BANCO DE FOMENTO ANGOLA, S.A.

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2020 AND 2019

(Amounts in thousands of Kwanzas)

	Notes	31/12/2020	31/12/2019
Interest and similar income	20	216,454,644	189,694,884
Interest and similar expenses	20	29,751,290	36,219,167
Net interest income		**186,703,354**	**153,475,717**
Fee and commission income	21	23,654,102	18,793,658
Fee and commission expenses	21	6,840,486	4,730,576
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	7	26,476,147	(1,751,138)
Net gains/(losses) on foreign exchange gains/(losses)	22	42,508,516	41,188,144
Net gains/(losses) on disposal of other assets	23	50,561	110,222
Other operating income/(expense)	24	1,672,097	2,783,184
Banking product		**274,224,291**	**209,869,212**
Staff costs	25	59,081,263	45,941,262
Third-party supplies and services	26	27,160,743	25,556,741
Depreciation and amortization for the period	12	5,522,107	5,577,250
Provisions net of reversals	17	15,229,293	(9,498,088)
Impairment on loans and advances to customers net of reversals and recoveries	17	16,920,894	5,082,613
Impairment on other financial assets net of reversals and recoveries	17	42,424,090	8,294,331
Impairment on other assets net of reversals and recoveries		198,836	572,621
PROFIT/(LOSS) BEFORE TAX OF CONTINUED OPERATIONS		**107,687,066**	**128,342,482**
Income tax			
Current	13	(11,141,490)	(9,890,173)
Deferred	13	(6,696,980)	1,487,883
NET PROFIT/(LOSS) FOR THE PERIOD		**89,848,596**	**119,940,192**
PROFIT/(LOSS) RECOGNIZED DIRECTLY IN EQUITY		-	-
COMPREHENSIVE INCOME FOR THE PERIOD		**89,848,596**	**119,940,192**
Average number of ordinary shares issued	19	15,000,000	15,000,000
Basic earnings per share (in Kwanzas)	19	5.990	7.996
Diluted earnings per share (in Kwanzas)	19	5.990	7.996

The attached notes form an integral part of these financial statements.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

ASSETS	Notes	31/12/2020 Gross assets	31/12/2020 Depreciation, amortization and impairment	31/12/2020 Net assets	31/12/2019
Cash and balances at central banks	4	474,216,835	-	474,216,835	302,716,195
Balances at other credit institutions	5	26,295,341	(18,548)	26,276,793	42,507,797
Deposits with central banks and other credit institutions	6	649,862,691	(770,956)	649,091,735	456,746,995
Financial assets at fair value through profit or loss	7	365,694,288	-	365,694,288	172,690,202
Investments at amortized cost	8	1,035,154,711	(57,317,952)	977,836,759	828,851,838
Loans and advances to customers	9	387,818,749	(54,445,480)	333,373,269	327,936,737
Non-current assets held for sale	10	606,592	(338,833)	267,759	84,788
Investments in subsidiaries, associates and joint ventures	11	50,375	-	50,375	50,375
Other tangible assets	12	59,147,839	(28,572,519)	30,575,320	32,588,090
Intangible assets	12	5,349,414	(5,135,942)	213,472	630,225
Current tax assets	13	4,186	-	4,186	4,186
Deferred tax assets	13	1,645,788	-	1,645,788	7,887,478
Other assets	14	15,653,131	-	15,653,131	22,363,129
Total Assets		3,021,499,940	(146,600,230)	2,874,899,710	2,195,058,036

LIABILITIES AND EQUITY	Notes	31/12/2020	31/12/2019
Funds of central banks and other credit institutions	15	4,088,299	7,669,106
Resources from customers and other loans	16	2,252,202,707	1,622,897,644
Financial liabilities at fair value through profit or loss	7	4,244,410	12,675,871
Provisions	17	41,468,071	24,362,164
Current tax liabilities	13	7,785,077	4,628,099
Lease liabilities	18	7,318,355	10,840,950
Other liabilities	18	59,815,468	49,778,300
Total Liabilities		2,376,922,387	1,732,852,134
Share capital	19	15,000,000	15,000,000
Other reserves and retained earnings	19	393,128,727	327,265,709
Net profit/(loss) for the period	19	89,848,596	119,940,192
Total Equity		497,977,323	462,205,902
Total Liabilities and Equity		2,874,899,710	2,195,058,036

BANCO DE FOMENTO ANGOLA, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts in thousands of Kwanzas)

	Notes	Share capital	Share capital monetary revaluation reserve	Revaluation reserves	Other reserves and retained earnings	Net income for the period	Total
Balance on 01 January 2019		**15,000,000**	**450,717**	**1,253,828**	**187,537,632**	**174,258,743**	**378,500,920**
Appropriation of the 2018 net income:							
. Constitution of reserves and funds	19	-	-	-	138,929,787	(138,929,787)	-
. Distribution of dividends	19	-	-	-	-	(35,328,956)	(35,328,956)
Transfers from reserves to retained earnings	19	-	(450,717)	(1,253,828)	798,290	-	(906,255)
Net income for the period	19	-	-	-	-	119,940,192	119,940,192
Balance on 31 December 2019		**15,000,000**	**-**	**-**	**327,265,709**	**119,940,192**	**462,205,901**
Appropriation of the 2019 net income:							
. Constitution of reserves and funds	19	-	-	-	71,964,115	(71,964,115)	-
. Distribution of dividends	19	-	-	-	-	(47,976,077)	(47,976,077)
Distribution of dividends	19	-	-	-	(6,101,097)	-	(6,101,097)
Net income for the period	19	-	-	-	-	89,848,596	89,848,596
Balance on 31 December 2020		**15,000,000**	**-**	**-**	**393,128,727**	**89,848,596**	**497,977,323**

The attached notes form an integral part of these financial statements.

BANCO DE FOMENTO ANGOLA, S.A.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts stated in thousands of Kwanzas)

	Notes	31/12/2020	31/12/2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, commissions, and similar income received	20 & 21	230,678,123	200,240,700
Interest, commissions, and similar expenses paid	20 & 21	(37,122,188)	(31,149,134)
Payments to staff and suppliers	25 & 26	(80,127,027)	(61,345,900)
Payments and contributions to pension funds and other benefits		(3,605,423)	(2,434,118)
Recovery of loans written off from assets	24	1,232,425	760,769
Other results	7, 23 & 24	1,722,658	983,932
Cash flows before changes in operating assets and liabilities		**112,778,568**	**107,056,249**
Increases/Decreases in operating assets:			
Deposits with central banks and other credit institutions	6	(160,001,171)	(86,814,635)
Financial assets at fair value through profit or loss	7	(164,316,700)	10,760,272
Investments at amortized cost	8	(43,920,302)	(106,407,627)
Loans and advances to customers	9	19,072,317	31,605,222
Non-current assets held for sale	10	(182,971)	-
Other assets	14	18,194,871	5,421,863
Net flows from operating assets		**(331,153,956)**	**(145,434,905)**
Increases/Decreases in operating liabilities:			
Funds of central banks and other credit institutions	15	(4,084,410)	909,885
Resources from customers and other loans	16	279,839,118	49,627,634
Other liabilities	18	(677,088)	21,672,851
Net flows from operating liabilities		**275,077,620**	**72,210,370**
Net cash from operating activities before tax		**56,702,232**	33,831,714
Income tax paid	13, 14 & 18	(20,710,008)	(37,678,870)
Net cash from operating activities		**35,992,224**	**(3,847,156)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of other tangible fixed assets, net of disposals	12	(6,702,691)	(5,775,362)
Acquisitions of intangible assets, net of disposals	12	-	(351,090)
Acquisitions of shareholdings in subsidiaries, associates, and joint ventures, net of disposals		-	-
Net cash from investing activities		**(6,702,691)**	**(6,126,452)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of dividends	19	54,077,174	(35,328,956)
Net cash from financing activities		**54,077,174**	**(35,328,956)**
Change in cash and cash equivalents		**83,366,707**	**(45,302,563)**
Cash and cash equivalents at beginning of period	4 & 5	345,238,670	302,839,884
Foreign exchange effects on cash and cash equivalents		71,906,799	87,701,349
Cash and cash equivalents at end of period	4 & 5	**500,512,176**	**345,238,670**

The attached notes form an integral part of these financial statements.

1. INTRODUCTORY NOTE

Banco de Fomento Angola, S.A. (hereinafter also referred to as "Bank" or "BFA"), was incorporated by public deed on 26 August 2002 as a result of the transformation of the Angolan branch of Banco BPI, S.A. into a bank under local law.

As indicated in Note 19, on 5 January 2017, in execution of the share purchase and sale agreement celebrated in 2016, Banco BPI completed the sale of 2% of the share capital of BFA to Unitel. Thus, on 31 December 2020 and 2019, BFA was majority held by Unitel, S.A.

By Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to proceed with the capital increase of BFA, through the incorporation of "Other Reserves" in the amount of 11 478 003 thousand AKZ. This capital increase was realized within the scope of Notice No. 02/2018 of the Banco Nacional de Angola (hereinafter "Angolan National Bank" or "Angolan Central Bank"), which defines that the minimum value of the fully paid-up share capital in national currency is 7 500 000 thousand AKZ.

The Bank is engaged in obtaining funds from third parties in the form of deposits or other, which it invests, together with its own resources, in the granting of loans, deposits in the Angolan National Bank, investments in credit institutions (hereinafter also "banks") and acquisition of securities or other assets, for which it is duly authorized. It also provides other banking services and carries out various types of operations in foreign currency, having for this purpose, on 31 December 2020, a national network of 161 branches, 5 customer service centres, 10 investment centres, 20 corporate centres and 1 Private Banking centre.

Within the scope of the supervisory functions assigned to the Angolan National Bank ("BNA") and considering the challenges facing the Angolan Financial System and the BNA's intention to continuously adopt the best international practices, it was deemed pertinent to carry out, in financial year 2019, an Asset Quality Assessment ("Exercise" or "AQA") of the Banking Financial Institutions ("IFB") operating in the national market.

This Exercise covered the main IFBs of Angola and had as its general objective to carry out a comprehensive and independent assessment of the risks inherent in the activities of the Banks, including an analysis of the quality of their assets. To this end, analyses of the loans and advances granted, securities and investments, cash and cash equivalents and short-term investments with IFBs, tangible fixed assets, non-current assets held for sale, deferred tax assets and other assets with credit risk were included in the scope of this work. An evaluation of the financial risk governance model and of the calculation of capital requirements, as well as a validation of the parameters and methodologies used to carry out the stress tests were also carried out. The reference date for this Exercise was 31 December 2018, but subsequent events until 30 September 2019 were incorporated.

No significant deviations were identified in the AQA by the BNA, that is, with a material impact on the solvency ratio, with same remaining above that required by the regulator. The methodologies defined by the regulator in the Exercise that do not contravene the International Accounting Standards, were incorporated in financial years 2019 and 2020.

2. BASES OF PRESENTATION AND SUMMARY OF MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

The Bank's financial statements have been prepared on the going concern assumption and in accordance with International Financial Reporting Standards ("IFRS"), pursuant to Notice No. 06/2016, of 22 June, of the Angolan National Bank. IFRS includes accounting standards, issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") in force on 1 January 2020. The Bank first adopted IFRS in financial year ended 31 December 2016.

The financial statements now presented refer to the financial year ended 31 December 2020.

The accounting policies used by the Bank in preparing its financial statements for the financial year ended 31 December 2020 are consistent with those used as at 31 December 2019.

The Bank's financial statements are stated in thousands of Kwanzas, rounded to the nearest thousand, with assets and liabilities denominated in other currencies being converted into national currency, based on the average indicative exchange rate published by the Angolan National Bank on each reference date. The financial statements were prepared in accordance with the historical cost principle, modified by the application of the fair value to derivative financial instruments and financial assets and liabilities recognized at fair value through profit or loss.

The financial statements for the financial year ended 31 December 2020 were approved at the meeting of the Board of Directors of 6 April 2021 and will be submitted to the General Meeting that has the power to change them. However, it is the conviction of the Bank's Board of Directors that they will be approved without significant changes.

The recently issued accounting standards and interpretations that have not yet come into force and that the Bank has not yet applied in the preparation of its financial statements can be analysed in Note 31.

Notwithstanding the investment of 99.9% held by the Bank in its subsidiary BFA Gestão de Activos (see Note 11), which started its activity in financial year 2017, in light of the basic principles and conceptual structure of the IFRS, the Bank considers that it is not relevant to prepare consolidated financial statements as at 31 December 2020, considering, namely, (i) the reduced activity carried out by this company since its incorporation and (ii) the reduced impact that would result from the consolidation of its financial statements, after consolidation adjustments, on the financial statements of BFA as at that date.

2.2 Transactions in foreign currency

Foreign currency transactions are recorded in accordance with the principles of the "multi-currency" system, with each transaction being recorded according to the respective denomination currencies. Assets and liabilities stated in foreign currency are converted to Kwanzas at the average exchange rate published by the Angolan National Bank as at the balance sheet date. Expenses and income related to exchange differences, realized or unrealized, are recorded in the income statement for the financial year in which they occur, in the caption "Foreign exchange gains/(losses)". The "forward foreign exchange position" transactions refer to foreign exchange forwards contracts, and the expenses and income related thereto are recorded in the caption "Net gains/(losses) on financial assets and liabilities at fair value through profit or loss" in the income statement.

As at 31 December 2020 and 2019, the exchange rates of the Kwanza (AKZ) against the United States Dollar (USD) and the Euro (EUR) were as follows:

	31/12/2020	**31/12/2019**
1 USD	649.604	482.227
1 EUR	798.429	540.817

Forward foreign exchange position

The forward foreign exchange position corresponds to the net balance of forward transactions awaiting settlement. All contracts related to these operations are revalued at market forward exchange rates.

The difference between the equivalents in Kwanzas at the forward revaluation rates applied, and the equivalents at the contracted rates, is recorded in the asset or liability caption, against income or expenses, respectively.

2.3 Financial instruments

2.3.1 Classification of financial assets

The Bank classifies its financial assets in one of the following measurement categories:

a) Investments at amortized cost;
b) Financial assets at fair value through other comprehensive income;
c) Financial assets at fair value through profit or loss.

The classification requirements for debt and equity instruments are presented as follows:

Debt instruments

Debt instruments are instruments that satisfy the definition of a financial liability from the perspective of the issuer, such as loans, public and private bonds and accounts receivable acquired from customers under factoring contracts without recourse.

The subsequent classification and measurement of these instruments in the previous categories is carried out based on the following two elements:

- the Bank's business model for financial asset management, and
- the characteristics of the contractual cash flows of financial assets.

Based on these elements, the Bank classifies its debt instruments, for the purpose of their measurement, in one of the following three categories:

a) Financial assets at amortized cost, when the following two conditions are met:

- they are managed under a business model which objective is to maintain financial assets to receive contractual cash flows; and
- the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the amount of the principal outstanding.

In addition to debt instruments managed under a business model which objective is to receive their contractual cash flows, which are recorded under the caption "Investments at amortized cost", the category of financial assets at amortized cost also includes short-term investments in central and other banks, and loans and advances to customers.

b) Financial assets at fair value through other comprehensive income, when the following two conditions are met:

- they are managed under a business model which objective combines the receipt of contractual cash flows from financial assets and from their sale; and
- the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the amount of the principal outstanding.

c) Financial assets at fair value through profit or loss, whenever due to the Bank's business model or due to the characteristics of their contractual cash flows, it is not appropriate to classify the financial assets in any of the previous categories. On the transition date, to classify financial assets in this category, the Bank also considered whether it expects to recover the book value of the assets by selling them to a third party.

This portfolio also includes all the instruments fulfilling any of the following characteristics:

- they are originated or acquired with the aim of selling them in the short term;
- they are part of a group of financial instruments that are identified and jointly managed and for which there is evidence of recent actions with the aim of obtaining short-term gains; and
- they are derivative instruments that neither meet the definition of a financial guarantee contract nor have been designated as hedging instruments.

Evaluation of the business model

The business model reflects the way the Bank manages its assets from a cash-flow generation point of view. Thus, it is important to understand whether the objective of the Bank is only to receive the contractual cash flows from the assets or whether it intends to receive the contractual cash flows and the cash flows resulting from the sale of the assets. If none of these situations are applicable (e.g. financial assets are held for trading), then the financial assets are classified as part of an "other" business model and recognized at fair value through profit or loss.

The factors considered by the Bank in identifying the business model for a set of assets include past experience with respect to the way (i) cash flows are received, (ii) asset performance is assessed and reported to management, (iii) risks are assessed and managed and (iv) directors are remunerated.

Securities held for trading are held essentially for the purpose of being sold in the short term, or to form part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These securities are classified in an "other" business model and recognized at fair value through profit or loss.

The evaluation of the business model does not depend on the intentions for an individual instrument, but for a set of instruments, and considers the frequency, the value, the sales calendar in previous financial years, the reasons for the referred sales and the expectations regarding future sales. Sales that are infrequent, or insignificant, or close to the maturity of the asset and those motivated by an increase in the credit risk of the financial assets, or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

If a financial asset contains a contractual clause that can modify the calendar or the value of the contractual cash flows (such as early amortization or extension of term clauses), the Bank determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of said contractual clause, are only payments of principal and interest on the amount of the principal outstanding.

In the event that a financial asset includes a periodic interest rate adjustment, but the frequency of such adjustment does not coincide with the reference interest rate term (for example, the interest rate is adjusted every three months), the Bank assesses, at the time of the initial recognition, this inconsistency in the interest component to determine whether the contractual cash flows represent only payments of principal and interest on the amount of the principal outstanding.

Contractual conditions that, at the time of the initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as redemption by the issuer) do not prevent their classification in portfolios at amortized cost or at fair value through other comprehensive income.

SPPI evaluation

When the business model involves holding assets to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell these assets, the Bank assesses whether the cash flows of the financial instrument correspond solely to the payments of principal and interest on the principal outstanding (the solely payments of principal and interest "SPPI" test). In this assessment, the Bank considers whether the contractual cash flows are consistent with a basic loan agreement, that is, the interest includes only considerations regarding the time value of money, credit risk and a profit margin that is consistent with a basic loan agreement. When the contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a simple loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

The financial assets with embedded derivatives are considered in their entirety, when determining whether the cash flows correspond only to payments of principal and interest on the principal outstanding ("SPPI" test).

Equity instruments

Equity instruments are instruments that satisfy the definition of capital from the issuer's perspective, that is, they are instruments that do not contain a contractual payment obligation and that evidence a residual interest in the issuer's net assets. An example of equity instruments are ordinary shares.

Investments in equity instruments are an exception to the general measurement criteria described above. As a rule, the Bank exercises the option, on initial recognition, to designate, irrevocably, in the category of financial assets at fair value through other comprehensive income, the investments in equity instruments that are not classified as held for trading and that, in the event it did not exercise this option, would be classified as financial assets that are mandatorily accounted for at fair value through profit or loss. Impairment losses (and impairment reversals) are not recorded separately from other changes in fair value.

2.3.2 Classification of financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be realized through the delivery of cash or another financial asset, regardless of its legal form.

Financial liabilities are classified into the following categories:

i. Financial liabilities at amortized cost

This category includes resources from central and other banks and resources from customers and other loans.

ii. Financial liabilities held for trading

This category includes derivative financial instruments with a negative fair value.

iii. Financial liabilities at fair value through profit or loss (Fair Value Option)

The Bank designates, at initial recognition, certain financial liabilities at fair value through profit or loss (Fair Value Option) provided that at least one of the following requirements is met:

- the financial liabilities are managed, measured and analysed internally based on their fair value;
- derivative operations are contracted to hedge these assets or liabilities economically, thus ensuring consistency in the measurement of the assets or liabilities and the derivatives (accounting mismatch); and
- the financial liabilities contain embedded derivatives.

2.3.3 Recognition and initial measurement of financial instruments

At the time of their initial recognition, all financial instruments are recorded at their fair value. For financial instruments that are not recorded at fair value through profit or loss, fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognized in the income statement.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or to the issue or assumption of a financial liability, which would not have been incurred if the Bank had not carried out the transaction. These include, for example, commissions paid to intermediaries (such as promoters) and mortgage formalization expenses.

Financial assets are recognized in the balance sheet on the transaction date - the date on which the Bank commits to purchase the assets, unless there is a contractual stipulation or applicable legal figure that determines that the transfer of rights occurs at a later date.

At initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity should recognize this difference as follows:

- When the fair value is evidenced by a quotation on an active market of an equivalent asset or liability (that is, level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss, and
- In the remaining cases, the difference is deferred, and the moment of initial recognition of the gain or loss is determined individually. This difference can then be (i) amortized over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined

using observable market data, or (iii) recognized through the liquidation of the asset or liability.

2.3.4 Subsequent measurement of financial instruments

After its initial recognition, the Bank measures its financial assets at (i) amortized cost, (ii) fair value through other comprehensive income, or (iii) fair value through profit or loss.

Amounts receivable from commercial operations that do not have a significant financing component and commercial loans and short-term debt instruments that are initially measured at the transaction price or by the principal outstanding, respectively, are valued at the aforementioned amount less impairment losses.

Immediately after initial recognition, an impairment is also recognized for expected credit losses (ECL), for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in results when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortized cost, based on the effective interest rate method, with the exception of financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

2.3.5 Income and expenses of financial instruments

Income and expenses of financial instruments at amortized cost are recognized according to the following criteria:

i. Interest is recorded in the income statement under "Interest and similar income" and "Interest and similar expenses", using the effective interest rate of the transaction on the gross book value of the transaction (except in the case of impaired assets where the interest is applied on the book value net of impairment); and

ii. The remaining changes in value will be recognized in the income statement as income, or expenses, under the caption "Net gains/(losses) on investments at amortized cost", when the financial instrument is derecognized from the balance sheet, or reclassified, and in the case of financial assets, when impairment losses or reversals occur, which are recorded under the caption "Impairment on loans and advances to customers net of reversals and recoveries", in the case of loans and advances to customers or under the caption "Impairment on other financial assets net of reversals and recoveries", in the case of other financial assets.

To determine the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, not considering any impairment losses. The calculation includes commissions paid or received considered to be 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.

Treasury Bonds issued in national currency indexed to the exchange rate of the United States Dollar (hereinafter "US Dollar") are subject to exchange rate adjustments. The result of the exchange rate adjustments is reflected in the income statement for the financial year in which it occurs. The result of the exchange rate adjustment of the nominal value of the security is reflected in the caption "Foreign exchange gains/(losses)" and the result of the exchange rate adjustment of the discount and accrued interest is reflected in the caption "Interest and similar income".

Income and expenses from financial instruments at fair value through profit or loss are recognized according to the following criteria:

i. Changes in fair value are recorded directly in the income statement, separating the portion attributable to the instrument's income, which is recorded as interest or dividends according to its nature under the captions "Interest and similar income" and "Income from equity instruments", respectively, and the rest, which is recorded as results of financial operations under the caption "Net gains/(losses) on financial assets and liabilities at fair value through profit or loss"; and

ii. Interest on debt instruments is recorded in the income statement under the caption "Interest and similar income" and is calculated using the effective interest rate method.

