CASH EQUIVALENTS IN LOAN INSTITUTIONS IN THE COUNTRY		
Other assets	77 800	56 419
CASH AND CASH EQUIVALENTS AT LOAN INSTITUTIONS ABROAD		
Demand deposits	152 841 615	125 288 869
Other assets	94 473	53 123
	153 013 888	**125 398 411**
DISPONIBILIDADE	(48 988)	-
	152 964 900	**125 398 411**

As of December 31, 2019, the caption Cash and cash equivalents at loan institutions abroad - Demand deposits has an amount of MZZ 276,996 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 LOAN INSTITUTIONS

This item has the following composition:

	31-12-2019	31-12-2018
INVESTMENTS IN CENTRAL BANKS AND OTHER LOAN INSTITUTIONS IN THE COUNTRY		
Interbank money market	16 709 475	-
Interest receivable	12 417	-
Operations for the purchase of securities from third parties with a resale agreement	42 141 030	21 119 323
	58 862 922	**21 119 323**
INVESTMENTS IN LOAN INSTITUTIONS ABROAD		
Interbank money market	506 567 008	299 904 390
Interest receivable	723 500	473 202
Collateral deposits	89 412 155	29 892 825
	596 702 663	**330 270 417**
	655 565 585	**351 389 740**
IMPAIRMENTS	**(25 846 910)**	**(226 927)**
	629 718 675	**351 162 813**

The schedule of investments in central banks and other loan institutions, including interest receivable, by maturity on 31st December 2019 and 2018, is as follows:

	31-12-2019	31-12-2018
Up to three months	551 088 644	277 603 360
Three to six months	94 032 854	66 591 956
From six months to one year	10 444 087	7 194 424
	655 565 585	**351 389 740**

The schedule of investments in central banks and other loan institutions, including interest receivable, per currency as at 31 December 2019 and 2018, is as follows:

	31-12-2019	31-12-2018
AKZ	58 862 922	21 119 323
USD	569 903 867	309 648 100
EUR	26 798 796	20 622 317
	655 565 585	**351 389 740**

Investments in central banks and other loan institutions on December 31st, 2019 bear interest at a weighted average rate of 18.71% in national currency (2018: 9.03%).

Deposits with loan institutions abroad bear interest at the rates of international markets where the Bank applies.

On December 31st, 2019 and 2018, the caption Investments in loan institutions abroad - Collateral deposits corresponds to liquidity applications that are collateralizing loan operations granted by correspondent banks in the amounts of mKz 89,412,155 and mKz 28,709,602, respectively.

On December 31st, 2019, the caption Investments in loan institutions abroad - Interbank money market includes the amounts of mKz 2,096,172 (2018: mKz 1,951,803) that are collateralizing loan operations granted by BAI Cabo Verde.

Exposures related to investments in other loan institutions classified in stage 1 represent around 81.82%, with the remaining exposures classified as stage 2.

On 31st December 2019, impairment losses for investments in central banks and other loan institutions show the following trend:

	31-12-2019	31-12-2018
OPENING BALANCE	**226 927**	**-**
Appropriation for the year (Note 37)	23 640 089	94 258
Reversion of the year (Note 37)	(987 156)	(9 871)
Adjustments (exchange rate effect)	2 967 050	142 540
FINAL BALANCE	**25 846 910**	**226 927**

On 31st December 2019, the appropriations were mainly explained by the reinforcement of impairment of a a counterparty, which, within the scope of the asset quality assessment exercise (AQA), identified that it has exposures in default with other banks in the market that, given the counterpart's demonstrated inability to settle the exposure immediately upon maturity, it was recommended to increase the impairment to 100%.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item has the following composition:

	31-12-2019	31-12-2018
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Bonds and other fixed income securities		
From public issuers		
Treasury bills	108	6 083 475
Treasury bonds in national currency		
Not readjustable	31 946 069	19 798 825
Indexed to the US dollar exchange rate	1 327 947	8 057 624
Treasury bonds in foreign currency	15 634 077	11 045 045
From other issuers	23 507	826 763
Other variable income securities		
Units	9 417 916	3 539 961
	58 349 624	**49 351 693**

In accordance with the accounting policy described in Note 2.4, 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 December 31st, 2019 and 2018, financial assets measured at fair value through profit or loss show the following levels of appreciation:

	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	-	33 274 124	15 634 077	48 908 201
From other issuers	-	23 507	-	23 507
Other variable income securities				
Units	-	9 417 916	-	9 417 916
BALANCE AT 31 DECEMBER 2019	**-**	**42 715 547**	**15 634 077**	**58 349 624**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Bonds and other fixed income securities				
From public issuers	-	33 617 335	11 367 634	44 984 969
From other issuers	-	826 763	-	826 763
Other variable income securities				
Units	-	3 539 961	-	3 539 961
BALANCE AT DECEMBER 31, 2018	**-**	**37 984 059**	**11 367 634**	**49 351 693**

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

On December 31st, 2019 and 2018, securities measured at fair value through profit or loss have the following residual maturity terms:

	Less than three months	Between three months and one year	From one to five years	More than five years	Total
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					
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**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					
Bonds and other fixed income securities					
From public issuers	2 042 138	4 416 727	38 526 104	-	44 984 969
From other issuers	-	-	-	826 763	826 763
Other variable income securities					
Units	-	-	-	3 539 961	3 539 961
BALANCE AT DECEMBER 31, 2018	**2 042 138**	**4 416 727**	**38 526 104**	**4 366 724**	**49 351 693**

As of December 31st, 2019, and 2018, securities measured at fair value through profit or loss have the following characteristics:

31-12-2019	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Purchase cost	Interest accrued	Fair value adjustment	Balance Sheet Value
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS											
Bonds and other fixed income securities											
Non-readjustable bonds	Estado	Angola	Governo	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	Estado	Angola	Governo	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	Estado	Angola	Governo	AOA	USD	5,67%	1 352 869	1 376 638	23 638	(72 329)	1 304 178
Treasury bills	Estado	Angola	Governo	AOA	n.a.	16,80%	113	98	-	(10)	108
Other foreign currency bonds	Outros	Cabo Verde	Inst. Financeiras	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	Inst. Financeiras	AOA	n.a.	n.a.	n.a.	3 000 000	n.a.	121 230	3 121 230
Carlyle	n.a	Luxemburgo	Inst. Financeiras	USD	n.a.	n.a.	n.a.	3 479 674	n.a.	246 761	3 726 435
FIPA I	n.a	Luxemburgo	Inst. Financeiras	USD	n.a.	n.a.	n.a.	2 414 932	n.a.	155 319	2 446 363
FIPA II	n.a	EUA	Inst. Financeiras	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**

31-12-2018	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Purchase cost	Interest accrued	Fair value adjustment	Balance Sheet Value
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS											
Bonds and other fixed income securities											
Non-readjustable obligations	Estado	Angola	Governo	AOA	n.a.	12,00%	26 778 174	26 934 289	429 444	(1 801 603)	25 562 131
Treasury bonds in foreign currency	Estado	Angola	Governo	USD	n.a.	5,64%	11 045 045	11 138 859	228 775	-	11 367 634
Bonds indexed to the US dollar exchange rate	Estado	Angola	Governo	AOA	USD	6,40%	7 927 338	7 735 933	148 896	170 374	8 055 203
Treasury bills	Estado	Angola	Governo	AOA	n.a.	n.a.	-	-	-	-	-
Other foreign currency obligations	Outros	Cabo Verde	Inst. Financeiras	EUR	n.a.	5,75%	823 496	823 496	1 069	2 197	826 763
Other variable income securities											
FIPA I	n.a	Luxemburgo	Inst. Financeiras	USD	n.a.	n.a.	n.a.	820 219	n.a.	2 079 360	2 899 579
FIPA II	n.a	Luxemburgo	Inst. Financeiras	USD	n.a.	n.a.	n.a.	477 790	n.a.	109 297	587 087
Carlyle	n.a	EUA	Inst. Financeiras	USD	n.a.	n.a.	n.a.	512 911	n.a.	(459 616)	53 295
							46 574 053	**48 443 497**	**808 186**	**100 010**	**49 351 693**

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item has the following composition:

	Cost [1]	Reservations Change in fair value	Impairment losses	Interest accrued	Balance sheet value
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME					
Actions	730 355	(613 819)	-	-	116 536
BALANCE AT DECEMBER 31, 2019	**730 355**	**(613 819)**	**-**	**-**	**116 536**
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME					
Bonds and other fixed income securities					
From public issuers	30 860 700	(628 469)	(437 458)	89 020	29 883 793
From other issuers				-	-
Actions	730 355	(453 791)	-	-	276 564
BALANCE AT DECEMBER 31, 2018	**31 591 055**	**(1 082 260)**	**(437 458)**	**89 020**	**30 160 357**

[1] Acquisition cost for shares and other equity instruments and amortized cost for debt securities.

In accordance with the accounting policy described in Note 2.4, debt securities at fair value through other comprehensive income are impaired according to the model defined in accordance with IFRS 9.

During the year of 2019, the amount of the item Bonds and other fixed income securities was reclassified to the item of investments at amortized cost, as a result of the recommendations of the valuation methodologies of assets applied in the AQA (Directive no. 13/DSB/DRO/2019), as shown in the map below:

	31-12-2019
OPENING BALANCE AT 01-01-2019	**29 883 793**
Reclassification to:	
Investments at amortized cost (Note 9)	29 638 008
Exchange differences	245 785
FINAL BALANCE	**-**

All exposures related to financial assets at fair value through other comprehensive income are in stage 1.

At 31st December 2019 and 2018, 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					
Actions	-	-	116 536	-	116 536
BALANCE AT DECEMBER 31, 2019	**-**	**-**	**116 536**	**-**	**116 536**
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME					
Bonds and other fixed income securities					
From public issuers	-	29 883 793	-	-	29 883 793
Actions	-	-	276 564	-	276 564
BALANCE AT DECEMBER 31, 2018	**-**	**29 883 793**	**276 564**	**-**	**30 160 357**

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

During the year ended December 31st, 2019, 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 of December 31st, 2019, and 2018, financial assets at fair value through other comprehensive income have the following residual maturity terms:

	Less than three months	Between three months and one year	From one to five years	More than five years	Indeterminate duration	Total
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME						
Actions	-	-	-	-	116 536	116 536
BALANCE AT 31 DECEMBER 2019	**-**	**-**	**-**	**-**	**116 536**	**116 536**
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME						
Bonds and other fixed income securities						
From public issuers	-	-	29 883 793	-	-	29 883 793
Actions	-	-	-	-	276 564	276 564
BALANCE AT DECEMBER 31, 2018	**-**	**-**	**29 883 793**	**-**	**276 564**	**30 160 357**

As of 31st December 2019, and 2018, financial assets at fair value through other comprehensive income have the following characteristics:

31-12-2019	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Purchase cost	Interest accrued	Premium / Discount	Fair value / impairment adjustment	Balance Sheet Value
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME												
Actions	Other	Angola	Financial Institution; Manufacturing	AKZ	n.a.	n.a.	n.a.	730 355	n.a.	n.a.	(613 819)	116 536
								730 355	**-**	**-**	**(613 819)**	**116 536**

31-12-2018	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Purchase cost	Interest accrued	Premium / Discount	Fair value / impairment adjustment	Balance Sheet Value
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME												
Bonds and other fixed income securities												
From public issuers	State	Angola	Government	USD	n.a.	5,00%	30 860 700	30 860 700	89 020	-	(1 065 927)	29 883 793
Actions	Other	Angola	Financial Institution; Manufacturing	AKZ	n.a.	n.a.	n.a.	730 355	n.a.	n.a.	(453 791)	276 564
							30 860 700	**31 591 055**	**89 020**	**-**	**(1 519 718)**	**30 160 357**

The movement in the fair value reserve that occurred during the year is detailed in Note 21.

As of December 31st, 2019, and 2018, financial instruments at fair value through other comprehensive income classified at level 3 show the following movements:

	31-12-2019	31-12-2018
OPENING BALANCE	276 564	75 033
Total profit / loss:		
In Results	89 707	443 073
In Other comprehensive income	(249 735)	(241 542)
FINAL BALANCE	116 536	276 564

As of December 31st, 2019 and 2018, there was no transfer of financial instruments at fair value through other comprehensive income in the hierarchy from level 2 to level 3.

9. INVESTMENTS AT AMORTIZED COST

This item has the following composition:

	31-12-2019	31-12-2018
INVESTMENTS AT AMORTIZED COST		
Bonds and other fixed income securities		
From public issuers		
Treasury bills	30 105 260	175 471 663
Treasury bonds in national currency		
Not readjustable	218 672 716	108 946 087
Indexed to the US dollar exchange rate	154 740 481	144 916 825
Indexed to Treasury Bills	8 377 941	8 566 652
Treasury bonds in foreign currency	457 683 369	289 444 426
	869 579 767	727 345 653
Impairments	(13 315 351)	(4 684 157)
	856 264 416	722 661 496

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

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

As of December 31st, 2019, the caption Treasury bonds in national currency - Not re-adjustable includes securities in the amount of mKz 18,276,346, pledged as a guarantee to the General Tax Administration (AGT) under the ongoing tax procedures (Notes 14 and 39).

As mentioned in Note 8, in December 2019, foreign currency treasury bonds were reclassified in the amount of mKz 48,222,700 to the caption "Investments at amortized cost", as described in note 8.

Investments at amortized cost have the following residual maturity terms:

	Less than three months	Between three months and one year	From one to five years	More than five years	Total
INVESTMENTS AT AMORTIZED COST					
Obligations of national public issuers					
Treasury bills		15 709 783	-	-	30 105 260
Treasury bonds in national currency					
Not readjustable		45 778 872	137 555 310	135 821	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)	(13 315 351)
BALANCE AT 31 DECEMBER 2019	48 889 212	76 494 980	716 416 719	14 463 505	856 264 416

INVESTMENTS AT AMORTIZED COST					
Obligations of national public issuers					
Treasury bills	45 130 400	130 341 263	-	-	175 471 663
Treasury bonds in national currency					
Not readjustable	-	9 121 286	97 349 791	2 475 010	108 946 087
Indexed to the US dollar exchange rate	4 802 122	41 175 274	89 574 820	9 364 609	144 916 825
Indexadas aos Bilhetes do Tesouro	-	-	8 566 652	-	8 566 652
Treasury bonds in foreign currency	7 870 700	14 566 953	258 820 439	8 186 334	289 444 426
Impairments	(220 213)	(624 036)	(3 709 310)	(130 599)	(4 684 157)
BALANCE AT DECEMBER 31, 2018	57 583 010	194 580 740	450 602 392	19 895 354	722 661 496

As of December 31st, 2019, and 2018, investments at amortized cost have the following characteristics:

31-12-2019	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Purchase cost	Interest accrued	Fair value adjustment	Balance Sheet Value
INVESTMENTS AT AMORTIZED COST											
Obligations of national public issuers											
Treasury bills	Estado	Angola	Governo	n.a.	17,32%	31 627 713	27 509 953	2 595 307	-	(467 252)	29 638 008
Treasury bonds in national currency											
Not readjustable	Estado	Angola	Governo	n.a.	12,40%	227 841 700	202 881 768	8 284 004	7 506 944	(3 258 798)	215 413 918
Indexed to the US dollar exchange rate	Estado	Angola	Governo	USD	6,30%	152 722 729	151 347 083	3 174 850	218 548	(2 387 689)	152 352 792
Indexed to Treasury Bills	Estado	Angola	Governo	n.a.	17,40%	8 000 000	8 000 000	377 941	-	(129 457)	8 248 484
Treasury bonds in foreign currency	Estado	Angola	Governo	n.a.	4,50%	453 645 406	453 645 406	4 037 963	-	(7 072 155)	450 611 214
						873 837 548	**843 384 210**	**18 470 065**	**7 725 492**	**(13 315 351)**	**856 264 416**

31-12-2018	Issuer	Residence	Activity	Currency	Indexing	Average rate	Nominal value	Purchase cost	Interest accrued	Fair value adjustment	Balance Sheet Value
INVESTMENTS AT AMORTIZED COST											
Obligations of national public issuers											
Treasury bills	Estado	Angola	Governo	n.a.	17,95%	186 980 494	166 290 810	9 180 853	-	(430 344)	175 041 319
Treasury bonds in national currency											
Not readjustable	Estado	Angola	Governo	n.a.	11,49%	127 882 712	100 011 736	3 397 300	5 537 050	(265 802)	108 680 285
Indexed to the US dollar exchange rate	Estado	Angola	Governo	USD	6,43%	83 422 920	142 416 063	2 234 192	266 570	(386 981)	144 529 844
Indexed to Treasury Bills	Estado	Angola	Governo	n.a.	25,90%	8 000 000	8 000 000	566 652	-	(21 010)	8 545 642
Treasury bonds in foreign currency	Estado	Angola	Governo	n.a.	5,45%	284 125 207	286 372 608	2 801 663	270 156	(3 580 020)	285 864 406
						690 411 333	**703 091 217**	**18 180 660**	**6 073 776**	**(4 684 157)**	**722 661 496**

As of December 31st, 2019, and 2018, impairment losses on investments at amortized cost show the following movements:

	31-12-2019	31-12-2018
OPENING BALANCE	4 684 157	-
IFRS 9 transition adjustment	-	2 700 199
Budget allocation	7 034 228	723 308
Year reversal	(890 291)	(711 762)
Note 37	6 143 937	11 546
Adjustments (exchange rate effect)	2 487 257	1 972 412
FINAL BALANCE	**13 315 351**	**4 684 157**

10. LOAN TO CUSTOMERS

This item has the following composition:

	31-12-2019	31-12-2018
LOAN AT AMORTIZED COST		
Domestic loan		
Companies	**452 618 601**	**334 448 183**
Loans	425 718 220	324 395 560
Overdraft and current account loans	26 567 516	9 922 626
Loan cards	179 481	129 997
Other loans	153 384	-
Private individuals	**90 800 245**	**79 376 974**
Housing	31 356 026	31 529 632
Consumption and other	59 444 219	47 847 342
	543 418 846	**413 825 157**
Foreign loans		
Companies	**18 374 438**	**14 658 833**
Other loans	18 374 438	14 658 833
	18 374 438	**14 658 833**
Default Loan		
Up to 30 days	13 499 565	28 689 058
From 30 days to 90 days	7 746 729	9 702 262
90 more days	103 689 855	101 766 337
	124 936 149	**140 157 657**
	686 729 433	**568 641 647**
Adjustment of loan income in stage 3	-	(14 212 088)
	686 729 433	**554 429 559**
Impairment losses	(238 246 930)	(182 282 323)
	448 482 503	**372 147 236**
Loan at fair value through profit or loss		
Gross book value	3 129 530	3 092 503
Fair value adjustment	(2 900 498)	(1 986 456)
	229 032	**1 106 047**
	448 711 535	**373 253 283**

Loan in default includes all loan operations that overdue for more than one day, including overdue and outstanding instalments.

Loan to customers include the amount of mKz 229,032 related to loan 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 2.4).

At 31st December 2019 and 2018, loan and impairment are as follows by situation and risk segment:

	Exposure 31-12-2019			Impairment 31-12-2019		
SEGMENT	Total exposure	Loan in compliance	Default Loan	Total impairment	Loan in compliance	Default Loan
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
Discovered	206 595	45 829	160 766	90 276	14 908	75 368
Big 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 businesses	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**

(*) Includes three segments Large companies, Large commerce companies and Large services companies

	Exposure 31-12-2019			Impairment 31-12-2019		
SEGMENT	Total exposure	Loan in compliance	Default Loan	Total impairment	Loan in compliance	Default Loan
Cards	909 272	909 272	-	43 196	43 196	-
Consumption	45 607 354	37 974 791	7 632 563	2 804 657	596 594	2 208 063
Discovered	207 437	34 393	173 044	93 099	4	93 095
Big companies	240 804 046	146 683 248	94 120 798	144 683 565	102 754 516	41 929 049
Housing	51 491 311	36 719 814	14 771 497	11 613 795	6 212 634	5 401 161
Small businesses	32 692 777	11 172 169	21 520 608	21 324 283	3 464 470	17 859 813
Public sector	183 823 409	181 884 262	1 939 147	1 719 728	1 654 328	65 400
TOTAL	**555 535 606**	**415 377 949**	**140 157 657**	**182 282 323**	**114 725 742**	**67 556 581**

Due to its nature, the Bank classifies overdrafts as loan in default, except authorized overdrafts as long as they do not exceed the authorized term.

As mentioned in the chapter of activity by business area of the Management Report, the Bank's Board of Directors approved a proposal to renegotiate loan totaling of mKz 47,226,000 within the scope of the Loan Support Program (PAC) and BNA's Notice n° 4/19 of 3rd April, of which mKz 44,109,000 refers to restructured loan. For loan granted or restructured under this Notice, the total cost of loan to the borrower, including the interest rate and fees, 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. Taking into account the interest rate of 7.5%, the initial fair value has a negative impact for the Bank when compared to the market interest rate. This effect is temporary, since the Board of Directors believes that the Bank will mitigate this effect in the future by investing in assets remunerated at higher rates.