Income and expenses from financial assets at fair value through other comprehensive income are recognized according to the following criteria:

i. Interest or, when applicable, dividends are recognized in the income statement under the caption "Interest and similar income" and "Income from equity instruments", respectively. For the interest, the procedure is the same as for assets at amortized cost;

ii. Foreign exchange differences are recognized in the income statement under the caption "Foreign exchange gains/(losses)", in the case of monetary financial assets, and in other comprehensive income, in the case of non-monetary financial assets;

iii. In the case of debt instruments, impairment losses or reversals are recognized in the income statement under the caption "Impairment on other financial assets net of reversals and recoveries"; and

iv. The remaining changes in value are recognized in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in the income statement for the financial year are the same as those that would be recognized if measured at amortized cost.

When a debt instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to the result for the financial year. On the other hand, when an equity instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, remaining under a caption of reserves.

2.3.6 Reclassification between categories of financial instruments

Only if the Bank decided to change its business model for financial asset management would it reclassify all affected financial assets in accordance with the requirements of IFRS 9. This reclassification would be made prospectively from the date of reclassification. According to IFRS 9, changes in the business model are expected to occur infrequently. IFRS 9 does not allow the reclassification of investments in equity instruments measured at fair value through other comprehensive income, or when the fair value option was exercised for financial assets or liabilities. Financial liabilities cannot be reclassified between portfolios.

2.3.7 Fair value

As provided in IFRS 13, financial instruments at fair value are measured in accordance with the valuation levels described in Note 30.4.

The methodology used by the Bank to calculate the fair value of the securities is as follows:

i. Average trading price on the day of calculation or, when not available, the average trading price on the previous business day;

ii. Probable net realizable value obtained using an internal valuation technique or model;

iii. Price of a similar financial instrument, considering, at least, payment and maturity terms, credit risk and currency or index; and

iv. Price defined by the Angolan National Bank.

2.3.8 Modification of loans and advances

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

- If the debtor is in financial difficulty, whether the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;
- If any significant new term has been introduced, such as profit sharing or an equity-based return, which substantially affects credit risk;
- Significant extension of the maturity of the contract when the debtor is not in financial difficulties;
- Significant change in the interest rate;
- Change in the currency in which the loan was contracted; and
- Inclusion of a collateral, a guarantee or other improvement associated with the loan, which significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognizes the original financial asset and recognizes the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purpose of calculating the impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognized financial asset is impaired at initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the payments originally agreed. Differences in the carrying amount are recognized in the income statement, as a derecognition gain or loss.

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

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

As at 31 December 2020 and 2019, the Bank does not have assets that have fulfilled these requirements for the reporting period.

2.3.9 Derecognition not resulting from a modification

The financial assets granted are derecognized when the associated cash flows are extinguished, collected or disposed of to third parties and (i) the Bank substantially transfers all risks and benefits associated with holding the asset, or (ii) the Bank neither transfers nor substantially holds all the risks and benefits associated with holding the asset and does not control the asset. Gains and losses obtained from the definitive sale of loans and advances to customers are recorded in "Other operating results". These gains or losses correspond to the difference between the sales value set and the book value of those assets, net of impairment losses.

The Bank participates in transactions in which it has the contractual right to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks and benefits. These transactions result in the derecognition of the asset if the Bank:

- Has no obligation to make payments unless it receives equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Is obliged to remit any cash flow it receives from the assets without material delays.

The guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities' lending and borrowing operations are not derecognized because the Bank holds substantially all the risks and benefits based on the pre-established repurchase price, with the derecognition criteria therefore not being observed (see Note 2.4).

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

2.3.10 Write-off policy

The Bank writes off financial assets, in part or in whole, when it concludes that there is no reasonable expectation of collection. The indicators that demonstrate that there is no reasonable expectation of collection are (i) the shutdown of the activity and (ii) the cases in which the recovery depends on the collection of a collateral, but in which the value of the collateral is so low that there is no reasonable expectation of fully recovering the asset.

The rules implemented for the selection of loans that may be written off from assets are as follows:

- The loans cannot be under a risk-sharing protocol;
- The loans must be past due for more than 210 days; and
- The loans cannot be marked as overdue renegotiated loans or be part of an active payment agreement.

2.3.11 Impairment of financial assets

The Bank determines impairment losses for debt instruments that are measured at amortized cost and at fair value through other comprehensive income, as well as for other exposures that have an associated credit risk such as bank guarantees and commitments assumed.

The requirements of IFRS 9 aim to recognize expected losses from operations, assessed on an individual or collective basis, considering all reasonable, reliable, and duly substantiated information that is available, including information from a forward-looking perspective.

Impairment losses of debt instruments that are measured at amortized cost are recognized against an accumulated impairment caption in the balance sheet, which reduces the book value of the asset, while the impairment of assets measured at fair value through other comprehensive income is recognized against other comprehensive income.

Impairment losses arising from the granting of loans and advances to customers are recognized in the income statement under the caption "Impairment on loans and advances to customers net of reversals and recoveries" and those of the remaining financial assets under the caption "Impairment on other financial assets net of reversals and recoveries".

Impairment losses of exposures that have an associated credit risk and that are not positions recorded in assets are recorded as a provision in the caption "Provisions" in liabilities, in the balance sheet. Allocations and reversals are recorded under the caption "Provisions net of reversals" in the income statement.

For the purposes of accounting for impairment losses of debt instruments, the following definitions should be considered:

a) **Credit losses**: correspond to the difference between all the cash flows owed to the Bank, according to the contractual conditions of the financial asset and all the cash flows that the Bank expects to receive (that is, the totality of the insufficient cash flow), discounted at the original effective interest rate or, for financial assets purchased or originated in credit impairment, at the effective interest rate adjusted for credit quality, or the interest rate of the date to which the financial statements refer, when it is variable.

In the case of commitments assumed, the contractual cash flows owed to the Bank that are expected to be received if the commitment is used and the cash flows expected to be received when the asset is recognized are compared. In the case of bank guarantees, the payments that the Bank expects to make less the cash flows it expects to receive from the originator are considered. The Bank estimates cash flows considering the contractual term defined for the operations.

For the purposes of determining cash flows, those arising from the sale of real collateral received are also included, considering the flows that would be obtained from their sale, less the costs necessary for obtaining, maintaining and subsequently selling them, as are other guarantees that form an integral part of the contractual conditions, such as financial collateral.

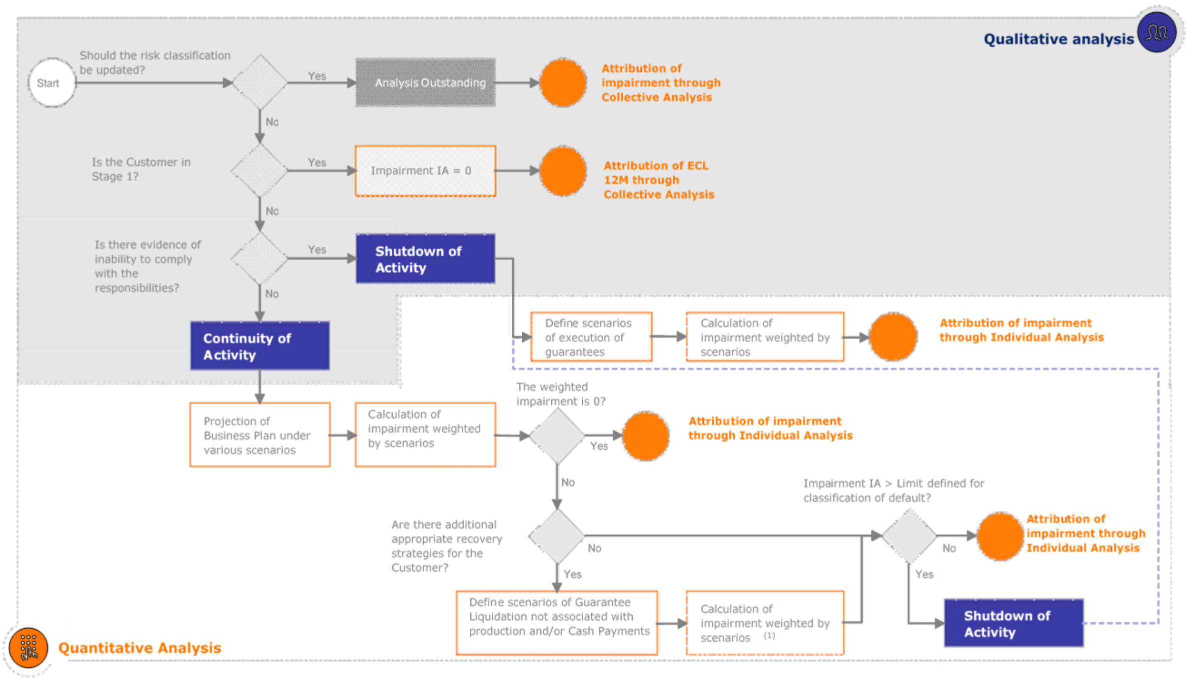
b) **Expected credit losses**: correspond to the weighted average of credit losses, using the probability of the occurrence of default events as weighting factor. The following distinction shall be taken into account: (i) expected credit losses during the life of the operation (lifetime): these are the expected credit losses that result from possible default events during the expected life of the operation; (ii) expected credit losses within 12 months: these are part of the expected credit losses over the life of the instrument that represents the expected credit losses that result from default situations in relation to a financial instrument that may occur within the period of 12 months from the reference date.

Impairment model of loans and advances to customers

The methodology adopted by the Bank foresees, in a first stage, the identification of Economic Groups (and private customers, hereinafter "individuals") considered as individually significant. These are analysed individually and the remainder collectively, according to homogeneous risk groups. The following criteria for selecting Groups (and individuals) that are individually significant are considered:

- Corporate customers with an exposure greater than 50 million AKZ;
- Individuals with an exposure greater than 100 million AKZ;
- Corporate customers with overdue credit (more than 30 days), exposure greater than 25 million AKZ and default greater than 1 million AKZ;
- Individuals with overdue credit (more than 30 days), exposure greater than 50 million AKZ and default greater than 1 million AKZ;
- Customers with restructured operations due to the debtor's financial difficulties; and
- Ad-hoc customers (individuals or companies) that are not subject to individual analysis according to the previous criteria, but for which the Bank considers appropriate to realize the respective individual analysis.

The individual analysis process follows the following flow:



In the collective analysis methodology, the Bank groups customers into homogeneous risk segments, namely the following:

- Consumer credit

- Overdrafts
- Credit cards
- Motor vehicle loans
- Mortgage loans
- Small businesses
- Large businesses
- State
- Financial institutions

The amount of impairment losses is determined according to whether there is a significant deterioration of the risk since initial recognition, and whether a default event occurs. Consequently, the Bank classifies financial instruments into three stages of impairment, as described below:

- Stage I: Classification to be applied on the initial recognition of financial instruments or in case of failure to comply with any of the classification criteria of the other impairment stages
- Stage II: Classification to be applied to financial instruments that observe a significant increase in credit risk ("SICR") since origination
- Stage III: All financial instruments that are in default will be classified under this stage according to the Bank's internal definition, aligned with Instruction No. 08/2019.

The stage 2 criteria for classification are as follows:

Classification

- Contracts for products other than overdraft products, with overdue credit for more than 30 days
- Contracts for overdraft products with overdue credit for more than 15 days
- Customers with at least one credit operation restructured due to financial difficulties in the last 12 months
- Customers with an operation in litigation in the last 5 years
- Customers with bounced cheques and/or inhibited from using cheques according to the information available at CIRC (Angolan Centralized Credit Register)
- Customers with unauthorized overdrafts

For customers individually analysed the following additional criteria are considered:

- Customers with a credit operation in the financial system overdue for more than 90 days, capital or interest written off/cancelled or in a situation of litigation;
- Customers with overdrafts above the limit formally contracted or renewable credit operations used permanently in, at least, 95% of the limit initially contracted, in the last 12 months;
- Credit with a material decrease in the value of the real collateral (greater than 20%) when this results in a Credit/Guarantee Ratio in excess of 80%;
- Customers subject to Special Recovery Programs;
- Customers with overdue debts to the Tax Administration and/or Social Security;
- Bank pledges or expectation of insolvency or subject to a financial and/or operational recovery/reorganization process;
- Significant change in customers' operating results (Companies), for customers subject to Individual Analysis.

Propagation

- Propagation of all operations to stage 2 if the total exposure of the operation in stage 2 is greater than or equal to 20% of the Customer's exposure

The default marking criteria are as follows, provided they have (i) Absolute materiality: > = 5,000 AKZ of overdue credit; (ii) Relative materiality: 1% for Companies and 2.5% for Individuals, of the customer's on-balance sheet exposure.

Classification

- Contracts with overdue credit for more than 90 days
- Restructured contracts with overdue credit for more than 30 days

For customers individually analysed the following additional criteria are considered:

- Customers in bankruptcy/insolvency or with expectation of bankruptcy/insolvency
- Restructuring with material loss or grace period of the principal or originating from contracts already in stage 3.

Propagation

- Propagation of marking of default when the default exposure represents 20% of total customer exposure

Demarking

- Contracts with overdue credit for more than 90 days: a quarantine period of 12 months (at least 6 months in stage 3, and 6 months in stage 2) without any default activation criteria
- Restructured credits: a quarantine period (at least 12 months) with payment of principal and interest without overdue exposure for a period greater than 30 days

In calculating collective impairment, the Bank considers the following credit risk parameters:

a) Exposure: The exposure (EAD - exposure at default) corresponds to the estimated amount in debt in the event of default. This component is relevant for financial instruments that have a variable amortization structure depending on the customer's use (current revolving loan accounts, credit cards, in general, any revolving product). The calculation of this estimate is based on the observation of historical data for debtors in respect of which default situations have been verified, relating the levels of use of the limits at the time of default with those in the previous 12 months. In this context, future levels of use are estimated according to the nature of the product, current levels of use and the credit ceiling.

b) Probability of default: the Bank applies a methodology for calculating the probability of default forecast (PD – probability of default) for each borrower for the entire loan portfolio and for each risk segment. The results of the methodology applied to determine the probability of default are used in the credit granting and follow-up processes and have been developed and calibrated, according to the historical experience of defaults suffered by the Bank. This parameter is used directly to calculate the expected losses (ECL) of operations in stage 1 and 2 of impairment. Thus, for stage 1 the period of 12 months should be considered and for stage 2 the residual maturity of the operation.

c) Loss given default: the loss given default (LGD - loss given default) corresponds to the percentage of debt that will not be recovered in the event of a customer default. The calculation of the LGD is performed based on historical internal information, considering the cash flows associated with the contracts from the time of default until their settlement or until the moment when there are no relevant recovery expectations. It is also included in the calculation of the estimates of the costs associated with the credit recovery processes.

The parameters considered for determining impairment are generally based on the internal historical experience of defaults and recoveries of the Bank. The parameters are reviewed and updated periodically, to reflect the economic situation and to be representative of the current economic context at any moment.

The models also incorporate prospects of future economic evolution (forward looking) to determine the expected loss considering the macroeconomic factors that are related to the probability of default and/or recoverability indicators of the Bank, namely:

- Real GDP
- Growth rate of non-oil GDP
- (Parallel) USD/AOA end of period exchange rate
- Luanda Consumer Price Index
- Real Effective Exchange Rate (REER)
- EUR/AOA end of period exchange rate

In the review processes, the necessary improvements that are detected in retrospective comparison exercises (back testing) will also be introduced.

During 2020, there was a deterioration in the quality of the credit risk of BFA's portfolio, mainly explained by the impact of the Covid-19 pandemic, with an increase in the amount of credit in Stage 2 (+123%) and Stage 3 (+49%), contributing to a total increase in impairment of +22 641 051 kAKZ, compared with 31 December 2019.

It should be noted that BFA only granted moratoriums up to 60 days for valid requests that have been submitted to the Bank by 30 May 2020.

In addition, BFA proceeded to update the regressions, scenarios and macroeconomic weightings in its impairment model; however, it is not possible to quantify in isolation the impact of the forward-looking adjustment due to Covid-19, since the Bank also made methodological and structural alterations in the estimation of its risk parameters, namely in terms of the historical data considered, definition of default and segmentation.

Impairment model for other financial instruments

The Bank classifies exposures in stages of impairment. In particular, exposures related to Sovereign States rated as investment grade by recognized agencies are classified in stage 1; likewise with exposures in which the return is adjusted to the risk of the issuer and same falls within the limits defined in the risk profile of the Bank. These exposures qualify for the determination of impairment losses at 12 months.

The risk factors applied are those associated with each rating level of the counterparty defined by the external provider.

The Bank did not apply the reduced credit risk exemption to any financial asset in financial years ended 31 December 2020 and 2019.

2.4 Operations with repurchase or resale agreement

Securities sold with a repurchase agreement (repos) for a fixed price, or for a price which equals the sale price plus interest inherent to the term of the operation are not derecognized from the balance sheet. The corresponding liability is recorded in amounts payable to banks or customers, as appropriate. The difference between the sale price and the repurchase price is treated as interest and is deferred over the life of the agreement, using the effective interest rate method.

Securities purchased with a resale agreement (reverse repos) for a fixed price, or for a price that equals the purchase price plus interest inherent to the term of the operation, are not recognized in the balance sheet, the purchase price being recorded as loans to banks or customers, as appropriate. The difference between the purchase price and the resale price is treated as interest and is deferred over the life of the agreement, using the effective interest rate method.

2.5 Derivative financial instruments

The Bank can carry out derivative financial instrument operations, within the scope of its activity, to manage its own positions based on expectations of market developments or to meet the needs of its customers.

All derivative instruments are recorded on the trade date at fair value and changes in fair value are recognized in the income statement unless they qualify as cash flow hedges or net investments in foreign operating units. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value).

Derivative financial instruments are classified as hedging (provided that all designation conditions are met) or trading instruments, depending on their purpose.

Hedging derivatives

The Bank had no hedging derivatives on the first adoption of IFRS 9.

The Bank designates derivatives and other financial instruments to hedge interest rate and foreign exchange risks, resulting from its business. Derivatives that do not qualify for hedge accounting are recorded as trading instruments.

Hedging derivatives are recorded at fair value and the gains or losses resulting from their remeasurement are recognized in accordance with the hedge accounting model adopted.

A hedging relationship exists when:
- at the beginning of the relationship there is formal documentation of the hedge;
- the hedge is expected to be highly effective;

- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and effectively determined to be highly effective over the financial reporting period; and
- in relation to the hedging of an anticipated transaction, the transaction is highly probable and presents an exposure to changes in cash flows that could ultimately affect results.

When a derivative financial instrument is used to hedge foreign exchange fluctuations of monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognized in profit or loss for the financial year, as are the fluctuations in the foreign exchange risk of the underlying monetary elements.

i. Fair value hedges

Changes in the fair value of derivatives that are designated and that qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the asset, liability or group of assets and liabilities to be hedged in respect of the risk covered. If the hedging relationship no longer meets the requirements of hedge accounting, the derivative financial instrument is transferred to the trading category and the hedge accounting is subsequently discontinued (the adjustment made to the book value of a hedging instrument, for which the effective interest rate method is used, is amortized through profit or loss for the period until its maturity and recognized in net interest income). If the hedged asset or liability corresponds to a fixed-income instrument, the accumulated gains or losses in respect of changes in the interest rate risk associated with the hedging item until the date the hedging is discontinued, are amortized through profit or loss over the remaining period of the hedged item.

ii. Cash flow hedges

Changes in the fair value of derivatives, which qualify as cash flow hedges, are recognized in equity - cash flow reserves - for the effective part of the hedging relationships. Changes in the fair value of the ineffective portion of hedging relationships are recognized in the income statement when they occur.

The amounts accumulated in equity are reclassified to the income statement in the financial years in which the hedged item affects results.

When the hedging instrument is derecognized, or when the hedging relationship no longer meets the hedge accounting requirements or is revoked, the hedging relationship is discontinued prospectively. Accordingly, changes in fair value accumulated in equity until the date the hedging is discontinued can be:

- deferred for the remaining period of the hedged instrument; and
- recognized immediately in the income statement for the financial year if the hedged instrument has been extinguished.

In the case of the discontinuation of a hedging relationship of a future transaction, the changes in the derivative's fair value recorded in equity remain there until the future transaction is recognized in the income statement. When the transaction is no longer expected to occur, the accumulated gains or losses recorded in equity are immediately recognized in the income statement.

As at 31 December 2020 and 2019, the Bank had no hedging derivatives.

Derivatives held for trading

Derivatives that are not considered in an accounting hedging relationship are considered as other financial instruments at fair value through profit or loss. When the fair value of the instruments is positive, they are presented in assets, when their fair value is negative, they are classified in liabilities, in both cases under financial assets or liabilities at fair value through profit or loss.

Embedded derivatives

There is an embedded derivative when a part of the financial instruments that the Bank trades contains a derivative and a non-derivative component. This component of the derivative is identified as an "embedded derivative", while the rest of the contract is described as a "base contract".

Derivatives embedded in financial instruments are separately accounted for whenever:

- the risks and economic benefits of the derivative are not related to those of the main instrument (host contract);
- a separate instrument with the same terms meets the definition of a derivative; and
- the hybrid instrument (as a whole) is not initially recognized at fair value through profit or loss.

Embedded derivatives are presented under the captions of financial assets or liabilities at fair value through profit or loss, being recorded at fair value with the changes being reflected in profit or loss.

2.6 Investments in subsidiaries, associates, and joint ventures

Subsidiaries are entities (including investment funds and securitization vehicles) controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, the variability in returns arising from its involvement with that entity and can seize them through the power it has over the relevant activities of that entity (de facto control).

Associated companies are entities over which the Bank has significant influence but does not exercise control over their financial and operating policy. The Bank is presumed to have significant influence when it holds more than 20% of the voting rights of the associate. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is assumed that it does not have significant influence, except when that influence can be clearly demonstrated.

The existence of significant influence on the part of the Bank is usually demonstrated by one, or more than one, of the following:

- representation on the Board of Directors or equivalent governing body;
- participation in policy-making processes, including participation in decisions on dividends or other distributions;
- material transactions between the Bank and the investee;
- exchange of management personnel; and
- provision of essential technical information.

Investments in subsidiaries and associates are recorded in the financial statements of the Bank at their historical cost less any impairment losses.

Impairment

The recoverable value of investments in subsidiaries and associates is assessed whenever there are signs of evidence of impairment. Impairment losses are calculated based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. The identified impairment losses are recorded in the income statement and are subsequently reversed through profit or loss if there is a reduction in the estimated loss amount, in a subsequent period. The recoverable value is determined based on the higher of the value in use of the assets and the fair value less costs to sell, being calculated using valuation methodologies, supported by discounted cash flow techniques, considering market conditions, time value and business risks.

2.7 Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation to settle it by delivering cash or another financial asset to third parties, regardless of its legal form, evidencing a residual interest in the assets of an entity after deducting all its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recorded against equity, as a deduction from the amount of the issue. The amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

Distributions made on account of equity instruments are deducted from equity, as dividends, when declared.

2.8 Revaluation reserve in equity

Pursuant to Notice No. 2/2009, of 8 May, of the Angolan National Bank on monetary restatement, financial institutions must, in the event of inflation, consider the effects of changes in the purchasing power of the national currency on a monthly basis, based on the application of the Consumer Price Index to the balances of capital, reserves and retained earnings.

The financial statements of an entity which functional currency is the currency of a hyperinflationary economy must be stated in terms of the current measurement unit, as at the balance sheet date. In accordance with the provisions of IAS 29, hyperinflation is indicated by the characteristics of a country's economic environment that include, but are not limited to, the following situations:

- The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. The amounts of local currency held are immediately invested to maintain purchasing power;
- The general population sees monetary amounts, not in terms of local currency, but in terms of a stable foreign currency. Prices can be quoted in that currency;
- Credit sales and purchases take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- Interest rates, salaries and prices are linked to a price index; and
- The inflation rate accumulated over three years approaches 100% or exceeds this figure.

The amount resulting from the monetary revaluation must be reflected monthly in the income statement, with a corresponding increase of the equity, with the exception of the caption "Share capital", which must be classified under a specific caption ("Share capital monetary revaluation reserve") and which can only be used for subsequent shares capital increases.

2.9 Intangible assets and other tangible assets

Intangible assets are only recognized when: i) they are identifiable; ii) it is probable that they will generate future economic benefits and iii) their cost can be reliably measured.

The acquisition cost of intangible assets comprises: i) the purchase price, including costs with intellectual rights and fees and after deducting any discounts and ii) any cost directly attributable to the preparation of the asset for its intended use.

After the initial accounting, BFA measures its intangible assets according to the cost model.

Intangible assets, which correspond mainly to IT software, are recorded at acquisition costs and amortized on a straight-line basis over a three-year period.

The other tangible fixed assets are valued at cost less accumulated depreciation and any impairment losses. This cost includes: (a) the "deemed cost" determined at the date of the transition to IFRS, which corresponds to the net amount carried over from the previous standards, including legal revaluations and (b) the acquisition cost of assets acquired or constructed after that date.

Other tangible fixed assets are recorded at acquisition cost, with their revaluation being permitted under the applicable legal provisions.

The acquisition cost of other tangible fixed assets includes the purchase price of the asset, the expenses directly attributable to its acquisition and the costs incurred with the preparation of the asset, so that it is placed in its condition of use. Financial costs incurred with loans obtained for the construction of qualifying tangible fixed assets are recognized as part of the construction cost of the asset.

Pursuant to Notice No. 2/2009, of 8 May, of the Angolan National Bank on monetary revaluation, financial institutions must, in the event of inflation, restate intangible assets and other tangible fixed assets monthly based on the Consumer Price Index.

The amount resulting from the monetary revaluation must be reflected monthly in a profit and loss account, against the captions of gross value and accumulated amortization/depreciation.

A percentage equivalent to 30% of the increase in amortization/depreciation resulting from the revaluations carried out is not accepted as a cost for tax purposes.

Land is not depreciated. Depreciation is calculated using the straight-line method, in accordance with the estimated useful lives estimated by the Bank, which correspond to the following years of useful life:

	Years of useful life
Real estate for own use (Buildings)	50
Betterments in leased buildings	10
Equipment:	
. Furniture and materials	10
. IT equipment	3
. Furnishings	10
. Transportation equipment	3
. Machines and tools	6 and 7

2.10 Non-current assets held for sale

Non-current assets are classified as non-current assets held for sale when their book value is intended to be realized mainly through a sale transaction, instead of through their continued use in the Bank's activities.

Under the caption "Non-current assets held for sale" are registered the assets received as payment in kind, in consequence of the recovery of non-performing loans, which are available for immediate sale and which sale is very likely (within one year). When the condition referred to in IFRS 5 is no longer fulfilled, assets received as payment in kind are reclassified to the caption "Other assets".

Impairment losses are reversed up to the limit of the value of the assets had impairment losses never been recognized but only the effects of functional wear and tear through depreciation.

The value of assets received as payment in kind is initially recorded at the lower of the fair value less costs to sell and the book value of the existing loan on the date the payment in kind was made, and is not subsequently subject to depreciation.

When the outstanding amount of the loan operation is greater than its book value (net of provisions), the difference must be recognized as income for the financial year, up to the value determined upon valuation of the assets. When the valuation of the assets is lower than the book value of the loan operation, the difference must be recognized as a cost for the financial year.

When these assets are real estate and their value is based on their fair value less the estimated selling costs, they are classified in level 3 of the fair value hierarchy.

2.11 Impairment of non-financial assets

When there is an indication that an asset may be impaired, IAS 36 requires that its recoverable value be estimated, and an impairment loss should be recognized whenever the net value of an asset exceeds its recoverable value. Impairment losses are recognized in the income statement, being reversed in subsequent reporting periods, when the reasons that led to their initial recognition cease. For this purpose, the new depreciated amount shall not be higher than the one that would have been accounted for, had no impairment losses been imputed to the asset, and considering the depreciation it would have undergone.

The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

On the date of the derecognition of a tangible fixed asset, the gain or loss calculated by the difference between the fair value less costs to sell and the net book value is recognized in the income statement under the caption "Net gains/(losses) on disposal of other assets".

2.12 Cash and cash equivalents

For the purposes of 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, and with an insignificant risk of change in value, which includes cash and deposits in other banks.

2.13 Dividends

Dividends (income from equity instruments) are recognized in the income statement when the right to receive them is attributed.

2.14 Commissions

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

- when they are obtained as the services are rendered, their recognition in the income statement is made in the financial year to which they refer; and
- when they result from a single provision of services, their recognition is made when said service is completed.

When they are an integral part of the effective interest rate of a financial instrument, the income resulting from services and commissions are recorded in net interest income.

2.15 Employee benefits

Short-term benefits are reflected in the "Staff costs" caption in the financial year to which they refer, in accordance with the accrual's principle.

BFA's employees are covered by Law No. 07/04, of 15 October, which regulates the Social Security system of Angola, and which provides for the attribution of retirement pensions to all Angolan employees registered with Social Security. The value of these pensions is calculated based on a table proportional to the number of years of work, applied to the average monthly gross salary received in the financial years immediately preceding the date the employee retires. According to Decree No. 38/08, of 09 June, the contribution rates to this system are 8% for the employer and 3% for the employees.

Pursuant to article No. 262 of Law No. 02/00, of 11 February (General Labour Law), BFA constituted provisions to cover responsibilities with "Retirement compensation", which are determined by multiplying 25% of the basic monthly salary practiced on the date the employee reaches the statutory retirement age, by the number of years of seniority on that date. The total amount of the responsibilities is determined on an annual basis by experts, using the "Projected Unit Credit" method for the liabilities for past services.
On 15 September 2015, Law No. 07/15, of 15 June (New General Labour Law) came into force, revoking Law No. 02/00, of 11 February. The New General Labour Law does not refer to the need to set up provisions to cover the responsibilities related to "Retirement compensation".

In addition, the Bank granted its employees contracted locally or their families the right to cash benefits for retirement due to old age, disability, and survival. Thus, by resolution of the Board of Directors of the Bank, and with effect from 1 January 2005, a "Supplementary Pension Plan" was created, which was embodied in a defined contribution plan. This plan was initially constituted with part of the balance of the "Provision for Probable Responsibilities with Retirement Pension Funds", consisting of contributions by BFA of a fixed percentage corresponding to 10% of the salary subject to discounts to the Social Security of Angola, applied on fourteen salaries. The return on the corresponding investments made, net of any taxes, is added to the contributions' amount.

In 2013, with reference to the last day of the year, the Bank constituted the "BFA Pension Fund" to cover these responsibilities, having, in financial year 2018, used the provisions previously established as an initial contribution to the BFA Pension Fund (see Note 18). The amounts corresponding to the rights acquired in the "Supplementary Pension Plan" were transferred to the current pension plan and converted into contributions by the participant. Contributions from BFA to the BFA Pension Fund consist of a fixed percentage corresponding to 10% of the salary subject to discounts to the Social Security of Angola, applied on fourteen salaries. The return on the corresponding investments made, net of any taxes, is added to the contributions' amount.

Employment termination benefit

This type of benefit is recognized when the Bank terminates the employment contract before the employee reaches normal retirement date, or when an employee accepts the termination of employment in exchange for such benefit. The Bank recognizes a liability for termination benefits on the earliest of the following dates: when the Bank is no longer able to withdraw the offer of benefits or when the Bank recognizes the costs of a restructuring, within the scope of the recognition of restructuring provisions. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

2.16 Income tax and other taxes

The total income tax recorded in the income statement includes current and deferred taxes.

Current tax

Current tax is calculated based on the taxable income for the financial year, which differs from the accounting income due to adjustments to the tax base resulting from expenses or income not relevant for tax purposes, or which will only be considered in future financial years according to the applicable tax laws (Industrial Tax Code).

Deferred tax

Deferred tax corresponds to the impact on tax recoverable/payable in future years resulting from deductible or taxable timing differences between the balance sheet value of assets and liabilities and their tax base, used to determine taxable income. Deferred taxes are calculated based on the tax rate in force or substantially in force on the date of the financial reporting, and which is estimated to be applicable on the date of realization of deferred tax assets or on the date of payment of deferred tax liabilities.

Deferred tax liabilities are normally recorded for all taxable timing differences, whereas deferred tax assets are only recognized up to the amount that it is probable that future taxable income will exist, to allow for the use of the corresponding deductible timing differences or tax losses carried forward. Additionally, deferred tax assets are not recorded in cases where their recoverability may be questionable due to other situations, including issues of interpretation of the tax legislation in force.

Industrial tax

As at 31 December 2020, the Bank is subject to taxation under Industrial Tax ("Imposto Industrial"), being taxed as a Group A taxpayer.

The Industrial Tax Code determines that the income subject to Investment Income Tax ("Imposto sobre a Aplicação de Capitais) ("IAC") is deducted for the purposes of determining taxable income, under Industrial Tax, with the IAC not constituting a tax-deductible cost.

The yields on Treasury Bonds and Treasury Bills, issued by the Angolan State after 1 January 2013 are subject to IAC, at the rate of 10% (5% in the case of debt securities admitted to trading on a regulated market and presenting a maturity equal to or greater than three years) and Industrial tax, in the case of capital gains or losses obtained (including possible exchange restatements on the capital component).

Income subject to IAC is excluded from Industrial Tax.

On 20 July 2020 Law No. 26/2020 was published, amending the Industrial Tax Code. This amendment provides for an increase in the rate of Industrial Tax, applicable to banking sector activities, to 35%, applicable already in the year of 2020. Likewise, an increase in the carry forward period of tax losses to 5 years was stipulated, as were amendments to the tax treatment of exchange rate changes and the tax deductibility of provisions, to ensure that impairment losses on guaranteed credits are not deductible for tax purposes, except for the non-guaranteed part.

Investment Income Tax (IAC)

The new IAC code, approved by Presidential Legislative Decree No. 02/2015, of 20 October, came into force on 19 November 2014.

The IAC applies, generally, to income from financial investments of the Bank. The rate varies between 5% (in the case of interest received on debt securities which are admitted to trading on a regulated market, and which have a maturity of three years or more) and 10%. Notwithstanding the above, with respect to income from public debt securities, according to the understanding of the Tax Authorities and the Angolan National Bank addressed to the Angolan Banking Association ("Associação Angolana de Bancos") (letter from the Angolan National Bank dated 26 September 2013), only income arising from securities issued on or after 1 January 2013 are subject to this tax.

On 1 August 2013, the automation process to withhold tax was started, by the BNA, in respect of Capital Gains Tax, in accordance with the provisions of Presidential Legislative Decree No. 05/11, of 30 December.

After 1 January 2015, the IAC no longer has the nature of a payment on account of Industrial Tax, with the respective income being excluded from taxation in terms of Industrial Tax. The IAC is generally levied on the yields of the securities previously identified and is withheld at source by the Bank. For these reasons, the Bank considers that the conditions to consider IAC a tax on income, in the light of IFRSs, are fulfilled.

Value Added Tax (VAT)

Law No. 07/19 introduced VAT, which has been in force since 1 October 2019, revoking the Consumption Tax Regulation ("Regulamento do Imposto de Consumo" ("IC")) and introducing relevant amendments to the Stamp Duty Code ("Código do Imposto de Selo" ("IS")), with customs, financing, insurance and reinsurance operations being exempted from IS when taxed under VAT. The IS on receipts is also revoked.

The VAT rate is 14%.

The VAT regime defined has some specificities, such as a withholding regime. Under this regime, the Bank acts as a withholding agent of 50% of the VAT assessed by its suppliers, with some exceptions.

Regarding services provided, the Bank has an obligation to assess VAT on commissions charged to customers and is exempt from assessing VAT on some operations such as interest.

Because it simultaneously carries out taxed but non-subject transactions that entitles it to the right to deduct and exempt transactions that restrict this right, the Bank can only deduct VAT incurred upstream with the purchase of goods and services in proportion to the transactions that confer such right. The Bank is also required to comply with the invoicing rules under the Legal Regime of Invoices and Equivalent Documents ("Regime Jurídico das Facturas e Documentos Equivalentes" ("RJFDE")), in force since April 2019. In this context, the Bank issues generic invoices through software certified by the AGT (Tax Authority).

Property Tax ("IP")

IP is levied, at the rate of 0.5%, on the value of own real estate that is intended for the development of the normal activity of the Bank, when its value exceeds 5 000 Thousand AKZ.

Other taxes

The Bank is also subject to indirect taxes, namely, customs duties, Stamp Duty, Consumption Tax, as well as other taxes.

2.17 Provisions and contingent liabilities

A provision is set up when there is a present obligation (legal or constructive) resulting from past events for which the future expenditure of resources is likely, and same can be reliably determined. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability, at the balance sheet date. Provisions are measured at the present value of the estimated costs to settle the obligation, using a pre-tax interest rate, which reflects the market value, for the discount period and for the risk of the provision.

If the future expenditure of resources is not likely, it is a contingent liability, and is subject to the respective disclosure, in accordance with the requirements of IAS 37 - "Provisions, contingent liabilities and contingent assets".

Provisions related to legal proceedings, opposing BFA to third parties, are constituted in accordance with internal risk assessments carried out by the Board of Directors, with the support and advice of its legal advisors.

2.18 Financial and Performance guarantees

Financial guarantees

Financial guarantees are contracts that require the issuer to make payments in order to compensate the holder for losses incurred, as a result of breaches of the contractual terms of debt instruments, namely the payment of the respective principal and/or interest.

Financial guarantees issued are initially recognized at their fair value. Subsequently, these guarantees are measured at the higher (i) of the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any change in the amount of the obligation associated with financial guarantees issued is recognized in the income statement.

Financial guarantees issued by the Bank usually have a defined maturity and a periodic fee charged in advance, which varies depending on the counterparty risk, amount, and period of the contract. On this basis, the fair value of the guarantees, on the date of their initial recognition, is approximately equivalent to the value of the initial commission received, considering that the agreed conditions are market conditions. Thus, the amount recognized on the contracting date equals the amount of the initial commission received, which is recognized in the income statement during the financial year to which it refers. Subsequent commissions are recognized in the income statement, in the financial year to which they relate.

Performance guarantees

Performance guarantees are contracts that result in the compensation of one of the parties, if said party does not fulfil the contractual obligation. Performance guarantees are initially recognized at fair value, which is normally evidenced by the value of commissions received during the term of the contract. Upon breach of contract, the Bank has the right to revert the guarantee, with the amounts being recognized in Loans and advances to customers, following the transfer of the loss compensation to the guarantee beneficiary.

2.19 Leases

This standard establishes requirements regarding the scope, classification/recognition and measurement of leases:

- from the lessor's perspective, leases continue to be classified as finance leases or operating leases;
- from the lessee's perspective, the standard defines a single accounting model for lease agreements that results in the recognition of an asset under right of use and a lease liability for all lease agreements except for leases with a period of less than 12 months or for leases of low value assets in which cases the lessee may opt for the recognition exemption provided for in IFRS 16, and, in that case, should recognize the lease payments associated with those contracts as expenses.

The Bank has opted not to apply this standard to short-term lease agreements of less than or equal to one year and to lease agreements where the underlying asset has a reduced unit value; having also opted to not applying this standard to leases of intangible assets.

Definition of a lease

The definition of a lease entails a focus on the control of the identified asset, that is, an agreement constitutes or contains a lease if it transfers the right to control the use of an identified asset, that is, obtaining substantially all the economic benefits of using it and the right to guide the use of that identified asset, over a period of time in exchange for consideration.

Accounting from the lessee's perspective

The Bank recognizes for all leases, except for leases with a period of less than 12 months or for leases of assets of a reduced unit value:

- an asset under right of use, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) less lease incentives received, penalties for termination (if reasonably certain), as well as any cost estimates to be borne by the lessee with the dismantling and removal of the underlying asset and/or with the restoration of the location where it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortization according to the lease term of each agreement and to impairment tests);
- a lease liability, initially recorded at the present value of the lease's future cash flows (NPV), which includes:
    - fixed payments, less leasing incentives receivable;
    - variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date of the agreement;
    - the amounts to be paid by the lessee as residual value guarantees;
    - the exercise price of a call option, if the lessee is reasonably certain to exercise that option; and
    - sanction payments for the termination of the lease if the lease term reflects the exercise of a lease termination option by the lessee.

When it is not possible to easily determine the interest rate implicit in the lease (paragraph 26 of IFRS 16), lease payments are discounted according to the lessee's incremental financing rate which incorporates the risk-free interest rate curve (swap curve), plus a risk spread of the Bank, applied over the weighted average term of each lease agreement.

For fixed-term contracts, the respective date is considered the end date of the lease; for the other open-ended contracts, the term during which the agreement is enforceable is evaluated.

Subsequently, the lease liability is measured as follows:

- by the increase in its carrying amount to reflect interest on it;
- by the decrease in its carrying amount to reflect lease payments; and
- the carrying amount is remeasured to reflect any revaluations or changes in the lease, as well as to incorporate the revision of lease payments fixed in substance and the revision of the lease term.

The Bank revalues a lease liability, and calculates the respective adjustment related to the asset under right of use whenever:

- there is a change in the lease term or in the assessment of a call option over the underlying asset, in which case the lease liability is remeasured, discounting the revised lease payments and using a revised discount rate;
- there is a change in the amounts payable under a residual value guarantee, or in the future lease payments resulting from the change in an index or rate used to determine these payments, in which case the lease liability is remeasured, discounting the revised lease payments using an unchanged discount rate (unless the change in the lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and
- a lease agreement is changed, but such lease change is not accounted for as a separate lease, in which case the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Assets under right of use are depreciated/amortized from the lease start date until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is earlier. If the lease transfers ownership of the underlying asset, or if the cost of the asset under right of use reflects the fact that the Bank will exercise a call option, the asset under right of use should be depreciated/amortized from the lease start date until the end of the useful life of the underlying asset. Depreciation/amortization begins on the date the lease takes effect.

The accounting of leases from the lessee's perspective on the Bank's financial statements is presented as follows:

In the income statement:

- recording in Net interest income of interest expense related to lease liabilities;
- recording in Other administrative expenses of the amounts related to short-term lease agreements and lease agreements for low value assets; and
- recording in Depreciation and amortization for the period of the depreciation expense of assets under right of use.

In the balance sheet:

- recognition of assets under right of use; and
- recording of the value of the lease liabilities recognized in the caption Other liabilities.

Accounting from the lessor's perspective

As at 31 December 2020 and 2019, the Bank has no lease contracts from the lessor's perspective.

2.20 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding, excluding the average number of own shares held by the Bank.

For the diluted earnings per share, the average number of ordinary shares outstanding is adjusted to reflect the effect of all potential ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion into shares decreases earnings per share.

If earnings per share change as a result of an issue with a premium or discount or other event that changes the potential number of ordinary shares, or changes in accounting policies, the calculation of earnings per share for all financial years presented is adjusted retrospectively (see Note 19).

2.21 Subsequent events

The Bank analyses events that occurred after the balance sheet date, that is, favourable and/or unfavourable events that occurred between the balance sheet date and the date on which the financial statements were authorized for issue. Within this scope, two types of events can be identified:

- those that provide proof of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and
- those that are indicative of conditions that arose after the balance sheet date (events after the balance sheet date that do not give rise to adjustments).

Events that occur after the date of the financial statements that are not considered to be adjustable events are, if significant, disclosed in the notes to the financial statements.

3. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH THE APPLICATION OF THE ACCOUNTING POLICIES

IFRS establish several accounting treatments and require the Board of Directors to make judgments and prepare the necessary estimates to decide which accounting treatment is most appropriate. The main 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 considering the context of uncertainty resulting from the impact of the Covid-19 pandemic. A broad 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 different treatments were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present, in a true and fair manner, the Bank's financial position and the result of its operations in all materially relevant aspects.

3.1 Income tax and deferred tax

To determine the overall amount of income taxes (Industrial Tax), it was necessary to make certain interpretations and estimates.

As at 31 December 2020, the Industrial Tax (current and deferred) was determined based on the tax legislation in force for taxpayers classified fiscally in Group A.

The General Tax Administration ("Administração Geral Tributária" ("AGT")) has the right to review the calculation of the taxable income made by the Bank during a period of five years.

In 2018, BFA adopted IFRS 9 - Financial Instruments, and, with respect to this matter, there is no transitional regime that establishes the tax treatment to be given to the transition adjustments to IFRS 9; thus, the treatment given resulted from Management's interpretation of the application of the general rules of the Industrial Tax legislation. It is the understanding of the Board of Directors that the impacts resulting from the adoption of IFRS recognized directly in retained earnings, give rise to the recognition of deferred taxes.

Likewise, the Board of Directors reflected in the financial statements for financial year ended 31 December 2020 its interpretation of the changes resulting from the entry into force of Law No. 26/2020 regarding the tax treatment of foreign exchange rate fluctuations and impairment losses of guaranteed credits.

Different interpretations of tax legislation may influence the amount of Industrial Tax and deferred taxes recognized in the financial year and presented in Note 13. As a result, the recorded amounts, which result from the best knowledge of the Bank's management bodies, may be subject to change, based on different interpretations by the Tax Authorities.

3.2 Impairment losses of financial assets at amortized cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses of financial instruments involves judgments and estimates regarding the following aspects, among others:

a) *Significant increase in credit risk:*

Impairment losses correspond to the expected losses in the event of a default over a 12-month time horizon, for stage 1 assets, and to the expected losses considering the probability of a default event occurring at some point up to the financial instrument's maturity date, for stage 2 and 3 assets. An asset is classified as stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank considers reasonable and sustainable qualitative and quantitative information.

b) *Definition of groups of assets with common credit risk characteristics:*

When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of the credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, the asset segmentation is revised. This revision may result in the creation of new portfolios or in the transfer of assets to existing portfolios which better reflect their credit risk characteristics.

c) *Probability of default:*

The probability of default represents a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in each period, the calculation of which is based on historical data, assumptions, and expectations about future conditions.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

d) Loss given default:
Corresponds to an estimate of loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, either through the cash flows generated by the customer's business or the loan collateral. The calculation of the estimated loss given default is based, among other aspects, on the different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of collaterals associated with loan operations.

Alternative methodologies and the use of other assumptions and estimates could result in different levels of impairment losses being recognized and presented in Notes 6, 8 and 9, with the consequent impact on the results of the Bank.

3.3 Fair value of derivative financial instruments and other financial assets and liabilities measured at fair value

Fair value is based on market quotations, when available, and, in their absence, on the use of prices of similar recent transactions carried out under market conditions or based on valuation methodologies, using discounted cash flow techniques, applied to the future cash flows considering market conditions, the effect of time, the yield 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 give rise to different financial results from those reported in Note 7.