As of December 31st, 2019, and 2018, the breakdown of loan in default and impairment by maturity is as follows:

	Exposure at 31-12-2019				Impairment at 31-12-2019			
SEGMENT	Default Loan	Up to 30 days	From 30 to 90 days	90 more days	Impaired Default Loan	Up to 30 days	From 30 to 90 days	90 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
Discovered	160 766	51 586	10 932	98 248	75 368	648	2 411	72 309
Big 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 business	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**

	Exposure at 31-12-2019				Impairment at 31-12-2019			
SEGMENT	Default Loan	Up to 30 days	From 30 to 90 days	90 more days	Impaired Default Loan	Up to 30 days	From 30 to 90 days	90 more days
Cards	7 632 563	4 097 235	329 130	3 206 198	2 208 063	156 654	39 523	2 011 886
Consumption	173 044	9 659	60 651	102 734	93 095	503	4 487	88 105
Discovered	94 120 798	16 082 821	6 916 485	71 121 492	41 929 049	1 991 143	4 153 351	35 784 555
Big companies	14 771 497	5 293 824	1 856 735	7 620 938	5 401 161	59 732	348 153	4 993 276
Housing	21 520 608	1 276 703	539 261	19 704 644	17 859 813	337 004	347 953	17 174 856
Small business	1 939 147	1 928 816	-	10 331	65 400	52 424	-	12 976
PUBLIC SECTOR	**140 157 657**	**28 689 058**	**9 702 262**	**101 766 337**	**67 556 581**	**2 597 460**	**4 893 467**	**60 065 654**

As of December 31st, 2019, and 2018, the breakdown of loan in default and impairment by stages is as follows:

	Exposure at 31-12-2019				Impairment at 31-12-2019			
SEGMENT	Default Loan	Stage 1	Stage 2	Stage 3	Impaired Default Loan	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
Discovered	160 766	48 274	14 066	98 426	75 368	531	2 489	72 348
Big 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 business	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**

	Exposure at 31-12-2019				Impairment at 31-12-2019			
SEGMENT	Default Loan	Stage 1	Stage 2	Stage 3	Impaired Default Loan	Stage 1	Stage 2	Stage 3
Cards	7 632 563	3 286 883	1 104 377	3 241 303	2 208 063	156 654	39 523	2 011 886
Discovered	173 044	7 101	59 421	106 522	93 095	503	4 487	88 105
Big companies	94 120 798	1 047 601	655 354	92 417 843	41 929 049	1 991 143	4 153 351	35 784 555
Housing	14 771 497	3 357 043	3 793 516	7 620 938	5 401 161	59 732	348 153	4 993 276
Small business	21 520 608	1 170 961	618 483	19 731 164	17 859 813	337 004	347 953	17 174 856
Public sector	1 939 147	1 928 816	-	10 331	65 400	52 424	-	12 976
TOTAL	**140 157 657**	**10 798 405**	**6 231 151**	**123 128 101**	**67 556 581**	**2 597 460**	**4 893 467**	**60 065 654**

The composition of loan in default without impairment by maturity at 31st December 2019 and 2018 is as follows:

	Exposure at 31-12-2019				Exposure at 31-12-2018			
SEGMENT	Impaired Default Loan	Up to 30 days	From 30 to 90 days	90 more days	Default loan without impairment	Up to 30 days	From 30 to 90 days	90 more days
Consumption	1 955	1 955	-	-	508	12	-	496
Discovered	-	-	-	-	-	-	-	-
Big companies	-	-	-	-	18 768 623	12 644 433	2 870 367	3 253 823
Housing	-	-	-	-	-	-	-	-
Small business	-	-	-	-	135 925	-	-	135 925
Public sector	-	-	-	-	838	585	-	253
TOTAL	**1 955**	**1 955**	**-**	**-**	**18 905 894**	**12 645 030**	**2 870 367**	**3 390 497**

The composition of loan in default with impairment by maturity at 31st December 2019 and 2018 is as follows:

	Exposure at 31-12-2019				Exposure at 31-12-2018			
SEGMENT	Impaired Default Loan	Up to 30 days	From 30 to 90 days	90 more days	Default loan without impairment	Up to 30 days	From 30 to 90 days	90 more days
Cards	84 578	-	-	84 578	-	-	-	-
Consumption	12 210 031	6 816 278	553 951	4 839 802	7 632 563	4 097 235	329 130	3 206 198
Discovered	160 766	51 586	10 932	98 248	172 536	9 647	60 651	102 238
Big companies	72 872 546	3 128 829	4 342 270	65 401 447	75 352 175	3 438 388	4 046 118	67 867 669
Housing	16 198 363	3 270 726	1 027 331	11 900 306	14 771 497	5 293 824	1 856 735	7 620 938
Small business	23 397 832	230 190	1 812 245	21 355 397	21 384 682	1 276 703	539 260	19 568 719
Public sector	10 078	-	-	10 078	1 938 310	1 928 231	1	10 078
TOTAL	**124 934 194**	**13 497 609**	**7 746 729**	**103 689 856**	**121 251 763**	**16 044 028**	**6 831 895**	**98 375 840**

As at 31st December 2019 and 2018, the composition of impaired overdue loan is presented as follows:

	31-12-2019			
	Default Stage			
	Stage 1	*Stage 2*	*Stage 3*	Total
LOAN TO CUSTOMERS				
Overdue loan and interest				
With impairment assigned on an individual basis	4	2 571 346	91 552 758	94 124 108
With impairment assigned on the basis of collective analysis	2 663 705	15 088 858	13 059 478	30 812 041
TOTAL	**2 663 709**	**17 660 204**	**104 612 236**	**124 936 149**

	31-12-2018			
	Default Stage			
	Stage 1	*Stage 2*	*Stage 3*	Total
LOAN TO CUSTOMERS				
Overdue loan and interest				
With impairment assigned on an individual basis	1 934 638	16 141	90 569 522	92 520 301
With impairment assigned on the basis of collective analysis	8 863 767	6 215 010	32 558 579	47 637 356
TOTAL	**10 798 405**	**6 231 151**	**123 128 101**	**140 157 657**

As at 31 December 2019 and 2018, the composition of non-impaired loans in arrears is presented as follows:

	31-12-2019			
	Default Stage			
	Stage 1	*Stage 2*	*Stage 3*	Total
LOAN TO CUSTOMERS				
Overdue loan and interest				
Without impairment assigned on the basis of collective analysis	-	1 955	-	1 955
TOTAL	**-**	**1 955**	**-**	**1 955**

	31-12-2018			
	Default Stage			
	Stage 1	*Stage 2*	*Stage 3*	Total
LOAN TO CUSTOMERS				
Overdue loan and interest				
Without impairment assigned on the basis of collective analysis	-	29	292 139	292 168
TOTAL	**-**	**29**	**292 139**	**292 168**

The breakdown of loan to customers by stage is as follows:

	31-12-2019			
	Stage 1	Stage 2	Stage 3	Total
LOAN AT AMORTIZED COST				
Gross amount	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**
LOAN AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	229 032
TOTAL	**220 719 068**	**168 830 179**	**58 933 256**	**448 711 535**

	31-12-2018			
	Stage 1	Stage 2	Stage 3	Total
LOAN AT AMORTIZED COST				
Gross amount	14 025 546	399 695 855	140 708 158	554 429 559
Impairment losses	(2 162 772)	(98 821 884)	(81 297 667)	(182 282 323)
	11 862 774	**300 873 971**	**59 410 491**	**372 147 236**
LOAN AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	1 106 047
TOTAL	**11 862 774**	**300 873 971**	**59 410 491**	**373 253 283**

On December 31st, 2019, the composition of loan to customers is as follows:

	31-12-2019				
	Default Stage				
	Falling due loan and receivable interest	*Stage 1*	*Stage 2*	*Stage 3*	Total
LOAN TO CUSTOMERS					
Impaired loan	230 834	-	1 955	-	232 789
With impairment assigned on the basis of an individual analysis					
Loan 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					
Loan and interest	140 980 013	2 703 280	15 202 280	13 117 445	172 003 018
Impairment	(2 764 010)	(27 610)	(636 855)	(5 226 871)	(8 655 346)
	138 216 003	**2 675 670**	**14 565 425**	**7 890 574**	**163 347 672**
Amortized cost associated fees	(1 241 751)	(39 574)	(113 863)	(110 682)	(1 505 870)
	401 596 101	**2 636 098**	**16 216 998**	**28 262 338**	**448 711 535**

The matrix for transfer of exposure between stages from 1st January 2019 to 31st December 2019 is as follows:

	31-12-2019			
	Stage 1	Stage 2	Stage 3	Total
STAGE A 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**

	31-12-2018			
	Stage 1	Stage 2	Stage 3	Total
STAGE A 01-01-2018				
Stage 1	1 200 256	248 119 286	12 819 521	262 139 063
Stage 2	153 895	137 942 263	2 080 297	140 176 455
Stage 3	599 351	13 548 533	125 660 494	139 808 378
Exposure originated during 2018	12 072 044	85 773	147 846	12 305 663
TOTAL	**14 025 546**	**399 695 855**	**140 708 158**	**554 429 559**

The migration of impairment by stages between 1st January 2019 and 31st December 2019 is as follows:

	31-12-2019			
	Stage 1	Stage 2	Stage 3	Total
STAGE A 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 31st December 2019 and 2018, loan to customers and impairment by currency including loan at fair value are presented as follows:

	31-12-2019		31-12-2018	
	Loan to customers	Impairment	Loan to customers	Impairment
AKZ			305 196 077	142 249 107
USD	291 460 387	57 138 213	249 955 183	40 008 678
EUR	548 893	32 217	384 343	24 537
ZAR	-	-	3	1
TOTAL	**686 958 465**	**238 246 930**	**555 535 606**	**182 282 323**

On December 31st, 2019 and 2018, the composition of the loan portfolio by residual maturity is as follows:

	31-12-2019	31-12-2018
Up to 3 months	26 373 896	45 349 912
From 3 months to one year	11 581 205	16 326 271
From one to five years	360 884 637	219 373 580
More than five years	163 182 578	134 328 186
Indeterminate duration	124 936 149	140 157 657
TOTAL	**686 958 465**	**555 535 606**

The amount of loan considered to be indefinite corresponds to the amount of loan in default.

On December 31st, 2019 and 2018, loan and impairment by year of concession have the following composition:

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
Discovered	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
Big companies	445	266 865 969	173 855 175	64	18 880 640	12 761 285	58	32 913 231	14 701 427	52	42 703 765	455 432	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 businesses	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
PUBLIC SECTOR	**15 326**	**457 128 346**	**203 472 794**	**3 328**	**36 627 860**	**16 544 004**	**9 478**	**60 861 387**	**16 247 791**	**20 038**	**132 340 872**	**1 982 341**	**28 132**	**686 958 465**	**238 246 930**

31-12-2018	2015 and earlier			2016			2017			2018			Total		
SEGMENT	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment	No.	Amount	Impairment
Cards	7 557	693 551	42 958	278	29 370	30	1 303	118 117	147	1 227	68 234	61	10 365	909 272	43 196
Consumption	4 163	7 391 295	995 126	686	1 614 495	465 311	2 449	7 206 545	748 190	11 048	29 395 019	596 030	18 346	45 607 354	2 804 657
Discovered	3 352	176 564	71 259	714	12 267	10 062	850	10 921	7 759	849	7 685	4 019	5 765	207 437	93 099
Big companies	454	85 359 459	66 195 782	73	109 501 730	50 802 952	132	17 530 431	9 834 865	1 927	28 412 427	17 849 967	2 586	240 804 047	144 683 566
Housing	1 276	49 687 840	11 522 866	19	495 900	50 720	8	216 127	26 873	31	1 091 445	13 335	1 334	51 491 312	11 613 794
Small businesses	570	9 659 314	5 551 546	145	13 423 022	12 182 602	93	3 281 061	1 627 639	516	6 329 378	1 962 495	1 324	32 692 775	21 324 282
Public sector	95	143 858 536	1 604 044	8	19 460 574	65 400	8	5 931 514	14 547	53	14 572 785	35 738	164	183 823 409	1 719 729
TOTAL	**17 467**	**296 826 559**	**85 983 581**	**1 923**	**144 537 358**	**63 577 077**	**4 843**	**34 294 716**	**12 260 020**	**15 651**	**79 876 973**	**20 461 645**	**39 884**	**555 535 606**	**182 282 323**

As of December 31st, 2019, and 2018, loan and impairment are broken down by risk segment:

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
Discovered	3 102	3 152	203 493	87 124	206 595	90 276
Big 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 businesses	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**

31-12-2018	Individual Analysis		Collective Analysis		Total	
SEGMENT	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Cards	124	124	909 148	43 072	909 272	43 196
Consumption	1 353 881	1 233 665	44 253 473	1 570 992	45 607 354	2 804 657
Discovered	2 060	2 061	205 377	91 038	207 437	93 099
Big companies	215 431 005	126 826 387	25 373 041	17 857 178	240 804 046	144 683 565
Housing	-	-	51 491 311	11 613 795	51 491 311	11 613 795
Small businesses	16 295 059	16 190 562	16 397 718	5 133 721	32 692 777	21 324 283
Public sector	183 823 409	1 719 728	-	-	183 823 409	1 719 728
TOTAL	**416 905 538**	**145 972 527**	**138 630 068**	**36 309 796**	**555 535 606**	**182 282 323**

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 2.4, 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.

The loan that was individually analyzed on December 31st, 2019 represents 72% of the loan portfolio and 96% of the total impairment. It should be noted that for loans subject to individual analysis for which it has been concluded that they do not present objective signs of impairment are transferred to collective analysis.

On December 31st, 2019 and 2018, loan and impairment breakdown by geographic area:

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

31-12-2018	Individual Analysis		Collective Analysis		Total	
GEOGRAPHICAL AREA	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Angola	416 905 538	145 972 526	123 971 235	36 273 845	540 876 773	182 246 371
Other Countries	-	-	14 658 833	35 952	14 658 833	35 952
TOTAL	416 905 538	145 972 526	138 630 068	36 309 797	555 535 606	182 282 323

As at 31st December 2019, the sectoral concentration of loan to customers is presented as follows:

31-12-2019	Loan to customers			Guarantees provided and documentary loans (Nota 39)	Total Exposure	Imparidade	
SECTOR OF ACTIVITY	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%
Manufactoring 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%
Trading	12 293 606	116 573	7 424 490	61 305 336	81 140 005	6 607 986	8,14%
Service	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%
Hotel and turism	278 445	1 960	2 516 788	-	2 797 193	2 170 092	77,58%
Agricultural	1 674 300	32 277	517 788	765 620	2 989 985	415 825	13,91%
Farming	3 207	(109)	50 479	-	53 577	33 063	61,71%
Other	72 357	10 765	601 766	5 762	690 650	413 116	59,82%
Private individuals	**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 number of guarantees provided and documentary loans includes documentary export loans and guarantees to the General Tax Authority regarding ongoing tax proceedings as described in Note 39.

As at 31st December 2019 and 2018, loan and impairment have the following composition by sector of economic activity:

31-12-2019	Individual Analysis		Collective Analysis		Total	
SECTOR OF ACTIVITY	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
Manufactoring 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
Trading	8 087 444	5 556 760	11 747 225	859 389	19 834 669	6 416 149
Service	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
Hotel and turism	2 179 229	2 006 894	617 964	163 198	2 797 193	2 170 092
Agricultural	246 748	246 748	1 977 617	166 681	2 224 365	413 429
Farming	-	-	53 577	33 063	53 577	33 063
Other	327 423	265 041	357 465	148 056	684 888	413 097
Private individuals	**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

31-12-2018	Individual Analysis		Collective Analysis		Total	
SECTOR OF ACTIVITY	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
State	**183 807 458**	**1 706 748**	**-**	**-**	**183 807 458**	**1 706 748**
Companies	**231 744 199**	**143 032 112**	**41 768 576**	**22 988 716**	**273 512 775**	**166 020 828**
Real estate development	105 760 401	99 667 586	1 238 790	247 358	106 999 191	99 914 944
Extractive industry	27 195 819	7 533 405	13 050 418	14 076 911	40 246 237	21 610 316
Agribusiness	26 503 802	8 090 353	1 185 493	138 581	27 689 295	8 228 934
Manufactoring Industry	24 913 233	11 378 736	7 798 415	549 648	32 711 648	11 928 384
Construction	20 716 990	6 598 452	8 218 808	1 804 900	28 935 798	8 403 352
Trading	15 621 315	6 809 210	4 923 787	3 291 306	20 545 102	10 100 516
Service	4 609 671	439 101	2 760 254	1 566 871	7 369 925	2 005 972
Fishing	2 959 595	1 384 461	1 045 454	497 688	4 005 049	1 882 149
Hotel and turism	1 649 377	1 095 400	367 688	157 716	2 017 065	1 253 116
Agricultural	1 181 407	-	784 128	142 844	1 965 535	142 844
Farming	36 230	-	24 047	23 525	60 277	23 525
Other	596 359	35 408	371 294	491 368	967 653	526 776
Private individuals	**1 353 881**	**1 233 666**	**96 861 492**	**13 321 081**	**98 215 373**	**14 554 747**
Consumption	1 353 881	1 233 666	45 370 180	1 707 286	46 724 061	2 940 952
Housing	-	-	51 491 312	11 613 795	51 491 312	11 613 795
TOTAL	416 905 538	145 972 526	138 630 068	36 309 797	555 535 606	182 282 323

The restructured loan position as at 31st December 2019 and 2018 can be broken down as follows:

	31-12-2019	31-12-2018
OPENING BALANCE OF THE RESTRUCTURED LOAN PORTFOLIO (GROSS OF IMPAIRMENT)	**170 576 118**	**144 412 290**
Restructured Loan in the year	122 600 223	56 462 301
Accrued interest on restructured loan portfolio	43 012 649	-
Settlement of restructured loan (partial or total)	(34 220 232)	(24 135 348)
Other - Disposals	-	(6 163 125)
CLOSING BALANCE OF THE RESTRUCTURED LOAN PORTFOLIO (GROSS OF IMPAIRMENT)	**301 968 758**	**170 576 118**

As of December 31st, 2019, and 2018, restructured loan by amounts due, interest and overdue is presented as follows:

	31-12-2019				
	Due	Interest receivable	Overdue	Total	Impairments
Companies	185 322 946	42 487 449	65 416 061	293 226 456	(171 469 745)
Private individuals					
Consumption	6 439 244	16 368	2 195 955	8 651 567	(261 290)
Housing	90 735	-	-	90 735	-
Total	**191 852 925**	**42 503 817**	**67 612 016**	**301 968 758**	**(171 731 035)**

	31-12-2018				
	Due	Interest receivable	Overdue	Total	Impairments
Companies	143 977 997	-	49 337 087	193 315 084	(133 603 773)
Private individuals					
Consumption	491 826	-	632 047	1 123 873	(451 488)
Housing	491 826	-	632 047	1 123 873	(451 488)
Total	**144 469 823**	**-**	**49 969 134**	**194 438 957**	**(134 055 261)**

As at 31st December 2019 and 2018, the details of the restructured loan by situation and by restructuring measure are presented as follows:

31-12-2019	Default loan			Default loan			Total		
APPLIED MEASURE	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment
Conversion of loan into national currency	285	5 581 881	28 016	5	8 087	47	290	5 589 968	28 063
Term extension	37	13 101 243	408 681	57	2 807 691	1 568 642	94	15 908 934	1 977 323
Grace period extension	15	82 661 960	29 114 173	35	56 503 299	38 847 833	50	139 165 259	67 962 006
Grace period	4	87 160 552	54 829 420	20	8 289 564	3 857 484	24	95 450 116	58 686 904
Tax reduction	1	45 851 106	43 075 239	1	3 375	1 500	2	45 854 481	43 076 739
TOTAL	**342**	**234 356 742**	**127 455 529**	**118**	**67 612 016**	**44 275 506**	**460**	**301 968 758**	**171 731 035**

31-12-2018	Default loan			Default loan			Total		
APPLIED MEASURE	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment
Term extension	49	4 024 875	268 453	49	1 136 610	435 909	98	5 161 485	704 362
Grace period extension	14	32 730 324	25 993 205	33	48 467 233	28 417 858	47	81 197 557	54 411 063
Grace period	18	78 955 309	76 276 384	9	5 255 156	2 658 141	27	84 210 465	78 934 525
Tax reduction	-	-	-	1	6 611	5 311	1	6 611	5 311
TOTAL	**81**	**115 710 508**	**102 538 042**	**92**	**54 865 610**	**31 517 219**	**173**	**170 576 118**	**134 055 261**

As of December 31st, 2019, and 2018, the details of the restructured loan by stage and by restructuring measure are presented as follows:

31-12-2019	Stage 1			Stage 2			Stage 3			Total		
APPLIED MEASURE	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment
Conversion of loan into national currency	270	5 394 454	15 315	14	34 751	190	6	160 763	12 558	290	5 589 968	28 063
Term extension	7	411 480	1 498	47	13 891 807	655 621	40	1 605 647	1 320 204	94	15 908 934	1 977 323
Grace period extension	1	27 732	1 393	16	43 552 961	17 787 396	33	95 584 566	50 173 217	50	139 165 259	67 962 006
Grace period	5	753 939	9 581	7	1 241 541	34 712	12	93 454 636	58 642 611	24	95 450 116	58 686 904
Tax reduction	-	-	-	-	-	-	2	45 854 481	43 076 739	2	45 854 481	43 076 739
TOTAL	**283**	**6 587 605**	**27 787**	**84**	**58 721 060**	**18 477 919**	**93**	**236 660 093**	**153 225 329**	**460**	**301 968 758**	**171 731 035**

31-12-2018	Stage 1			Stage 2			Stage 3			Total		
APPLIED MEASURE	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment
Term extension	2	87 881	1 431	50	4 152 777	259 664	46	920 827	443 267	98	5 161 485	704 362
Grace period extension	-	-	-	12	16 176 257	13 101 686	35	65 021 300	41 309 377	47	81 197 557	54 411 063
Grace period	3	626 327	451 800	14	4 028 071	1 205 676	10	79 556 067	77 277 049	27	84 210 465	78 934 525
Tax reduction	-	-	-	-	-	-	1	6 611	5 311	1	6 611	5 311
TOTAL	**5**	**714 208**	**453 231**	**76**	**24 357 105**	**14 567 026**	**92**	**145 504 805**	**119 035 004**	**173**	**170 576 118**	**134 055 261**

As of December 31st, 2019, and 2018, the details of the loan in compliance and in default due to curing and restructuring is presented as follows:

	Loan in compliance					Default loan		
31-12-2019	Total exposure	Regular	Cure loan	Restructured loan	Total	Non-restructured loan	Restructured loan	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
Discovered	206 595	45 829	-	-	45 829	160 766	-	160 766
Big 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 business	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**

	Loan in compliance					Default loan		
31-12-2018	Total exposure	Regular	Cure loan	Restructured loan	Total	Non-restructured loan	Restructured loan	Total
Cards	1 010 062	909 272	100 790	-	1 010 062	-	-	-
Consumption	46 914 890	37 974 790	183 664	491 826	38 650 280	7 632 563	632 047	8 264 610
Discovered	207 437	34 393	-	-	34 393	173 044	-	173 044
Big companies	272 284 694	46 683 248	6 846 854	127 354 460	180 884 562	44 120 799	47 279 333	91 400 132
Housing	52 364 672	36 719 814	873 360	-	37 593 174	14 771 498	-	14 771 498
Small business	38 930 442	11 172 169	38 308	4 141 603	15 352 080	21 520 608	2 057 754	23 578 362
Public sector	143 823 409	141 884 262	-	-	141 884 262	1 939 147	-	1 939 147
TOTAL	**555 535 606**	**275 377 948**	**8 042 976**	**131 987 889**	**415 408 813**	**90 157 659**	**49 969 134**	**140 126 793**

As of December 31st, 2019, and 2018, the details of the impairment of loan in compliance and default due to curing and restructuring is presented as follows:

		Impairment of loan in compliance				Impairment of loan in compliance		
31-12-2019	Total impairment	Regular	Cure loan	Restructured loan	Total	Non-restructured loan	Restructured loan	Total
Cards	20 433	20 429	4	-	20 433	-	-	-
Consumption	3 399 224	389 290	956	2 805	393 051	2 747 688	258 485	3 006 173
Discovered	90 276	14 908	-	-	14 908	75 368	-	75 368
Big companies	201 773 319	28 498 577	13	127 307 827	155 806 417	5 444 662	40 522 240	45 966 902
Housing	9 147 814	567 929	36 813	-	604 742	8 543 072	-	8 543 072
Small business	21 224 944	861 070	41	144 897	1 006 008	16 724 155	3 494 781	20 218 936
Public sector	2 590 920	2 580 656	-	-	2 580 656	10 264	-	10 264
TOTAL	**238 246 930**	**32 932 859**	**37 827**	**127 455 529**	**160 426 215**	**33 545 209**	**44 275 506**	**77 820 715**

		Impairment of loan in compliance				Impairment of loan in compliance		
31-12-2018	Total impairment	Regular	Cure loan	Restructured loan	Total	Non-restructured loan	Restructured loan	Total
Cards	43 196	43 164	32	-	43 196	-	-	-
Consumption	2 804 647	576 855	2 457	17 272	596 584	1 773 847	434 216	2 208 063
Discovered	93 098	4	-	-	4	93 094	-	93 094
Big companies	144 683 576	2 288 778	252 405	100 213 343	102 754 526	14 083 585	27 845 465	41 929 050
Housing	11 613 794	6 055 629	157 005	-	6 212 634	5 401 160	-	5 401 160
Small business	21 324 283	1 700 865	27 767	1 735 839	3 464 471	16 034 397	1 825 415	17 859 812
Public sector	1 719 729	1 654 329	-	-	1 654 329	65 400	-	65 400
TOTAL	**182 282 323**	**12 319 624**	**439 666**	**101 966 454**	**114 725 744**	**37 451 483**	**30 105 096**	**67 556 579**

As at 31st December 2019 and 2018, the total loan detail by internal rating is presented as follows:

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
Discovered	1 918	7 211	51 841	3 367	3 644	46 659	91 955	206 595
Big 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 business	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**

31-12-2018	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	-	-	909 272	-	-	-	-	909 272
Consumption	338 905	10 270 191	31 433 441	591 647	610 545	61 139	2 301 486	45 607 354
Discovered	12	457	102 177	12 014	8 639	3 281	80 857	207 437
Big companies	15 223 397	304 091	138 944 268	501 878	21 346 812	7 309 623	57 173 977	240 804 046
Housing	-	28 945 298	14 482 540	1 858 601	732 842	822 780	4 649 250	51 491 311
Small business	825 002	2 924 613	7 218 234	208 964	9 218 972	1 289 914	11 007 078	32 692 777
Public sector	183 802 043	-	8 390	-	-	-	12 976	183 823 409
TOTAL	**200 189 359**	**42 444 650**	**193 098 322**	**3 173 104**	**31 917 810**	**9 486 737**	**75 225 624**	**555 535 606**

On December 31st, 2019 and 2018, the loan is broken down by geographic area:

	Geographic area		
31-12-2019	Angola	Other	Total
Private individuals	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**

	Geographic area		
31-12-2018	Angola	Other	Total
Private individuals	98 215 373	-	98 215 373
Companies	255 420 743	-	255 420 743
Public sector	3 433 199	14 658 833	18 092 032
State	183 807 458	-	183 807 458
TOTAL	**540 876 773**	**14 658 833**	**555 535 606**

As of December 31st, 2019, and 2018, the loan portfolio has the following breakdown by activity:

31-12-2019	Loan to customers				Impairment	
SECTORS OF ACTIVITY	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%
Manufactoring 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%
Trading	12 410 179	7 424 490	19 834 669	2,89%	6 416 149	32,35%
Service	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%
Hotel and turism	280 405	2 516 788	2 797 193	0,41%	2 170 092	77,58%
Agricultural	1 706 577	517 788	2 224 365	0,32%	413 429	18,59%
Farming	3 098	50 479	53 577	0,01%	33 063	61,71%
Other	83 122	601 766	684 888	0,10%	413 097	60,32%
Private individuals	**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**	

31-12-2018	Loan to customers				Impairment	
SECTORS OF ACTIVITY	In compliance	In default	Total exposure	Relative Weight	Value	%
State	**181 878 447**	**1 929 011**	**183 807 458**	**33,09%**	**1 706 748**	**0,93%**
Companies	**157 861 234**	**115 651 541**	**273 512 775**	**49,23%**	**166 020 828**	**60,70%**
Real estate development	66 478 653	40 520 538	106 999 191	19,26%	99 914 944	93,38%
Extractive industry	39 828 230	418 007	40 246 237	7,24%	21 610 316	53,70%
Agribusiness	4 059 917	23 629 378	27 689 295	4,98%	8 228 934	29,72%
Manufactoring Industry	6 114 449	26 597 199	32 711 648	5,89%	11 928 384	36,47%
Construction	23 180 498	5 755 300	28 935 798	5,21%	8 403 352	29,04%
Trading	9 483 185	11 061 917	20 545 102	3,70%	10 100 516	49,16%
Service	5 280 690	2 089 235	7 369 925	1,33%	2 005 972	27,22%
Fishing	17 642	3 987 407	4 005 049	0,72%	1 882 149	46,99%
Hotel and turism	1 726 634	290 431	2 017 065	0,36%	1 253 116	62,13%
Agricultural	1 577 853	387 682	1 965 535	0,35%	142 844	7,27%
Farming	9 117	51 160	60 277	0,01%	23 525	39,03%
Other	104 366	863 287	967 653	0,17%	526 776	54,44%
Private individuals	**75 638 268**	**22 577 105**	**98 215 373**	**17,68%**	**14 554 747**	**14,82%**
Consumption	38 918 454	7 805 607	46 724 061	8,41%	2 940 952	6,29%
Housing	36 719 814	14 771 498	51 491 312	9,27%	11 613 795	22,55%
TOTAL	**415 377 949**	**140 157 657**	**555 535 606**		**182 282 323**	

On December 31st, 2019 and 2018, the average interest rate of the loan portfolio per currency is as follows:

WEIGHTED AVERAGE RATE	31-12-2019	31-12-2018
In Kwanzas	17,30%	19,08%
In Foreign Currency	7,38%	7,08%

As of December 31st, 2019, the Bank did not have loan operations for customers generated or acquired in stage 3.

On December 31st, 2019, the breakdown of loan and impairment by stages and days of default is as follows:

	EXPOSURE AT 31-12-2019						
		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	90 more days
Cards	1 399 914	804 674	292 854	476	174 341	47	127 522
Consumption	70 395 215	23 187 088	39 838 392	350 805	1 975 982	203 146	4 839 802
Discovered	206 595	48 274	3 311	10 755	515	177	143 563
Big companies	361 363 605	20 998 006	113 596 050	3 913 239	156 848 903	435 379	65 572 028
Housing	47 554 389	22 281 918	12 059 287	986 799	285 548	40 531	11 900 306
Small business	33 761 229	836 606	8 781 588	1 810 923	975 404	1 321	21 355 387
Public sector	172 277 518	162 176 629	10 090 824	-	-	-	10 065
TOTAL	**686 958 465**	**230 333 195**	**184 662 306**	**7 072 997**	**160 260 693**	**680 601**	**103 948 673**

		Stage 1	Stage 2			Stage 3	
SEGMENT	Total impairment	Up to 30 days	Up to 30 days	From 30 to 90 days	Up to 30 days	From 30 to 90 days	90 more days
Cards	20 433	20	6	3	7 191	1	13 212
Consumption	3 399 224	72 457	202 503	17 185	159 104	18 353	2 929 622
Discovered	90 276	530	117	2 372	758	38	86 461
Big companies	201 773 319	6 896 958	20 343 615	497 642	131 512 442	61 233	42 461 429
Housing	9 147 814	118 806	538 732	140 496	66 299	6 031	8 277 450
Small business	21 224 944	51 896	663 845	391 412	290 307	488	19 826 996
Public sector	2 590 920	2 473 460	107 196	-	-	-	10 264
TOTAL	**238 246 930**	**9 614 127**	**21 856 014**	**1 049 110**	**132 036 101**	**86 144**	**73 605 434**

As at 31st December, 2019 and 2018, the details of the risk factors associated with impairment are as follows:

	IMPAIRMENT 31-12-2019				IMPAIRMENT 31-12-2018			
	Default probability			Loss due to default (%)	Default probability			Loss due to default (%)
	Stage 1	*Stage 2*	*Stage 3*		Stage 1	Stage 2	Stage 3	
Cards	0,76%	0,59%	55,78%	1,78%	5,06%	1,94%	12,36%	12,13%
Consumption	1,64%	2,89%	99,14%	9,64%	2,87%	2,61%	86,53%	34,32%
Discovered	5,78%	90,38%	95,87%	56,27%	4,71%	17,14%	99,76%	85,89%
Big companies	3,55%	11,90%	62,65%	7,61%	13,04%	0,00%	0,00%	74,58%
Housing	1,28%	17,64%	92,62%	31,65%	1,32%	21,77%	96,32%	73,33%
Small business	5,32%	18,05%	94,64%	25,56%	29,08%	9,44%	85,12%	71,16%
Public sector	2,44%	6,45%	100,00%	59,00%	0,00%	0,00%	0,00%	8,39%
	2,97%	**21,13%**	**85,81%**	**27,36%**	**8,01%**	**7,56%**	**54,30%**	**51,40%**

As of December 31st, 2019, and 2018, the details of the maturity associated with the impairment is as follows:

	IMPAIRMENT 31-12-2019				IMPAIRMENT 31-12-2018			
	Default probability (%)			Loss due to default (%)	Default probability (%)			Loss due to default (%)
	< 30 days without signs	< 30 dias with signs	Between 30 and 90 days		< 30 days without signs	< 30 dias with signs	Between 30 and 90 days	
Cards	1,87%	0,00%	0,00%	1,78%	3,30%	19,05%	5,39%	55,05%
Consumption	3,11%	27,19%	27,00%	9,64%	4,26%	17,33%	70,72%	58,47%
Discovered	66,09%	84,86%	89,11%	56,27%	16,26%	11,47%	20,74%	38,03%
Big companies	7,80%	57,94%	0,00%	7,61%	8,27%	41,46%	10,05%	66,29%
Housing	6,46%	75,31%	53,10%	31,65%	4,52%	11,80%	52,36%	59,63%
Small business	15,71%	85,57%	69,13%	25,56%	3,70%	45,95%	87,51%	53,30%
Public sector	3,91%	26,79%	0,00%	59,00%	5,26%	3,97%	43,94%	90,60%
	14,99%	**51,09%**	**34,05%**	**27,36%**	**3,27%**	**4,56%**	**70,04%**	**58,47%**

The probabilities of default (PDs) reported above correspond to the average of the PDs for the first month of operations, weighted by their exposure in each segment. Losses in the event of default (LGD) also correspond to the weighted averages of LGDs for each operation in the segment.

As of December 31st, 2019, and 2018, impairment losses have the following movements:

	31-12-2019	31-12-2018
OPENING BALANCE	**182 282 323**	**88 457 685**
Loan to customers		
IFRS 9 transition adjustment	-	20 913 396
Enhancement	23 310 288	94 888 408
Stage 3 adjustment	(13 832 509)	-
Replacements	(18 915 515)	(26 174 003)
Note 36	(9 437 736)	89 627 801
Uses	-	(10 933 861)
Regularizations (Including foreign exchange rate effect)	65 402 343	15 130 698
Final balance	**238 246 930**	**182 282 323**

As of December 31st, 2019, the movement in Transfers in the amount of mKz 3,525,239 relates to the reversal of impairment losses for the signature loan (2018: allocation of mKz 164,460), presented under Provisions (Note 18). The amount of adjustments includes, in addition to the exchange rate effect, the annulment of income in the financial margin and other operating income that were considered in the income statement due to restructuring carried out during the year.

As of December 31st, 2019, and 2018, the details of the fair value of the real estate received in kind, by seniority, is as follows:

	31-12-2019				
TIME ELAPSED SINCE DONATION/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			15 202 280	13 117 445	172 003 018
	-	**244 245**	**-**	**-**	**244 245**
Buildings constructed					
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**

	31-12-2018				
TIME ELAPSED SINCE DONATION/EXECUTION	< 1 year	≥ 1 year and < 2,5 years	≥ 2,5 years and < 5 years	≥ 5 years	Total
Land					
Urban	-	1 893 681	-	769 555	2 663 236
Rural	-	-	2 111 072	874 717	2 985 789
	-	**1 893 681**	**2 111 072**	**1 644 272**	**5 649 025**
Buildings under construction					
Commercial	244 245	-	-	-	244 245
	244 245	**-**	**-**	**-**	**244 245**
Buildings constructed					
Commercial	416 052	1 908 641	-	-	2 324 693
Housing	-	132 797	2 040 972	1 605 516	3 779 285
	416 052	**2 041 438**	**2 040 972**	**1 605 516**	**6 103 978**
Total	**660 297**	**3 935 119**	**4 152 044**	**3 249 788**	**11 997 248**

As of December 31st, 2019, and 2018, the number of guarantees or other collateral executed in the context of loan operations is as follows:

	31-12-2019			31-12-2018		
	Gross asset	Impairment	Net asset	Gross asset	Impairment	Net asset
Real estate received as payment in kind	12 843 678	(2 204 539)	10 639 139	14 049 465	(2 052 217)	11 997 248
	12 843 678	(2 204 539)	10 639 139	14 049 465	(2 052 217)	11 997 248

As of December 31st, 2019, forward-looking information is represented as follows:

a) considering the loan analyzed on an individual basis

31-12-2019	Loan exposure value	Recoverable value (present value of estimated future cash flows)	Expected impairment losses
Base scenario	515 956 724	203 502 210	312 454 513
Favourable scenario	515 956 724	249 504 962	266 451 762
Adverse scenario	515 956 724	179 005 654	336 951 070

As at 31st December 2019 and 2018, the exposure to loan risk by financial asset, rating and stage is as follows:

31-12-2019	"Stage 1 (12 months)"	"Stage 2 (instrument duration)"	"Stage 3 (instrument duration)"	Total
Loan 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**

31-12-2019	"Stage 1 (12 months)"	"Stage 2 (instrument duration)"	"Stage 3 (instrument duration)"	Total
Loan to customers				
Level A	4 508 571	166 535 994	13 041 870	184 086 434
Level B	2 460 263	39 883 114	101 272	42 444 650
Level C	6 425 503	182 245 644	19 424 052	208 095 199
Level D	38 476	570 497	2 564 131	3 173 104
Level E	57 393	1 773 600	30 086 817	31 917 810
Level F	2 049	5 170	9 479 518	9 486 737
Level G	533 291	8 681 835	67 116 546	76 331 672
Total gross book value	**14 025 546**	**399 695 855**	**141 814 206**	**555 535 606**
Impairments	(2 162 772)	(98 821 884)	(81 297 667)	(182 282 323)
Net book value	**42 965 701**	**300 874 191**	**29 413 391**	**373 253 283**

As of December 31st, 2019, and 2018, the financing-guarantee ratio of the corporate, construction and real estate development and housing segments is as follows:

31-12-2019 SEGMENT/RATIO	Number of properties	Number of other real guarantees	Stage 1	Stage 2	Stage 3	Impairment
Corporate						
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% e < 75%	7	12	964	2 889 187	7 317 776	7 405 285
≥ 75% e < 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% e < 75%	3	1	78 567	72 455		10 485
≥ 75% e < 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 of December 31st, 2019, and 2018, the detail of the fair value of the guarantees underlying the loan portfolio of the corporate and housing segments is as follows:

31-12-2019	Corporate				Housing	
	Real estate		Fair value guarantees		Real estate	
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 e < 100 M Kz	1	843 441	4	657 483	-	464 824
>= 100 M Kz e < 500 M Kz	19	4 631 506	8	1 740 196	3	403 354
>= 500 M Kz e < 1.000 M Kz	5	6 262 131	2	1 445 023	-	-
>= 1.000 M Kz e < 2.000 M Kz	1	1 410 490	4	4 997 579	-	-
>= 2.000 M Kz e < 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**

31-12-2018	Corporate		Housing	
	Real estate		Real estate	
FAIR VALUE	Number	Amount	Number	Amount
< 50 MAOA	65	735 744	9	36 979
>= 50 MAOA e < 100 MAOA	12	939 801	3	248 330
>= 100 MAOA e < 500 MAOA	27	6 985 778	6	1 137 351
>= 500 MAOA e < 1.000 MAOA	7	4 803 508	1	975 560
>= 1.000 MAOA e < 2.000 MAOA	6	8 795 036	3	3 702 249
>= 2.000 MAOA e < 5.000 MAOA	8	26 725 633	1	3 825 568
>= 5.000 MAOA	2	33 310 723	2	20 706 940
Total	**127**	**82 296 223**	**25**	**30 632 977**

As at 31st December 2019 and 2018, the detail of the fair value and the net book value of properties received in kind, by type of property, is as follows:

	31-12-2019			31-12-2018		
TYPE OF PROPERTY	Number of properties	Asset fair value	Net book value	Number of properties	Asset fair value	Net book value
Land						
Urban	5	2 300 474	2 300 474	5	2 663 236	2 663 236
Rural	3	2 985 789	2 985 789	3	2 985 789	2 985 789
	8	**5 286 263**	**5 286 263**	**8**	**5 649 025**	**5 649 025**
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 constructed						
Commercial	4	2 514 098	2 514 098	3	2 324 693	2 324 693
Housing	4	2 594 533	2 594 533	4	3 779 285	3 779 285
	8	**5 108 631**	**5 108 631**	**7**	**6 103 978**	**6 103 978**
Total	**17**	**10 639 139**	**10 639 139**	**16**	**11 997 248**	**11 997 248**

11. NON-CURRENT ASSETS HELD FOR SALE

This item has the following composition:

	31-12-2019	31-12-2018
Real estate		
Properties received as payment in kind	12 843 678	14 049 465
Other properties	381 534	725 625
Impairments	(2 204 539)	(2 052 217)
	11 020 673	**12 722 873**
Investments in subsidiaries		
BAI Micro Finanças, S.A.	10 171 009	10 171 009
Impairments	(3 539 518)	(3 783 396)
	6 631 491	**6 387 613**
	17 652 164	**19 110 486**

The Bank expects to sell the properties within two years. For properties recognized under this heading for more than 2 years, the Bank makes the best effort to sell it within the period established by the regulator (Note 2.10).

As of December 31st, 2019, the proceeds from the sale of real estate in transfer in the amount of mKz 841,234 are recorded under Sundry loanors - Signs received - sale of real estate received in transfer (Note 19). The receivables from the sale of these properties in the amount of mKz 293,188 are recorded under Other assets - Sale of properties received in kind (Note 15).

The item Other properties shows the investment in two buildings acquired by the Bank, in 2008, with a view to their sale to the Bank's employees at prices similar to those of acquisition.

In January 2019, the Board of Directors approved the negotiation of the sale of the holding in BAI Micro Finanças, S.A. In fact, the Bank signed a promissory contract for the purchase and sale of the said holding, the implementation of which is subject to approval by BNA (Note 44).

The movement of non-current assets held for sale on December 31st, 2019 and 2018, as well as the movement in the associated impairment losses were as follows:

	Balances at 31-12-2018				Impairment (Nota 38)		Balances at 31-12-2019		
31-12-2019	Gross amount	Accumulated Impairment	Entries	Disposals	Allocations	Reversals uses, and transfers	Gross amount	Accumulated Impairment	Net value
Properties received as payment in kind	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
Investments in subsidiaries	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**

	Balances at 31-12-2017				Impairment (Nota 38)		Balances at 31-12-2018		
31-12-2019	Gross amount	Accumulated Impairment	Entries	Disposals	Dotações	Reversões, utilizações, e transferências	Gross amount	Accumulated Impairment	Net value
Properties received as payment in kind	19 144 186	(1 015 754)	1 277 565	(6 372 286)	(705 018)	(331 445)	14 049 465	(2 052 217)	11 997 248
Other properties	1 924 077	(1 199 579)	-	(1 198 452)	-	1 199 579	725 625	-	725 625
Investments in subsidiaries	-	-	10 171 009	-	-	(3 783 396)	10 171 009	(3 783 396)	6 387 613
	21 068 263	**(2 215 333)**	**11 448 574**	**(7 570 738)**	**(705 018)**	**(2 915 262)**	**24 946 099**	**(5 835 613)**	**19 110 486**

During the year ended 31st December, 2019, the Bank:

- He disposed of non-current assets held for sale in the amount of mKz 1,778,544 (2018: mKz 7,570,738); and,
- It received a property in disbursement through loan recovery processes in the amount of mKz 228,666 (2018: three properties in the amount of mKz 1,277,565).

The fair value of properties received in kind through loan recovery processes, as of December 31st, 2019, is presented in Note 10.

The item "Non-current assets held for sale" includes four properties whose legalization processes are in progress, and adjustments resulting from the completion of these processes are not expected.

12. OTHER TANGIBLE AND INTANGIBLE ASSETS

This caption at 31st December, 2019 and 2018, as well as movements during these years, are presented as follows:

	Gross amount						Depreciations, amortizations and impairments					Net value	
31-12-2019	Balance at 31-12-2018	Impacto transição IFRS 16	Acquisitions	Alienations, disposals and other regularizations	Transfers	Balance at 31-12-2019	Balance at 31-12-2018	Depreciation for the year	Impairment losses	Alienations, disposals and other transfers	Balance at 31-12-2019	Balance at 31-12-2019	Balance at 31-12-2018
Other tangible assets													
Properties													
Own service	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 property	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													
Of own service	13 654 602	-	4 377 221	-	(1 072 609)	16 959 214	-	-	-	-	-	16 959 214	13 654 602
Works on rented property	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
Other	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													
Other	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													
Organization and expansion expenses	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**

31-12-2018	Gross amount					Depreciations, amortizations and impairments				Net value	
	Balance at 31-12-2017	Acquisitions	Alienations, disposals and other regularizations	Transfers	Balance at 31-12-2018	Balance at 31-12-2017	Depreciation for the year	Impairment losses	Alienations, disposals and other transfers	Balance at 31-12-2018	Balance at 31-12-2017
Other tangible assets											
Properties											
Own service	34 632 490	727 584	(662 703)	872 035	35 569 406	(3 320 270)	(699 145)	182 811	(3 836 604)	31 732 802	31 312 220
Works on rented property	6 313 338	557 019	-	495 973	7 366 330	(2 639 243)	(675 703)	-	(3 314 946)	4 051 384	3 674 095
Other tangible assets in progress											
Of own service	8 558 970	5 971 255	-	(875 622)	13 654 602	-	-	-	-	13 654 602	8 558 970
Works on rented property	-	917 321	-	(495 973)	421 348	-	-	-	-	421 348	-
	49 504 798	**8 173 179**	**(662 703)**	**(3 587)**	**57 011 686**	**(5 959 513)**	**(1 374 848)**	**182 811**	**(7 151 550)**	**49 860 136**	**43 545 285**
Equipment											
Furniture and material	3 183 005	93 352	(12 774)	3 588	3 267 171	(1 170 644)	(364 037)	3 774	(1 530 907)	1 736 264	2 012 361
Machines and tools	4 397 488	769 428	50 346	-	5 217 262	(2 779 681)	(602 631)	14 171	(3 368 141)	1 849 121	1 617 807
IT equipment	2 791 620	38 094	(36 065)	496 732	3 290 381	(1 724 380)	(522 168)	36 066	(2 210 482)	1 079 899	1 067 240
Interior installations	739 073	5 263	-	-	744 336	(497 999)	(58 801)	-	(556 800)	187 536	241 074
Transport material	2 510 224	558 300	(87 382)	-	2 981 142	(1 870 699)	(284 708)	87 383	(2 068 024)	913 118	639 525
Safety Equipment	655 792	9 813	-	-	665 605	(334 093)	(74 968)	-	(409 061)	256 544	321 699
Other	1 150 541	104 770	(6 275)	-	1 249 036	(590 121)	(110 205)	6 276	(694 050)	554 986	560 420
	15 427 743	**1 579 020**	**(92 150)**	**500 320**	**17 414 933**	**(8 967 617)**	**(2 017 518)**	**147 670**	**(10 837 465)**	**6 577 468**	**6 460 126**
Assets under right of use	633 604	23 711	-	-	657 315	(206 516)	(54 574)	-	(261 094)	396 220	427 088
Properties											
Other assets	6 615	7 669	-	-	14 284	-	-	-	-	14 284	6 615
	640 219	**31 380**	**-**	**-**	**671 599**	**(206 516)**	**(54 574)**	**-**	**(261 094)**	**410 504**	**433 703**
	65 572 760	**9 783 579**	**(754 853)**	**496 733**	**75 098 218**	**(15 133 646)**	**(3 446 940)**	**330 481**	**(18 250 110)**	**56 848 108**	**50 439 113**
Intangible assets											
Organization and expansion expenses	754 214	-	-	-	754 214	(752 760)	(1 522)	-	(754 282)	(68)	1 454
Automatic data processing systems	2 369 775	375 108	-	1 020 513	3 765 396	(1 863 732)	(610 134)	-	(2 473 863)	1 291 533	506 043
	3 123 989	**375 108**	**-**	**1 020 513**	**4 519 610**	**(2 616 492)**	**(611 656)**	**-**	**(3 228 145)**	**1 291 465**	**507 497**
Intangible assets in progress											
Automatic data processing systems	1 307 113	433 187	-	(1 517 246)	223 054	-	-	-	-	223 054	1 307 113
	1 307 113	**433 187**	**-**	**(1 517 246)**	**223 054**	**-**	**-**	**-**	**-**	**223 054**	**1 307 113**
	4 431 102	**808 295**	**-**	**(496 733)**	**4 742 664**	**(2 616 492)**	**(611 656)**	**-**	**(3 228 145)**	**1 514 519**	**1 814 610**
	70 003 862	**10 591 874**	**(754 853)**	**-**	**79 840 882**	**(17 750 138)**	**(4 058 596)**	**330 481**	**(21 478 255)**	**58 362 627**	**52 253 723**

Other tangible assets in progress - In own service includes the amount of mKz 15,891,867 (2018: mKz 13,654,602) related to the acquisition of a building in the "Torres Kianda" building located in Luanda. During the year ended 31 December 2019, the Bank made payments of mKz 3,304,612 under the contract.