3.4 Provisions

The measurement of provisions considers the principles defined in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing actions, and considers the risks and uncertainties inherent in the process. Different assumptions and judgments would have an impact on the determination of the amount of the provisions that are presented in Note 17.

4. CASH AND BALANCES AT CENTRAL BANKS

As at 31 December 2020 and 2019, the caption Cash and balances at Central Banks has the following breakdown:

	31/12/2020	31/12/2019
Cash		
Notes and coins in domestic currency	20,815,102	20,809,566
Notes and coins in foreign currency		
In US Dollars	3,617,554	5,190,201
In other currencies	6,032,320	4,688,655
	30,464,976	30,688,422
Balances at Central Banks		
Demand deposits at the National Bank of Angola (BNA)		
In domestic currency	200,585,284	162,609,318
In US Dollars	32,660,769	47,954,603
In other currencies	210,505,806	61,463,852
	443,751,859	272,027,773
	474,216,835	302,716,195

Demand deposits in the BNA in domestic and foreign currency aim to comply with the provisions in force regarding the mandatory reserves to be maintained and are not remunerated.

As at 31 December 2019, mandatory reserves are calculated in accordance with the provisions of Instruction No. 17/2019 of the BNA, of 24 October 2019, and Directive No. 8/2019 of the BNA, of 24 October 2019.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

As at 31 December 2020, mandatory reserves are calculated in accordance with the provisions of Instruction No. 16/2020 of the BNA, of 6 October 2020, and Directive No. 4/2020 of the BNA, of 6 October 2020.

As at 31 December 2020, the mandatory reserve requirement is determined by applying a rate of 22% (2019: 22%), on the arithmetic average of eligible liabilities in national currency and a rate of 17% (2019: 15%), on the arithmetic average of liabilities eligible in foreign currency.

Directive No. 04/2020 of the BNA provides that with respect to mandatory reserves in national currency, the balances of deposit accounts in foreign and national currency, opened at Banco Nacional de Angola in the name of each banking financial institution, are eligible. For the fulfilment of mandatory reserves in foreign currency, the following assets are eligible:

- Balance of the foreign and domestic currency deposit account, opened at the National Bank of Angola in the name of each banking financial institution; and
- Treasury bonds in foreign currency, belonging to the own portfolio, registered with SIGMA, and issued as from 2015, up to 80% of the effective requirement.

For the fulfilment of the minimum mandatory reserves the following are also eligible:

- 80% (eighty per cent) of the assets representing the value of disbursements of credits in domestic currency granted as of the date of entry into force of the publication of said Directive, to projects in the agriculture, livestock, forestry and fisheries sectors, provided that they have a residual maturity greater than or equal to 24 months; and
- 100% of credits defined in accordance with article 6 of Notice No. 10/2020, of 01 April, on Granting Credit to the Real Sector of the Economy, whatever the residual maturity.

5. BALANCES AT OTHER CREDIT INSTITUTIONS

As at 31 December 2020 and 2019, the caption Balances at other credit institutions is fully composed of demand deposits placed with banks abroad.

	31/12/2020	31/12/2019
Demand deposits	26,295,341	42,522,475
Accumulated impairment losses	(18,548)	(14,678)
	26,276,793	**42,507,797**

6. DEPOSITS WITH CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

The caption Deposits with central banks and other credit institutions, as at 31 December 2020 and 2019, has the following breakdown:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020	**31/12/2019**
Deposits with credit institutions:		
Deposits with credit institutions abroad:		
. In US Dollars	570,352,312	376,137,060
. In Euros	55,890,030	50,782,716
. In Pounds Sterling	7,102,184	6,422,570
	633,344,526	433,342,346
Deposits with credit institutions in Angola:		
Other credit institutions in Angola		
. In Kwanzas	16,375,500	23,751,700
	16,375,500	23,751,700
Income receivables	142,665	398,786
	649,862,691	457,492,832
Accumulated impairment losses	(770,956)	(745,837)
	649,091,735	**456,746,995**

As at 31 December 2020 and 2019, the deposits with credit institutions had residual maturities of less than 3 months.

As at 31 December 2020 and 2019, the deposits with credit institutions earned interest at the following annual weighted average rates:

	31/12/2020	**31/12/2019**
In US Dollars	0.19%	1.80%
In Euros	0.09%	0.05%
In Kwanzas	5.98%	14.24%
In Pounds Sterling	0.02%	0.56%

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2020 and 2019, the Bank only holds financial assets held for trading, not holding financial assets designated at the time of their initial recognition at fair value through profit or loss (Fair Value Option).

The breakdown of financial assets at fair value through profit or loss is presented as follows:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020	31/12/2019
Debt securities:		
Treasury Bills	216,599,735	55,027,196
Treasury Bonds	144,199,296	114,672,863
	360,799,031	169,700,059
Derivatives:		
Foreign exchange forwards contracts	585,191	208,633
Equity instruments:		
Visa Incl. - Class C (Series I)	1,972,648	1,259,123
EMIS	1,992,704	1,412,746
IMC – Instituto de mercado de capitais	337	337
SWIFT	40,971	27,752
Participation units:		
BFA Protecção	-	7,012
BFA Oportunidades III	128,038	74,540
BFA Oportunidades IV	98,155	-
BFA Oportunidades V	66,117	-
BFA Oportunidades VI	11,096	-
	365,694,288	**172,690,202**

Debt securities

As at 31 December 2020 and 2019, the Bank holds Treasury Bills and Treasury Bonds issued by the Angolan State, to trade, on the secondary market, with other banks, or with its customers.

Equity securities

As at 31 December 2020, the equity securities portfolio recorded at fair value through profit or loss, refers to:

- 13 896 Class C (Series I) shares of Visa Inc.;
- Shareholding in EMIS – Empresa Interbancária de Serviços, S.A.R.L. (EMIS);
- Shareholding in IMC – Instituto de Mercado de Capitais (2%);
- BFA Protecção;
- Participation units in Fundo BFA Oportunidades III;
- Participation units in Fundo BFA Oportunidades IV;
- Participation units in Fundo BFA Oportunidades V;
- Participation units in Fundo BFA Oportunidades VI.

SWIFT

In financial year 2019, BFA acquired 11 SWIFT securities in the total amount of 51 315 Euros (equivalent to 27 752 thousand AKZ as at 31 December 2019).

EMIS

As at 31 December 2020, the shareholding corresponds to 17.26% of the share capital of EMIS. EMIS was incorporated in Angola, with the purpose of managing electronic means of payment and complementary services.

During financial years 2020 and 2019, these companies did not distribute dividends.

As at 31 December 2020 and 2019, the changes in the value of debt securities recorded at fair value through profit or loss and the capital gains realized by the Bank, resulting from transactions in these securities are recorded under the caption "Net gains/(losses) on financial assets and liabilities at fair value through profit or loss" in the income statement.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

Derivatives

As at 31 December 2020 and 2019, the caption "Derivatives - Foreign exchange forwards contracts" has the following breakdown:

	31/12/2020	31/12/2019
Financial assets at fair value through profit or loss		
Derivative financial instruments		
Positive fair value (asset)	585,191	208,633
	585,191	208,633
Financial liabilities at fair value through profit or loss		
Derivative financial instruments		
Negative fair value (liability)	(4,244,410)	(12,675,871)
	(4,244,410)	(12,675,871)
	(3,659,219)	(12,467,238)

As at 31 December 2020 and 2019, the derivative financial instruments correspond to foreign exchange forwards contracted with non-financial companies, with maturities from January to March 2021 and July to September 2020, respectively.

The national of the forwards are recognized in off-balance sheet captions, in the amounts of 39 785 662 thousand AKZ and 40 559 456 thousand AKZ, as at 31 December 2020 and 2019, respectively.

As at 31 December 2020 and 2019, the results from financial assets and liabilities at fair value through profit or loss amounted to net gains of 26 476 147 thousand AKZ and net losses of 1 751 138 thousand AKZ, respectively, and are essentially related to (i) changes in the fair value of these assets and liabilities and (ii) results generated from the sale of securities.

8. INVESTMENTS AT AMORTIZED COST

As at 31 December 2020 and 2019, the caption of Investments at amortized cost has the following breakdown:

31/12/2020	Risk level	Country	Currency	Nominal value	Acquisition cost	Accrued premium/ discount	Accrued interest	Book value	Impairment	Net book value	Average interest rate
Debt securities											
Treasury Bonds in national currency:											
. Not indexed	A	Angola	AKZ	662,910,000	525,064,180	69,322,035	19,917,375	614,303,590	(34,014,842)	580,288,748	14.07%
Treasury Bonds in foreign currency	A	Angola	USD	417,208,169	417,208,169	-	3,642,952	420,851,121	(23,303,110)	397,548,011	4.99%
				1,080,118,169	942,272,349	69,322,035	23,560,327	1,035,154,711	(57,317,952)	977,836,759	

31/12/2019	Risk level	Country	Currency	Nominal value	Acquisition cost	Accrued premium/ discount	Accrued interest	Book value	Impairment	Net book value	Average interest rate
Debt securities											
Treasury Bonds in national currency:											
. Not indexed	A	Angola	AKZ	587,225,700	463,500,379	50,077,186	16,504,776	530,082,341	(8,329,714)	521,752,627	12.62%
Treasury Bonds in foreign currency	A	Angola	USD	309,310,042	309,310,042	-	2,691,969	312,002,011	(4,902,800)	307,099,211	4.85%
				896,535,742	772,810,421	50,077,186	19,196,745	842,084,352	(13,232,514)	828,851,838	

The breakdown of investments at amortized cost, by residual maturity, is shown in Note 30.2.

The fair value and the detail by fair value hierarchy of the investment portfolio at amortized cost are presented in Note 30.4.

Impairment losses as at 31 December 2020 and 2019 for Treasury Bonds were calculated based on the credit risk parameters provided by the international rating agency Moody's. In assessing the existence of a significant increase in credit risk at 31 December 2020 for the amortized cost instrument portfolio, which must be carried out from the date of acquisition of the financial assets, the Bank considered that Treasury Bonds with risk Angolan State acquired after October 2017 met the conditions to remain in Stage 1, since at the time of its acquisition the Angolan sovereign risk was already B2 – highly speculative, so the implicit risk already existed, having not undergone any significant changes until 31 December 2020 (only registered two rating downgrades). Likewise, Treasury Bonds acquired before October 2017, to the extent that as of December 31, 2020, have already undergone more than 2 downgrades in the rating since the acquisition date, comply with the criteria to be considered in Stage 2 (significant increase in credit risk).

The increase recorded in financial year 2020 results directly from the review of the external rating of Angola that occurred in the second half of 2020.

In Note 9, are presented the balances of the instruments at amortized cost by stage.

With reference to 31 December 2020 and 2019, a total impairment was registered of 57 317 952 thousand AKZ and 13 232 514 thousand AKZ, respectively.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

9. LOANS AND ADVANCES TO CUSTOMERS

As at 31 December 2020 and 2019, the caption of Loans and Advances to Customers has the following breakdown:

	31/12/2020	31/12/2019
Loans and advances to domestic borrowers		
Overdrafts on demand deposits:		
In domestic currency	4,966,160	4,650,417
In foreign currency	2,176,259	2,327,413
	7,142,419	6,977,830
Other loans and advances		
In domestic currency	84,224,801	99,880,807
In foreign currency	5,293,286	6,902,308
	89,518,087	106,783,115
Loans		
In domestic currency	195,645,397	118,594,594
In foreign currency	65,530,737	99,398,324
	261,176,134	217,992,918
Loans and advances to foreign borrowers		
Total performing loans	357,836,640	331,753,863
Overdue principal and interest		
Principal and interest	16,476,238	17,420,651
Total loans and advances granted	374,312,878	349,174,514
Income receivable from loans and advances	13,505,871	9,995,761
	387,818,749	359,170,275
Impairment of loans and advances	(54,445,480)	(31,233,538)
	333,373,269	327,936,737

As at 31 December 2020, loans and advances to customers earned interest at the average annual rate of 15.66% for credit granted in national currency and 5.71% for credit granted in foreign currency (18.53% in national currency and 9.33% in foreign currency, as at 31 December 2019).

The loan portfolio, by segment, presents the following structure:

31/12/2020	Exposure												Impairment			
Segment	Total exposure	Loans in Stage 1	Of which cured	Of which restructured	Loans in Stage 2	Of which cured	Of which restructured	Of which acquired or originated in credit impairment	Loans in Stage 3	Of which cured	Of which restructured	Of which acquired or originated in credit impairment	Total Impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	488,909	443,978	-	-	42,772	-	-	-	2,159	-	-	-	1,595	175	26	1,394
Consumer credit	58,974,869	53,826,762	4,288	-	1,906,484	4,867	21,929	-	3,241,623	-	115	-	2,939,625	317,943	81,812	2,539,870
Motor vehicle loans	49,400	46,825	-	-	-	-	-	-	2,575	-	-	-	1,414	117	-	1,297
Mortgage loans	29,800,166	19,005,809	-	-	1,083,996	-	41,800	-	9,710,361	99,806	3,482,653	-	7,300,842	125,714	164,189	7,010,939
Overdrafts	2,698,704	214,579	65	-	621,902	698	-	-	1,862,223	-	-	-	1,627,207	6,752	204,175	1,416,280
Less significant corporate exposures	3,007,223	1,975,016	15	-	315,699	153	116,963	-	716,508	-	71,065	-	520,380	21,763	63,379	435,238
Significant corporate exposures	166,808,499	56,671,579	-	-	90,943,459	185,932	52,975,750	-	19,193,461	-	107,264	-	35,335,000	624,473	17,890,535	16,819,992
Public sector	125,990,979	49,407,412	-	-	76,583,567	-	-	-	-	-	-	-	6,719,418	2,794,233	3,925,185	-
On-balance sheet exposure	**387,818,749**	**181,591,960**	**4,368**	**-**	**171,497,879**	**191,650**	**53,156,442**	**-**	**34,728,910**	**99,806**	**3,661,097**	**-**	**54,445,480**	**3,891,169**	**22,329,301**	**28,225,010**
Documentary Credits and Guarantees Issued (Note 27)	50,464,174	48,338,347	-	-	2,125,827	-	-	-	-	-	-	-	93,062	53,962	39,100	-
Total exposure	**438,282,923**	**229,930,307**	**4,368**	**-**	**173,623,706**	**191,650**	**53,156,442**	**-**	**34,728,910**	**99,806**	**3,661,097**	**-**	**54,538,542**	**3,945,131**	**22,368,401**	**28,225,010**

31/12/2019	Exposure												Impairment			
Segment	Total exposure	Loans in Stage 1	Of which cured	Of which restructured	Loans in Stage 2	Of which cured	Of which restructured	Of which acquired or originated in credit impairment	Loans in Stage 3	Of which cured	Of which restructured	Of which acquired or originated in credit impairment	Total Impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	546,839	539,635	7,778	-	6,135	96,142	-	-	1,069	-	-	-	644	124	1	519
Consumer credit	58,453,712	55,820,609	31,443	-	273,990	1,831,058	16,316	-	2,359,113	-	-	-	2,265,719	358,157	41,537	1,866,025
Motor vehicle loans	103,091	101,576	266	-	-	-	-	-	1,515	-	-	-	1,330	408	-	922
Mortgage loans	31,186,375	21,739,873	-	-	925,708	-	255,704	-	8,520,794	-	3,340,007	-	6,575,892	176,755	150,933	6,248,204
Overdrafts	3,884,157	1,055,511	33	-	2,502,812	30,214	-	-	325,834	-	-	-	481,098	67,036	177,641	236,421
Less significant corporate exposures	1,422,348	1,025,752	6,672	2,717	144,686	155,312	22,887	-	251,910	-	-	-	227,365	44,844	37,771	144,750
Significant corporate exposures	146,561,761	63,652,473	67,613	4,136,482	71,098,628	680,655	2,870,708	-	11,810,660	156,300	67,753	-	19,842,764	1,326,214	8,605,720	9,910,830
Public sector	117,011,992	117,011,992	-	-	-	-	-	-	-	-	-	-	1,838,726	1,838,726	-	-
On-balance sheet exposure	**359,170,275**	**260,947,421**	**113,805**	**4,139,199**	**74,951,959**	**2,793,381**	**3,165,615**	**-**	**23,270,895**	**156,300**	**3,407,760**	**-**	**31,233,538**	**3,812,264**	**9,013,603**	**18,407,671**
Documentary Credits and Guarantees Issued (Note 27)	91,697,103	88,912,501	-	-	2,783,155	102,196	-	-	1,447	1,447	-	-	663,952	506,851	150,720	6,381
Total exposure	**450,867,378**	**349,859,922**	**113,805**	**4,139,199**	**77,735,114**	**2,895,577**	**3,165,615**	**-**	**23,272,342**	**157,747**	**3,407,760**	**-**	**31,897,490**	**4,319,115**	**9,164,323**	**18,414,052**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

The loan portfolio, by days in arrears, presents the following structure:

31/12/2020	Exposure								
	Exposure without significant increase in credit risk since initial recognition (Stage 1)			Exposure with significant increase in credit risk since initial recognition but not impaired (Stage 2)			Impaired loan exposures (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	443,978	-	-	42,772	-	-	2,159	-	-
Consumer credit	53,826,762	-	-	1,505,223	380,302	20,959	120,990	40,412	3,080,221
Motor vehicle loans	46,825	-	-	-	-	-	-	-	2,575
Mortgage loans	19,005,809	-	-	472,537	264,927	346,532	3,628,023	515,470	5,566,868
Overdrafts	210,203	-	4,376	122,740	497,169	1,993	2,955	743	1,858,525
Less significant corporate exposures	1,975,007	9	-	189,260	38,071	88,368	142,837	955	572,716
Significant corporate exposures	56,658,616	-	12,963	89,162,197	-	1,781,262	107,264	-	19,086,197
Public sector	49,407,412	-	-	76,583,567	-	-	-	-	-
On-balance sheet exposure	**181,574,612**	**9**	**17,339**	**168,078,296**	**1,180,469**	**2,239,114**	**4,004,228**	**557,580**	**30,167,102**
Documentary Credits and Guarantees Issued (Note 27)	48,338,347	-	-	2,125,827	-	-	-	-	-
Total exposure	**229,912,959**	**9**	**17,339**	**170,204,123**	**1,180,469**	**2,239,114**	**4,004,228**	**557,580**	**30,167,102**

31/12/2020	Impairment								
	Exposure without significant increase in credit risk since initial recognition (Stage 1)			Exposure with significant increase in credit risk since initial recognition but not impaired (Stage 2)			Impaired loan exposures (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	175	-	-	26	-	-	1,394	-	-
Consumer credit	317,944	-	-	16,720	58,239	6,852	63,832	19,816	2,456,222
Motor vehicle loans	117	-	-	-	-	-	-	-	1,297
Mortgage loans	125,713	-	-	21,977	54,066	88,146	2,107,031	340,968	4,562,941
Overdrafts	6,750	-	3	6,409	196,910	855	2,250	565	1,413,465
Less significant corporate exposures	21,762	1	-	16,952	2,631	43,797	122,017	539	312,681
Significant corporate exposures	617,357	-	7,116	17,290,028	-	600,507	36,173	-	16,783,819
Public sector	2,794,232	-	-	3,925,186	-	-	-	-	-
On-balance sheet exposure	**3,884,049**	**1**	**7,119**	**21,277,298**	**311,846**	**740,157**	**2,332,697**	**361,888**	**25,530,425**
Documentary Credits and Guarantees Issued (Note 27)	53,962	-	-	39,100	-	-	-	-	-
Total exposure	**3,938,011**	**1**	**7,119**	**21,316,398**	**311,846**	**740,157**	**2,332,697**	**361,888**	**25,530,425**

31/12/2019	Exposure								
	Exposure without significant increase in credit risk since initial recognition (Stage 1)			Exposure with significant increase in credit risk since initial recognition but not impaired (Stage 2)			Impaired loan exposures (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	539,257	378	-	6,135	-	-	1,069	-	-
Consumer credit	55,773,858	46,751	-	37,218	234,440	2,332	28,758	5,485	2,324,870
Motor vehicle loans	101,576	-	-	-	-	-	-	-	1,515
Mortgage loans	21,739,874	-	-	309,173	596,583	19,951	3,867,931	398,790	4,254,073
Overdrafts	1,055,512	-	-	94,446	133,578	2,274,787	4,896	3,075	317,863
Less significant corporate exposures	991,429	27,623	6,699	78,222	64,504	1,960	11,741	2,913	237,257
Significant corporate exposures	63,358,943	190,650	102,879	35,187,337	6,405,835	29,505,458	73,933	156,300	11,580,426
Public sector	117,011,992	-	-	-	-	-	-	-	-
On-balance sheet exposure	**260,572,441**	**265,402**	**109,578**	**35,712,531**	**7,434,940**	**31,804,488**	**3,988,328**	**566,563**	**18,716,004**
Documentary Credits and Guarantees Issued (Note 27)	88,912,501	-	-	2,783,155	-	-	1,447	-	-
Total exposure	**349,484,942**	**265,402**	**109,578**	**38,495,686**	**7,434,940**	**31,804,488**	**3,989,775**	**566,563**	**18,716,004**

31/12/2019	Impairment								
	Exposure without significant increase in credit risk since initial recognition (Stage 1)			Exposure with significant increase in credit risk since initial recognition but not impaired (Stage 2)			Impaired loan exposures (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	126	-	-	1	-	-	517	-	-
Consumer credit	357,864	292	-	910	39,560	1,067	20,224	2,509	1,843,293
Motor vehicle loans	408	-	-	-	-	-	-	-	922
Mortgage loans	176,755	-	-	7,913	133,568	9,452	3,007,365	308,615	2,932,224
Overdrafts	67,034	-	-	4,706	69,910	103,026	2,962	2,487	230,973
Less significant corporate exposures	31,233	9,566	4,044	13,112	24,041	619	3,734	1,685	139,331
Significant corporate exposures	1,266,468	5,633	54,115	1,289,861	433,338	6,882,519	1,461	78,980	9,830,389
Public sector	1,838,726	-	-	-	-	-	-	-	-
On-balance sheet exposure	**3,738,614**	**15,491**	**58,159**	**1,316,503**	**700,417**	**6,996,683**	**3,036,263**	**394,276**	**14,977,132**
Documentary Credits and Guarantees Issued (Note 27)	504,896	-	1,955	147,352	461	2,907	500	133	5,748
Total exposure	**4,243,510**	**15,491**	**60,114**	**1,463,855**	**700,878**	**6,999,590**	**3,036,763**	**394,409**	**14,982,880**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

The details of the loan portfolio by segment and by year of concession of the operations are shown below:

31/12/2020

Segment	Credit cards – Number of operations	Credit cards – Amount	Credit cards – Impairment constituted	Consumer loans – Number of operations	Consumer loans – Amount	Consumer loans – Impairment constituted	Motor vehicle loans – Number of operations	Motor vehicle loans – Amount	Motor vehicle loans – Impairment constituted	Mortgage loans – Number of operations	Mortgage loans – Amount	Mortgage loans – Impairment constituted	Overdrafts – Number of operations	Overdrafts – Amount	Overdrafts – Impairment constituted
2015 and prior	18,076	408,199	1,541	4,324	2,171,282	1,809,051	75	1,613	858	331	7,281,465	3,892,973	6,841	1,007,102	538,524
2016	642	30,735	10	794	159,387	66,627	6	2,862	440	10	269,074	1,100	1,112	163,217	89,256
2017	372	10,270	30	3,152	1,536,280	161,722	6	9,969	21	15	464,855	2,262	1,014	271,750	171,303
2018	70	4,775	2	9,942	9,495,187	322,886	2	4,412	13	13	252,627	19,815	994	258,206	167,544
2019	1,745	34,902	13	12,036	21,285,035	366,085	5	30,545	82	667	19,275,802	2,861,947	897	601,985	411,410
2020	10	29	0	7,903	24,327,699	213,254	-	-	-	60	2,256,343	522,745	534	396,445	249,171
Total	**20,915**	**488,909**	**1,595**	**38,151**	**58,974,869**	**2,939,625**	**94**	**49,400**	**1,414**	**1,096**	**29,800,166**	**7,300,842**	**11,392**	**2,698,704**	**1,627,207**

31/12/2020

Segment	Less significant corporate exposures – Number of operations	Less significant corporate exposures – Amount	Less significant corporate exposures – Impairment constituted	Significant corporate exposures – Number of operations	Significant corporate exposures – Amount	Significant corporate exposures – Impairment constituted	Public sector – Number of operations	Public sector – Amount	Public sector – Impairment constituted	Documentary Credits and Guarantees Issued – Number of operations	Documentary Credits and Guarantees Issued – Amount	Documentary Credits and Guarantees Issued – Impairment constituted
2015 and prior	924	935,354	240,785	199	31,060,025	14,155,514	4	76,583,567	3,925,186	4	2,156,092	22,217
2016	196	68,095	23,316	23	9,020,630	214,444	-	-	-	3	308,364	1,444
2017	352	189,023	67,014	21	8,963,772	925,235	-	-	-	18	5,118,441	2,642
2018	548	236,489	33,593	21	12,087,215	1,013,279	1	38,836,337	2,196,387	10	409,591	36,193
2019	493	1,039,422	115,554	34	20,761,405	6,857,178	1	10,571,076	597,846	10	5,458,579	8,301
2020	119	538,840	40,118	30	84,915,452	12,169,350	-	-	-	189	37,013,107	22,264
Total	**2,632**	**3,007,223**	**520,380**	**328**	**166,808,499**	**35,335,000**	**6**	**125,990,979**	**6,719,419**	**234**	**50,464,174**	**93,062**

31/12/2019

Segment	Credit cards – Number of operations	Credit cards – Amount	Credit cards – Impairment constituted	Consumer loans – Number of operations	Consumer loans – Amount	Consumer loans – Impairment constituted	Motor vehicle loans – Number of operations	Motor vehicle loans – Amount	Motor vehicle loans – Impairment constituted	Mortgage loans – Number of operations	Mortgage loans – Amount	Mortgage loans – Impairment constituted	Overdrafts – Number of operations	Overdrafts – Amount	Overdrafts – Impairment constituted
2014 and prior	11,957	277,933	500	3,667	1,643,708	1,454,271	78	1,514	857	358	7,675,476	2,931,922	5,919	905,924	120,004
2015	6,403	188,601	126	1,188	257,514	35,971	49	19,761	111	41	787,430	86,256	700	42,688	19,125
2016	663	33,620	8	3,053	1,547,943	100,249	8	12,889	34	10	288,596	41,520	1,208	62,772	22,971
2017	379	8,150	2	7,539	5,750,680	175,278	6	15,546	64	15	487,750	2,948	1,206	101,414	37,239
2018	72	1,718	-	11,592	17,596,005	254,755	3	7,404	33	14	300,099	28,168	1,139	2,393,512	144,065
2019	1,814	36,817	8	13,064	31,657,862	245,195	6	45,977	231	719	21,647,024	3,485,078	969	377,847	137,694
Total	**21,288**	**546,839**	**644**	**40,103**	**58,453,712**	**2,265,719**	**150**	**103,091**	**1,330**	**1,157**	**31,186,375**	**6,575,892**	**11,141**	**3,884,157**	**481,098**

31/12/2019

Segment	Less significant corporate exposures – Number of operations	Less significant corporate exposures – Amount	Less significant corporate exposures – Impairment constituted	Significant corporate exposures – Number of operations	Significant corporate exposures – Amount	Significant corporate exposures – Impairment constituted	Public sector – Number of operations	Public sector – Amount	Public sector – Impairment constituted	Documentary Credits and Guarantees Issued – Number of operations	Documentary Credits and Guarantees Issued – Amount	Documentary Credits and Guarantees Issued – Impairment constituted
2014 and prior	726	277,849	56,705	129	65,259,024	16,283,289	4	75,869,610	1,192,215	19	2,274,517	83,337
2015	106	148,992	37,619	25	10,070,859	720,936	0	-	-	8	3,465,118	74,605
2016	144	111,956	24,055	27	10,972,141	332,543	-	-	-	3	308,364	8,757
2017	257	216,577	55,449	34	11,546,160	922,103	0	-	-	29	4,372,991	25,596
2018	344	328,795	32,272	39	16,516,260	649,380	1	31,529,659	495,457	22	1,082,634	22,096
2019	182	338,179	21,265	93	32,197,317	934,513	1	9,612,723	151,054	657	79,929,025	444,475
	-	-	-	-	-	-	-	-	-	1	264,454	5,086
Total	**1,759**	**1,422,348**	**227,365**	**347**	**146,561,761**	**19,842,764**	**6**	**117,011,992**	**1,838,726**	**739**	**91,697,103**	**663,952**

The detail of the amount of the gross credit exposure and the amount of impairment constituted for the exposures analysed individually and collectively, by segment, corresponds to the following:

By segment: 31/12/2020	Credit cards – Total exposure	Credit cards – Impairment	Consumer loans – Total exposure	Consumer loans – Impairment	Motor vehicle loans – Total exposure	Motor vehicle loans – Impairment	Mortgage loans – Total exposure	Mortgage loans – Impairment	Overdrafts – Total exposure	Overdrafts – Impairment
Collective impairment	487,101	743	57,027,690	1,148,380	49,028	1,042	21,644,745	844,304	2,698,042	1,627,035
Individual impairment	1,808	853	1,947,179	1,791,245	372	372	8,155,421	6,456,538	662	172
Total	**488,909**	**1,595**	**58,974,869**	**2,939,625**	**49,400**	**1,414**	**29,800,166**	**7,300,842**	**2,698,704**	**1,627,207**

By segment: 31/12/2020	Less significant corporate exposures – Total exposure	Less significant corporate exposures – Impairment	Significant corporate exposures – Total exposure	Significant corporate exposures – Impairment	Public sector – Total exposure	Public sector – Impairment	Documentary Credits and Guarantees Issued – Total exposure	Documentary Credits and Guarantees Issued – Impairment
Collective impairment	2,701,363	348,680	73,198,844	2,189,872	125,990,979	6,719,419	50,464,174	92,667
Individual impairment	305,860	171,699	93,609,656	33,145,127	-	-	-	394
Total	**3,007,223**	**520,380**	**166,808,499**	**35,335,000**	**125,990,979**	**6,719,419**	**50,464,174**	**93,062**

By segment: 31/12/2019	Credit cards – Total exposure	Credit cards – Impairment	Consumer loans – Total exposure	Consumer loans – Impairment	Motor vehicle loans – Total exposure	Motor vehicle loans – Impairment	Mortgage loans – Total exposure	Mortgage loans – Impairment	Overdrafts – Total exposure	Overdrafts – Impairment
Collective impairment	546,213	190	56,994,324	806,331	102,719	958	24,918,566	1,070,156	1,603,687	374,347
Individual impairment	626	454	1,459,388	1,459,388	372	372	6,267,809	5,505,736	2,280,470	106,751
Total	**546,839**	**644**	**58,453,712**	**2,265,719**	**103,091**	**1,330**	**31,186,375**	**6,575,892**	**3,884,157**	**481,098**

By segment: 31/12/2019	Less significant corporate exposures – Total exposure	Less significant corporate exposures – Impairment	Significant corporate exposures – Total exposure	Significant corporate exposures – Impairment	Public sector – Total exposure	Public sector – Impairment	Documentary Credits and Guarantees Issued – Total exposure	Documentary Credits and Guarantees Issued – Impairment
Collective impairment	1,336,600	180,324	69,843,901	2,068,878	117,011,992	1,838,726	89,174,809	518,512
Individual impairment	85,748	47,041	76,717,860	17,773,886	-	-	2,522,294	145,440
Total	**1,422,348**	**227,365**	**146,561,761**	**19,842,764**	**117,011,992**	**1,838,726**	**91,697,103**	**663,952**

The detail of the amount of the gross credit exposure and the amount of impairment constituted for the exposures analysed individually and collectively, by sector of activity, corresponds to the following:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

By activity sector: 31/12/2020	Real Estate, rental, and services rendered by companies		Cultural, recreational and sports activities		Public Administration, Defence, and mandatory social security		Agriculture, forestry, and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	276,827	3,544	978,351	371,751	51,224,572	2,796,422	3,594,421	41,472	5,206,820	90,092
Individual impairment	-	-	17,000	6,386	-	-	50,069,259	11,743,218	289,217	61,377
Total	**276,827**	**3,544**	**995,351**	**378,137**	**51,224,572**	**2,796,422**	**53,663,680**	**11,784,690**	**5,496,037**	**151,469**

By activity sector: 31/12/2020	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	10,094,551	4,122	7,276,638	167,717	52,336,308	611,351	750,266	475,218	277,276	2,595
Individual impairment	-	-	1,863,823	1,108,330	9,313,687	2,722,168	18,108	1,578	7,340,497	7,340,497
Total	**10,094,551**	**4,122**	**9,140,461**	**1,276,048**	**61,649,995**	**3,333,519**	**768,375**	**476,796**	**7,617,774**	**7,343,092**

By activity sector: 31/12/2020	Manufacturing industries		Other services companies		Individuals		Production and distribution of electricity, gas, and water		Health and social services		Transport, warehousing, and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	11,356,484	20,831	102,168,362	4,466,559	82,136,944	3,627,317	1,912,241	13,125	180,201	29,138	4,491,704	250,887
Individual impairment	5,743,326	1,142,922	17,225,533	7,348,460	10,126,920	8,271,052	185,932	35,033	15,682	263	1,811,973	1,785,116
Total	**17,099,809**	**1,163,752**	**119,393,895**	**11,815,019**	**92,263,864**	**11,898,369**	**2,098,173**	**48,158**	**195,883**	**29,401**	**6,303,676**	**2,036,004**

By activity sector: 31/12/2019	Real Estate, rental, and services rendered by companies		Cultural, recreational and sports activities		Public Administration, Defence, and mandatory social security		Agriculture, forestry, and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	52,536	2,089	919,315	44,269	117,014,857	1,838,934	2,394,214	223,083	6,957,823	386,221
Individual impairment	7,548	7,548	25,610	8,664	-	-	29,494,641	6,848,977	174,857	156,023
Total	**60,084**	**9,637**	**944,925**	**52,933**	**117,014,857**	**1,838,934**	**31,888,855**	**7,072,060**	**7,132,680**	**542,244**

By activity sector: 31/12/2019	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	10,159,265	14,253	45,181,493	535,148	29,424,464	721,104	1,718,189	62,701	734,008	19,992
Individual impairment	2,274,496	102,807	1,839,800	1,213,158	15,290,185	1,396,509	156,357	79,009	5,377,113	5,377,113
Total	**12,433,761**	**117,060**	**47,021,293**	**1,748,306**	**44,714,649**	**2,117,613**	**1,874,546**	**141,710**	**6,111,121**	**5,397,105**

By activity sector: 31/12/2019	Manufacturing industries		Other services companies		Individuals		Production and distribution of electricity, gas, and water		Health and social services		Transport, warehousing, and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	17,550,956	143,862	18,407,618	308,844	85,748,535	2,284,341	1,642,334	24,612	271,302	8,142	23,355,904	240,827
Individual impairment	5,986,475	270,589	17,913,733	1,088,398	7,754,822	6,990,868	334,436	109,244	-	-	2,704,492	1,390,161
Total	**23,537,431**	**414,451**	**36,321,351**	**1,397,242**	**93,503,357**	**9,275,209**	**1,976,770**	**133,856**	**271,302**	**8,142**	**26,060,396**	**1,630,988**

The details of the restructured loan portfolio, by restructuring measure applied, are as follows:

31/12/2020	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	**Number of operations**	**Exposure**	**Impairment**	**Number of operations**	**Exposure**	**Impairment**	**Number of operations**	**Exposure**	**Impairment**	**Number of operations**	**Exposure**	**Impairment**
Extension of term	0	0	0	5	49,653,650	11,330,232	11	489,156	306,253	16	50,142,806	11,636,485
New contract	0	0	0	11	3,502,792	407,115	80	3,171,942	1,945,828	91	6,674,734	2,352,943
Total	**0**	**0**	**0**	**16**	**53,156,442**	**11,737,347**	**91**	**3,661,098**	**2,252,082**	**107**	**56,817,540**	**13,989,429**

31/12/2019	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	**Number of operations**	**Exposure**	**Impairment**	**Number of operations**	**Exposure**	**Impairment**	**Number of operations**	**Exposure**	**Impairment**	**Number of operations**	**Exposure**	**Impairment**
Extension of term	1	4,004,654	135,371	9	2,741,513	54,462	4	75,638	75,638	14	6,821,805	265,471
New contract	5	134,544	2,819	12	424,102	10,448	76	3,332,121	2,713,214	93	3,890,767	2,726,481
Total	**6**	**4,139,198**	**138,190**	**21**	**3,165,615**	**64,910**	**80**	**3,407,759**	**2,788,853**	**107**	**10,712,572**	**2,991,953**

The movements in and out of the restructured loan portfolio were as follows:

	31/12/2020	31/12/2019
Opening balance of restructured loan portfolio (gross)	**10,712,572**	**3,220,793**
Loans restructured in period	55,722,379	10,653,522
Accrued interest on the restructured loan portfolio	1,095,161	59,050
Settlement of restructured loans (partial or total)	-1,736,037	-591,268
Loans reclassified from "restructured" to "normal"	-4,853,478	-2,943,526
Other	-4,123,058	314,001
Closing balance of restructured loan portfolio (gross)	**56,817,540**	**10,712,572**

The detail of the fair value of the guarantees underlying the loan portfolio of the corporate, construction and real estate promotion, and residential segments is as follows:

31/12/2020	Corporate				Construction and Real estate promotion				Residential			
	Properties		Other real collateral		Properties		Other real collateral		Properties		Other real collateral	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50 kAKZ	12	201,960	41	718,645	1	47,100	3	44,793	50	1,558,949	3	76,268
>= 50 kAKZ and < 100 kAKZ	5	334,137	18	1,255,814	1	50,000	1	80,500	128	9,484,040	3	253,804
>= 100 kAKZ and < 500 kAKZ	36	10,097,937	30	7,526,367	1	120,177	6	1,951,189	205	40,119,720	5	1,425,881
>= 500 kAKZ and < 1,000 kAKZ	11	8,137,561	9	6,546,074	2	1,598,059	5	3,910,188	8	5,166,996	1	649,604
>= 1,000 kAKZ and < 2,000 kAKZ	8	10,667,507	3	3,537,579	1	1,900,000	5	6,288,034	3	4,584,174	-	-
>= 2,000 kAKZ and < 5,000 kAKZ	4	12,530,329	-	-	-	-	4	10,201,979	1	2,858,258	-	-
>= 5,000 kAKZ	12	190,101,507	2	27,859,805	1	270,151,626	2	31,753,590	-	-	-	-
Total	**88**	**232,070,938**	**103**	**47,444,284**	**7**	**273,866,962**	**26**	**54,230,273**	**395**	**63,772,137**	**12**	**2,405,557**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019											
	Corporate				Construction and Real estate promotion				Residential			
	Properties		Other real collateral		Properties		Other real collateral		Properties		Other real collateral	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50 kAKZ	9	171,914	28	709,228	1	47,100	3	59,793	110	3,748,681	1	38,271
>= 50 kAKZ and < 100 kAKZ	12	862,731	9	605,100	2	139,212	2	133,039	144	10,506,351	3	208,612
>= 100 kAKZ and < 500 kAKZ	42	11,268,427	23	5,520,189	1	499,105	4	1,255,172	165	28,768,272	2	530,450
>= 500 kAKZ and < 1,000 kAKZ	8	5,896,669	8	5,156,876	1	925,719	3	2,446,614	3	2,227,889	-	-
>= 1,000 kAKZ and < 2,000 kAKZ	12	15,046,982	4	5,646,256	-	-	3	3,837,998	2	2,438,562	-	-
>= 2,000 kAKZ and < 5,000 kAKZ	6	23,946,126	2	7,467,656	1	2,170,890	3	6,538,431	1	2,121,799	-	-
>= 5,000 kAKZ	6	60,608,250	1	16,969,534	1	200,544,344	-	-	-	-	-	-
Total	**95**	**117,801,099**	**75**	**42,074,839**	**7**	**204,326,370**	**18**	**14,271,047**	**425**	**49,811,554**	**6**	**777,333**

The loan-guarantee ratio of the corporate, construction and real estate promotion, and residential segments has the following structure:

	31/12/2020					
	Number of properties	Number of other real collateral	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without associated guarantee	0	0	70,759,987	78,268,375	2,185,576	8,896,339
< 50%	0	1	1,792,668	0	291,767	293,170
> = 50% and < 75%	0	2	28,371	41,338	0	119
> = 75% and < 100%	0	9	16,457,261	48,270,781	300,043	11,323,869
> = 100%	88	91	26,473,006	23,954,920	15,544,970	18,793,157
Construction and Real estate promotion						
Without associated guarantee	0	0	13,783,218	2,223,973	451,258	382,538
< 50%	0	1	1,750,759	0	0	19,837
> = 50% and < 75%	0	0	0	0	0	0
> = 75% and < 100%	0	14	13,018,477	12,444,283	0	1,121,274
> = 100%	7	11	12,101,192	4,764,929	1,111,907	1,809,869
Residential						
Without associated guarantee	0	0	641,239	99,770	436,921	401,580
< 50%	4	0	96,648	0	0	929
> = 50% and < 75%	0	0	0	0	33,343	33,343
> = 75% and < 100%	5	1	124,988	0	233,343	234,181
> = 100%	386	11	18,142,934	984,226	9,006,753	6,630,808
Total	**490**	**141**	**175,170,748**	**171,052,595**	**29,595,881**	**49,941,013**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019					
	Number of properties	**Number of other real collateral**	**Loans in Stage 1**	**Loans in Stage 2**	**Loans in Stage 3**	**Impairment**
Corporate						
Without associated guarantee	0	0	199,899,310	3,164,098	2,094,202	4,363,767
< 50%	0	1	4,012,273	0	275,783	343,972
> = 50% and < 75%	0	0	672,258	0	0	11,065
> = 75% and < 100%	2	9	8,557,790	18,139,147	195,000	964,347
> = 100%	93	65	28,875,646	38,417,672	8,346,222	14,821,527
Construction and Real estate promotion						
Without associated guarantee	0	0	7,790,564	3,590,197	9,836	298,235
< 50%	0	1	1,597,068	0	0	46,030
> = 50% and < 75%	0	0	0	0	0	0
> = 75% and < 100%	0	9	10,669,584	3,102,718	9,945	441,289
> = 100%	7	8	6,934,730	9,887,290	1,122,690	1,332,049
Residential						
Without associated guarantee	0	0	1,907,299	98,108	1,030,461	900,582
< 50%	4	0	94,997	0	0	1,212
> = 50% and < 75%	0	0	0	0	34,260	34,260
> = 75% and < 100%	6	0	252,604	101,065	74,090	58,693
> = 100%	415	6	19,484,973	726,535	7,381,983	5,581,145
Total	**527**	**99**	**290,749,095**	**77,226,829**	**20,574,472**	**29,198,173**

The distribution of the loan portfolio measured by internal risk levels is presented as follows:

	Exposure as at 31/12/2020							
Segment	**Risk class A**	**Risk class B**	**Risk class C**	**Risk class D**	**Risk class E**	**Risk class F**	**Risk class G**	**Total**
Credit cards	378	459,361	24,281	1,952	1,592	116	1,229	488,909
Consumer loans	708,706	54,665,310	354,831	91,282	223,362	77,148	2,854,231	58,974,869
Motor vehicle loans	0	46,825	0	0	0	0	2,575	49,400
Mortgage loans	109,678	19,886,884	408,898	50,051	175,654	211,453	8,957,547	29,800,166
Overdrafts	360	329,248	128,027	375,087	501,525	21,956	1,342,500	2,698,704
Less significant corporate exposures	415,391	1,837,195	83,990	44,266	61,208	34,824	530,350	3,007,223
Significant corporate exposures	21,904,187	64,611,673	16,948	49,208,772	13,495,828	605,501	16,965,590	166,808,499
Public sector	125,990,979	0	0	0	0	0	0	125,990,979
On-balance sheet exposure	149,129,679	141,836,496	1,016,976	49,771,409	14,459,170	950,997	30,654,022	387,818,749
Documentary Credits and Guarantees Issued (Note 27)	5,444,216	45,019,958	0	0	0	0	0	50,464,174
Total exposure	154,573,895	186,856,453	1,016,976	49,771,409	14,459,170	950,997	30,654,022	438,282,923

	Impairment as at 31/12/2020							
Segment	**Risk class A**	**Risk class B**	**Risk class C**	**Risk class D**	**Risk class E**	**Risk class F**	**Risk class G**	**Total**
Credit cards	0	646	784	60	63	20	22	1,595
Consumer loans	3,692	393,412	47,355	26,214	97,766	41,479	2,329,707	2,939,625
Motor vehicle loans	0	117	0	0	0	0	1,297	1,414
Mortgage loans	251	466,486	193,335	14,103	89,295	169,846	6,367,525	7,300,842
Overdrafts	26	16,664	36,246	161,032	379,528	16,607	1,017,104	1,627,207
Less significant corporate exposures	5,440	152,578	14,061	32,129	25,420	16,506	274,245	520,380
Significant corporate exposures	234,951	3,638,074	76	11,386,910	4,086,072	307,927	15,680,990	35,335,000
Public sector	6,719,419	0	0	0	0	0	0	6,719,419
On-balance sheet exposure	6,963,779	4,667,977	291,857	11,620,448	4,678,145	552,385	25,670,891	54,445,481
Documentary Credits and Guarantees Issued (Note 27)	17,234	74,366	212	28	155	30	1,037	93,062
Total exposure	6,981,012	4,742,343	292,069	11,620,475	4,678,300	552,416	25,671,927	54,538,542

	Exposure as at 31/12/2019							
Segment	**Risk class A**	**Risk class B**	**Risk class C**	**Risk class D**	**Risk class E**	**Risk class F**	**Risk class G**	**Total**
Credit cards	0	544,726	932	244	52	0	885	546,839
Consumer loans	0	55,829,933	164,779	76,506	128,063	55,475	2,198,956	58,453,712
Motor vehicle loans	0	101,576	0	0	132	0	1,383	103,091
Mortgage loans	0	22,550,055	612,068	75,447	224,811	121,828	7,602,166	31,186,375
Overdrafts	0	1,156,920	76,405	57,749	71,080	62,663	2,459,340	3,884,157
Less significant corporate exposures	623	1,056,215	50,836	46,498	45,371	25,044	197,761	1,422,348
Significant corporate exposures	11,462,500	92,856,640	656,202	29,318,914	1,542,607	1,136,801	9,588,097	146,561,761
Public sector	117,011,992	0	0	0	0	0	0	117,011,992
On-balance sheet exposure	128,475,115	174,096,065	1,561,222	29,575,358	2,012,116	1,401,811	22,048,588	359,170,275
Documentary Credits and Guarantees Issued (Note 27)	4,958,191	86,737,465	0	0	0	0	1,447	91,697,103
Total exposure	133,433,306	260,833,530	1,561,222	29,575,358	2,012,116	1,401,811	22,050,035	450,867,378

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	Impairment as at 31/12/2019							
Segment	**Risk class A**	**Risk class B**	**Risk class C**	**Risk class D**	**Risk class E**	**Risk class F**	**Risk class G**	**Total**
Credit cards	0	577	1	8	36	0	22	644
Consumer loans	0	366,104	22,600	15,083	54,314	31,583	1,776,035	2,265,719
Motor vehicle loans	0	408	0	0	64	0	858	1,330
Mortgage loans	0	563,673	252,143	20,312	104,249	115,077	5,520,438	6,575,892
Overdrafts	0	74,869	40,696	31,294	53,840	37,339	243,060	481,098
Less significant corporate exposures	0	44,319	21,761	20,659	15,115	15,077	110,434	227,365
Significant corporate exposures	300,769	2,763,117	178,930	6,784,397	1,060,565	370,726	8,384,260	19,842,764
Public sector	1,838,726	0	0	0	0	0	0	1,838,726
On-balance sheet exposure	2,139,495	3,813,067	516,131	6,871,753	1,288,183	569,802	16,035,107	31,233,538
Documentary Credits and Guarantees Issued (Note 27)	5,895	646,627	126	294	2,917	1,850	6,243	663,952
Total exposure	2,145,390	4,459,694	516,257	6,872,047	1,291,100	571,652	16,041,350	31,897,490

As at 31 December 2020 and 2019, the risk levels presented in the table above are in accordance with the classification of Instruction No. 9/2015 of the Angolan National Bank regarding the methodology for setting up provisions (Instruction still applicable for the purposes of prudential ratios).