Other tangible assets include own service buildings whose legalization processes are still in progress and no adjustments are expected as a result of these processes.

Other tangible assets - Assets under right of use, corresponds to the impact of the adoption of IFRS 16, as well as the movement occurred during the year, as referred in Note 2.22.

As at 31st December 2019, the Bank does not hold tangible fixed assets with restrictions on ownership or data as guarantee for liabilities.

13. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

This item has the following composition:

	Effective participation (%)		Balance sheet value	
31-12-2019	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Balance sheet value				
National				
NOSSA - Nova Sociedade Seguros Angola, SA	72,24%	72,24%	1 074 661	1 074 661
BAIGEST, SA	96,00%	96,00%	60 000	60 000
SAESP, SA	20,00%	80,00%	1 195	2 394
Griner, S.A.	2,30%	2,30%	-	-
Abroad				
BAI Europa, SA	99,99%	99,99%	4 322 614	4 322 614
BAI Cabo Verde, SA	83,85%	80,43%	3 462 409	2 193 319
BAI Center, SA	100,00%	100,00%	2 950	2 950
Angola Capital Partners, LLP	47,50%	47,50%	-	-
Investments in associates				
Abroad				
International Bank of São Tomé and Príncipe, SA	25,00%	25,00%	65 136	65 136
Accumulated impairment losses - Investments in subsidiaries			(61 920)	(1 920)
Total			**8 927 045**	**7 719 154**

During the year ending on 31st December 2019, the Bank exercised the option to convert BAI Cabo Verde, S.A.'s bonds into shares under the terms set out in the issue's technical sheet, with BAI's participation in that entity increasing to mKz 3,462,409, corresponding to 83.85% of the share capital.

During the year ended 31st December, 2019, BAI signed a contract with Fundação BAI for the transfer of shares representing 60% of the share capital of SAESP, S.A., and BAI's participation in that entity was reduced to mKz 1,194, corresponding to 20% of the share capital.

The movement in impairment losses during the years ended December 31st, 2019 and 2018, is as follows:

	31-12-2019	31-12-2018
Opening balance	**1 920**	**5 655 152**
IFRS 9 adjustments	-	(1 527 195)
Reinforcements (Note 38)	60 000	1 920
Replacements (Nota 38)	-	(344 561)
Transfers	-	(3 783 396)
Final balance	**61 920**	**1 920**

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

As at December 31st, 2019, the financial information of the participating entities is as follows (amounts in mKz converted at the exchange rate at the end of the year):

							31.12.2019
	Currency	Reference date	Net Assets	Own capital	Net result	Equity participation	31-12-2019 Impaired net book value
BAI Europa, S.A.*	Kz	31.12.2019	444 333 948	46 914 898	1 902 256	46 910 207	4 322 614
BAI Cabo Verde, S.A.*	Kz	31.12.2019	109 598 286	7 461 147	492 457	6 256 172	3 462 409
NOSSA - Nova Sociedade Seguros Angola, SA	Kz	31.12.2019	36 597 967	8 919 928	4 100 176	6 443 756	1 074 661
Banco Internacional de São Tomé e Príncipe, S.A.*	Kz	31.12.2019	61 452 911	9 022 923	1 432 249	2 255 731	65 136
SAESP*	Kz	31.12.2019	7 884 640	6 758 872	70 299	1 351 774	1 195
BAI Center, S.A.*	Kz	31.12.2019	7 398 881	3 217 612	(186 016)	3 217 612	1 030
BAIGEST, S.A.*	Kz	31.12.2019	173 923	82 836	(105 334)	79 523	-
Griner, S.A.	Kz	31.12.2018	51 695 102	8 365 185	3 322 780	192 399	-
Angola Capital Partners, LLP*	Kz	31.12.2018	2 306 403	2 078 924	325 134	987 489	-
							8 927 045

**Unaudited financial statements
** - entity with activity to initiate. Without financial statements and audit performed

14. TAXES

The item Current Taxes includes taxes to be recovered by means of tax loans paid in the last years, amounting to mKz 2,145,080. As at 31st December, 2019 and 2018, this caption is detailed as follows:

	31-12-2019	31-12-2018
Current tax assets		
Taxes to be recovered	2 035 858	949 020
Current tax liabilities		
Industrial tax	(9 365 027)	-
Tax contingencies - Industrial tax	(3 100 921)	(2 214 451)
	(12 465 948)	**(2 214 451)**
Tax to be recovered/(to pay at the end of the year)	**(10 430 090)**	**(1 265 431)**

During 2019, the tax authority, in response to the complaints made by the Bank in 2018, as part of the inspections of the 2013 and 2014 financial years, decided to maintain the additional settlements previously notified to the Bank, in the amounts of mKz 2,080,450 and mKz 9,062,733, respectively.

As a result of the tax inspections that took place in 2018 for the years 2013 and 2014, the Bank exercised a hierarchical appeal on the respective notifications, which is pending a decision on the date of approval of the financial statements, and prudently set up provisions for tax contingencies in the amount of mKz 2,306,251, including interest and fines. In the first half of 2019, as the Bank did not join the exceptional regime for the settlement of tax, customs and social security debts ("tax amnesty"), approved by Law no. 18/19 of 28th December, it decided to increase the said provisions to the amount of mKz 3,293,586.

As at 1st January 2019, due to the application of IFRIC 23, the Bank reclassified provisions for industrial tax contingencies in the amount of mKz 3,100,921 from Provisions to Current tax liabilities (Note 2.11 i).

At 31st December, 2019 and 2018, the deferred tax assets recognized in the balance sheet comprised the following:

	Active		Passive		Liquid	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Financial Instruments	1 440 960	2 830 562	(78 679)	(78 679)	1 362 281	2 751 883
Loan to customers	4 785 436	6 550 432	-	-	4 785 436	6 550 432
Non-current assets held for sale	1 723 217	516 232	-	-	1 723 217	516 232
Investments in subsidiaries, associates and joint ventures	18 575	1 135 019	-	-	18 575	1 135 019
Provisions	835 160	775 067	-	-	835 160	775 067
Deferred tax assets / (liabilities)	**8 803 348**	**11 807 312**	**(78 679)**	**(78 679)**	**8 724 669**	**11 728 633**

The Bank assessed the recoverability of its deferred tax assets on the balance sheet based on the expectation of future taxable profits.

The movements in deferred tax items in the balance sheet had the following counterparts:

	31-12-2019			31-12-2018		
	Assets	Liabilities	Liquid	Assets	Liabilities	Liquid
Opening balance	11 807 312	(78 679)	11 728 633	3 045 421	(415 510)	2 629 911
Recognized in results	(2 732 194)	-	(2 732 194)	(169 387)	-	(169 387)
Recognized in reserves - Other comprehensive income	(271 770)	-	(271 770)	339 765	336 831	676 596
Retained earnings (IFRS 9 impact)	-	-	-	8 591 513	-	8 591 513
Final balance	**8 803 349**	**(78 679)**	**8 724 670**	**11 807 312**	**(78 679)**	**11 728 633**

The tax recognized in profit and loss at December 31st, 2019 and 2018 had the following origins:

	31-12-2019		31-12-2018	
	Recongnized in results	Recongnized in reserves	Recongnized in results	Recongnized in reserves
Deferred taxes				
Financial instruments	(1 117 833)	271 771	-	2 513 942
Loan to customers	(1 764 996)	-	59 929	6 274 020
Non-current assets held for sale	1 206 985	-	(174 596)	-
Investments in subsidiaries, associates and joint ventures	(1 116 443)	-	(779 471)	-
Provisions	60 093	-	724 751	-
	(2 732 194)	**271 771**	**(169 387)**	**8 787 962**
Current taxes	**(9 365 027)**	**-**	**(2 214 451)**	**-**
Total tax recognized	**(12 097 221)**	**271 771**	**(2 383 838)**	**8 787 962**

The transition adjustments from CONTIF to IAS / IFRS generated impacts on deferred taxes on December 31, 2019 and 2018 in the amount of mKz 195,363. (2018: mKz 276,412).

The reconciliation of the tax rate, in the part related to the amount recognized in profit or loss, can be analyzed as follows:

	31-12-2019		31-12-2018	
	%	Value	%	Value
Results before tax rate		**130 830 343**		**50 235 076**
Tax rate	30,0%		30,0%	
Tax assessed on the basis of tax rate		39 249 103		15 070 523
Unforeseen provisions	1,0%	1 327 837	6,2%	3 135 061
Capital Investment Tax (IAC) and Urban Property Tax (IPU)	1,2%	1 605 473	3,2%	1 602 034
Amortizations	0,4%	584 742	0,0%	-
Income subject to IAC and IPU	-20,2%	(26 371 423)	-41,2%	(20 716 583)
Income from loan operations	-3,3%	(4 293 246)	-7,4%	(3 718 962)
Deductible provisions	-2,6%	(3 363 105)	-3,5%	(1 759 822)
Other adjustments	0,5%	625 647	17,1%	8 602 200
Adjustments reflected on Deferred Tax	2,1%	2 732 194		
Current tax	**7,2%**	**9 365 027**	**4,4%**	**2 214 451**
Deferred tax	**2,1%**	**2 732 194**	**0,3%**	**169 387**
Income tax	**9,2%**	**12 097 221**	**4,7%**	**2 383 838**

On December 31st, 2019 and 2018, the provision for tax contingencies presented the following movements:

	31-12-2019	31-12-2018
Opening balance	**2 214 451**	**-**
Reinforcements	886 470	2 214 451
Replacements	-	-
Final balance	**3 100 921**	**2 214 451**

The yields of public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, the issue of which is regulated by Presidential Decree No. 259/10, of 18th November and Presidential Decree No. 31 / 12, of January 30, enjoy exemption from all taxes.

Additionally, Presidential Legislative Decree no. 5/11, of 30th December (revised and republished through Presidential Legislative Decree no. 2/14, of 20th October) introduced a rule of submission to the ICA on the income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State.

However, in accordance with Article 47 of the Industrial Tax Code (Law no. 19/14, of 22nd October), in force since 1st January 2015, the totality of the income subject to ACT will be deducted when determining the taxable amount. Thus, when determining taxable income on December 31st, 2019 and 2018, such income was deducted from taxable profit.

Likewise, the expense calculated with the assessment of IAC is not fiscally accepted for the calculation of the taxable income, as provided in paragraph a) of no. 1 of article 18 of the Industrial Tax Code.

Notwithstanding 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 196/DGC/AGT/2016, of 17 May 2016), only those arising from securities issued on or after 1st January 2012 are subject to this tax.

It should also be noted that, according to the position of AGT, the foreign exchange revaluations of public debt securities issued in national currency but indexed to foreign currency, issued since 1st January 2012, should be subject to Industrial Tax until the BNA is in a position to make the necessary withholding tax at source.

15. OTHER ASSETS

This item has the following composition:

	31-12-2019	31-12-2018
Other assets at fair value through profit or loss		
Other assets at fair value through profit or loss		
BAI Center, S.A.	12 593 868	8 220 584
SAESP, S.A.	7 614 153	7 614 153
BAI Micro Finanças, S.A.	2 000 000	2 000 000
BAI GEST, S.A.	250 000	-
EMIS, S.A.	7 147	7 147
	22 465 168	**17 841 884**
Variation in fair value		
BAI Center, S.A.	(9 344 650)	(5 343 380)
SAESP, S.A.	(927 403)	(896 526)
BAI Micro Finanças, S.A.	(839 369)	(779 448)
BAI GEST, S.A.	(34 888)	-
EMIS, S.A.	(531)	(531)
	(11 146 841)	**(7 019 885)**
	11 318 327	**10 821 999**
Other assets at amortized cost		
Advances to suppliers	17 936 403	1 892 697
Debtors - Loans	1 569 285	1 261 794
Debtors- BAI INVEST	1 322 537	1 286 767
Debtors - Novinvest	393 638	2 013 287
Central Government - Ministry of Finance	275 888	10 764 206
Debtors - BISTP	260 454	-
Debtors - Nossa Seguros	215 677	57 958
Other	1 328 786	1 093 711
	23 302 668	**1 093 711**
Deferred charges	**331 588**	**239 136**
Other assets		
Active operations to be settled	13 244 005	5 202 064
Adjustment to loan to employees (IAS 19)	9 809 260	9 538 076
Operational risk incidents	4 106 422	2 896 103
Foreign exchange operations	634 852	-
Sale of real estate received in donation	293 188	496 627
Cash faults	179 141	147 243
Value Added Tax (IVA)	69 778	-
Other	64 440	38 981
	28 401 086	**18 319 095**
Impairments	**(8 100 801)**	**(6 959 681)**
	55 252 868	**40 790 969**

As at 31 December 2019 and 2018, the balance Other assets at fair value through profit or loss - Shareholder loans and advances to affiliated and associated companies - BAI Center, S.A. includes the equivalent amount in mKz 3,249,218 (2018: mKz 2,877,204) related to the fair value of shareholder loans in Euros, which are remunerated half-yearly, at the rate of 1.5%. These shareholder loans are measured at fair value through profit and loss, being the adjustment to fair value recognized in the year of mKz 372,014 (2018: mKz 598,924).

As at 31 December 2019 and 2018, Other assets at fair value through profit or loss - Shareholder loans and supplementary capital in affiliated and associated companies - SAESP, S.A. includes the amount of mKz 6,520,290 (2018: mKz 6,717,627) corresponding to the fair value of the supplementary capital paid in, which do not bear interest and do not have a defined repayment period. These loans are measured at fair value through profit and loss, being the fair value adjustment recognized in the year of mKz 197,337.

At 31 December 2019 and 2018, the balance of the item Advances to suppliers corresponds to the payment of orders placed with suppliers whose goods have not yet been received.

As at 31st December 2019 and 2018, the item Debtors - Loans in the amount of mKz 1,569,285 (2018: mKz 1,261,794), corresponds essentially to loans made to BAI Cabo Verde S.A. and other companies related to this Bank. These amounts are fully provisioned as of December 31st, 2019 and 2018.

At 31 December 2019, the change in the item Central Government - Ministry of Finance is due to the settlement of the amount receivable from that entity through the delivery of securities based on the debt settlement agreement signed between the parties. This debt is related to tax collection commissions, under the service agreement signed between both parties.

The heading Operating risk incidents corresponds to operations pending settlement related to operating risk, mainly due to the fact that they are under internal investigation or whose legal proceedings are in progress, with the Bank recognizing impairment losses to cover the associated risks.

As at 31 December 2019 and 2018, Other assets - adjustments to loans and advances to employees includes the amount of mKz 9,809,260 (2018: mKz 9,538,076), within the scope of the application of IAS 19 - Employee benefits. In fact, BAI, like most Angolan financial institutions, grants loan to its employees at interest rates below those practiced for its customers, this being a further complement to its base salary. This benefit allows the employee to have a much lower effort rate than if his loan had a market rate, which is why the opportunity cost for the Bank should be accounted for, in line with that defined in IAS 19.

As at 31 December 2019, Other assets - Asset transactions pending settlement includes the amounts of mKz 8,309,525 and mKz 2,347,411, respectively, relating to import letters of loan settled with the corresponding banks and awaiting settlement by the respective customers and interest subsidies on receivables from two customers with a housing loan protocol.

As of December 31st, 2019, and 2018, the impairment movement for other assets is as follows:

	31-12-2019	31-12-2018
Opening balance	**6 959 681**	**2 765 970**
IFRS 9 adjustments	-	(846 380)
Reinforcements (Note 38)	2 383 601	5 037 936
Replacements (Nota 38)	(1 242 481)	(206 320)
Uses	-	(547 914)
Transfers	-	636 488
Regularizations	-	119 901
Final balance	**8 100 801**	**6 959 681**

The increase in impairment during the year ended 31st December 2019 includes the amount of mKz 1,210,219 associated with operational risk incidents. The reversal of impairments occurred during the year are mainly due to the write-off of the impairment on commissions receivable from the Ministry of Finance in the amount of mKz 981,183 as referred above.

During the year ended 31st December 2019, Other assets at fair value through profit or loss classified in level 3 show the following movements:

	31-12-2019	31-12-2018
Book value (net) at beginning of the year	**10 821 999**	**17 841 884**
Total gains/losses recorded:		
Variation in fair value	(784 213)	(7 019 885)
Exchange variation	1 280 541	-
Book value (net) at end of the year	**11 318 327**	**10 821 999**

16. RESOURCES FROM CENTRAL BANKS AND OTHER LOAN INSTITUTIONS

This item has the following composition:

	31-12-2019	31-12-2018
Resources of loan institutions in the country		
Other resources	5 999 279	3 942 530
	5 999 279	**3 942 530**

The balance of the item Resources from loan institutions in the country - Other resources refers to amounts to be offset against other loan institutions in the payment system.

As at 31st December 2019 and 2018, the resources of other loan institutions have a residual maturity of up to 3 months.

17. CUSTOMER RESOURCES AND OTHER LOANS

This item has the following composition:

	31-12-2019	31-12-2018
Demand deposits of residents		
National currency		
Companies	225 489 566	273 602 473
Private Individuals	141 981 957	112 591 023
Public business sector	23 761 989	25 589 793
Public administrative sector	31 649 493	27 204 942
	422 883 005	**438 988 231**
Foreign currency		
Companies	252 403 952	267 916 311
Private Individuals	123 247 213	51 975 472
Public business sector	23 557 508	10 089 078
Public administrative sector	163 257 304	30 004 419
	562 465 977	**359 985 280**
	985 348 982	**798 973 511**
Demand deposits of non-residents		
National currency	2 828 688	4 399 788
Foreign currency	6 676 614	42 958 610
	9 505 302	**47 358 398**
Total **demand deposits**	**994 854 284**	**846 331 909**
Time deposits in national currency		
Companies	154 611 254	113 017 895
Private Individuals	78 907 618	77 365 588
Public business sector	100 147	507 630
Public administrative sector	86 832 537	72 516 557
Non-residents	1 856 975	959 106
	322 308 531	**264 366 776**
Time deposits in foreign currency		
Companies	480 897 019	279 954 265
Private Individuals	330 135 535	231 437 750
Public business sector	547 464	10 642
Public administrative sector	3 230 921	578 729
Non-residents	65 478 961	68 690 572
	880 289 900	**580 671 958**
Total time deposits	**1 202 598 431**	**845 038 734**
Total interest payable on time deposits	**5 503 605**	**9 845 329**
Total deposits and interest payable on time	**1 208 102 036**	**854 884 063**
Other deposits	**82 055 486**	**106 306 238**
Total customer deposits	**2 285 011 806**	**1 807 522 210**

The term deposits indexed to the exchange rate of the United States Dollar in the amount of mKz 11,230,940 are reflected in the item Term deposits in national currency.

As at 31 December 2019, the item Other deposits includes an amount of mKz 82,055,486 relating to the captive amounts for the settlement of CDI contracted with the Bank.

The breakdown of customer funds, namely time deposits, by residual maturity, as at 31 December 2019 and 2018, is as follows:

	31-12-2019	31-12-2018
National Currency		
Up to three months	131 588 360	122 325 883
Three to six months	59 030 170	50 995 200
From six months to one year	125 782 873	88 280 318
More than one year	5 907 128	2 765 375
	322 308 531	**264 366 776**
Foreign Currency		
Up to three months	305 523 777	259 284 013
Three to six months	146 597 536	125 830 504
From six months to one year	418 126 156	188 654 844
More than one year	10 042 431	6 902 597
	880 289 900	**580 671 958**
	1 202 598 431	**845 038 734**

As at 31 December 2019 and 2018, time deposits from customers, excluding interest payable, presented the following structure by currency and average interest rate:

	31-12-2019		31-12-2018	
	Average interest rate	Amount	Average interest rate	Amount
In Kwanzas	14,44%	322 308 531	12,10%	264 366 776
In US Dollars	3,71%	864 721 735	3,05%	569 521 513
In Euros	0,26%	15 568 165	1,11%	11 150 445
		1 202 598 431		**845 038 734**

18. PROVISIONS

The provisions set up can be detailed as follows:

	31-12-2019	31-12-2018
Provisions for probable liabilities:		
Lawsuits in litigation	1 152 252	700 519
Process of fraud claimed by customers	561 605	-
Process of fraud claimed by customers	204 857	440 729
Fiscal contingencies	192 181	91 800
National Institute of Social Security	-	529 899
	2 110 895	**1 762 947**
Provision for subscription loan		
Stage 1	314 094	2 707 202
Stage 2	359 578	414 734
Stage 3	50 178	1 127 153
	723 850	**4 249 089**
	2 834 745	**6 012 036**

	31-12-2019	31-12-2018
Opening balance	**6 012 036**	**3 850 472**
Provisions for probable liabilities		
IFRS 9 adjustments	-	2 256 009
Reinforcements (Note 35)	1 486 395	3 099 036
Replacements (Nota 35)	-	(2 286 629)
Uses	(813 581)	(187 801)
Transfers	(324 866)	-
	347 948	**2 880 615**
Provision for subscription loan		
Reinforcements (Note 36)	418 167	-
Replacements (Nota 36)	(3 943 406)	(719 051)
	(3 525 239)	**(719 051)**
Final balance	**2 834 745**	**6 012 036**

19. OTHER LIABILITIES

This item has the following composition:

	31-12-2019	31-12-2018
Loanors for acquisition of assets and rights	3 478 523	2 217 620
Tax charges payable - own	1 018 581	1 413 079
Tax charges payable - withheld from third parties	827 829	471 862
Taxes on income from dependent work	366 618	252 616
Dividends payable	5 779	178 302
Loanors for the provision of services	43 458	43 447
Sundry loanors		
Operations pending settlement	5 520 050	3 977 239
Signs received - sale of real estate received in donation	841 234	1 292 257
Visa transit operations	696 195	1 168 142
Other	2 714 846	1 464 351
Wages and other remuneration		
Vacation and holiday allowance	2 532 871	1 817 968
Productivity premium	2 145 000	1 988 795
Advances from customers - BAI Kamba prepaid cards	6 142 265	4 985 349
Rental liabilities	4 923 102	-
Social Fund	2 510 723	2 537 167
Resources linked to foreign exchange operations	639 129	2 495
Other administrative costs	2 740 033	1 804 822
	37 146 236	**25 615 511**

The caption Sundry loanors - Operations pending settlement, includes the amounts of mKz 2,521,133 (2018: mKz 1,786,682) and mKz 1,045,663 (2018: mKz 707,540), relating to amounts to be refunded to the Ministry of Finance and balances of dormant accounts, respectively.

As at 31st December 2019, the item Sundry loanors - Signs received - sale of real estate received in kind corresponds to the amounts paid under promissory sale contracts signed with several promissory buyers of assets received in kind, classified under non-current assets held for sale. These amounts are settled after the transfer of all risks and benefits associated with the ownership of the property and the respective derecognition of the asset to the promissory buyers (Note 11).

As at 31st December 2019, the balance Sundry loanors - Other includes the amount of mKz 503,282 (2018: mKz 1,216,090), related to collateral received from local banks under the VISA representation protocol.

Advances from customers - prepaid BAI Kamba cards, amounting to mKz 6,142,265 (2018: mKz 4,985,349), corresponds to the unused balances of Kamba cards. The product BAI Kamba is a prepaid card customized to the Visa network issued by the Bank, through which the customer makes payments and withdrawals at home and abroad, without the need for loan.

The item Social Fund, in the amount of mKz 2,510,723 (2018: mKz 2,537,167), corresponds to the amount of the Social Fund as of December 31st, 2019 whose allocation has not yet been made under its regulation (Note 2.13 iv.).

The heading Lease liabilities, in the amount of mKz 4,923,102 corresponds to the present value of lease payments to be settled over the lease term, as described in Note 2.22. As at 31st December 2019, the analysis of the maturity of lease liabilities by residual term is presented as follows:

	31-12-2019
1 to 5 years	**561 743**
Over 5 years	4 361 359
Total lease liabilities	**4 923 102**

20. CAPITAL, SHARE PREMIUMS AND OWN SHARES

ORDINARY SHARES

As at 31st December 2019, the Bank's share capital of mKz 157,545,000 (2018: mKz 14,786,705) was represented by 19,450,000 fully subscribed and paid-up ordinary shares, of which the following are highlighted:

	31-12-2019			31-12-2018		
	Number of shares	% holding	Amount	Number of shares	% holding	Amount
Sonangol Holding Limitada - SGPS	1 653 250	8,50%	13 391 325	1 653 250	8,50%	1 256 870
Oberman Finance Corp	972 500	5,00%	7 877 250	972 500	5,00%	739 335
Dabas Management Limited	972 500	5,00%	7 877 250	972 500	5,00%	739 335
Mário Abílio R. M. Palhares	972 500	5,00%	7 877 250	972 500	5,00%	739 335
Theodore Jameson Giletti	972 500	5,00%	7 877 250	972 500	5,00%	739 335
Lobina Anstalt	972 500	5,00%	7 877 250	972 500	5,00%	739 335
Coromasi Participações Lda.	923 875	4,75%	7 483 388	923 875	4,75%	702 368
Mário Alberto dos Santos Barber	752 715	3,87%	6 096 992	752 715	3,87%	572 245
Other	11 257 660	57,88%	91 187 045	11 257 660	57,88%	8 558 547
	19 450 000	**100%**	**157 545 000**	**19 450 000**	**100%**	**14 786 705**

During the year ended 31st December 2019, the Bank increased its share capital by incorporation of reserves in the amount of mKz 142,758,295, as deliberated by the ordinary General Meeting of Shareholders held on 28th March 2019.

The shares held by members of the governing bodies (article 446, paragraph 3, Law no. 1/04, of 13th February - Commercial Companies Law), are broken down as follows:

Shareholders	Position	Acquisition	No. of shares	Participation %
Theodore Giletti	Vice-Presidente do Conselho de Administração	nominal	972 500	5,00%
Mário Barber	Vice-Presidente do Conselho de Administração	nominal	752 715	3,87%
Luis Lélis	Administrador	nominal	583 500	3,00%
Helder Aguiar	Administrador	nominal	97 250	0,50%
Inokcelina dos Santos	Administrador	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 authorized operations thereon.

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

As at December 31, 2019, the Bank has recognized own shares under this heading at a nominal value of mKz 739,335 (unvalued value) corresponding to 5% of the share capital, acquired in 2017.

SHARE PREMIUMS

At 31st December 2019 and 2018, the balance of this caption amounting to mKz 9,204,478 corresponds to the issue premium paid for the acquisition of the above-mentioned own shares.

21. RESERVES, RETAINED EARNINGS AND OTHER COMPREHENSIVE INCOME

LEGAL RESERVE

This item is entirely constituted by the Legal Reserve, which can only be used to cover accumulated losses or to increase the Capital.

The Basic Law of financial institutions requires that the Legal Reserve be loaned with at least 10% of the net profit each year until it competes with the share capital.

REVALUATION RESERVES, MONETARY RESTATEMENT OF SHARE CAPITAL, OTHER RESERVES AND RETAINED EARNINGS

As of December 31, 2019, and 2018, movements in revaluation reserves, other reserves and retained earnings were as follows:

	Outras Reservas e Resultados Transitados					
	Fair value reserves (Financial assets at fair value through other comprehensive income)	Legal reserve	Reserve for monetary adjustment of share capital	Other reserves and Retained Earnings	Total Other Reserves and Retained Earnings	Total
Balance at December 31, 2017	**565 146**	**14 786 705**	**28 669**	**120 815 061**	**135 630 435**	**136 195 581**
Impacts of the IFRS 9 transition	(251 710)	-	-	(20 840 900)	(20 840 900)	(21 092 610)
Changes in fair value	(1 600 487)	-	-	-	-	(1 600 487)
Impairment	230 787	-	-	-	-	230 787
Tax impact	480 146	-	-	-	-	480 146
Reserves constitution	-	-	-	30 087 394	30 087 394	30 087 394
Balance at December 31, 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)
Reserves constitution	-	-	-	30 039 413	30 039 413	30 039 413
Capital increase	-	(14 786 705)	(28 669)	(127 942 921)	(142 758 295)	(142 758 295)
Balance at December 31, 2019	**(326 383)**	**-**	**-**	**32 158 047**	**32 158 047**	**31 831 664**

By unanimous resolution of the General Meeting of March 30th, 2019, it was decided to distribute to the shareholder's dividends corresponding to 40% of the net profit obtained in the previous year, the remaining amount having been applied under Other reserves. In fact, the dividends per share corresponded to mKz 1.03.

FAIR VALUE RESERVES (REVALUATION RESERVES)

Fair value reserves represent the potential gains and losses relating to the portfolio of financial assets at fair value through other comprehensive income, net of impairment recognized in the income statement in the year and/or in prior years and deferred taxes.

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

	31-12-2019	31-12-2018
Previous balance	**(576 118)**	**565 146**
IFRS 9 Transition adjustments	-	(251 710)
Gross change in fair value	905 901	(1 600 487)
Variação bruta de justo valor	(384 395)	230 787
Deferred taxes recognized in reserves	(271 771)	480 146
Balance at the end of the year	**(326 383)**	**(576 118)**

22. FINANCIAL MARGIN

This item has the following composition:

	31-12-2019			31-12-2018		
	From assets / liabilities at amortised cost and at fair value through other comprehensive income	From assets/ liabilities at fair value through profit or loss	Total	From assets / liabilities at amortised cost and at fair value through other comprehensive income	From assets/ liabilities at fair value through profit or loss	Total
Interest and similar income						
Loan interest to customers	49 533 639	-	49 533 639	47 319 102	-	47 319 102
Interest on investments at amortized cost	76 692 010	-	76 692 010	56 996 902	-	56 996 902
Interest financial assets at fair value through profit or loss	-	4 488 049	4 488 049	-	2 106 443	2 106 443
Interest on cash equivalents and investments in loan institutions	13 976 670	-	13 976 670	14 268 254	-	14 268 254
Interest on financial assets at fair value through other comprehensive income	1 685 250	-	1 685 250	1 264 239	-	1 264 239
	141 887 569	**4 488 049**	**146 375 618**	**119 848 497**	**2 106 443**	**121 954 940**
Interest and similar charges						
Interest on customer funds	(40 896 459)	-	(40 896 459)	(35 528 495)	-	(35 528 495)
Interest on leases	(1 135 168)	-	(1 135 168)	-	-	-
Interest on funds from central banks and loan institutions	(424 141)	-	(424 141)	(313 431)	-	(313 431)
	(42 455 768)	**-**	**(42 455 768)**	**(35 841 926)**	**-**	**(35 841 926)**
Financial margin	**99 431 801**	**4 488 049**	**103 919 850**	**84 006 571**	**2 106 443**	**86 113 014**

In the years ended December 31st, 2019 and 2018, the caption Interest on loans and advances to customers includes the amounts of mKz 14,310,820 and mKz 13,813,221, respectively, related to income from loan operations with the Ministry of Finance.

The interest on loans also includes the amount of mKz 1,744,940 (2018: mKz 2,628,877) related to the effect of loan granted to employees, in accordance with IAS 19.

Interest on loans and advances to customers includes the positive effect of mKz 1,337,438 (2018: mKz 519,489) related to commissions and other income accounted for under the linear effective interest rate method, as explained in Note 2.4.

As at 31st December 2019 and 2018, the item Interest on deposits with loan institutions includes the amounts of mKz 3,454,478 and mKz 3,183,486, respectively, relating to interest on repurchase agreements with BNA.

As at 31st December 2019, the negative effect of the adjustment of the loan operations in stage 3 under the item Interest on loans and advances to customers in accordance with IFRS 9 is mKz 13,832,509.

The caption Interest on leases refers to the interest cost related to the lease liabilities recognized under the implementation of IFRS 16, as described in the accounting policies (Note 2.22).

23. INCOME FROM EQUITY INSTRUMENTS

This item has the following composition:

	31-12-2019	31-12-2018
Income from services and commissions	**724 101**	**278 430**
NOSSA - Nova Sociedade Seguros Angola, S.A.	448 162	278 430
Banco Internacional de São Tomé e Príncipe, S.A.	260 450	-
Griner, S.A.	15 489	-
	724 01	**278 430**

24. INCOME FROM SERVICES AND COMMISSIONS

This item has the following composition:

	31-12-2019	31-12-2018
Income from services and commissions		
For banking services provided	16 002 573	18 725 144
For foreign exchange transactions	2 573 825	2 818 214
For commitments made to third parties	1 191 689	623 220
For guarantees provided	491 683	628 833
For transactions carried out on behalf of third parties	379 413	238 969
Other commissions received	253 186	530 253
	20 892 369	**23 564 633**
Charges for services and commissions		
For banking services provided by third parties	(4 471 342)	(2 706 440)
For commitments made to third parties	(1 909 532)	(949 996)
For other services rendered	(1 834)	(2 484)
Other paid commissions	(489 485)	(452 825)
	(6 872 193)	**(4 111 745)**
	14 020 176	**19 452 888**

As at 31st December 2019, the decrease in the item Income from services and commissions - For banking services rendered is due to the reduction in commissions associated with the revenue collection service rendered to the Ministry of Finance as a result of the entry into force of the Single Reference for Payments to the State (RUPE) platform

and the reduction in commissions for loading prepaid cards and issuing documentary loans resulting from the lower volume of transactions.

As at 31st December 2019, the increase in the item Income from services and commissions - For banking services provided by third parties is essentially explained by the increase in commissions relating to electronic clearing.

25. RESULTS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This item has the following composition:

	31-12-2019			31-12-2018		
	Revenue	Costs	Total	Revenue	Costs	Total
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
From public issuers	10 673 928	(8 728 392)	1 945 536	5 349 753	(5 102 813)	246 940
From other issuers	-	-	-	-	(771 921)	(771 921)
Other variable income securities	345 282	(964 907)	(619 625)		(1 329 853)	(1 329 853)
	11 019 210	**(9 693 299)**	**1 325 911**	**5 349 753**	**(7 204 587)**	**(1 854 834)**
Loan to customers						
Loans that do not comply with the SPPI	3 632 951	(4 464 137)	(831 186)	102 099	-	102 099
	3 632 951	**(4 464 137)**	**(831 186)**	**102 099**	**-**	**102 099**
Other financial assets and liabilities at fair value through results						
Other financial assets	3 837 389	(4 902 895)	(1 065 506)	(655 233)	-	(655 233)
	3 837 389	**(4 902 895)**	**(1 065 506)**	**(655 233)**	**-**	**(655 233)**
	18 489 550	**(19 060 331)**	**(570 781)**	**4 796 619**	**(7 204 587)**	**(2 407 968)**

This caption records the potential result of fair value and the result of disposals of securities recorded in the financial assets portfolio at fair value through profit or loss, as defined in Note 2.4.

26. RESULTS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item has the following composition:

	31-12-2019		
	Revenue	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. RESULTS OF INVESTMENTS AT AMORTIZED COST

This item has the following composition:

	31-12-2019		
	Revenue	Costs	Total
Investments at amortized cost			
Bonds and other fixed income securities			
From public issuers	1 863 450	(2 185 206)	(321 756)
	1 863 450	**(2 185 206)**	**(321 756)**

28. FOREIGN EXCHANGE RATE RESULTS

This item has the following composition:

	31-12-2019			31-12-2018		
	Revenue	Costs	Total	Revenue	Costs	Total
Revaluation of the spot currency position	3 216 837 590	(3 221 023 389)	(4 185 799)	2 466 381 988	(2 491 172 467)	(24 790 479)
Revaluation of assets and liabilities	1 020 047 100	(1 013 663 006)	6 384 094	1 028 380 473	(995 888 427)	32 492 046
Revaluation of USD-Indexed Treasury Bonds	78 414 789	(515 069)	77 899 720	82 478 114	(26 012 925)	56 465 189
Purchase and sale of foreign currency	26 728 469	(6 818 227)	19 912 620	21 021 313	(4 791 295)	16 230 018
	4 342 030 326	**(4 242 019 691)**	**100 010 635**	**3 598 261 888**	**(3 517 865 114)**	**80 396 774**

This caption includes the results of the foreign exchange rate revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.3.

29. RESULTS OF DISPOSAL OF OTHER ASSETS

This item has the following composition:

	31-12-2019	31-12-2018
Gains on non-current assets held for sale	374 191	1 716 893
Losses on other tangible assets	(1 126 268)	(488 890)
	(752 077)	**1 228 003**

As of December 31st, 2019, losses on other tangible assets result from the write-off of improvements to leased properties.

30. OTHER OPERATING RESULTS

This item has the following composition:

	31-12-2019	31-12-2018
Other operating income		
Income from services rendered	7 423 206	3 058 585
Recovery of interest and overdue loan expenses	3 897 455	4 715 461
Other operating income	3 603 319	2 214 948
Other gains in investments in subsidiaries	-	148 901
	14 923 980	**10 137 895**
Other operating charges		
Taxes and fees not levied on the result	(6 952 038)	(5 745 639)
Contributions - Deposit Guarantee Fund	(3 251 915)	-
Debt forgiveness	(2 310 052)	(8 930 130)
Penalties applied by regulatory authorities	(25 680)	(20 694)
Other operating charges and expenses	(4 152 414)	(1 991 942)
	(16 692 099)	**(16 688 405)**
	(1 768 119)	**(6 550 511)**

The item Other operating income - Income from the provision of sundry services reflects income earned during the year from the various services provided by the Bank and from the issue of cheques.

The item Other operating charges - Debt forgiveness refers to the losses assumed by the Bank within the scope of restructuring and write-off of loans, which were already fully covered by the recognition of impairment losses.

Other operating charges - Contributions - Deposit Guarantee Fund, corresponds to the payment of the initial capitalization contribution of the Deposit Guarantee Fund, made in March 2019. The initial capitalization contribution results from the application of a weighting of 0.23% on eligible deposits of the previous year in accordance with Notice no. 1/19 of 11th January of the BNA.

The item Other operating charges - Other operating charges and expenses includes donations and sponsorships, cancellations of interest subsidies on overcharged loans and regularization of deposit operations.

31. - STAFF COST

This item has the following composition:

	31-12-2019	31-12-2018
Wages and salaries	15 071 202	10 233 331
Other remuneration	9 883 577	10 885 243
Social and mandatory charges	2 661 830	2 560 537
Post-employment benefits costs	2 346 034	1 309 261
Other costs	1 296 845	751 544
	31 259 488	**25 739 916**

Other remuneration includes the amount of mKz 1,744,940 (2018: mKz 2,628,877) related to the effect of loans granted to employees, in accordance with IAS 19.

The item Post-employment benefits include an amount of mKz 1,731,938 (2018: mKz 866,177) related to contributions to the Social Security fund. This item also includes the amount of mKz 614,096 (2018: mKz 443,085) related to contributions to the BAI Pension Fund, as defined in Note 32.

The costs with remuneration and other benefits attributed to the Board of Directors and Statutory Fiscal Council, during the year ended December 31st, 2019 and 2018, are presented as follows:

	31-12-2019			31-12-2018		
	Board of Directors	Fiscal Council	Total	Board of Directors	Fiscal Council	Total
Wages and salaries	982 328	30 009	1 012 337	738 269	23 873	762 142
Other remuneration	654 114	-	654 114	267 333	-	267 333
Post-employment benefits costs	152 930	2 401	155 331	82 224	-	82 224
	1 789 372	**32 410**	**1 821 782**	**1 087 826**	**23 873**	**1 111 699**

The number of Bank employees, considering the number of employees and fixed-term employees, presents the following breakdown by professional category:

	31-12-2019		31-12-2018	
	Average for the year	End of the year	Average for the year	End of the year
Directors	13	13	10	13
Management and coordination	80	78	76	82
Leadership and management	310	279	323	319
Technicians	1 424	1 435	1 049	1 418
Administrative staff	109	159	526	174
Other employees	104	61	42	52
	2 040	**2 025**	**2 026**	**2 058**

32. EMPLOYEE BENEFITS

Law no. 07/04 of 15th October, which regulates the Social Security system in Angola, provides for the allocation of retirement pensions to all Angolan workers registered with the Social Security. The value of these pensions is calculated on the basis of a table proportional to the number of years of work, applied to the average monthly gross wages received in the financial years immediately preceding the date on which the worker ceases his activity. In accordance with Decree no. 7/99, of 28th May, the contribution rates for this system are 8% for the employer and 3% for the employees. In 2004, the Bank undertook, on a voluntary basis, through the creation of a pension fund, to provide its employees, or their families, with cash benefits as a retirement supplement for old age, disability, early retirement and death benefit, under the terms agreed in the contract setting up the "Fundo de Pensões BAI".

Until 31st December 2009, the Bank had granted, on a voluntary basis, a retirement pension supplement for old age, disability, early retirement and survivors' pensions to its employees. On 21st November 2012, the Ministry of Finance published in Diário da República the Ministerial Order no. 2529/12, which approved the amendments to the pension plan and the contract for setting up the Pension Fund for the Bank's employees, thus moving from a defined benefit pension plan to a defined contribution plan, by voluntary adhesion.

Following the aforementioned amendment 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 and acquired rights up to 31st December 2009.

It should also be noted that the Bank, between 2010 and December 2013, created provisions for its potential contribution of 6% on employees' salaries and decided that it will consider this exercise, even if there is no contribution from employees, as a pensionable length of service for participants who joined the Fund.

The management of the "Fundo de Pensões BAI" was transferred from the now extinct AAA Pensões, S.A. to NOSSA - Nova Sociedade Angolana de Seguros de Angola, S.A. dated 31st October 2013 in accordance with the Ministry of Finance Order dated 28th October 2013.

BAI began to deduct on a monthly basis the amount corresponding to 3% of the salary of employees who joined the Fund, maintaining its contribution of 6% on the salary of said employees.

With regard to the amount to be refunded to employees, who were previously covered by the Defined Benefits Plan and who have moved to the Defined Contribution Pension Plan, the Fund has at the time the funds to meet this responsibility.

In relation to the Defined Benefit Plan that was still in force, it was decided to settle all liabilities to all participants in this fund (former employees and pensioners), so that this fund is fully settled on 31st December 2015. This entire process was monitored and authorized by ARSEG.

33. THIRD PARTY SUPPLIES AND SERVICES

This item has the following composition:

	31-12-2019	31-12-2018
Audits, consultancy and other specialized technical services	12 491 148	7 796 858
Miscellaneous materials	5 560 426	4 517 383
Communications	4 506 665	3 250 687
Safety, care and repair	2 575 596	1 664 288
Incomes and rents	2 109 093	2 390 963
Publications, publicity and advertising	1 264 468	1 048 643
Transport, travel and accommodation	366 572	272 135
Insurance	364 807	181 435
Water and energy	161 250	167 879
Other third-party supplies	-	1 363
	29 400 025	**21 291 634**

34. DEPRECIATION AND AMORTIZATION FOR THE YEAR

This item has the following composition:

	31-12-2019	31-12-2018
Other tangible assets		
Properties	1 513 174	1 374 848
Equipment	2 218 458	2 017 518
Other tangible assets	56 977	54 574
Assets under right of use	540 337	-
	4 328 946	**3 446 940**
Intangible assets		
Automatic data processing system	664 325	610 134
Organization and expansion expenses	-	1 522
	664 325	**611 656**
	4 993 271	**4 058 596**

35. PROVISIONS NET OF CANCELLATIONS

This item has the following composition:

	31-12-2019	31-12-2018
Allocation for the year (Note 18)	1 486 395	3 099 036
Reversion for the year (Note 18)	-	(2 286 629)
	1 486 395	**812 407**

36. IMPAIRMENT FOR LOAN TO CUSTOMERS NET OF REVERSALS AND RECOVERIES

This item has the following composition:

	31-12-2019	31-12-2018
Loan to customers		
Allocation for the year net of reversions (Note 10)	(9 437 736)	68 159 814
Subscription loan		
Allocation for the year net of reversions (Note 18)	(3 525 239)	719 051
	(12 962 975)	**68 878 865**

37. IMPAIRMENT FOR OTHER FINANCIAL ASSETS NET OF REVERSALS AND RECOVERIES

This item has the following composition:

	31-12-2019	31-12-2018
Allocation for the year		
Investments in central banks and other loan institutions (Note 6)	23 640 089	30 954
Investments at amortized cost (Note 9)	7 034 228	723 308
Financial assets at fair value through other comprehensive income (Note 8)	-	53 063
	30 674 317	**807 325**
Reversion of the year		
Investments in central banks and other loan institutions (Note 6)	(987 156)	(9 871)
Investments at amortized cost (Note 9)	(890 291)	(711 762)
	(1 877 447)	**(721 633)**
	28 796 870	**85 692**

38. IMPAIRMENT FOR OTHER ASSETS NET OF REVERSALS AND RECOVERIES

This item has the following composition:

	31-12-2019	31-12-2018
Appropriations for the year		
Non-current assets held for sale (Note 11)	152 322	705 018
Investment in subsidiaries and associates (Note 13)	60 000	1 920
Other tangible assets (Note 12)	343 804	-
Other assets (Note 15)	2 383 601	5 037 936
Reversions for the year		
Non-current assets held for sale (Note 11)	(243 878)	-
Investment in subsidiaries and associates (Note 13)	-	(344 561)
Other assets (Note 15)	(1 242 481)	(206 320)
	1 453 368	**5 193 993**

39. OFF BALANCE SHEET ACCOUNTS

This item has the following composition:

	31-12-2019	31-12-2018
Guarantees and sureties provided	212 405 673	219 722 517
Guarantees and guarantees received	(464 651 336)	(193 289 300)
Commitments to third parties	36 398 308	13 553 170
Cash deposit and custody		
BNA	(630 863 380)	(578 461 165)
CEVAMA	(341 790 103)	(58 552 147)
Service responsibilities		
Securities custody	388 339 573	400 886 840
Treasury bills	9 162 376	17 266 907
Securities custody BNA (Soyo)	15 107 890	8 189 028
Other service responsibilities	27 594 733	9 272 783
Consigned amounts	1 526 042	977 416
Loan held in assets	(673 417 269)	(555 510 785)
Loan deducted from assets		
Capital	(197 116 123)	(138 809 951)
Interest due	(105 666 492)	(77 807 391)
Other off-balance sheet accounts	(35 594)	65 202 864
Loan granted by third parties (Note 6)	90 710 201	28 709 602

Guarantees, sureties provided and commitments made to third parties include exposures which are subject to ECL calculation in accordance with the Impairment model defined by BAI and in accordance with the requirements of IFRS 9 (mKz 157,866,529). At 31st December 2019 and 2018, these exposures as well as the associated impairment have the following composition:

	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	95 059 749	651 883	121 468 221	723 850
Commitments to third parties	17 909 094	-	18 489 214	-	36 398 308	-
	44 317 566	**71 967**	**113 548 963**	**651 883**	**157 866 529**	**723 850**

	Individual analysis		Collective analysis		Total	
31-12-2018	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Guarantees and sureties provided	-	-	219 722 518	1 692 317	219 722 518	1 692 317
Commitments to third parties	1 043 421	998 347	12 509 749	1 558 425	13 553 170	2 556 772
	1 043 421	**998 347**	**232 232 267**	**3 250 742**	**233 275 688**	**4 249 089**

It should be noted that, for those exposures subject to individual analysis for which it has been concluded that they do not present objective signs of impairment are transferred to collective analysis, consequently the loans subject to impairment according to the collective analysis model, as at 31st December 2019 amount to mKz 110,202,348 and impairment in the amount of mKz 617,875.