As at 31 December 2020 and 2019, the details of the customer loan portfolio according to the credit risk categories (Stage 1, Stage 2, and Stage 3) are as follows:

31/12/2020	**Exposure**				**Impairment**			
Segment	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit cards	443,978	42,772	2,159	488,909	175	26	1,394	1,595
Consumer loans	53,826,762	1,906,484	3,241,623	58,974,869	317,943	81,812	2,539,870	2,939,625
Motor vehicle loans	46,825	0	2,575	49,400	117	0	1,297	1,414
Mortgage loans	19,005,809	1,083,997	9,710,361	29,800,166	125,714	164,189	7,010,939	7,300,842
Overdrafts	214,579	621,902	1,862,223	2,698,704	6,752	204,175	1,416,280	1,627,207
Less significant corporate exposures	1,975,016	315,700	716,508	3,007,223	21,763	63,379	435,238	520,380
Significant corporate exposures	56,671,579	90,943,459	19,193,461	166,808,499	624,473	17,890,535	16,819,992	35,335,000
Public sector	49,407,412	76,583,567	0	125,990,979	2,794,233	3,925,186	0	6,719,419
On-balance sheet exposure	**181,591,960**	**171,497,880**	**34,728,909**	**387,818,749**	**3,891,170**	**22,329,302**	**28,225,009**	**54,445,480**
Documentary Credits and Guarantees Issued	48,338,347	2,125,826	0	50,464,174	53,962	39,100	0	93,062
Total exposure	**229,930,308**	**173,623,707**	**34,728,909**	**438,282,923**	**3,945,131**	**22,368,402**	**28,225,009**	**54,538,541**

31/12/2019	**Exposure**				**Impairment**			
Segment	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit cards	539,635	6,135	1,069	546,839	124	1	519	644
Consumer loans	55,820,609	273,990	2,359,113	58,453,712	358,157	41,537	1,866,025	2,265,719
Motor vehicle loans	101,576	0	1,515	103,091	408	0	922	1,330
Mortgage loans	21,739,873	925,708	8,520,794	31,186,375	176,755	150,933	6,248,204	6,575,892
Overdrafts	1,055,511	2,502,812	325,834	3,884,157	67,036	177,641	236,421	481,098
Less significant corporate exposures	1,025,752	144,686	251,910	1,422,348	44,844	37,771	144,750	227,365
Significant corporate exposures	63,652,473	71,098,628	11,810,660	146,561,761	1,326,214	8,605,720	9,910,830	19,842,764
Public sector	117,011,992	0	0	117,011,992	1,838,726	0	0	1,838,726
On-balance sheet exposure	**260,947,421**	**74,951,959**	**23,270,895**	**359,170,275**	**3,812,264**	**9,013,603**	**18,407,671**	**31,233,538**
Documentary Credits and Guarantees Issued	88,912,501	2,783,155	1,447	91,697,103	506,851	150,720	6,381	663,952
Total exposure	**349,859,922**	**77,735,114**	**23,272,342**	**450,867,378**	**4,319,115**	**9,164,323**	**18,414,052**	**31,897,490**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

The movement in financial instruments in financial years ended 31 December 2020 and 2019 was as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross book value on 1 January 2019	**1,229,628,975**	**19,715,577**	**40,121,161**	**1,289,465,713**
Balances at other credit institutions (Note 5)	91,035,833	-	-	91,035,833
Deposits with central banks and other credit institutions (Note 6)	256,853,327	-	-	256,853,327
Investments at amortized cost (Note 8)	626,037,969	-	-	626,037,969
Loans and advances to customers (Note 9)	255,701,846	19,715,577	40,121,161	315,538,584
Balances at other credit institutions (Note 5)				
New financial assets acquired or originated	70,303	-	-	70,303
Other changes	-48,583,661	-	-	-48,583,661
Deposits with central banks and other credit institutions (Note 6)				
New financial assets acquired or originated	457,492,832	-	-	457,492,832
Other changes	-256,853,327	-	-	-256,853,327
Investments at amortized cost (Note 8)				
New financial assets acquired or originated	148,346,962	-	-	148,346,962
Other changes	67,699,421	-	-	67,699,421
Loans and advances to customers (Note 9)				
Transfer to Stage 1	1,709,075	-1,560,905	-148,170	-
Transfer to Stage 2	-24,397,714	47,944,012	-23,546,298	-
Transfer to Stage 3	-1,301,829	-1,093,860	2,395,689	-
New financial assets acquired or originated	77,349,366	16,218,840	4,539,361	98,107,567
Financial assets derecognized	-48,133,425	-16,027,704	-3,130,806	-67,291,935
Loans written off from assets	-	-	-910,991	-910,991
Other changes	20,102	9,755,999	3,950,949	13,727,050
Gross book value on 31 December 2019	**1,603,047,080**	**74,951,959**	**23,270,895**	**1,701,269,934**
Balances at other credit institutions (Note 5)	42,522,475	-	-	42,522,475
Deposits with central banks and other credit institutions (Note 6)	457,492,832	-	-	457,492,832
Investments at amortized cost (Note 8)	842,084,352	-	-	842,084,352
Loans and advances to customers (Note 9)	260,947,421	74,951,959	23,270,895	359,170,275
Balances at other credit institutions (Note 5)				
New financial assets acquired or originated	-	-	-	-
Other changes	-16,227,134	-	-	-16,227,134
Deposits with central banks and other credit institutions (Note 6)				
New financial assets acquired or originated	649,862,691	-	-	649,862,691
Other changes	-457,492,832	-	-	-457,492,832
Investments at amortized cost (Note 8)				
New financial assets acquired or originated	153,512,293	-	-	153,512,293
Other changes	-243,935,968	283,494,034	-	39,558,066
Loans and advances to customers (Note 9)				
Transfer to Stage 1	752,514	-745,345	-7,169	-
Transfer to Stage 2	-82,209,782	82,621,062	-411,279	-
Transfer to Stage 3	-1,574,539	-6,275,337	7,849,876	-
New financial assets acquired or originated	49,396,173	62,332,747	2,465,154	114,194,073
Financial assets derecognized	-29,713,015	-39,171,858	-1,762,056	-70,646,929
Loans written off from assets	-	-	-483,368	-483,368
Other changes	-16,006,810	-2,215,347	3,806,856	-14,415,301
Gross book value on 31 December 2020	**1,609,410,669**	**454,991,915**	**34,728,909**	**2,099,131,493**
Balances at other credit institutions (Note 5)	26,295,341	-	-	26,295,341
Deposits with central banks and other credit institutions (Note 6)	649,862,691	-	-	649,862,691
Investments at amortized cost (Note 8)	751,660,677	283,494,034	-	1,035,154,711
Loans and advances to customers (Note 9)	181,591,961	171,497,880	34,728,909	387,818,750

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

The movement in impairment due to expected credit losses of financial instruments in financial years ended 31 December 2020 and 2019 was as follows:

	Stage 1	Stage 2	Stage 3	Financial assets acquired or originated with impairment due to expected losses	Total
Expected loss as at 1 January 2019	**7,759,109**	**721,172**	**14,741,092**	**-**	**23,221,373**
Balances at other credit institutions (Note 5)	249,511	-	-	-	249,511
Deposits with central banks and other credit institutions (Note 6)	478,994	-	-	-	478,994
Investments at amortized cost (Note 8)	2,796,778	-	-	-	2,796,778
Loans and advances to customers (Note 9)	4,233,826	721,172	14,741,092	-	19,696,090
Balances at other credit institutions (Note 5)					
New financial assets acquired or originated	2	-	-	-	2
Other changes	-234,835	-	-	-	-234,835
Deposits with central banks and other credit institutions (Note 6)					
New financial assets acquired or originated	745,837	-	-	-	745,837
Other changes	-478,994	-	-	-	-478,994
Investments at amortized cost (Note 8)					
New financial assets acquired or originated	2,332,014	-	-	-	2,332,014
Other changes	8,103,722	-	-	-	8,103,722
Loans and advances to customers (Note 9)					
Transfer to Stage 1	118,537	-47,814	-70,723	-	-
Transfer to Stage 2	-801,578	3,066,027	-2,264,449	-	-
Transfer to Stage 3	-51,561	-351,401	402,962	-	-
New financial assets acquired or originated	903,507	801,369	3,477,575	-	5,182,451
Financial assets derecognized	-635,648	-283,695	-1,805,955	-	-2,725,298
Loans written off from assets	0	0	-910,991	-	-910,991
Other changes	45,181	5,107,945	4,838,160	-	9,991,286
Expected loss as at 31 December 2019	**17,805,293**	**9,013,603**	**18,407,671**	**-**	**45,226,567**
Balances at other credit institutions (Note 5)	14,678	-	-	-	14,678
Deposits with central banks and other credit institutions (Note 6)	745,837	-	-	-	745,837
Investments at amortized cost (Note 8)	13,232,514	-	-	-	13,232,514
Loans and advances to customers (Note 9)	3,812,264	9,013,603	18,407,671	-	31,233,538
Balances at other credit institutions (Note 5)					
New financial assets acquired or originated	-	-	-	-	-
Other changes	3,870	-	-	-	3,870
Deposits with central banks and other credit institutions (Note 6)					
New financial assets acquired or originated	770,956	-	-	-	770,956
Other changes	-745,837	-	-	-	-745,837
Investments at amortized cost (Note 8)					
New financial assets acquired or originated	7,561,820	-	-	-	7,561,820
Other changes	13,092,095	23,431,523	-	-	36,523,618
Loans and advances to customers (Note 9)					
Transfer to Stage 1	27,316	-24,027	-3,288	-	-
Transfer to Stage 2	-1,271,328	1,420,208	-148,880	-	-
Transfer to Stage 3	-17,296	-569,950	587,245	-	-
New financial assets acquired or originated	424,998	12,089,783	1,667,462	-	14,182,243
Financial assets derecognized	-416,695	-6,978,282	-1,097,906	-	-8,492,884
Loans written off from assets	-	-	-483,368	-	-483,368
Other changes	1,331,911	7,377,967	9,296,074	-	18,005,951
Expected loss as at 31 December 2020	**38,567,103**	**45,760,825**	**28,225,009**	**-**	**112,552,937**
Balances at other credit institutions (Note 5)	18,548	-	-	-	18,548
Deposits with central banks and other credit institutions (Note 6)	770,956	-	-	-	770,956
Investments at amortized cost (Note 8)	33,886,429	23,431,523	-	-	57,317,952
Loans and advances to customers (Note 9)	3,891,170	22,329,302	28,225,009	-	54,445,480

The risk factors associated with the impairment model, by segment, correspond to the following:

	Impairment in December 2020 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stages 1 & 2	Stage 3
Credit cards	0.5%	0.6%	37.2%	49.6%
Consumer loans	2.5%	17.5%	38.6%	49.4%
Motor vehicle loans	0.6%	n.a.	22.6%	50.4%
Mortgage loans	2.3%	69.1%	31.5%	37.6%
Overdrafts	1.1%	7.3%	53.1%	76.1%
Less significant corporate exposures	5.5%	39.4%	29.5%	54.4%
Significant corporate exposures	4.0%	25.4%	39.1%	81.6%

	Impairment in December 2019 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stages 1 & 2	Stage 3
Credit cards	0.1%	31.5%	38.9%	78.5%
Consumer loans	3.2%	59.5%	29.4%	45.5%
Motor vehicle loans	1.3%	n.a.	46.1%	48.1%
Mortgage loans	3.2%	45.3%	32.5%	36.4%
Overdrafts	15.8%	61.8%	56.3%	61.9%
Less significant corporate exposures	14.8%	50.3%	42.6%	59.6%
Significant corporate exposures	7.0%	28.4%	41.5%	49.9%

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

The Bank proceeded to recalibrate its risk parameters at the end of the second half of 2020, based on structural and methodological changes, namely in terms of revising the historical period considered for estimation, updating the definition of default and its historical reprocessing, changing the segmentation rules, and updating the macroeconomic scenarios in terms of projections and weightings.

	2021	2022	2023
GDP growth rate_YoY			
base scenario	3.04%	5.31%	2.44%
favourable scenario	4.37%	6.69%	4.20%
adverse scenario	-0.85%	3.73%	0.64%
Consumer price index_YoY			
base scenario	14.32%	16.33%	4.10%
favourable scenario	12.71%	13.04%	3.74%
adverse scenario	17.47%	22.80%	5.84%
Oil GDP growth rate_YoY			
base scenario	0.23%	-0.62%	-3.49%
favourable scenario	0.23%	-0.62%	-3.49%
adverse scenario	0.23%	-0.62%	-3.49%
Non-Oil GDP growth rate_YoY			
base scenario	6.41%	5.42%	4.70%
favourable scenario	8.34%	7.44%	6.44%
adverse scenario	2.00%	3.40%	2.97%
Oil export price growth rate_YoY			
base scenario	46.96%	3.39%	-1.36%
favourable scenario	64.11%	4.76%	-1.36%
adverse scenario	24.68%	4.76%	-1.36%
Effective exchange rate growth rate_YoY			
base scenario	5.44%	2.22%	-0.78%
favourable scenario	12.29%	18.96%	8.45%
adverse scenario	-10.82%	10.46%	5.30%
BNA reference interest rate/ BNA liquidity providing rate_YoY			
base scenario	-6.05%	-20.26%	-5.88%
favourable scenario	-8.06%	-27.69%	-8.46%
adverse scenario	-4.03%	-13.19%	-3.66%

As at 31 December 2020 and 2019, the group of ten largest debtors represents 64.66% and 55.31%, respectively, of the total loan portfolio (excluding guarantees issued and documentary credits).

In financial years 2020 and 2019, there were write-offs of loans, in the amount of 483 368 thousand AKZ and 910 991 thousand AKZ, respectively.

In financial years 2020 and 2019, there were recoveries of credit and interest previously written off, in the amounts of 1 232 424 thousand AKZ and 760 769 thousand AKZ, respectively (Note 24).

10. NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2020 and 2019, this caption is entirely composed of properties received in recovery of loans.

With reference to 31 December 2020, the Bank has in its portfolio 8 properties, 1 of which for over 2 years, which book value is nil, and 7 properties received between June and September 2020, which net book value amounts to 267 759 thousand AKZ. All properties are valued by an independent appraiser.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The details of investments in subsidiaries, associates and joint ventures as at 31 December 2020 and 2019 are presented as follows:

	31/12/2020				
	Country	Year of acquisition	Number of shares	% Shareholding	Acquisition cost
Shareholdings in subsidiaries					
SOFHA – Sociedade de Fomento Habitacional	Angola	2008	n.a	50%	375
BFA - Gestão de Activos	Angola	2017	n.a	100%	50,000
Total investment in subsidiaries, associates, and joint ventures					50,375

	31/12/2019				
	Country	Year of acquisition	Number of shares	% Shareholding	Acquisition cost
Shareholdings in subsidiaries					
SOFHA – Sociedade de Fomento Habitacional	Angola	2008	n.a	50%	375
BFA - Gestão de Activos	Angola	2017	n.a	100%	50,000
Total investment in subsidiaries, associates, and joint ventures					50,375

12. OTHER TANGIBLE AND INTANGIBLE ASSETS

The captions of Other tangible assets and Intangible assets present the following movement during financial years ended 31 December 2020 and 2019:

	31/12/2020														
	Balances on 31/12/2019								Depreciation/Amortization		Balances on 31/12/2020				
	Gross assets	Accumulated depreciation / amortization	Impairment	Net assets	Additions	Impairment	Transfers	Write-offs, disposals, and other	of the period	Write-offs	Gross assets	Accumulated depreciation / amortization	Impairment	Net assets
Other tangible fixed assets														
Real estate for own use	24,686,815	(9,057,474)	(444,330)	15,185,011	373,586	11,301	512,145	-	(754,815)	-	25,572,546	(9,812,289)	(433,029)	15,327,228
Furniture, utensils, furnishings and equipment	19,477,101	(12,888,273)	-	6,588,828	5,208,016	-	-	(189,034)	(2,984,669)	178,621	24,496,083	(15,694,321)	-	8,801,762
Tangible fixed assets in progress	2,730,445	-	-	2,730,445	566,178	-	(512,145)	(555,117)	-	-	2,229,361	-	-	2,229,361
Right of use:					-	-	-	-	-	-	-	-	-	-
Branches	6,943,669	(885,014)	-	6,058,655	490,903	-	-	(3,247,726)	(747,052)	191,848	4,186,846	(1,440,218)	-	2,746,628
Offices and central services	2,412,845	(488,250)	-	1,924,595	-	-	-	-	(520,186)	-	2,412,845	(1,008,436)	-	1,404,409
Other	186,150	(85,594)	-	100,556	64,008	-	-	-	(98,632)	-	250,158	(184,226)	-	65,932
	56,437,025	(23,404,605)	(444,330)	32,588,090	6,702,691	11,301	-	(3,991,877)	(5,105,354)	370,469	59,147,839	(28,139,490)	(433,029)	30,575,320
Intangible assets														
Automatic Data Processing Systems (Software)	5,154,664	(4,524,439)	-	629,452	-	-	-	(773)	(416,753)	773	5,153,891	(4,940,419)	-	213,472
Organization and expansion expenditure	101,571	(101,571)	-	-	-	-	-	-	-	-	101,571	(101,571)	-	-
Key money	93,923	(93,923)	-	-	-	-	-	-	-	-	93,923	(93,923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
	5,350,187	(4,719,962)	-	629,452	-	-	-	(773)	(416,753)	773	5,349,414	(5,135,942)	-	213,472
	61,787,212	(28,124,567)	(444,330)	33,217,542	6,702,691	11,301	-	(3,992,650)	(5,522,107)	371,242	64,497,253	(33,275,432)	(433,029)	30,788,792

	31/12/2019														
	Balances on 31/12/2018								Depreciation/Amortization		Balances on 31/12/2019				
	Gross assets	Accumulated depreciation / amortization	Impairment	Net assets	Additions	Impairment	Transfers	Write-offs, disposals, and other	of the period	Write-offs	Gross assets	Accumulated depreciation / amortization	Impairment	Net assets
Other tangible fixed assets														
Real estate for own use	23,316,708	(8,361,546)	-	14,955,162	616,030	(444,330)	754,077	-	(695,928)	-	24,686,815	(9,057,474)	(444,330)	15,185,011
Furniture, utensils, furnishings and equipment	15,874,552	(10,863,557)	-	5,010,995	3,989,635	-	-	(387,086)	(2,390,290)	365,574	19,477,101	(12,888,273)	-	6,588,828
Tangible fixed assets in progress	2,860,701	-	-	2,860,701	1,169,697	-	(754,077)	(545,876)	-	-	2,730,445	-	-	2,730,445
Right of use:			-			-						-		
Branches	-	-	-	-	6,943,669	-	-	-	(885,014)	-	6,943,669	(885,014)	-	6,058,655
Offices and central services	-	-	-	-	2,412,845	-	-	-	(488,250)	-	2,412,845	(488,250)	-	1,924,595
Other	-	-	-	-	186,150	-	-	-	(85,594)	-	186,150	(85,594)	-	100,556
	42,051,961	(19,225,103)	-	22,826,858	15,318,026	(444,330)	0	(932,962)	(4,545,076)	365,574	56,437,025	(23,404,605)	(444,330)	32,588,090
Intangible assets														
Automatic Data Processing Systems (Software)	4,843,639	(3,530,264)	-	1,313,373	351,088	-	-	(40,063)	(1,032,174)	37,999	5,154,664	(4,524,439)	-	630,225
Organization and expansion expenditure	101,571	(101,571)	-	-	-	-	-	-	-	-	101,571	(101,571)	-	-
Key money	93,923	(93,923)	-	-	-	-	-	-	-	-	93,923	(93,923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
	5,039,160	(3,725,787)	-	1,313,373	351,088	-	-	(40,063)	(1,032,174)	37,999	5,350,186	(4,719,961)	-	630,225
	47,091,121	(22,950,889)	-	24,140,231	15,669,114	(444,330)	0	(973,025)	(5,577,250)	403,573	61,787,211	(28,124,566)	(444,330)	33,218,315

As at 31 December 2020 and 2019, the caption of tangible fixed assets in progress corresponds, essentially, to the acquisition of space and payments to suppliers related to works that were being carried out for the opening of 1 new branch in 2021 and remodelling in some existing branches.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

13. ASSETS AND LIABILITIES FOR CURRENT AND DEFERRED TAXES

As at 31 December 2020 and 2019, the balances of the assets and liabilities for current taxes have the following breakdown:

	31/12/2020	31/12/2019
Current tax assets	4,186	4,186
Current tax liabilities:		
Industrial Tax	-	-
VAT	908,347	503,552
Investment Income Tax	6,039,550	3,366,891
Tax on employment income	530,924	464,619
Tax related to remunerations	306,256	293,037
	7,785,077	4,628,099

In financial years ended 31 December 2020 and 2019, the income tax expense recognized in the income statement, as well as the tax burden, measured by the relationship between the tax assessed and the income for the period before that assessment, can be summarized as follows:

	31/12/2020	31/12/2019
Current tax liabilities		
Industrial Tax	-	-
Investment Income Tax	11,141,490	9,890,173
Deferred tax assets	6,696,980	(1,487,883)
Adjustments to prior period estimate		
Industrial Tax	-	-
Total tax recognised in the income statement	17,838,470	8,402,290
Profit before tax	107,687,066	128,342,482
Effective tax rate (current tax)	10.35%	7.71%
Effective tax rate (including deferred taxes)	16.57%	6.55%

The reconciliation between the nominal tax rate and the tax burden verified in financial years ended 31 December 2020 and 2019, can be analysed as follows:

	31/12/2020		31/12/2019	
	Tax rate	Amount	Tax rate	Amount
Profit before tax		107,687,066		128,342,482
Tax calculated using nominal tax rate	35.00%	37,690,473	30.00%	38,502,745
Tax benefits on income from public debt securities	-57.02%	(61,405,241)	-35.11%	(45,061,088)
Other permanent differences	22.02%	23,714,768	5.11%	6,558,343
Deductible tax losses	0.00%	-	0.00%	-
Capital Gains Tax (IAC)	10.35%	11,141,490	7.71%	9,890,173
Adjustments to prior period estimate	0.00%	-	0.00%	-
Deferred tax assets	6.22%	6,696,980	-1.16%	(1,487,883)
Income tax corporate	16.57%	17,838,470	6.55%	8,402,290

Industrial Tax

As mentioned in Note 2.16, the Bank is subject to taxation under Industrial Tax, with the applicable tax rate being 35% in financial year 2020 and 30% in financial year 2019.

Deferred Taxes

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

As at 31 December 2020 and 2019, the Bank has deferred tax assets recorded, in the amounts of 1 645 788 thousand AKZ and 7 887 478 thousand AKZ, respectively, resulting from timing differences. The Board of Directors believes that the conditions for their recognition are met, namely regarding the evolution of the future taxable income of the Bank that will allow for their deduction. These deferred tax assets were calculated based on the tax rates enacted for the period in which the respective asset is expected to be realized.

The Bank uses the rate of 35% to calculate deferred taxes.

The movement in deferred tax assets in financial years ended 31 December 2020 and 2019 was as follows:

	Balances on 31/12/2019	Reinforcements	Realizations/ annulments	Exchange differences	Balances on 31/12/2020
Provisions temporarily not accepted as a tax cost:					
Provisions for bank risks, Retirement compensation and Social Fund	6,575,364	213,321	(6,029,339)		759,346
Impact of adoption of IFRS 9	1,312,114		(880,962)	455,290	886,442
	7,887,478	213,321	(6,910,300)	455,290	1,645,788

	Balances on 31/12/2018	Reinforcements	Realizations/ annulments	Exchange differences	Balances on 31/12/2019
Provisions temporarily not accepted as a tax cost:					
Provisions for bank risks, Retirement compensation and Social Fund	5,058,275	3,002,312	(1,485,223)		6,575,364
Impact of adoption of IFRS 9	863,626		(29,207)	477,695	1,312,114
	5,921,901	3,002,312	(1,514,430)	477,695	7,887,478

The Tax authorities have the right to review the tax situation of the Bank during a period of five years, which may result, due to different interpretations of tax legislation, in possible corrections to the respective taxes assessed.

The Bank’s Board of Directors believes that any additional payments, which may result from these reviews, will not be significant for the financial statements.

14. OTHER ASSETS

As at 31 December 2020 and 2019, this caption has the following breakdown:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020	31/12/2019
Foreign exchange operations		
Purchase and sale of foreign currency	4,034,190	9,945,821
	4,034,190	9,945,821
Other assets of a tax nature		
Other taxes receivable	1,878,592	1,870,929
	1,878,592	1,870,929
Other amounts of a civil nature		
Sundry debtors:		
Administrative public sector	396,957	4,623,612
Private sector - companies	488,127	937
Private sector – employees	979,654	463,454
Private sector – individuals	3,116	3,231
Acquisitions in progress	2,412,325	990,546
Other debtors	40	-
	4,280,219	6,081,780
Other amounts of an administrative or commercial nature		
Advances on salaries	-	-
Prepayments:		
Rents and leasing	24,904	99,834
Insurance	79,472	51,945
Other	227,520	619,485
	331,896	771,264
Office material	1,080,934	786,336
Other advances:		
Cash shortfalls	17,341	16,327
Accruals	2,998,570	2,881,904
Other	1,031,389	8,768
	4,047,300	2,906,999
	15,653,131	22,363,129

As at 31 December 2020 and 2019, the caption "Other amounts of a civil nature - Sundry Debtors: Administrative public sector" refers, fundamentally, to income from commissions receivable from the Administração Geral Tributária ("AGT"), as remuneration for tax collection services provided by the Bank. The method of paying the taxes over to the AGT has been changed since March 2018, with BFA having ceased to collect taxes; it is now the responsibility of the customers to make their payments directly to this entity.

15. FUNDS OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 31 December 2020 and 2019, this caption has the following breakdown:

	31/12/2020	31/12/2019
Transactions Interbank Money Market		
Funds of credit institutions in Angola - Loans (AKZ)	1,024,425	20,494
Funds of other entities		
Certified cheques	1,109,316	1,598,616
Funds tied to letters of credit	1,873,443	5,992,946
Other	81,115	57,050
	4,088,299	7,669,106
	4,088,299	7,669,106

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

As at 31 December 2020 and 2019, the balance of this caption relates, essentially, to interbank clearing amounts, namely, certified cheques and letters of credit for imports.

The caption "Funds tied to letters of credit" refers to the amounts deposited by customers, which are blocked to settle import operations, for the purpose of opening the respective documentary credits.

The breakdown of resources from Central and Other Banks by residual maturity is shown in Note 30.2.

16. CUSTOMERS FUNDS AND OTHER BORROWINGS

As at 31 December 2020 and 2019, the caption "Customers funds and other borrowings" has the following breakdown:

	31/12/2020	31/12/2019
Demand deposits of residents		
In national currency	648,307,040	423,138,559
In foreign currency	398,031,198	241,837,112
	1,046,338,238	664,975,671
Demand deposits of non-residents		
In national currency	35,931,354	30,463,194
In foreign currency	7,323,871	5,533,838
	43,255,225	35,997,032
Interest on demand deposits	97,544	45,136
Total demand deposits	1,089,691,007	701,017,839
Term deposits of residents		
In national currency	261,246,869	246,273,406
In foreign currency	883,845,804	662,667,190
	1,145,092,673	908,940,596
Term deposits of non-residents	10,161,240	5,151,010
Interest on term deposits	7,257,787	7,788,199
Total term deposits	1,162,511,700	921,879,805
Total deposits	2,252,202,707	1,622,897,644

As at 31 December 2020 and 2019, term deposits from customers have the following structure, according to the residual maturity of the operations:

	31/12/2020	31/12/2019
Up to three months	640,384,151	197,594,940
3 to 6 months	337,466,714	600,117,277
6 months to 1 year	176,395,818	124,167,588
More than 1 year	8,265,017	-
	1,162,511,700	921,879,805

As at 31 December 2020, term deposits in national and foreign currency earned interest at the average annual rates of 10.32% and 1.28%, respectively (8.01% and 1.23%, respectively, as at 31 December 2019).

As at 31 December 2020 and 2019, demand and term deposits presented the following structure, by type of customer:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020	31/12/2019
Demand deposits		
Administrative public sector	59,720,769	8,188,189
State enterprises	18,949,209	46,533,374
Companies	624,858,293	405,612,593
Individuals	386,230,034	240,729,097
	1,089,758,305	701,063,253
Term deposits		
Administrative public sector	23,864,426	6,642,194
State enterprises	27,339,731	7,946,321
Companies	439,875,412	416,743,450
Individuals	671,364,833	490,502,426
	1,162,444,402	921,834,391
	2,252,202,707	1,622,897,644

17. IMPAIRMENT AND PROVISIONS

The movement in impairment and provisions during financial years 2020 and 2019 was as follows:

	31/12/2020						
		Increases	Decreases				
	Balances on 31/12/2019	Allocations	Repositions and annulments	Utilizations	Exchange and other differences	Transfers	Balances on 31/12/2020
Impairment of other assets							
Balances at other credit institutions (Note 5)	14,678	310,971	(312,383)	-	5,282	-	18,548
Deposits with central banks and other credit institutions (Note 6)	745,837	1,005,194	(1,186,299)	-	206,224	-	770,956
Investments at amortized cost (Note 8)	13,232,514	58,323,479	(15,716,872)	-	1,478,831	-	57,317,952
Non-current assets held for sale (Note 10)	128,291	210,542	-	-	-	-	338,833
Other tangible fixed assets (Note 12)	444,330	(11,706)	-	-	-	-	432,624
	14,565,650	59,838,480	(17,215,554)	-	1,690,337	-	58,878,913
Impairment of loans and advances (Note 9)	31,233,538	28,516,225	(11,595,331)	(483,368)	6,774,416	-	54,445,480
Provisions for:							
General banking risks							
Of a social or statutory nature	20,486,499	-	-	(4,116,582)	6,461,089	-	22,831,006
Of an administrative and commercial nature	3,211,713	16,669,252	(1,439,959)	(333,302)	436,298	-	18,544,002
Of a tax nature	-	-	-	-	-	-	-
Of other natures	-	-	-	-	-	-	-
Issue of guarantees (Note 9)	663,952	770,154	(1,432,496)	-	91,453	-	93,063
	24,362,164	17,439,406	(2,872,455)	(4,449,884)	6,988,840	-	41,468,071
	70,161,352	105,794,111	(31,683,340)	(4,933,252)	15,453,593	-	154,792,464

	31/12/2019					
		Increases	Decreases			
	Balances on 31/12/2018	Allocations	Repositions and annulments	Utilizations	Exchange and other differences	Balances on 31/12/2019
Impairment of other assets						
Balances at other credit institutions (Note 5)	249,511	628,925	(938,397)	-	74,639	14,678
Deposits with central banks and other credit institutions (Note 6)	478,994	2,405,961	(2,514,412)	-	375,294	745,837
Investments at amortized cost (Note 8)	2,796,778	12,794,439	(4,082,185)	-	1,723,482	13,232,514
Non-current assets held for sale (Note 10)	-	128,291	-	-	-	128,291
Other tangible fixed assets (Note 12)	-	444,330	-	-	-	444,330
	3,525,283	16,401,946	(7,534,994)	-	2,173,415	14,565,650
Impairment of loans and advances (Note 9)	19,696,090	104,056,898	(98,868,880)	(910,991)	7,260,421	31,233,538
Provisions for:						
General banking risks						
Of a social or statutory nature	13,704,096	-	-	(871,993)	7,654,396	20,486,499
Of an administrative and commercial nature	9,449,002	16,232,466	(25,638,363)	(393,599)	3,562,207	3,211,713
Of a tax nature	49,370	-	(49,370)	-	-	-
Of other natures	97,843	4,580	(47,401)	(55,022)	-	-
Issue of guarantees (Note 9)	702,250	12,484,988	(12,590,393)	-	67,107	663,952
With sponsored retirement and survival pension funds						
Retirement compensation	-	-	-	-	-	-
Supplementary Pension Plan	-	-	-	-	-	-
	24,002,561	28,722,034	(38,325,527)	(1,320,614)	11,283,710	24,362,164
	47,223,934	149,180,878	(144,729,401)	(2,231,605)	20,717,546	70,161,352

As at 31 December 2020 and 2019, the caption “Provisions of a social or statutory nature” refers to the Social Fund (“Fundo Social”), which aims to financially support initiatives in the areas of education, health, and social solidarity. This Fund was constituted monthly, with the endowment of 5% of the net income of the previous financial year, calculated in US Dollars, with it having been decided that it would have a period of five years. This provision was constituted between financial years 2005 through 2009, having been reinforced in financial years 2017 and 2018. The change verified in financial years 2019 and 2020 is due to the exchange rate fluctuation, since said provision was constituted in US Dollars.

In August 2018, as part of the process of constituting a Foundation ("Fundação BFA"), which will aim to pursue the general altruistic purposes mentioned above, the Bank applied for registration as a Sponsor with the AGT, which was accepted in the month of October 2019.

Also in financial year 2018, the Bank created the Social Responsibility Directorate, which is composed of the nuclei (i) monitoring the "BFA Solidário" projects and (ii) subsidies, and will be responsible for the social actions of the Bank while the incorporation process of the Fundação BFA is not completed.

Since it is the intention of the Board of Directors of the Bank that the provision existing on 31 December 2020 in the amount of 22 831 006 thousand AKZ be used as a monetary endowment for the initial assets of the Fundação BFA, it is also its intention that it be alternatively used through the social activity to be developed by the Social Responsibility Directorate until the incorporation of Fundação BFA is completed.

As at 31 December 2020 and 2019, the caption "Provisions of an administrative and commercial nature" consists, fundamentally, of a provision to cover fraud, ongoing legal proceedings, potential contingencies and other responsibilities, corresponding to the best estimate of the costs that the Bank will bear with these responsibilities in the future, in the amount of 17 619 782 thousand AKZ and 2 365 489 thousand AKZ, respectively.

In 2013, with reference to the last day of the year, the Bank constituted the "Fundo de Pensões BFA" (BFA Pension Fund) to cover the responsibilities of retirement pensions for old age, disability and survival that the Bank granted to its Angolan employees registered with Social Security, having used the provisions previously constituted as an initial contribution to the BFA Pension Fund (defined contribution plan). According to the Fund's constitution contract, BFA will contribute annually with 10% of the salary subject to Angolan Social Security charges, applied on fourteen salaries. To the amount of contributions is added the return on the investments made, net of any taxes. The total amount of the initial contribution by the Bank to the BFA Pension Fund amounted to 3 098 194 thousand AKZ, including 44 797 thousand AKZ of advances on future contributions, which was used in the first half of 2014. As at 31 December 2020 and 2019, the Bank's contribution to the BFA Pension Fund amounted to 3 010 273 thousand AKZ and 2 434 118 thousand AKZ, respectively (Note 25).

The responsibility for the management of the BFA Pension Fund rests with Fenix – Sociedade Gestora de Fundos de Pensões, S.A. The Bank assumes the role of depositary of the Fund.

18. OTHER LIABILITIES AND LEASE LIABILITIES

As at 31 December 2020 and 2019, these captions have the following breakdown:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020	31/12/2019
Foreign currency transactions		
Foreign currency purchase and sale operations	4,031,350	9,940,601
	4,031,350	9,940,601
Tax payable – withheld on behalf of third parties		
On income	219,613	597,545
Other	430,350	307,684
	649,963	905,229
Liabilities of civil nature	2,464,707	2,019,532
Liabilities of an administrative and commercial nature		
Staff – salaries and other remunerations		
Holiday pay and holiday subsidy	5,830,181	5,456,220
Performance bonus	5,846,436	6,122,402
Other staff costs	5,151,447	1,180,375
Contributions to Banking labor union	1,161,369	-
	20,454,140	14,778,529
Other administrative and commercial expenses payable		
Payable pending settlement	3,227,782	2,496,377
Monthly payments	12,877,023	9,552,523
Movements in ATMs - peding settlement	6,803,234	5,722,400
VAT payable	1,193,897	-
Deposits' Guarantee Fund	1,161,557	-
Other	9,416,522	6,382,641
	34,680,015	24,153,941
Lease liabilities	7,318,355	10,840,950
	67,133,823	60,619,250

As at 31 December 2020 and 2019, the caption "Other administrative and commercial expenses payable - Other", includes 5 860 148 thousand AKZ and 1 084 684 thousand AKZ, respectively, related to blocked amounts in customer resource accounts awaiting compensation for bank transfer requests made.

As at 31 December 2020 and 2019, the caption "Movements in ATMs – pending settlement" corresponds to operations carried out at ATMs that were regularized in the first days of the following month.

As at 31 December 2020, the balance of the caption "Other administrative and commercial expenses payable - Other" is essentially composed of 2 377 531 thousand AKZ of IAC payable on securities, 1 119 514 thousand AKZ related to outstanding balances of transfers requested by customers settled in the first months of 2021 and 3 482 617 thousand AKZ of supplier balances and other taxes to be settled.

Below is the detail of the lease liabilities by maturity:

	2020	**2019**
Lease liabilities		
Up to 5 years	5,254,273	3,147,323
5 to 10 years	786,329	2,103,432
More than 10 years	1,277,753	5,590,195
	7,318,355	**10,840,950**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

19. EQUITY

Share capital

The Bank was incorporated with a share capital of 1 305 561 thousand AKZ (equivalent to 30 188 657 Euros at the exchange rate in force on 30 June 2002), represented by 1 305 561 registered shares of one thousand Kwanzas each, having been subscribed and realized through the incorporation of all the assets and liabilities, including property or real estate rights of all kinds, as well as all the rights and obligations of the previous "Branch".

At the end of the 2004, 2003 and 2002 financial years, the Bank increased its capital by 537 672 thousand AKZ, 1 224 333 thousand AKZ and 454 430 thousand AKZ, respectively, through the incorporation of the equity monetary restatement reserve, constituted to maintain the equivalent in Kwanzas of the initial capital allocation in foreign currency.

By Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to proceed with a capital increase in BFA, by incorporating reserves recorded under the caption "Other Reserves and Retained Earnings" in the amount of 11 478 003 thousand AKZ. This capital increase was carried out within the scope of Notice No. 2/2018 of the Angolan National Bank, which defines that the minimum value of fully paid-up share capital in national currency is 7 500 000 thousand AKZ.

Consequently, as at 31 December 2020 and 2019, the share capital of the Bank amounts to 15 000 000 thousand AKZ, represented by 15 000 000 registered shares of one thousand Kwanzas each, with the issue of 13 694 439 new shares having occurred on 26 November 2018.

As at 31 December 2020 and 2019, the shareholder structure of the Bank is as follows:

	31/12/2020		31/12/2019	
	Number of shares	%	Number of shares	%
Unitel, S.A.	7,785,000	51.90%	7,785,000	51.90%
Banco BPI, S.A.	7,213,050	48.09%	7,213,050	48.09%
Other BPI Group entities	1,950	0.01%	1950	0.01%
	15,000,000	100%	15,000,000	100%

On 7 October 2016, Unitel, S.A. (Unitel) entered into an agreement with Banco BPI, S.A. (Banco BPI) for the purchase of 2% of the share capital of BFA, the celebration of which implied an increase in the shareholding percentage of Unitel in BFA from 49.9% to 51.9%. On that same date, the new shareholders' agreement in respect of BFA was also signed.

The completion of this operation was dependent on the verification of the following suspensive conditions:

- Authorization of the Angolan National Bank (BNA) regarding the increase in the qualified shareholding already held by Unitel in BFA and authorization of the capital transactions necessary for the payment to Banco BPI and the transfer to Portugal of the agreed price of 28 million Euros;
- Authorization of the BNA to change the Articles of Association (By-laws) of BFA;
- Approval of the operation by the General Meeting of Banco BPI.

On 12 December 2016, the Angolan National Bank reported that it was not opposed to the practice of the following acts:

i) Partial amendment of the By-laws of BFA;
ii) Increase in Unitel's qualified holding in the share capital of BFA through the acquisition from Banco BPI of 26 111 ordinary shares representative of 2% of share capital;
iii) Indirect acquisition of the qualified holding representative of 48.01% of the share capital of BFA, following the settlement of the general and mandatory takeover bid, launched by Caixabank on all shares representative of Banco BPI's share capital.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

The BNA established as a condition that the three operations referred to above are indivisible, that is, it is assumed that they must occur simultaneously or almost simultaneously or, if it is not possible for any reason to ensure their simultaneity, the operation referred to in (ii) must precede the operations referred to in (i) and (iii).

On 5 January 2017, pursuant to the share purchase and sale agreement signed in 2016, the sale, by Banco BPI to Unitel, of the aforementioned stake representing 2% of the share capital of BFA was completed.

Revaluation reserves

The revaluation reserves correspond to results pending, but of probable realization, net of the corresponding tax charges, resulting from transactions and other events and circumstances that do not, immediately, pass through the results of the financial year when recognized by the Bank.

On 31 December 2019, the Bank transferred all the revaluation reserves corresponding to the revaluation of fixed assets to the "Retained earnings" caption. As at 31 December 2018, the value of this reserve amounted to 1 253 828 thousand AKZ.

Up to 31 December 2007, inclusive, under the terms of the legislation in force, the Bank revalued its tangible assets through the application of coefficients, which reflected the monthly evolution of the official Euro exchange rate, to the gross balances of tangible fixed assets and the respective accumulated depreciation, expressed in Kwanzas in the accounting records of the Bank at the end of the previous month. As from financial year 2008, the Bank stopped revaluing its fixed assets (Note 2.9).

Revaluation reserves can only be used to cover accumulated losses or to increase capital.

In financial year 2019, the Bank proceeded to reclassify the accumulated impact resulting from the monetary restatement of its capital, recorded up to 1 January 2017, in the caption "Share capital monetary restatement reserve", to the caption "Retained earnings". As at 31 December 2018, this reserve, in the amount of 450 717 thousand AKZ, was presented together with the caption "Share Capital".

In 2017 and 2018, the Bank did not reflect the impact of IAS 29 on its financial statements for the financial years ended on those dates. If IAS 29 had been applied, the impact in accumulated terms on 1 January 2019 would be null in the caption Revaluation reserves, which incorporates the effect of the share capital monetary restatement as at that date in the amount of 27 286 845 thousand AKZ.

Other reserves and retained earnings

These captions have the following breakdown:

	31/12/2020	31/12/2019
Reserves and funds		
Legal reserve	17,155,909	5,161,890
Other reserves	375,972,818	322,103,819
	393,128,727	327,265,709

By unanimous resolution of the General Meeting of 24 April 2019, it was decided to distribute dividends to the shareholders in the amount of 35 328 956 thousand AKZ, corresponding to 20.7% of the net income earned in the previous financial year (174 258 743 thousand AKZ), with the remaining amount having been appropriated to "Reserves" (138 929 787 thousand AKZ).

By unanimous resolution of the General Meeting of 12 May 2020, it was decided to distribute dividends corresponding to 40% of the accumulated result attributable to the shareholders that was generated in financial year 2019, in the accumulated total of 135 192 936 thousand AKZ.

In fact, despite the fact that the net income for financial year 2019 was 119 940 192 thousand AKZ, the Bank carried out, in financial year 2019, a restatement of the financial statements with reference to 1 January 2018, which generated a positive impact on retained earnings in the amount of 15 252 744 thousand AKZ, which was considered an integral part of the income for financial year 2019 for the purposes of the distribution of dividends proposed and approved at the General Meeting, which attained the amount of 54 077 174 thousand AKZ (of which 47 976 077 thousand AKZ via the net income of financial year 2019 and 6 101 097 thousand AKZ via retained earnings).

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

The Bank appropriated to the legal reserve and to other reserves 11 994 019 thousand AKZ and 69 121 742 thousand AKZ (total amount of 81 115 763 thousand AKZ). However, as mentioned in the previous paragraph, given that in 2019 the financial statements were restated, with the results considered in the minutes of the General Meeting being higher by 15 252 744 thousand AKZ, the movement during 2020 in the caption of "Other reserves and retained earnings" amounts to 71 964 115 thousand AKZ, related to the legal reserve and other reserves in the amounts of 11 994 019 thousand AKZ and 53 868 999 thousand AKZ, respectively.