The breakdown by stage of guarantees, guarantees provided and commitments made to third parties, on December 31st, 2019 and 2018, is presented below:

31-12-2019	Stage 1	Stage 2	Stage 3	Total
Guarantees and sureties provided	96 049 129	16 951 962	8 467 130	121 468 221
Commitments to third parties	25 539 003	8 285 511	2 573 794	36 398 308
	121 588 132	**25 237 473**	**11 040 924**	**157 866 529**

31-12-2018	Stage 1	Stage 2	Stage 3	Total
Guarantees and sureties provided	160 507 938	6 737 836	52 476 743	219 722 517
Commitments to third parties	5 119 403	7 389 912	1 043 855	13 553 170
	165 627 341	**14 127 748**	**53 520 598**	**233 275 687**

The guarantees and sureties provided are banking operations that do not result in mobilization of funds by the Bank and include bank guarantees and documentary loans.

Documentary loans are irrevocable commitments by the Bank, on behalf of its customers, to pay/order to pay a specified amount to the supplier of a given good or service, within a specified period, against presentation of documents relating to the dispatch of the goods or provision of the service. The condition of irrevocability is that it is not feasible to cancel or alter it without the express agreement of all parties involved.

The item Guarantees and sureties provided includes the amount of mKz 55,710,881 relating to documentary loans with due dates prior to 31st December 2019 and closed by the respective correspondents, but whose negotiation with the customers is still in progress. This item also includes the guarantees provided by the Bank to AGT in the form of public debt securities in the amount of mKz 18,276,346 as part of the tax inspection procedures in progress (Notes 9 and 14).

The commitments assumed with third parties present contractual agreements for granting loan to the Bank's customers (e.g. undrawn loan lines) which, in general, are contracted for fixed periods or with other expiry requirements and normally require the payment of a commission. Substantially all existing loan commitments require customers to maintain certain requirements when contracting. They may be revocable and irrevocable.

The amount shown under Commitments to third parties includes the amount of mKz 16,877,945 (2018: mKz 10,801,245) relating to an irrevocable loan line granted to BAI Europe.

Notwithstanding the special nature of these commitments, these operations are assessed in accordance with the same basic principles as any other commercial operation, namely the solvency of both the client and the underlying business, and the Bank requires that these operations be duly collated when necessary. As it is expected that most of these operations will expire without having been used, the amounts indicated do not necessarily represent future cash requirements.

All the above-mentioned financial instruments are subject to the same approval and control procedures applied to the loans and advances to customers portfolio, namely with regard to the assessment of the adequacy of provisions, constituted as described in the accounting policy referred to in Note 2.4. This provision is recorded under Provisions, as described in Note 18.

40. TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24, the following are considered BAI-related entities:

a) Holders of qualified stakes
• Entities which are directly or indirectly in a controlling or group relationship with the Bank

b) Members of the management and auditing bodies of the Bank and their spouses, descendants or ascendants up to the second degree of the straight line, considered as the ultimate beneficiaries of the transactions or assets

c) Subsidiaries, associated companies and joint control
• Entities which are directly or indirectly in a controlling or group relationship with the Bank

d) Other entities
• Entities associated with or constituting joint ventures of the Bank;
• Subsidiaries of the Bank's associated entities or joint ventures;
• Entities controlled or jointly controlled by holders of qualified shareholdings and/or members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to the second degree of the straight line.

The shareholders, subsidiaries and other participations, as well as other entities under the control of the Bank, with which the Bank maintained balances or transactions during the year ended December 31st, 2019, are as follows:

Name of related entity	%	Headquarters
COMPANIES DIRECTLY OR INDIRECTLY CONTROLLED BY THE BANK		
BAI Micro Finanças, S.A.	98,41%	Angola
BAI Europa S.A.	99,99%	Portugal
BAI Cabo Verde S.A.	80,43%	Cabo Verde
BAI Center S.A	100,00%	Cabo 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	Gana
Griner Cabo Verde	n.a	Cabo Verde
BAI Foundation	100,00%	Angola

Name of related entity	%	Headquarters
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
MEMBERS OF THE BOARD OF THE GENERAL MEETING OF BAI		
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
Augusto Paulino Almeida - Secretary	n.a	n.a
Sebastião Pai Querido Gaspar Martins - Member	n.a	n.a

The value of the Bank's transactions with related parties as at 31 December 2019 and 2018, as well as the respective costs and income recognized during the period under review, are summarized as follows:

	31-12-2019					31-12-2018
	Family Members of Corporate Bodies	Members of Corporate Bodies	Subsidiaries, associates and joint ventures	Companies under joint control	Total	Total
Assets						
Cash and deposits with other loan institutions	-	-	26 447 050	-	26 447 050	43 393 794
Investments in central banks and other loan institutions	-	-	236 513 493	-	236 513 493	264 712 482
Financial assets at fair value through profit or loss	-	-	4 259 846	-	4 259 846	824 566
Financial assets at fair value through other comprehensive income	-	-	-	116 536	116 536	276 564
Investments at amortized cost	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	-	-	8 927 045	-	8 927 045	7 719 154
Loan to customers	238 248	2 503 221	12 320 317	9 247 006	24 308 792	14 520 288
Direct loan	239 227	2 524 965	15 018 649	13 790 782	31 573 623	25 303 711
Impaired loan portfolio	(979)	(21 743)	(2 698 332)	(4 543 776)	(7 264 830)	(10 783 422)
Non-current assets held for sale	-	-	6 631 491	-	6 631 491	6 387 613
Other assets	-	-	2 347 033	400 327	2 747 360	14 317 292
Total Assets	**238 248**	**2 503 221**	**297 446 273**	**9 763 868**	**309 951 611**	**352 151 753**
Liabilities						
Resources of central banks and other loan institutions	-	-	10 604	70 618	81 222	-
Resources from customers and other loan institutions	2 183 028	7 195 297	5 699 116	16 410 865	31 488 306	11 358 458
Foreign Exchange Operations	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	103 873
Provisions	-	-	3 216	-	3 216	-
Total Liabilities	**2 183 028**	**7 195 297**	**5 712 935**	**16 481 484**	**31 572 744**	**11 462 331**
Off-balance sheet	56 353	720 891	5 601 585	6 197 212	12 576 041	8 600 493
Crédito abatido ao Activo	-	-	6 282	1 109 504	1 115 786	323 061
Crédito por assinatura	-	218 977	1 547 108	-	1 766 084	6 666 424
Compromissos assumidos perante terceiros	-	-	11 909 520	-	11 909 520	10 801 245

	31-12-2019					31-12-2018
FINANCIAL MARGIN	Family Members of Corporate Bodies	Members of Corporate Bodies	Subsidiaries, associates and joint ventures	Companies under joint control	Total	Total
Interest on cash equivalents and investments in loan institutions	-	-	4 523 250	-	4 523 250	122 972
Interest on investments held to maturity	-	-	-	-	-	-
Loan interest to customers	18 550	18 467	2 327 535	2 353 402	4 817 954	1 415 208
Interest and similar income	**18 550**	**18 467**	**6 850 785**	**2 353 402**	**9 341 205**	**1 538 180**
Interest on customer funds	(9 377)	(23 236)	(75 764)	(330 925)	(439 302)	(99 416)
Interest on funds from central banks and loan institutions	-	-	-	(7 650)	(7 650)	-
Interest and similar charges	**(9 377)**	**(23 236)**	**(75 764)**	**(338 576)**	**(446 952)**	**(99 416)**
Financial margin	**9 173**	**95 232**	**6 775 021**	**2 014 827**	**8 894 252**	**1 438 764**

As at 31st December 2019 and 2018, the total amount of cash and cash equivalents as well as investments in other loan institutions that refer to operations carried out with subsidiaries, associates and joint ventures, in addition to those referred to above, is summarized as follows:

CASH AND CASH EQUIVALENTS WITH OTHER LOAN INSTITUTIONS	31-12-2019	31-12-2018
BAI Europa, S.A.	25 226 299	41 436 891
Impairment of cash and cash equivalents in financial institutions	(3 048)	-
BAI Cabo Verde, S.A.	1 225 821	1 956 903
Impairment of cash and cash equivalents in financial institutions	(2 023)	-
Total	**26 447 050**	**43 393 794**

INVESTMENTS IN OTHER LOAN INSTITUTIONS	31-12-2019	31-12-2018
BAI Europa, S.A.	238 690 353	245 933 994
Impairment of interbank money market operations	(240 824)	(141 339)
BAI Cabo Verde, S.A.	25 174 941	18 933 701
Impairment of interbank money market operations	(491 064)	(13 874)
Total	**263 133 406**	**264 712 482**

The costs of remuneration and other benefits attributed to key management personnel of the Bank (short and long term) are presented in Note 31.

Related party transactions are carried out under the following conditions, in accordance with the Bank's policy:

- Commercial transactions - carried out under normal market conditions and applicable to transactions with the same characteristics and to customers with a similar profile, in terms of, inter alia, the level of risk, turnover, sector of activity, etc., in accordance with the pricing practiced by BAI, i.e. the price of transactions should be established using the comparable market price method.
- Cost sharing transactions - the price of the transactions is defined using the increased cost method.

41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is based on market quotations, whenever these are available. If these are not available, fair value is estimated through internal models based on cash flow discounting techniques. The cash flow of the different instruments is generated 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.

Thus, the fair value obtained is influenced by the parameters used in the valuation 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:

		Held at fair value				
	Amortized cost	Market quotations (Level 1)	Valuation models with observable market parameters (Level 2)	Valuation models with parameters not observable on the market (Level 3)	Total Balance Sheet Value	Fair value
31st December, 2019						
Cash and cash equivalents in central banks	333 319 523	-	-	-	333 319 523	333 319 523
Deposits with other loan institutions	152 964 900	-	-	-	152 964 900	152 964 900
Investments in central banks and other loan 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 amortized cost	856 264 416	-	-	-	856 264 416	852 342 873
Loan 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 of central banks and other loan institutions	5 999 279	-	-	-	5 999 279	5 999 279
Customer funds 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**

		Held at fair value				
	Amortized cost	Market quotations (Level 1)	Valuation models with observable market parameters (Level 2)	Valuation models with parameters not observable on the market (Level 3)	Total Balance Sheet Value	Fair value
31st December, 2018						
Cash and cash equivalents in central banks	253 867 188	-	-	-	253 867 188	253 867 188
Deposits with other loan institutions	125 398 411	-	-	-	125 398 411	125 398 411
Investments in central banks and other loan institutions	351 162 813	-	-	-	351 162 813	351 162 813
Financial assets at fair value through profit or loss	-	-	49 351 693	-	49 351 693	49 351 693
Financial assets at fair value through other comprehensive income	-	-	29 883 793	276 564	30 160 357	30 160 357
Investments at amortized cost	722 661 496	-	-	-	722 661 496	678 691 735
Loan to customers	372 147 236	-	-	1 106 047	373 253 283	369 796 180
Other assets	29 968 970	-	-	10 821 999	40 790 969	40 790 969
Financial assets	29 968 970	-	79 235 486	12 204 610	1 946 646 210	1 899 219 346
Resources of central banks and other loan institutions	3 942 530	-	-	-	3 942 530	3 942 530
Customer funds and other loans	1 807 522 210	-	-	-	1 807 522 210	1 807 522 210
Financial liabilities	**1 811 464 740**	**-**	**-**	**-**	**1 811 464 740**	**1 811 464 740**

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 judgment, the observability of the data used and the importance of the parameters applied in determining the fair value of the instrument, in accordance with 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 to be valued. If there is more than one active market for the same financial instrument, the relevant price is the one prevailing in the main market of the instrument or the most advantageous market for which access exists;
• **Level 2:** Fair value is determined using valuation techniques supported by observable data in active markets, whether direct (prices, rates, spreads, etc.) or indirect (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 lower liquidity; and,
• **Level 3:** Fair value is determined on the basis of data that are not observable in active markets, using techniques and assumptions that market participants would use to value the same instruments, including assumptions about the inherent risks, valuation technique used, and inputs used and contemplated processes to review the accuracy of the values thus obtained..

The Bank considers an active market for a given financial instrument, on the measurement date, depending on the turnover and liquidity of the operations carried out, the relative volatility of quoted prices and the readiness and availability of information, and for this purpose shall verify the following minimum conditions:

• Existence of frequent daily trading quotes in the last year;
• The aforementioned prices change regularly;
• There are executable quotes from more than one entity.

A parameter used in a valuation technique is considered to be observable in the market if the following conditions are met:

• Whether its value is determined in an active market;
• whether an Over-the-Counter (OTC) market exists and it is reasonable to assume that active market conditions exist, with the exception of the condition of trading volumes; and,
• The value of the parameter can be obtained by calculating inversely the prices of financial instruments and/or derivatives where the other parameters necessary for the initial valuation are observable in a liquid market or an OTC market that complies with the previous paragraphs.

At 31st December 2019 and 2018, all financial assets recorded at fair value were classified in levels 2 and 3, despite the fact that, in some situations, they were prices 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 its embryonic stage, it was considered that they did not have the necessary conditions to be classified at level 1.

The main methodologies and assumptions used in estimating the fair value of financial assets and liabilities recorded in the balance sheet at amortized cost are analyzed as follows:

Cash and deposits at central banks, Deposits at other loan institutions and Investments in central banks and other loan institutions
These assets are very short term so 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 accounted at fair value for Angolan public debt securities, the fair value is based on market quotations available at BODIVA, whenever these are available. If these do not exist, the calculation of fair value is based on the use of numerical models, based on cash flow discounting techniques which, to calculate fair value, use market interest rate curves adjusted by the associated factors, predominantly loan risk and liquidity risk, determined in accordance with the respective market conditions and terms.

The market interest rates are calculated on the basis of information disclosed by the financial content suppliers and by the BNA. Interest rates for 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 for example the indexes.

For investment funds, the best estimate of fair value is the financial statements of these bodies at the Bank's balance sheet date and, whenever possible, with the respective auditors' report.

At 31st December 2019 and 2018, there were no transfers of financial instruments between level 2 and level 3 of the fair value hierarchy.

INVESTMENTS AT AMORTIZED COST
The fair value of these financial instruments is estimated based on the discount of the expected future cash flows of capital and interest on these instruments. The opportunity cost rate was computed based on the interest rates of the most recent issues of debt published in national currency for national currencies and on the Eurobonds yields at 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 Treasury Bonds in foreign currency have interest rates in line with comparable market rates in force, therefore, their book value represents substantially the fair value of these assets.

LOAN TO CUSTOMERS
The fair value of loans and advances to customers is estimated based on the discount of the expected cash flows of capital and interest, considering 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 in the last two years.

For purposes of this disclosure, it was assumed that variable interest rate loan contracts present regular interest rate updates and no relevant changes are being made to the associated spreads, therefore it is assumed that the book value represents substantially 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 valuing assets at fair value in the hierarchy of level 3. The model estimates the fair value of these assets by adding the discounted cash flows at an interbank money market benchmark rate. The fair value of other assets at amortized cost is assumed to be their balance sheet value.

RESOURCES FROM CENTRAL BANKS AND OTHER LOAN INSTITUTIONS
These liabilities are very short term so the balance sheet value is a reasonable estimate of their respective fair value.

CUSTOMER FUNDS AND OTHER LOANS
The fair value of these financial instruments is estimated based on the discounted expected cash flows of capital and interest. The discount rate used is that which reflects the rates applied to deposits with similar characteristics at the balance sheet date.

Considering that, in the vast majority of the customer funds portfolio held by the Bank, the applicable interest rates are renewed for periods of less than one year, there are no material differences in their fair value.

As of December 31, 2019, and 2018, the fair value of financial instruments is as follows:

31-12-2019	Book value (net)	At fair value	At amortized cost	Total	Difference	Total book value
		Fair value of financial instruments Fair value of financial instruments				
Assets						
Cash and cash equivalents at central banks	333 319 523	-	333 319 523	333 319 523	-	333 319 523
Deposits with other loan institutions	152 964 900	-	152 964 900	152 964 900	-	152 964 900
Investments in central banks and other loan 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 amortized cost	856 264 416	-	856 264 416	856 264 416	-	856 264 416
Loan 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 loan institutions	5 999 279	-	5 999 279	5 999 279	-	5 999 279
Customer funds 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**

31-12-2018	Book value (net)	At fair value	At amortized cost	Total	Difference	Total book value
		Fair value of financial instruments Fair value of financial instruments				
Assets						
Cash and cash equivalents at central banks	253 867 188	-	253 867 188	253 867 188	-	253 867 188
Deposits with other loan institutions	125 398 411	-	125 398 411	125 398 411	-	125 398 411
Investments in central banks and other loan institutions	351 162 813	-	351 162 813	351 162 813	-	351 162 813
Financial assets at fair value through profit or loss	49 351 693	49 351 693	-	49 351 693	-	49 351 693
Financial assets at fair value through other comprehensive income	30 160 357	30 160 357	-	30 160 357	-	30 160 357
Investments at amortized cost	722 661 496	-	722 661 496	722 661 496	-	722 661 496
Loan to customers	373 253 283	1 106 047	372 147 236	373 253 283	-	373 253 283
Investments in subsidiaries, associates and joint ventures	7 719 154	-	7 719 154	7 719 154	-	7 719 154
Other assets	40 790 969	10 821 999	29 968 970	40 790 969	-	40 790 969
	1 954 365 364	**91 440 096**	**1 862 925 268**	**1 954 365 364**		**1 954 365 364**
Liabilities						
Resources from central banks and other loan institutions	3 942 530	-	3 942 530	3 942 530	-	3 942 530
Customer funds and other loans	1 807 522 210	-	1 807 522 210	1 807 522 210	-	1 807 522 210
Other liabilities	25 615 511	-	25 615 511	25 615 511	-	25 615 511
	1 837 080 251	**-**	**1 837 080 251**	**1 837 080 251**	**-**	**1 837 080 251**
	117 285 113	**91 440 096**	**25 845 017**	**117 285 113**	**-**	**117 285 113**

As at 31 December 2019 and 2018, the book value of the Financial Instruments is presented as follows:

	31-12-2019				
	Held at fair value	Held at amortized value	Held at historical cost	Impairment	Net worth
Assets					
Cash and cash equivalents at central banks	-	333 319 523	-	-	333 319 523
Deposits with other loan institutions	-	153 013 888	-	(48 988)	152 964 900
Investments in central banks and other loan 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 amortized cost	-	869 579 767	-	(13 315 351)	856 264 416
Loan 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 loan institutions	-	5 999 279	-	-	5 999 279
Customer funds 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**

	31-12-2018				
	Held at fair value	Held at amortized value	Held at historical cost	Impairment	Net worth
Assets					
Cash and cash equivalents at central banks	-	253 867 188	-	-	253 867 188
Deposits with other loan institutions	-	125 398 411	-	-	125 398 411
Investments in central banks and other loan institutions	-	351 389 740	-	(226 927)	351 162 813
Financial assets at fair value through profit or loss	49 351 693	-		-	49 351 693
Financial assets at fair value through other comprehensive income	30 160 357	–		-	30 160 357
Investments at amortized cost	-	727 345 653	-	(4 684 157)	722 661 496
Loan to customers	1 106 047	554 429 559	-	(182 282 323)	373 253 283
Investments in subsidiaries, associates and joint ventures	-	7 719 154	-	-	7 719 154
Other assets	10 821 999	36 928 651	-	(6 959 681)	40 790 969
	91 440 096	**2 057 078 356**	**-**	**(194 153 088)**	**1 954 365 364**
Liabilities					
Resources from central banks and other loan institutions	-	3 942 530	-	-	3 942 530
Customer funds and other loans	-	1 807 522 210	-	-	1 807 522 210
Other liabilities	-	25 615 511	-	-	25 615 511
	-	**1 837 080 251**	**-**	**-**	**1 837 080 251**
	91 440 096	**219 998 105**	**-**	**(194 153 088)**	**117 285 113**

42. ACTIVITY RISK MANAGEMENT

The Bank is subject to risks of various kinds in the course of its business. Risk management is carried out centrally 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 soundness of BAI, as well as guidelines for implementing a risk management system which allows all the material risks inherent to the Bank's business to be identified, assessed, monitored, controlled and reported.

Within this scope, the monitoring and control of the main financial - loan, market and liquidity - and non-financial - operational risks to which the Bank's business is subject is of particular importance:

MAIN RISK CATEGORIES

Loan – Reflects the probability of negative impacts on earnings 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 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 between them and their respective volatilities. Thus, market risk includes interest rate risk, exchange rate risk and other price risks.

Liquidity - This risk reflects the probability of negative impacts on results or capital arising from the inability of the institution to meet its financial obligations as they fall due.

Operational - Operational risk means the probability of negative impacts on results or capital arising from failures in the analysis, processing or settlement of operations, 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 ORGANIZATION

The organizational structure of the risk management system includes an autonomous and independent function - the Risk Management Department ("RMC"), with no direct responsibility for any risk taking function, which depends hierarchically and functionally on the Board of Directors ("Board"), is supervised by the Risk Management Committee ("RMC"), and is monitored daily by a director appointed by the Executive Committee ("EC").

The Board of Directors is responsible for defining, approving and implementing a risk management system that allows the identification, evaluation, control and monitoring of all material risks to which the Bank is exposed, in order to ensure that they remain at the level previously defined and that they will not significantly affect the Bank's financial situation.

It is the responsibility of the Board of Directors: (i) to approve the Operating Regulations of the General Shareholders' Meeting; (ii) to ensure the adequate material and human resources to perform the risk management functions; (iii) to ensure that the risk management activities have sufficient independence, status and visibility and are subject to periodic review; (iv) to approve the limits of exposure to the various material risks to which the Bank is exposed; and (v) to define the general guidelines of the risk management system and definition of the Bank's risk profile, formalized in the risk management policy.

The CGR is responsible for assessing the effectiveness of the risk management system, as well as advising the Board of Directors on risk strategy, supervising the implementation of the risk strategy and supervising the performance of the DGR as provided for in Notice no. 2/13, of 19th April, issued by the BNA.

The RGD is responsible for identifying, assessing and monitoring 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 for compliance with the manuals of internal procedures 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 focus on risk management and reporting by Financial Institutions. The Bank is in the process of implementing them in order to report and comply with the legally applicable deadlines.

RISK ASSESSMENT

LOAN RISK

Loan risk models play an essential role in the loan allocation decision process. Thus, the decision process for loan assignment is based on a set of policies and parameters that are embodied in scoring models, for the Private and Business customer portfolios and rating models for the Companies segment.

Below is information on the Bank's exposure to loan risk for financial assets and off-balance sheet loan:

	31-12-2018				
	Held at fair value	Held at amortized value	Held at historical cost	Impairment	Net worth
Assets					
Cash and cash equivalents at central banks	-	253 867 188	-	-	253 867 188
Deposits with other loan institutions	-	125 398 411	-	-	125 398 411
Investments in central banks and other loan institutions	-	351 389 740	-	(226 927)	351 162 813
Financial assets at fair value through profit or loss	49 351 693	-		-	49 351 693
Financial assets at fair value through other comprehensive income	30 160 357	-		-	30 160 357
Investments at amortized cost	-	727 345 653	-	(4 684 157)	722 661 496
Loan to customers	1 106 047	554 429 559	-	(182 282 323)	373 253 283
Investments in subsidiaries, associates and joint ventures	-	7 719 154	-	-	7 719 154
Other assets	10 821 999	36 928 651	-	(6 959 681)	40 790 969
	91 440 096	**2 057 078 356**	**-**	**(194 153 088)**	**1 954 365 364**
Liabilities					
Resources from central banks and other loan institutions	-	3 942 530	-	-	3 942 530
Customer funds and other loans	-	1 807 522 210	-	-	1 807 522 210
Other liabilities	-	25 615 511	-	-	25 615 511
	-	**1 837 080 251**	**-**	**-**	**1 837 080 251**
	91 440 096	**219 998 105**	**-**	**(194 153 088)**	**117 285 113**

31-12-2018	Held at amortized value	Impairment	Net worth
Assets			
Cash and cash equivalents at central banks	253 867 188	-	253 867 188
Deposits with other loan institutions	125 398 411	-	125 398 411
Investments in central banks and other loan institutions	351 389 740	226 927	351 162 813
Financial assets at fair value through profit or loss	49 351 693	-	49 351 693
Financial assets at fair value through other comprehensive income	30 160 357	-	30 160 357
Investments at amortized cost	727 345 653	4 684 157	722 661 496
Loan to customers	555 535 606	182 282 323	373 253 283
Other assets	47 750 650	6 959 681	40 790 969
	2 140 799 298	**194 153 088**	**1 946 646 210**
Off-balance sheet			
Guarantees provided and documentary loans	219 722 517	4 249 089	215 473 428
Commitments to third parties	13 553 170	-	13 553 170
	233 275 687	**4 249 089**	**229 026 598**
	2 374 074 985	**198 402 177**	**2 175 672 808**

With regard to the quality of the loan risk of financial assets, based on internal rating levels, the Bank is developing the necessary tools for presenting information in this manner.

Nevertheless, it is important to take into consideration the following points related to loan risk mitigation of the Bank's financial assets:

- With regard to loan risk, the financial assets portfolio maintains its position predominantly in sovereign bonds of the Republic of Angola;
- For the purposes of reducing the loan risk granted to customers, real guarantees and financial collateral, which allow a direct reduction in the value of the position, are relevant. Personal protection guarantees are also considered, with a substitution effect on the position at risk;
- In terms of direct reduction of loan risk to clients, loan operations collateralized by financial guarantees, namely deposits, bonds from the Republic of Angola and among others similar, are considered;
- With regard to mortgage-backed securities, the valuations of the assets are carried out by independent valuers registered with CMC. The revaluation of the assets is carried out by means of on-site valuations, by a technical valuer, in accordance with the best practices adopted in the market;
- The model for calculating impairment losses on the Bank's loan portfolio has been in production since December 2018, and is governed by the general principles defined in IFRS 9, as well as by the guidelines and implementation interactions of IAS/IFRS, in accordance with 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 loan portfolio customers into distinct groups, namely in the public sector, large companies, small and medium-sized enterprises, and for individuals in consumer loan, loan cards, home loans and overdrafts;
- The assessment of impairment losses in individual terms is determined through an analysis of total loan exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses, at each balance sheet date, the expected impairment loss (ECL);
- It should be noted that restructured loans are a sign of impairment and therefore the portfolio of loan marked as restructured is included in loans with signs of impairment;
- According to the model defined, customers (or economic groups) whose loan exposure is individually significant are analyzed 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 segment;

For the remaining segments of the loan portfolio, the Bank conducts a collective analysis to determine impairment losses. The calculation of the value of impairment for loans to customers belonging to homogeneous populations results from the product of exposure at the default date ("EAD"), less risk-free financial collateral and sovereign guarantees, by the following risk parameters:

- Probability of default ("PD"): corresponds to internal estimates of default, based on the risk classifications associated with operations/customers, segments and respective signs of impairment, adjusted to the expected scenarios for the evolution of macroeconomic aggregates. In the event of default or other loan from that customer ("cross-default"), the PD corresponds to 100%;
- Default Loss ("LGD"): corresponds to internal estimates of default loss, which vary according to the segment, the type of collateral, the loan coverage rate ("Loan-to-Value" or "LTV") and the seniority of the default, based on the historical experience of recovery of defaulted loans;
- Within the group of individually significant customers, customer exposures are subject to analysis on an individual basis. This analysis focuses on the loan quality of the debtor, as well as on loan recovery expectations, taking into account existing collateral and guarantees;
- The value of the impairment for the customers subject to individual analysis is calculated using the discounted cash flow method and macroeconomic scenarios with impacts on the recovery strategy, that is, the value of the impairment corresponds to the difference between the value of the loan and the sum of the expected cash flows relating 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 31st December 2019, the geographical concentration of loan risk, measured by net value, has the following distribution:

31-12-2019	Angola	Outros	Total
Cash and cash equivalents at central banks	333 319 523	-	333 319 523
Deposits with other loan institutions	77 800	152 887 100	152 964 900
Investments in central banks and other loan 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 amortized cost	856 264 416	-	856 264 416
Loan 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 on financial asset portfolios is ensured. At the level of own portfolios, limits on open positions during the section and at the end of the day, limits on execution volume per type of operator, as well as limits on exposure to counterparties are defined.

The Bank calculates loan risk exposure in accordance with BNA Notice no. 08/2016, of 16 May, and is within the regulatory limits.

The investment portfolio at amortized cost is mainly exposed to the sovereign debt of the Republic of Angola, and as at 31st December 2019 represented 100% (2018: 100%) of the total of this portfolio.

The evaluation of the interest rate risk originated by operations in the banking portfolio is carried out by risk sensitivity analysis, based on the financial characteristics of each contract, and the respective projection of expected cash flows is made, in accordance with the rate setting dates and possible behavioral assumptions considered.

The aggregation for each of the currencies analyzed, of the expected cash flows in each of the time intervals, makes it possible to determine the interest rate gaps per refixing period.

Following the recommendations of BNA Instruction no. 09/2019, of 27th August, the Bank calculates its exposure to balance sheet interest rate risk based on the methodology defined in the Instruction.

As of December 31st, 2019, and 2018, gross impairment assets and liabilities and amortization are broken down, by rate type, as follows:

	Exposure to			
31-12-2019	Fixed rate	Variable rate	Not subject to interest rate risk	Total
Assets				
Investments in central banks and other loan 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 amortized cost	869 579 767	-	-	869 579 767
Loan 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 loan institutions	5 999 279	-	-	5 999 279
Customer funds and other loans	1 033 084 362	169 514 069	1 082 413 375	2 285 011 806
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**

31-12-2018	Exposure to Fixed rate	Variable rate	Not subject to interest rate risk	Total
Assets				
Investments in central banks and other loan institutions	351 162 813	-	-	351 162 813
Financial assets at fair value through profit or loss	37 985 688	-	11 366 005	49 351 693
Financial assets at fair value through other comprehensive income	29 932 803	227 555	-	30 160 358
Investments at amortized cost	727 345 653	-	-	727 345 653
Loan to customers	9 897 387	545 638 219	-	555 535 606
Other assets	-	-	47 750 650	47 750 650
	1 156 324 344	**545 865 774**	**59 116 655**	**1 761 306 773**
Liabilities				
Resources from central banks and other loan institutions	3 942 527	-	3	3 942 530
Customer funds and other loans	813 759 515	31 279 219	962 483 476	1 807 522 210
Other liabilities	-	-	25 615 511	25 615 511
	817 702 042	**31 279 219**	**988 098 990**	**1 837 080 251**
	338 622 302	**514 586 555**	**(928 982 335)**	**(75 773 478)**

As of December 31st, 2019, and 2018, the net financial instruments of impairment and amortization with exposure to interest rate risk present the following details by reset date:

31-12-2019	Contractual residual periods Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 anos	Indeterminate	Total
Assets									
Investments in central banks and other loan 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 amortized 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
Loan 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 loan institutions	5 960 380	-	-	38 899	-	-	-	-	5 999 279
Customer funds 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**

31-12-2019	Contractual residual periods Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 anos	Indeterminate	Total
Assets									
Investments in central banks and other loan institutions	-	277 376 433	66 591 956	7 194 424	-	-	-	-	351 162 813
Financial assets at fair value through profit or loss	-	-	2 042 138	10 152 259	32 791 192	4 366 104	-		49 351 693
Financial assets at fair value through other comprehensive income	-	-	-	-	-	29 883 793	-	276 564	30 160 357
Investments at amortized cost	22 192 506	35 390 504	130 341 263	64 239 477	195 491 263	255 111 129	19 895 354	-	722 661 496
Loan to customers	46 100 640	169 020 330	86 942 750	57 827 980	626 120	198 410	12 537 053	-	373 253 283
	68 293 146	**481 787 267**	**285 918 107**	**139 414 140**	**228 908 575**	**289 559 436**	**32 432 407**	**276 564**	**1 526 589 642**
Liabilities									
Resources from central banks and other loan institutions	3 942 530	-	-	-	-	-	-	-	3 942 530
Customer funds and other loans	381 609 896	-	176 825 704	276 935 162	-	9 667 972	-	-	845 038 734
	385 552 426	**-**	**176 825 704**	**276 935 162**	**-**	**9 667 972**	**-**	**-**	**848 981 264**
	(317 259 280)	**481 787 267**	**109 092 403**	**(137 521 022)**	**228 908 575**	**279 891 464**	**32 432 407**	**276 564**	**677 608 378**

As at 31st December 2019 and 2018, the average interest rates recorded for the major categories of financial assets and liabilities, as well as the respective average balances, net of impairment, and the income and costs for the year, present the following detail:

	31-12-2019			31-12-2018		
	Average balance for the year	Juro d Interest of the year	Average spread	Average balance for the year	Juro d Interest of the year	Average spread
Assets						
Investments in central banks and other loan institutions	361 523 763	13 976 670	4%	361 523 763	14 268 254	3,95%
Real estate securities	628 377 531	82 865 309	13%	628 377 531	60 367 585	9,61%
Loan to customers	542 946 971	49 533 639	9%	542 946 971	47 319 102	8,72%
	1 532 848 265	146 375 618		1 532 848 265	121 954 941	
Liabilities						
Resources from central banks and other loan institutions	694 923 027	42 031 627	6%	694 923 027	35 528 496	5,11%
Customer funds and other loans	23 541 285	424 141	2%	23 541 285	313 431	1,33%
	718 464 312	**42 455 768**		**718 464 312**	**35 841 927**	

As of December 31st, 2019, and 2018, net gains or net losses on the financial margin of financial instruments have the following detail:

	In return for results			Integral income		
31-12-2019	Earnings	Losses	Net	Earnings	Losses	Net
Assets						
Applications in central bank and other loan institutions	13 976 670	-	13 976 670	-	-	-
Financial assets at fair value through results	4 488 049	-	4 488 049	-	-	-
Financial assets at fair value through other comprehensive income	1 968 467	-	1 968 467	5 240 594	5 523 811	(283 217)
Investments at amortized cost	76 692 010	-	76 692 010	-	-	-
Loan to customers	54 262 280	4 728 641	49 533 639	-	-	-
Other assets	-	-	-	-	-	-
	151 387 476	**4 728 641**	**146 658 835**	**5 240 594**	**5 5203 811**	**(283 217)**
Liabilities						
Resources from central banks and other loan institutions	-	424 141	(424 141)	-	-	-
Customer funds and other loans	-	42 031 627	(42 031 627)	-	-	-
Other Liabilities	-	-	-	-	-	-
	-	**42 455 768**	**(42 455 768)**	**-**	**-**	**-**
	151 387 476	**47 184 409**	**104 203 067**	**5 240 594**	**35 841 927**	**(283 217)**

	In return for results			Integral income		
31-12-2018	Earnings	Losses	Net	Earnings	Losses	Net
Assets						
Applications in central bank and other loan institutions	14 268 254	-	14 268 254	-	-	-
Financial assets at fair value through results	2 106 443	-	2 106 443	-	-	-
Financial assets at fair value through other comprehensive income	1 264 240	-	1 264 240	9 113 503	9 689 621	(576 118)
Investments at amortized cost	56 996 902	-	56 996 902	-	-	-
Loan to customers	47 468 950	47 749	47 421 201	-	-	-
Other assets	1 086 649	1 741 881	(655 232)	-	-	-
	125 297 881	**1 789 630**	**123 508 251**	**9 113 503**	**9 689 621**	**(576 118)**
Liabilities						
Resources from central banks and other loan institutions	-	313 431	(313 431)	-	-	-
Customer funds and other loans	-	35 528 495	(35 841 926)	-	-	-
Other Liabilities	-	-	-	-	-	-
	-	**35 841 926**	**(35 841 926)**	**-**	**-**	**-**
	125 297 881	**37 631 556**	**87 666 325**	**9 113 503**	**9 689 621**	**(576 118)**

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

As of December 31, 2019, the sensitivity analysis of financial instruments to interest rate changes is as follows (in millions of Kz):

31-12-2019	Exposures by maturity interval or rate refixation - Impact on net worth						
Temporal Band	Assets	Liabilities	Off-balance sheet +	Off-balance sheet -	Position	Weighting Factor	Weighting position
at sight - 1 month	426 060	87 232	7 364	-	346 192	0,08%	277
1 - 3 months	220 031	351 650	1 400	-	(130 220)	0,32%	(417)
3 - 6 months	108 556	207 020	1 531	-	(96 933)	0,72%	(698)
6 - 12 months	90 369	545 598	200 030	-	(255 199)	1,43%	(3 649)
1 - 2 years	384 911	200 482	36 116	-	220 546	2,77%	6 109
2 - 3 years	305 683	1 661	412	-	304 433	4,49%	13 669
3 -4 years	219 437	2 093	306	-	217 650	6,14%	13 364
4 - 5 years	66 137	1 201	-	-	64 936	7,71%	5 007
5 -7 years	26 509	-	-	-	26 509	10,15%	2 691
7 - 10 years	86 375	4 825	465	-	82 016	13,26%	10 875
10 -15 years	25 988	5 311	-	-	20 677	18,84%	3 896
15 - 20 years	7 062	-	-	-	7 062	22,43%	1 584
>20 years	10 981	-	-	-	10 981	26,03%	2 858
	1 978 100	**1 407 073**	**247 625**	**-**	**818 651**		**55 566**
Cumulative impact of interest rate sensitive instruments							**55 566**
Regulatory Own Funds							**295 313**
Impact on Economic Value/Regulatory Own Funds							**19%**

As of December 31, 2018, the sensitivity analysis of financial instruments to interest rate changes is as follows (in millions of Kz):

31-12-2019	Exposures by maturity range or rate reset - Impact on interest margin						
Temporal Band	Assets	Liabilities	Elements +	Elements -	Position	Weighting Factor	Weighting position
At sight – 1 month	308.131	139.523	5.625	-	174.233	0,08%	139
1 - 3 months	244.818	247.316	747	-	(1.751)	0,32%	(6)
3 - 6 months	177.829	179.478	1.270	-	(379)	0,72%	(3)
6 - 12 months	114.445	278.437	210.631	-	46.639	1,43%	667
1 - 2 years	74.972	170.024	13.569	-	(81.483)	2,77%	(2.257)
2 - 3 years	150.191	667	265	-	149.789	4,49%	6.726
3 -4 years	169.71	611	-	-	169.103	6,14%	10.383
4 - 5 years	120.697	742	83	-	120.038	7,71%	9.255
5 -7 years	35.466	-	-	-	35.466	10,15%	3.600
7 - 10 years	42.468	3.411	392	-	39.449	13,26%	5.231
10 -15 years	18.344	14.403	-	-	14.403	18,84%	2.714
15 – years	2.614	-	-	-	2.614	22,43%	586
>20 years	22.456	-	-	-	22.456	26,03%	5.845
Total	**1.482.145**	**1.024.150**	**232.581**		**690.576**		**42.880**
Cumulative impact of interest rate sensitive instruments							**42.880**
Interest Margin							**195.414**
Cumulative impact of interest rate sensitive instruments up to one year/Interest Margin							**21,9%**

31-12-2018	Exposures by maturity range or rate reset - Impact on interest margin						
Temporal Band	Assets	Liabilities	Elements +	Elements -	Position	Weighting Factor	Weighting position
At sight – 1 month	35.174	1.949	-	-	33.225	2,00%	665
1 - 3 months	272.957	137.574	5.625	-	141.008	1,92%	2.703
3 - 6 months	131.259	175.779	333	-	(44.187)	1,75%	(773)
6 - 12 months	113.559	71.537	414	-	42.436	1,58%	672
1 - 2 years	81.143	-	-	-	81.143	1,42%	1.150
2 - 3 years	6.043	-	-	-	6.043	1,25%	76
3 -4 years	90.643	179.478	1.270	-	(87.565)	1,08%	(949)
4 - 5 years	3.724	-	-	-	3.724	0,92%	34
5 -7 years	5.363	-	-	-	5.363	0,75%	40
7 - 10 years	4.607	-	-	-	4.607	0,58%	27
10 -15 years	47.009	-	-	-	47.009	0,42%	196
15 – years	3.163	-	-	-	3.163	0,25%	8
>20 years	50.578	278.437	210.631	-	(17.228)	0,08%	(14)
Total	**845.222**	**844.754**	**218.273**		**218.741**		**3.833**
Cumulative impact of interest rate sensitive instruments							**3.833**
Interest Margin							**86.113**
Cumulative impact of interest rate sensitive instruments up to one year/Interest Margin							**4,5%**

Under the terms of Article 6 of Notice no. 8/2016 of 16th May, the Bank must inform the BNA whenever, as a result of a 2% interest rate change, there is a potential reduction in the economic value of its banking portfolio or in the financial margin equal to or greater than 20% of regulatory own funds.

As of December 31st, 2019, and 2018, the sensitivity analysis of the equity value of financial instruments to changes in interest rates is as follows (in millions of Kz):

	Interest rates variation					
31-12-2019	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Assets						
Investments in central banks and other loan institutions	(56 674)	(28 337)	(14 168)	14 168	28 337	56 674
Financial assets at fair value through profit or loss	(225)	(112)	(56)	56	112	225
Financial assets at fair value through other comprehensive income	(812)	(406)	(203)	203	406	812
Investments at amortized cost	(71 246)	(35 623)	(17 811)	17 811	35 623	71 246
Loan 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 loan institutions	(5 492)	(2 746)	(1 373)	1 373	2 746	5 492
Customer funds 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**

	Interest rates variation					
31-12-2018	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
Assets						
Investments in central banks and other loan institutions	(995)	(498)	(249)	249	498	995
Financial assets at fair value through profit or loss	(194)	(97)	(48)	48	97	194
Financial assets at fair value through other comprehensive income	(1 907)	(953)	(447)	447	953	1 907
Investments at amortized cost	(30 439)	(15 220)	(7 610)	7 610	15 220	30 439
Loan to customers	(18 077)	(9 039)	(4 519)	4 519	9 039	18 077
	(51 612)	(25 807)	(12 873)	12 873	25 807	51 612
Liabilities						
Resources from central banks and other loan institutions	(4 672)	(2 336)	(1 168)	1 168	2 336	4 672
Customer funds and other loans	(6 984)	(3 492)	(1 746)	1 746	3 492	6 984
	(11 656)	**(5 828)**	**(2 914)**	**2 914**	**5 828**	**11 656**
	(63 268)	**(31 635)**	**(15 787)**	**15 787**	**31 635**	**63 268**

As at 31 December 2019 and 2018, the breakdown of assets and liabilities by currency is presented as follows:

31-12-2019	Kwanzas	USD	Euros	USD Indexed	Other Currency	Total
Assets						
Cash and deposits at central banks	182 369 796	147 523 904	3 186 797	-	239 026	333 319 523
Cash and deposits with other loan institutions	77 800	121 535 524	25 749 924	-	5 601 652	152 964 900
Investments in central banks and other loan 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 amortized cost	250 912 719	450 611 216	-	154 740 481	-	856 264 416
Loan to customers	213 872 685	234 322 174	516 676	-	-	448 711 535
Non-current assets held for sale 1	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 loan institutions	5 962 255	9 164	24 816	-	3 044	5 999 279
Customer funds 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**

31-12-2018	Kwanzas	USD	Euros	USD Indexed	Other Currency	Total
Assets						
Cash and deposits at central banks	187 024 434	64 821 150	1 837 569	-	184 035	253 867 188
Cash and deposits with other loan institutions	55 588	107 919 189	15 864 730	-	1 558 904	125 398 411
Investments in central banks and other loan institutions	21 067 820	309 472 676	20 622 317	-	-	351 162 813
Financial assets at fair value through profit or loss	25 562 131	3 539 961	826 763	19 422 838	-	49 351 693
Financial assets at fair value through other comprehensive income	276 564	29 883 794	-	-	-	30 160 357
Investments at amortized cost	283 623 701	284 106 044	-	154 931 751	-	722 661 496
Loan to customers	162 946 970	209 946 505	359 806		2	373 253 283
Non-current assets held for sale 1	19 110 486	-	-	-	-	19 110 486
Other tangible assets	56 848 108	-	-	-	-	56 848 108
Intangible assets	1 514 519	-	-	-	-	1 514 519
Investments in subsidiaries, associates and joint ventures	7 719 154	-	-	-	-	7 719 154
Current tax assets	949 020	-	-	-	-	949 020
Deferred tax assets	11 487 534	319 778	-	-	-	11 807 312
Other assets	32 590 250	4 278 871	3 921 470	-	378	40 790 969
	810 776 279	1 014 287 968	43 432 655	174 354 589	1 743 319	2 044 594 809
Liabilities						
Resources from central banks and other loan institutions	3 901 975	3	40 552	-	-	3 942 530
Customer funds and other loans	713 491 822	956 310 692	136 618 025	-	1 101 670	1 807 522 208
Provisions	5 197 492	(739 436)	3 765 763	-	2 669	8 226 488
Other liabilities	15 413 545	6 007 427	4 194 212	-	327	25 615 511
Deferred tax liabilities	78 679	-	-	-	-	78 679
	738 083 513	**961 578 686**	**144 618 552**	**-**	**1 104 666**	**1 845 385 417**
	72 692 766	**52 709 282**	**(101 185 897)**	**174 354 589**	**638 653**	**199 209 392**

As at 31st December 2019 and 2018, the sensitivity analysis of the equity value of financial instruments to changes in exchange rates at the date of the transaction is presented as follows:

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 currency	(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**

31-12-2018	-20%	-10%	-5%	+5%	+10%	+20%
Currency						
United States Dollar	(13 607 637)	(6 803 819)	(3 401 909)	3 401 909	6 803 819	13 607 637
Euros	20 607 367	10 303 684	5 151 842	(5 151 842)	(10 303 684)	(20 607 367)
Other currency	(7 806)	(3 903)	(1 952)	1 952	3 903	7 806
	6 991 924	**3 495 962**	**1 747 981**	**(1 747 981)**	**(3 495 962)**	**(6 991 924)**

At the date of this report, the Bank's assets and liabilities have been revalued corresponding to the depreciation of the Kwanza exchange rate against the EUR, the reference currency in the foreign exchange market, by 43% compared to 31st December 2019, the positive impact of which is estimated at (under completion) a Thousand Million Kz.

LIQUIDITY RISK

Liquidity risk is assessed using internal metrics defined by the Bank's management, namely exposure limits.

This control is reinforced with the monthly execution of sensitivity analyses, in order to characterize the Bank's risk profile and ensure that its obligations in a liquidity crisis scenario are met.

The control of liquidity levels is aimed at maintaining a satisfactory level of liquidity to meet short, medium and long term financial needs.

Liquidity risk is monitored on a daily basis and several reports are prepared for monitoring purposes and to support decision-making in the Assets and Liabilities Committee (ALCO).

The evolution 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. To the values calculated is added the liquidity position of the day and the amount of assets considered highly liquid in the uncommitted securities portfolio, thus determining the accumulated liquidity gap for various time horizons. Additionally, the liquidity positions are also monitored from a prudential point of view, calculated in accordance with the rules defined by the BNA (Instruction no. 19/2016, of 30th August).

As of December 31, 2019, the Bank's balance sheet liquidity gap was structured as follows:

	Contractual residual periods									
31-12-2019	At sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Indeterminate	Total
Assets										
Cash and cash equivalents at central banks	333 319 523	-	-	-	-	-	-	-	-	333 319 523
Deposits with other loan institutions	152 964 900	-	-	-	-	-	-	-	-	152 964 900
Investments in central banks and other loan 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 amortized 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
Loan 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 loan institutions	5 951 492	8 888	-	-	38 899	-	-	-	-	5 999 279
Customer funds 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 of December 31, 2019, the contractual cash flows relating to the Bank's capital had the following structure:

	Contractual residual periods									
31-12-2019	At sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Indeterminate	Total
Assets										
Cash and cash equivalents at central banks	333 319 523	-	-	-	-	-	-	-	-	333 319 523
Deposits with other loan institutions	153 013 888	-	-	-	-	-	-	-	-	153 013 888
Investments in central banks and other loan institutions	-	405 474 558	145 614 086	94 032 854	10 444 087	-	-	-	-	655 565 585
Financial assets at fair value through profit or loss	-	-	3 121 230	13 225 200	2 408 877	13 439 162	19 858 469	6 296 686		58 349 624
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	116 536	116 536
Investments at amortized cost	-	25 914 127	23 706 694	3 464 476	71 951 513	289 926 520	439 972 592	14 643 845	-	869 579 767
Loan to customers	12 553 483	1 000 527	12 819 887	4 256 127	7 325 078	205 089 185	155 795 467	167 391 896	120 726 815	686 958 465
Other assets	634 852	1 447 727	22 581 192	-	23 745 026	-	-	-	14 944 872	63 353 669
	499 521 746	**433 836 939**	**207 843 089**	**114 978 657**	**115 874 581**	**508 454 867**	**615 626 528**	**188 332 427**	**135 788 223**	**2 820 257 057**
Liabilities										
Resources from central banks and other loan institutions	5 951 492	8 888	-	-	38 899	-	-	-	-	5 999 279
Customer funds 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**
	(591 748 348)	**338 392 126**	**(153 895 323)**	**(92 044 067)**	**(439 344 547)**	**504 431 009**	**612 328 749**	**178 195 952**	**135 784 185**	**492 099 736**

On 31st December 2019 and 2018, the liquidity ratio calculated in accordance with Instruction No. 19/2016 of 30 August is 465% and 309%, respectively. This Instruction defines as a minimum a liquidity ratio of 100% for cash flows in national currency and aggregate cash flows in all currencies and 150% for exposure to cash flows in foreign currency. The regulator has defined as minimum observation ratios the same as for liquidity. The Bank presents observation ratios of 1 to 3 months at 1,149%, 3 to 6 months at 2,188% and 6 to 9 months at 634%. The regulator has defined as minimum observation ratios the same as liquidity ratios.

OPERATIONAL RISK

An operational risk management system is in place which is based on the identification, assessment, monitoring, measurement, mitigation and reporting of this type of risk.

BAI manages operational risk based on a vision by business processes, support and control, being a transversal vision to the structure units of the organization. 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 the letter from BNA ref.: 1880/DRO/18 of 3rd December, which recommends the inclusion of the unaudited results for the current financial year.

The solvency ratio reflects the relationship between regulatory capital and the sum of regulatory capital requirements for loan risk and counterparty loan risk (Notice No 3/16), capital requirements for market risk and counterparty loan risk in the trading book (Notice No 4/16) and capital requirements for operational risk (Notice No 5/16). Financial institutions shall maintain a level of own funds consistent with the nature and scale of the operations duly weighted by the risks inherent in the operations, with a minimum Regulatory Solvency Ratio of 10%.

REGULATORY EQUITY FUNDS COMPRISE:

1. Base Own Funds – comprise: (i) Paid-up Share Capital; (ii) Share premium in respect of items within the scope of the preceding paragraph; (iii) Reserve for recording the value of the monetary revaluation of paid-up share capital; (iv) positive retained earnings from previous years; (v) legal, statutory and other reserves arising from undistributed profits, or constituted for capital increases; (vi) positive net income from the previous financial year; (vii) provisional positive net income from the current financial year; (viii) part of the reserves and income corresponding to deferred tax assets, to the extent that they are associated with losses that they contain as a negative element of original own funds, and (ix) instruments whose issue conditions were previously approved by BNA.

2. Negative elements of Original Own Funds - These comprise: (i) own shares in the portfolio, at the value recorded on the balance sheet; (ii) negative results, carried forward from previous financial years; (iii) negative net results from the previous financial year; (iv) latent negative results relating to the revaluation of securities; (v) latent negative results relating to the revaluation of securities available for sale and to cash flow hedging operations and investments abroad; (vi) provisional negative net results for the current financial year; (vii) intangible fixed assets net of depreciation; (viii) expenses with deferred costs related to pension liabilities; (ix) part of the 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) insufficiency of provisions in relation to the provisions of Notice n. (xi) insufficiency of provisions in relation to the provisions of Notice no. 12/14, of 17th December, on the setting-up of provisions; and (xii) actuarial losses not recognized in the income statement.

3. 3. Complementary Own Funds - comprise (i) redeemable preferred shares; (ii) general funds and provisions; (iii) reserves arising from the realization of real estate for own use; (iv) subordinated debts, in the form of loans or bonds issued, the terms of which were previously approved by the National Bank of Angola; (v) latent positive results relating to the revaluation of securities available for sale and to cash flow hedging operations and investments abroad, up to forty-five percent (45%) of their value (for the amount of the net effect of the hedging) before tax; (vi) f) other instru-

ments whose issue conditions have been previously approved by the BNA.

DEDUCTIONS - THESE INCLUDE:

(i) instruments issued or contracted by other financial institutions, of which the Institutions are the holders, as provided for in paragraphs a) and i) of number 2 of Article 5 and paragraphs a), d) and f) of number 2 of Article 7, both of Notice no. 2/16. This deduction shall take into account the book value, net of provisions, and comply with the following conditions:

a) If the institution has a holding of more than ten percent (10%) of the capital of the participated company, all the above-mentioned instruments shall be deducted; or

b) If the institution has a holding of less than or equal to ten per cent (10%) of the capital of the participant, and if more than ten per cent (10%) of the capital of the participant, the value of the above-mentioned instruments excluding ten per cent (10%) of the participant's own funds, considered before this deduction, shall be deducted;

(ii) the excess over the limits established in Notice No. 9/16, on prudential limits for large risks.

The positive results referred to in the preceding paragraphs may only be considered when certified by the accounting expert member of the supervisory or single auditor body and by the external auditor.

As of December 31st, 2019, and 2018, the calculation of the regulatory solvency ratio is as follows:

(THOUSANDS KWANZAS)		31-12-2019
Regulatory Capital Requirements		
Operational risk		27 363 013
Market risk		15 126 004
Loan and counterparty risk		131 230 788
	A	173 719 805
Regulatory own funds	B	295 313 068
Original own funds	C	295 142 317
Original own funds without deferred tax and subordinated debt	D	286 338 969
Regulatory solvency ratio	E=B/A*10%	17,00%
Regulatory solvency ratio only with original own funds	F=C/A*10%	16,99%
Regulatory solvency ratio only with original own funds without deferred tax and subordinated debt	G=D/A*10%	16,48%

(THOUSANDS KWANZAS)		31-12-2018
Regulatory Capital Requirements		
Operational risk		21 399 237
Market risk		13 490 898
Loan and counterparty risk		114 304 030
	A	149 194 165
Regulatory own funds	B	195 414 069
Original own funds	C	194 957 960
Original own funds without deferred tax and subordinated debt	D	183 150 649
Regulatory solvency ratio	E=B/A*10%	13,10%
Regulatory solvency ratio only with original own funds	F=C/A*10%	13,07%
Regulatory solvency ratio only with original own funds without deferred tax and subordinated debt	G=D/A*10%	12,28%

43. ACCOUNTING STANDARDS AND INTERPRETATIONS RECENTLY ISSUED

43. 1. VOLUNTARY CHANGES IN ACCOUNTING POLICIES

During the year there were no voluntary changes in accounting policies compared to those considered in the preparation of the financial information for the previous year presented in the comparatives.

43. 2. NEW RULES AND INTERPRETATIONS APPLICABLE TO THE EXERCISE

Up to the date of approval of the financial statements, the following issues, revisions, changes and improvements to the standards and interpretations occurred with effect from 1st January 2019:

IFRS 16 - LEASES

On 13th January 2016, the IASB issued IFRS 16 - Leases, with mandatory application in years beginning on or after 1st January 2019.

This standard introduces the principles of recognition and measurement of leases, replacing IAS 17 - Leases. The standard defines a single accounting model for lease contracts that results in the recognition by the lessee of assets and liabilities for all lease contracts, except for leases with a period of less than 12 months or for leases that concern low value assets. Lessors shall continue to classify leases as operating or finance, and IFRS 16 does not entail substantial changes for such entities in relation to IAS 17. The impact of adopting the IFRS is presented in Note 2.22.

ADVANCE PAYMENTS WITH NEGATIVE COMPENSATION - AMENDMENTS TO IFRS 9

This amendment allows financial assets with contractual conditions that foresee, in their early repayment, the payment of a considerable amount by the loanor, to be measured at amortized cost or at fair value by reserves (depending on the business model), provided that: (i) at the date of initial recognition of the asset, the fair value of the early amortization component is insignificant; and (ii) the possibility of negative offsetting against early amortization is the only reason why the asset is not considered to be an instrument that contemplates only principal and interest payments.

IAS 19 - CHANGES TO THE PLAN, CUTS OR LIQUIDATION OF THE PLAN

The changes to this standard have clarified the accounting treatment to be followed in the event of a change to the plan, or a cut-off or liquidation of the plan.

This change applies to changes, curtailments or settlements of plans that occur on or after the beginning of the first annual reporting period beginning on or after 1st January 2019.

IAS 28 - INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (AMENDMENT)

This change clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures), which are not being measured using the equity method, are accounted for under IFRS 9 Financial Instruments. Long-term investments in associates and joint ventures are subject to the impairment model of estimated losses before being added for impairment testing of the overall investment in an associate or joint venture, when indicators of impairment exist. These changes had no relevant impact on the Bank's financial statements.

ANNUAL IMPROVEMENTS FOR THE 2015-2017 CYCLE

In the annual improvements related to the 2015-2017 cycle, the IASB introduced improvements in four standards whose summaries are presented below:

IFRS 3 CONCENTRATION OF BUSINESS ACTIVITIESS

- The amendments clarify that when an entity obtains control of a joint operation, it requires remeasurement of previously held interests.
- This change applies to business combinations for which the acquisition date is on or after the beginning of the first reporting period that begin on or after 1 January 2019.

IFRS 11 JOINT VENTURES

- A party which participates in, but does not have joint control of, a joint operation may obtain joint control of a joint operation whose activity constitutes a business as defined in IFRS 3. This amendment clarifies that the interest previously held should not be remeasured.

IAS 12 INCOME TAXES

- These changes clarify that the tax consequences on dividends are directly linked to the past transaction or event that generated results distributable to shareholders. The standard clarifies that all tax consequences of dividends should be recorded in the income statement, regardless of how the tax arises.

- These changes are applicable for annual periods beginning on or after 1st January 2019. When the entity applies these changes for the first time, it should apply the tax consequences on the dividends recognized on or after the beginning of the earliest comparative financial year.

IAS 23 BORROWING COSTS

- The amendment clarifies that the part of the loan directly related to the acquisition/construction of an asset, in debt after the corresponding asset has been ready for its intended use, is, for the purposes of determining the capitalization rate, considered an integral part of generic financing of the entity.
- The changes are applicable to borrowing costs incurred on or after the beginning of the reporting period in which the entity adopts these changes. These changes are applicable for annual periods beginning on or after 1st January 2019.

LONG-TERM INTERESTS IN ASSOCIATES OR JOINT VENTURES - AMENDMENTS TO IAS 28

The amendments clarify that an entity shall apply IFRS 9 for long-term interests in associates or joint ventures to which the equity method is not applied but, in substance, are part of the net investment in that associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected loss model of IFRS 9 should be applied to those investments. This change is effective for periods beginning on or after 1st January 2019. The change has to be applied retrospectively, with some exceptions.

IFRIC 23 - UNCERTAINTY ABOUT INCOME TAX TREATMENT

This is an interpretation of IAS 12 - Income Tax, referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of a certain tax treatment by the tax authorities regarding income tax. This interpretation provides guidance on determining taxable profit, tax bases, tax losses to be carried forward, tax loans to be used and tax rates in scenarios of uncertainty as to the treatment of income tax.

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 1st January 2020 or later, which the Bank did not adopt in advance, but whose intention is to adopt on the date of entry into force, are as follows:

DEFINITION OF BUSINESS ACTIVITY - CHANGES TO IFRS 3

The changes that have taken place have clarified the minimum requirements for considering a business activity, removed the assessment of whether market participants have the ability to replace missing elements, added guidance for assessing whether an acquired process is substantive, restricted the definitions of business activity and output and introduced an optional fair value test of the business activity.

This change is effective for transactions that are considered business combinations or asset purchases for which the acquisition date occurred on or after the first period beginning on or after 1st January 2020.

MATERIAL DEFINITION - AMENDMENTS TO IAS 1 AND IAS 8

The aim of this amendment was to make the definition of "material" consistent among all existing standards and to clarify some aspects related to its definition.

This amendment is effective for periods starting on or after 1st January 2020. This amendment has to be applied prospectively. Early adoption is allowed and has to be disclosed.

THE CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING

The revised financial reporting conceptual framework is not a standard and none of its concepts prevail over the concepts in standards or other requirements of any of the standards. It applies 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 on the application of these changes in its financial statements.

IFRS 17 - INSURANCE CONTRACTS

IFRS 17 applies to all insurance contracts (e.g. life, non-life, direct insurance and reinsurance), irrespective of the type of entity that issues them, and to 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 most useful and consistent for issuers.

In November 2018, the IASB decided to propose changing the effective date of the standard to annual periods beginning on or after 1st January 2022. The IASB is also seeking to amend the standard to take into account the concerns and challenges of the implementation of the standard that have been raised by stakeholders.

IFRS 9, IAS 39 AND IFRS 7 REFORM OF BENCHMARK INTEREST RATES (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 changes in benchmark interest rates on financial reporting, including hedge accounting.

44. SUBSEQUENT EVENTS

SALE OF INTEREST IN BAI MICRO FINANÇAS

In February 2020, the Bank signed a promissory contract for the purchase and sale of BAI Micro Finanças, S.A. The completion of this operation is subject to approval by BNA.

SALE OF PROPERTIES RECEIVED AS PAYMENT

The BNA published, on 14th February 2020, Directive no. 01/DSB/DRO/2020, which establishes that Banking Financial Institutions which have not disposed of the properties acquired in repayment of their own loan by the end of the period established in Article 13(1) of Law no. 12/15, of 17th June, the Basic Law of Financial Institutions, must dispose of them by 31st December 2020. The Bank is preparing an action plan to comply with the above-mentioned Directive.

COVID-19 EPIDEMIC AND DROP IN OIL PRICES

Since January 2020, the Coronavirus outbreak (COVID-19) has spread beyond China's borders, leading the World Health Organization to classify it as a pandemic in March, causing impacts on financial markets and economic activity.

The Board of Directors is following the evolution of the pandemic, in Angola and around the world, and estimates of the impact it may have on the Bank. Thus, when these impacts are estimated to be relevant, it is making decisions that defend the interests of different stakeholders, including employees, depositors, customers and shareholders.

Considering the structure of the Bank's assets, the main impacts may result from an increase in loan risk and an increase in the volatility of financial and non-financial assets. Nevertheless, the Bank's priority in the face of an unexpected epidemic is to try to maintain the continuity of its business and protect the health of its employees and customers. Given the rapid evolution of COVID-19, the Bank has been taking preventive measures, as indicated by the competent authorities, and will need to be able to continue to react flexibly and also quickly.

The impacts on the COVID-19 economy and the recent abrupt fall in the price of oil are developed in point 4.3 of the Management Report on recent developments.

For the purpose of estimating in 2020 the expected loss of loan to customers and other financial instruments ("ECL"), the Bank will (i) use reasonable and sustainable forward-looking information, considering assumptions about future developments considering different economic scenarios, including the possible effects of COVID-19 and (ii) assess the impact that each of the scenarios may have on that estimate, as well as on the assessment of loan risk. However, this estimate is not quantifiable at present.

The Bank believes that it has the capacity to accommodate the impacts of the outlook considering that its solidity is based on a growth strategy, based on (i) a strong generation of stable (recurring) revenues, (ii) an adequate management of loan risk, (iii) control of the cost-to-income ratio, (iv) a comfortable liquidity situation and (v) a high regulatory capital and solvency ratio, well above the requirements of the BNA, which attests to the good level of capitalization.

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EXTERNAL AUDITOR'S OPINION

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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 2019 (que evidencia um total de 2.641.702.666 milhares de Kwanzas e um total de Capital próprio de 298.165.973 milhares de Kwanzas, incluindo um Resultado líquido de 118.733.122 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 os princípios contabilísticos geralmente aceites em Angola, 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.

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Bases para a Opinião com Reservas

6. Conforme divulgado nas Notas 10 e 39 do Anexo às demonstrações financeiras, em 31 de Dezembro de 2019 a carteira de crédito patrimonial e as responsabilidades extrapatrimoniais relativas a garantias e avales prestados a clientes, ascendem a 686.958.465 milhares de Kwanzas e a 121.468.221 milhares de Kwanzas, respectivamente (555.535.606 milhares de Kwanzas e 219.722.517 milhares de Kwanzas em 31 de Dezembro de 2018, respectivamente). A carteira de crédito patrimonial foi objecto de análise individual no montante de 515.956.724 milhares de Kwanzas (416.905.538 milhares de Kwanzas em 31 de Dezembro de 2018) e análise colectiva no montante de 171.001.741 milhares de Kwanzas (138.630.068 milhares de Kwanzas em 31 de Dezembro de 2018), tendo a carteira de garantias e avales prestados sido objecto de análise individual no montante de 26.408.472 milhares de Kwanzas (zero milhares de Kwanzas em 31 de Dezembro de 2018) e análise colectiva no montante de 95.095.749 milhares de Kwanzas (219.722.518 milhares de Kwanzas em 31 de Dezembro de 2018).
   Com referência a 1 de Janeiro de 2018, no âmbito da adopção da Norma Internacional de Relato Financeiro 9 – Instrumentos financeiros ("IFRS 9"), o Banco adoptou um novo modelo para o reconhecimento e mensuração de imparidade para crédito e responsabilidades extrapatrimoniais relativas a garantias e avales prestados a clientes. Contudo, conforme referido na Nota 2.4 do anexo às demonstrações financeiras, a implementação do modelo de imparidade colectiva não foi concluído pelo Banco em 2019, apresentando ainda algumas limitações e encontra-se, portanto, em fase de revisão. Consequentemente, não nos foi possível concluir quanto aos efeitos das referidas limitações, se alguns, nas demonstrações financeiras em 31 de Dezembro de 2019.

7. 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 2018, emitido em 28 de Março de 2019, 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 corrente exercício, não corresponde à moeda de uma economia hiperinflacionária, o Banco não procedeu à reexpressão das quantias comparativas para o período anterior apresentado, 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 anos 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 2019.

Opinião com Reservas

8. Em nossa opinião, excepto quanto aos possíveis efeitos da matéria descrita no parágrafo n.º 6 e excepto quanto aos efeitos da matéria descrita no parágrafo n.º 7 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 2019, e o seu desempenho financeiro e fluxos de caixa relativos ao exercício findo naquela data, de acordo com os princípios contabilísticos geralmente aceites em Angola.

Ênfases

9. Sem afectar a nossa opinião expressa no parágrafo anterior, chamamos a atenção que:

   (i) Os recentes desenvolvimentos resultantes da pandemia Covid-19 (Coronavírus) têm um impacto significativo na saúde das pessoas e na sociedade como um todo, aumentando a incerteza sobre o desempenho operacional e financeiro das Organizações. Na Nota 44 são divulgados os impactos e incertezas resultantes da pandemia Covid-19 (Coronavírus), estimados pelo Conselho de Administração para o Banco, com base na informação disponível à data.

(ii) Conforme divulgado na Nota 2.1 do anexo às demonstrações financeiras, as demonstrações financeiras preparadas pelo Conselho de Administração para o exercício findo em 31 de Dezembro de 2019 referem-se à actividade individual do Banco. Nos termos da legislação em vigor, o Banco deverá também preparar e apresentar separadamente demonstrações financeiras consolidadas.

Luanda, 26 de Março de 2020

Ernst & Young Angola, Lda.
Representada por:

Daniel José Venâncio Guerreiro
(Perito Contabilista n.º 20130107)

Sílvia Silva
(Partner)

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AUDIT COMMITEE OPINION AND REPORT

Baía e Ilha de Luanda, Angola

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 2019 do Banco Angolano de Investimentos, S.A., que compreendem o Balanço o qual evidencia um total de Activo de 2.641.702. 666 milhares de Kwanzas, um total de Passivo de 2.343.536.693 milhares de Kwanzas e um total de Capitais Próprios de 298.165.973 milhares de Kwanzas, bem como a Demonstração de Resultados:

1. Durante o exercício, tivemos a oportunidade de acompanhar periodicamente a actividade do Banco através de informação contabilística e contactos quer com a Administração, quer com as diversas áreas, nomeadamente as de Contabilidade e Finanças, Auditoria Interna, Análise de Crédito e de Planeamento e Controlo.

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 foi 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. Os Auditores Independentes (Ernst & Young Angola, Lda.) exprimiram, nos pontos 6 e 7 do seu Relatório, algumas reservas relativamente às Demonstrações Financeiras do Banco em 31 de Dezembro de 2019.

BAI- BANCO ANGOLANO DE INVESTIMENTOS, S.A.

5. Nestes termos, e tendo em consideração o Relatório dos Auditores Externos, concluímos o seguinte:

   (a) Que o Relatório de Gestão do Conselho de Administração e as Demonstrações Financeiras, estão de acordo com os registos contabilísticos e satisfazem as disposições legais e estatutárias;

   (b) Que o exercício de 2019 foi positivo, tendo o Banco alcançado um resultado líquido no montante de 118.733.122 milhares de Kwanzas (Cento e dezoito mil setecentos e trinta e três milhões e cento e vinte e dois milhares de Kwanzas), observada a prática legalmente permitida e economicamente aconselhável, de constituir as adequadas provisões;

   (c) Que os critérios valorimétricos utilizados e as políticas seguidas são consistentes com os aplicados nos exercícios anteriores;

6. Considerando que os documentos referidos em (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 2019;

   (b) A aprovação da proposta de aplicação do resultado líquido do exercício de 2019, 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, 26 de Março de 2020

O Conselho Fiscal

Júlio Sampaio

(Presidente)

Moisés António Joaquim
(Vogal)

Isabel Lopes
(Vogal Suplente)