In 2018, other reserves and retained earnings also included 2 137 945 Thousand AKZ related to the transition adjustment resulting from the implementation of IFRS 9.

By a Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to proceed with the capital increase of BFA, by incorporating reserves recorded under the caption "Other Reserves and Retained Earnings" in the amount of 11 478 004 thousand AKZ. This capital increase was carried out within the scope of Notice No. 2/2018 of the Angolan National Bank, which defines that the minimum value of fully paid-up share capital in national currency is 7 500 000 thousand AKZ.

Under current legislation, the Bank must constitute a legal reserve fund until same is equal to the share capital. To this end, a minimum of 10% of the previous year's net income is transferred to this reserve. This reserve can only be used to cover accumulated losses when the remaining reserves are exhausted.

Earnings and dividend per share

In financial years ended 31 December 2020 and 2019, the basic earnings per share and the dividend attributed, related to the previous financial year's income, were as follows:

	31/12/2020	31/12/2019
Average no. of ordinary shares issued	15,000,000	15,000,000
Net income for the period	89,848,596	119,940,192
Dividends distributed in the period, in respect of the previous period	54,077,174	35,328,956
Basic earnings per share	5.99	8.00
Diluted earnings per share	5.99	8.00
Dividend per share distributed in period, in respect of the previous period	3.61	2.36

On 26 November 2018, there was an increase in share capital which corresponded to an increase in the shareholding of each shareholder in proportion to their respective holdings in the share capital of the Bank at that date, with 13 694 439 shares having been issued with a par value of 1 000 AKZ. Thus, at the end of the financial year ended 31 December 2018, the Bank had a total of 15 000 000 ordinary shares outstanding. Bearing in mind that since 31 December 2018 there were no changes in the share capital of the Bank, the number of ordinary shares outstanding in financial year ended 31 December 2020 is 15 000 000 shares.

In accordance with the provisions of IAS 33 - Earnings per share, the basic Earnings per share and the Dividend attributed in the period must be adjusted retrospectively, in all the periods affected, in the event of an increase or reduction in the number of ordinary shares.

20. NET INTEREST INCOME

In financial years ended 31 December 2020 and 2019, these captions have the following breakdown:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

Interest and similar income	**31/12/2020**	**31/12/2019**
From short-term investments:		
Term deposits at credit institutions abroad	2,283,237	6,056,693
Term deposits at credit institutions in Angola	263,936	78,803
Other	55,597	699,965
Income from reverse repurchase agreements	2,374,387	2,945,059
	4,977,157	9,780,520
From securities:		
From securities held for trading		
Treasury Bills	10,259,473	28,034,048
Treasury bonds	22,434,879	-
From investments at amortized cost		
Treasury Bonds in local currency indexed to foreign currency and in foreign currency	138,350,946	112,467,860
	171,045,298	140,501,908
From loans and advances granted		
Companies and Public Administration		
Loans	19,929,180	20,545,526
Current account facility	6,869,185	6,880,794
Other loans	21,505	33,692
Mortgage loans	453,688	1,089,191
Consumer loans	8,756,032	7,877,153
Other loans	3,332,449	2,303,121
Past-due interest	1,070,150	682,979
Total interest and similar income	216,454,644	189,694,884
Interest and similar expenses		
Of deposits:		
Demand deposits	539,292	388,160
Term deposits	27,378,645	34,313,297
	27,917,937	34,701,457
Short term borrowings:		
Interbank Money Market Transactions	578,940	138,066
	578,940	138,066
Other interest and similar expenses	1,254,413	1,379,644
	1,254,413	1,379,644
Total interest and similar expenses	29,751,290	36,219,167

21. FEE AND COMMISSION INCOME/ESPENSE

In financial years ended 31 December 2020 and 2019, these captions have the following breakdown:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020	31/12/2019
Income from rendering of services		
Fees on payment orders issued	1,905,116	1,967,484
Fees on guarantees and sureties provided	461,845	566,020
Fees for import letters of credits opened	1,138,679	2,427,052
Fees on ATMs and POSs terminals	6,654,775	5,572,590
Fees on securities	5,932,975	2,540,224
Other fee and commission income	7,560,712	5,720,288
	23,654,102	18,793,658
Fees for custodian services and other	(6,840,486)	(4,730,576)
	16,813,616	14,063,082

The amount recorded under the caption “Other fee and commission income” corresponds, essentially, to income from commissions associated with movements made with credit cards and operations carried out in Multicaixa (ATM).

22. FOREIGN EXCHANGE GAINS/(LOSSES)

In financial years ended 31 December 2020 and 2019, this caption has the following breakdown:

	31/12/2020	31/12/2019
Exchange gains/(losses) in assets and liabilities denominated in foreign currency	-1,540,090	16,234,746
Foreign currency purchase and sale operations	44,048,606	24,953,398
	42,508,516	41,188,144

The caption “Exchange gains/(losses) on assets and liabilities denominated in foreign currency” refers, essentially, to results from foreign exchange fluctuations related to assets and liabilities of the Bank in foreign currency and securities in Kwanzas indexed to US Dollars.

23. GAINS/(LOSSES) ON DISPOSAL

In financial years ended 31 December 2020 and 2019, this caption has the following breakdown:

	31/12/2020	31/12/2019
Gains/(losses) on disposal		
Gains on disposal of tangible assets	52,214	114,934
Losses on disposal of tangible assets	(1,653)	(4,712)
	50,561	110,222

24. OTHER OPERATING INCOME/(EXPENSE)

In financial years ended 31 December 2020 and 2019, this caption has the following breakdown:

	31/12/2020	31/12/2019
Other operating income/(expense):		
Contributions to the Deposit Guarantee Fund	176,920	(3,575,733)
Non-income related taxes and levies	(8,025,926)	(1,775,690)
Penalties applied by regulatory authorities	(121,378)	(42,478)
Recovery of administrative and commercial costs	4,873,623	4,519,593
Other	4,768,858	3,657,492
	1,672,097	2,783,184

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

In financial years 2020 and 2019, the caption "Non-income related taxes and levies" includes a value added tax balance of 4 769 429 thousand AKZ and 439 522 thousand AKZ, respectively.

In financial years 2020 and 2019, the caption "Other operating income/(expense) - Recovery of administrative and commercial costs" refers, essentially, to: (i) the reimbursement of communication and mailing expenses originally borne by the Bank, namely in carrying out payment order operations and (ii) gains from lease renegotiations.

In financial years 2020 and 2019, the caption "Other operating income/(expense) - Other" includes income from recoveries of loans and interest previously annulled or written off from assets, in the amounts of 1 232 424 thousand AKZ and 760 769 thousand AKZ, respectively.

25. STAFF COSTS

In financial years ended 31 December 2020 and 2019, this caption has the following breakdown:

	31/12/2020	31/12/2019
Members of management and supervisory bodies		
Monthly remuneration	313,174	348,311
Additional remuneration	1,229,402	626,013
Mandatory employee welfare payments	140,466	45,475
	1,683,042	1,019,799
Employees		
Monthly remuneration	25,118,782	20,636,044
Additional remuneration	20,221,592	17,390,162
Mandatory employee welfare payments	2,861,596	2,209,215
Optional employee welfare payments	5,590,828	2,179,864
	53,792,798	42,415,285
Pension plans costs		
Supplementary pension plan	3,010,273	2,434,118
Other	595,150	72,060
	3,605,423	2,506,178
	59,081,263	45,941,262

Note: The sub-caption "Additional remuneration" related to Members of management and supervisory bodies relates to prepayments corresponding to the departure of former members of the Board of Directors.

26. THIRD-PARTY SUPPLIES AND SERVICES

In financial years ended 31 December 2020 and 2019, this caption has the following breakdown:

	31/12/2020	31/12/2019
Audits, consulting, and other specialized technical services	11,804,911	9,727,163
Security, maintenance and repairs	7,581,385	5,270,162
Transport, travel and accommodation	1,079,486	2,228,884
Rentals	488,241	234,063
Communications	1,584,895	2,049,062
Water and energy	922,573	1,453,859
Publications and advertising	1,467,994	2,070,807
Sundry materials	1,510,472	1,167,467
Insurance	797,855	480,941
Other third-parties suppliers	-77,069	874,333
	27,160,743	25,556,741

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

27. OFF-BALANCE SHEET CAPTIONS

These captions have the following breakdown:

	31/12/2020	31/12/2019
Liabilities to third parties:		
Guarantees issued	34,083,715	22,819,554
Commitments to third parties		
- Letters of credit opened	16,380,459	68,877,549
	50,464,174	91,697,103
Liabilities for services provided:		
Services provided by the institution		
- Securities custody	1,074,737,736	1,255,407,438
- Clearing of cheques drawn on foreign banks	189,302	162,287
- Documentary remittances	(90,972,706)	(57,024,710)
	983,954,332	1,198,545,015

As at 31 December 2020 and 2019, the caption "Letters of credit opened" includes letters of credit opened guaranteed by blocked deposits in the Bank, in the amounts of 1 873 443 thousand AKZ and 5 922 946 thousand AKZ, respectively (Note 15).

As at 31 December 2020 and 2019, the Bank has constituted impairment losses to cover the credit risk assumed on the granting of guarantees and documentary credits, in the amounts of 93 062 thousand AKZ and 497 119 thousand AKZ, respectively (Notes 9 and 17).

The notionals of forwards are recognized in off-balance sheet captions, in the amount of 39 785 662 thousand AKZ and 40 559 456 thousand AKZ, as at 31 December 2020 and 2019, respectively.

As at 31 December 2020 and 2019, the caption "Securities custody" refers, essentially, to securities of customers in the custody of the Bank.

28. RELATED PARTIES

In accordance with IAS 24, the following are considered entities related to the Bank:

- the entities that exercise, directly or indirectly, a significant influence over the management and financial policy of the Bank - Shareholders;
- those over which the Bank exercises, directly or indirectly, a significant influence over their financial management and policy - Associates and joint ventures and the Pension Fund;
- the members that are key management personnel of the Bank, considering for this purpose the members of the Board of Directors, executive and non-executive, and the Companies over which the members of the Board of Directors have significant influence;
- subsidiaries, joint ventures or associates of the shareholder holding control over the Bank;
- key personnel of the shareholder holding control over the Bank (executive and non-executive members of the Board of Directors);
- entities controlled or jointly controlled by the key personnel of the shareholder holding control over the Bank;
- Close family members of the key personnel of the shareholder holding control over the Bank; and
- Entities controlled or jointly controlled by the close family members of the key personnel of the Shareholders.

The related entities of the Bank with which it maintained balances or transactions in financial years ended 31 December 2020 and 2019 are as follows:

Shareholders of BFA

- Banco BPI
- Unitel

Members of the Corporate Bodies	Companies over which the members of the Corporate Bodies have significant influence
António Miguel Ferreira Geraldes	ARLOQUI GESTÃO EMPREENDIMENTOS SA

Isabel José dos Santos João Boa Francisco Quipipa Amílcar Frederico Alves de Lima Safeca Luiz Henrique Soares Rosa	JBFQ EMPREENDIMENTOS NODIBRAND-SISTEMAS, TECNOLOGIA E CONSULTORIA ANTOSC, S.A ANGLOBAL - COMERCIO, INDUSTRIA E SERVIÇOS, SA COTROL-SOC. AGRO-PECUÁRIA COMÉRCIO LDA FINSTAR-SOC.DE INVEST.E PARTICIPAÇOES,SA INFOSYSTEMS-SOC.SISTEMAS DE INF. S.A. ZAP MEDIA,S.A URBINVESTE-PROMOÇÕES PROJECT IMOBILI,SA LANDSCAPE P. P. IMOBILIÁRIOS,LDA ZAP PUBLISHING, S.A SODIBA – SOC. DISTR. BEBIDAS ANGOLA, LDA YOU CALL LDA FAZENDA GIRASSOL, LDA HIPERGEST, SOC DE INV, CAP. FIXO, S.A EMBALVIDRO - INDUSTRIA (SU), LDA GOTS – SOC. INVEST. IMOB. CAP. FIXO, S.A EFACEC ANGOLA, LDA NOVA CIMANGOLA II, S.A NOVA CIMANGOLA, S.A NOVA CIMANGOLA - GESTAO DE ACTIVOS, S.A
Investees of Unitel	
ANGOLA CABLES, S.A.	

BFA

- Members of the Corporate Bodies and Companies where Members have Control

Board of Directors	**Companies over which the members have control or joint control**
Rui Jorge Carneiro Mangueira António Domingues Divaldo Kenda Feijó Palhares Francisco José Mendes da Costa Jacinto Manuel Veloso Osvaldo Salvador de Lemos Macaia Otília do Carmo Faleiro António José Simões Matias António Manuel Antunes Domingues da Silveira Catana Luís Roberto Fernandes Gonçalves Maria Manuela Martins Moreira Natacha Sofia da Silva Barradas António Manuel Costa Alfaia Paulo Lelis de Freitas Alves Sebastião Machado Francisco Massango Vera Cristina dos Anjos Tangue Escórcio	BLENDGEST CONSULTING LDA VLS GLOBAL MAKENNY-COM.E PREST.DE SERVIÇOS, LDA 4MS MAN SPACE SPA -COM. & SERVIÇOS, LDA EMPREENDIMENTOS EDICAL LDA SEILMA, LDA HONGAMBANDU RESTAURAÇÃO E CARTERING
Supervisory Board	**Companies over which the members have control or joint control**
Ari Nelson Correia Brandão Rodrigo Aguiar de Carvalho Magalhães Quintas Valdir de Jesus Lima Rodrigues	ADVISORS PRESTAÇÃO DE SERVIÇOS LDA PISON IMOBILIARIA LDA ATELIER DO PEIXE LDA

- **<u>Investees of BFA</u>**

BFA GESTÃO DE ACTIVOS SGOIC. S.A.

Board of Directors*	**Companies over which the members have control or joint control**
Rui Gonçalves de Oliveira Pedro Alexandre Ribeiro Machado Amorim	EUROCUANZA LDA SOCONCRETO CONSTRUÇOES, S.A
*Other members of the Board of Directors are Directors of BFA, identified above.	

- **<u>Pension Fund</u>**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

BFA Pension Fund

As at 31 December 2020 and 2019, the main balances and transactions maintained by the Bank with related entities are as follows:

	31/12/2020							
	Shareholders of BFA							
	BPI Group	Unitel group	Members of BFA's Board of Directors	Companies in which BFA Board members have significant influence	Investees	BFA Pension Fund	Related parties via Unitel	Total
Deposits:								
Cash and demand deposits in credit institutions	11,078,777	-	-	-	-	-	-	11,078,777
Short-term investments:	-	-	-	-	-	-	-	-
Other loans to credit institutions	387,139,009	-	-	-	-	-	-	387,139,009
Loans and advances granted	2,025	-	355,180	-	-	-	11,317,367	11,674,572
Customer deposits:	-	-	-	-	-	-	-	-
Demand deposits	-	(121,168,707)	(1,092,450)	(24,278,110)	(12,634)	-	(3,407,809)	(149,959,710)
Term deposits	-	(119,898,665)	(468,920)	-	(6,496)	(8,151,840)	(1,865,117)	(130,391,038)
Other liabilities	-	-	-	-	-	-	-	-
Interest and similar income	(187,569)	-	-	-	-	-	-	(187,569)
Interest and similar expenses	-	-	-	-	-	-	-	-
Commissions and other expenses	-	-	-	-	-	-	-	-
Securities deposited	-	(179,188,005)	(2,320,344)	(678,576)	-	(28,287,612)	(1,100,292)	(211,574,829)
Participation units	-	(4,500,000)	(31,800)	(50,000)	-	(3,732,757)	(118,000)	(8,432,557)
Letters of credit	-	12,948	-	-	-	-	-	12,948
Bank guarantees	-	-	-	-	-	-	-	-

	31/12/2019							
	Shareholders of BFA							
	BPI Group	Unitel Group	Members of BFA's Board of Directors	Companies in which BFA Board members have significant influence	Investees	BFA Pension Fund	Related parties via Unitel	Total
Deposits:								
Cash and demand deposits in credit institutions	21,180,753	-	-	-	-	-	-	21,180,753
Short-term investments:								
Other loans to credit institutions	190,008,629	-	-	-	-	-	-	190,008,629
Loans and advances granted	-	-	229,021	-	-	-	19,116,966	19,345,987
Customer deposits:								
Demand deposits	1,126	(14,517,317)	(726,864)	(42,610)	(49,289)	(5,127)	(7,676,402)	(23,016,484)
Term deposits	-	(128,587,453)	(226,563)	-	-	(5,633,877)	(1,791,944)	(136,239,837)
Other liabilities	-	-	-	-	-	-	-	-
Interest and similar income	2,468,789	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	2,408,789
Interest and similar expenses	-	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	-
Commissions and other expenses	-	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	-
Securities deposited	-	(249,764,131)	(2,242,495)	(579,459)	(413,250)	(21,873,234)	(1,055,357)	(275,927,926)
Participation units	-	(1,500,000)	(50,000)	(50,000)	-	-	(6,000)	(1,606,000)
Letters of credit	-	6,362,672	-	-	-	-	2,522,294	8,884,966
Bank guarantees	-	2,848,296	-	-	-	-	-	2,848,296

The information presented regarding the "Members of the Corporate Bodies of BFA" includes the main balances and transactions maintained by the Bank with:

- Members of the Corporate Bodies of BFA; and
- Close family members of the members of the Corporate Bodies of BFA.

The information presented regarding the "Companies over which the members of the Corporate Bodies of BFA have a significant influence" includes the main balances and transactions maintained by the Bank with:

- Companies over which the members of the Corporate Bodies of BFA have a significant influence; and
- Companies over which the close family members of the members of the Corporate Bodies of BFA have a significant influence.

The information presented regarding the "Related parties via Unitel" includes the main balances and transactions maintained by the Bank with:

- Members of the Board of Directors of Unitel;
- Companies over which the members of the Board of Directors of Unitel have a significant influence;
- Close family members of the members of the Board of Directors of Unitel; and
- Investees of Unitel.

The information presented with reference to the periods ended 31 December 2020 and 2019 does not include expenses and income with Unitel, with the Members of the Corporate Bodies of BFA, with the Companies over which they have a significant influence or control, with the Investees, with the BFA Pension Fund and with related parties via Unitel.

29. BALANCE SHEET BY CURRENCY

As at 31 December 2020 and 2019, the balance sheets by currency have the following structure:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	2020			2019		
	National currency	Foreign currency	Total	National currency	Foreign currency	Total
Cash and balances at central banks	221,400,387	252,816,448	474,216,835	183,418,884	119,297,311	302,716,195
Balances at other credit institutions	17,000	26,259,793	26,276,793	-	42,507,797	42,507,797
Deposits with central banks and other credit institutions	16,481,254	632,610,481	649,091,735	23,893,849	432,853,147	456,746,995
Financial assets at fair value through profit or loss	354,020,911	11,673,377	365,694,288	170,255,828	2,434,373	172,690,202
Investments at amortized cost	587,007,692	390,829,067	977,836,759	521,752,627	307,099,212	828,851,838
Loans and advances to customers	255,187,818	78,185,451	333,373,269	222,912,124	105,024,613	327,936,737
Non-current assets held for sale	267,759	-	267,759	-	84,788	84,788
Investments in subsidiaries, associates and joint ventures	50,375	-	50,375	50,375	-	50,375
Other tangible assets	30,575,320	-	30,575,320	32,588,090	-	32,588,090
Intangible assets	213,472	-	213,472	630,225	-	630,225
Current tax assets	4,186	-	4,186	4,186	-	4,186
Deferred tax assets	759,347	886,441	1,645,788	6,575,365	1,312,114	7,887,478
Other assets	9,189,567	6,463,564	15,653,131	18,203,055	4,160,074	22,363,129
Total Assets	1,475,175,088	1,399,724,622	2,874,899,710	1,180,284,607	1,014,773,429	2,195,058,036
Funds of central banks and other credit institutions	2,133,775	1,954,524	4,088,299	1,619,111	6,049,996	7,669,106
Customers funds and other borrowings	953,755,298	1,298,447,409	2,252,202,707	707,070,365	915,827,279	1,622,897,644
Financial liabilities at fair value through profit or loss	4,244,410	-	4,244,410	12,675,871	-	12,675,871
Provisions	17,444,727	24,023,344	41,468,071	3,094,941	21,267,223	24,362,164
Current tax liabilities	7,794,665	(9,588)	7,785,077	4,628,099	-	4,628,099
Other liabilities	7,319,429	59,814,394	67,133,823	(21,429,599)	82,048,849	60,619,250
Total Liabilities	992,692,304	1,384,230,083	2,376,922,387	707,658,788	1,025,193,347	1,732,852,134
Net Assets (Liabilities)	482,482,784	15,494,539	497,977,323	472,625,819	(10,419,918)	462,205,902
Equity	497,977,323	-	497,977,323	462,205,902	-	462,205,902

The table above includes securities in Kwanzas indexed to the US Dollar in the national currency.

If the following foreign currency balances are included (i) securities in Kwanzas indexed to the US Dollar ("Financial assets at fair value through profit or loss", and "Investments at amortized cost") and (ii) the notionals of forwards (recognized in off-balance sheet captions) under the caption "Other assets" in "National currency", the balance sheet by currency has the following structure:

	2020			2019		
	National currency	Foreign currency	Total	National currency	Foreign currency	Total
Cash and balances at central banks	221,400,387	252,816,448	474,216,835	183,418,884	119,297,311	302,716,195
Balances at other credit institutions	17,000	26,259,793	26,276,793	-	42,507,797	42,507,797
Deposits with central banks and other credit institutions	16,481,254	632,610,481	649,091,735	23,893,849	432,853,147	456,746,996
Financial assets at fair value through profit or loss	283,980,793	81,713,495	365,694,288	93,143,357	79,546,844	172,690,201
Investments at amortized cost	587,007,692	390,829,067	977,836,759	521,752,627	307,099,212	828,851,839
Loans and advances to customers	255,187,818	78,185,451	333,373,269	222,912,124	105,024,613	327,936,737
Non-current assets held for sale	267,759	-	267,759	-	84,788	84,788
Investments in subsidiaries, associates and joint ventures	50,375	-	50,375	50,375	-	50,375
Other tangible assets	30,575,320	-	30,575,320	32,588,090	-	32,588,090
Intangible assets	213,472	-	213,472	630,225	-	630,225
Current tax assets	4,186	-	4,186	4,186	-	4,186
Deferred tax assets	759,347	886,441	1,645,788	6,575,365	1,312,114	7,887,479
Other assets	(30,596,095)	46,249,226	15,653,131	(22,356,401)	44,719,530	22,363,129
Total Assets	1,365,349,308	1,509,550,402	2,874,899,710	1,062,612,680	1,132,445,357	2,195,058,037
Funds of central banks and other credit institutions	2,133,775	1,954,524	4,088,299	1,619,111	6,049,996	7,669,106
Customers funds and other borrowings	953,755,298	1,298,447,409	2,252,202,707	707,070,365	915,827,279	1,622,897,644
Financial liabilities at fair value through profit or loss	4,244,410	-	4,244,410	12,675,871	-	12,675,871
Provisions	17,444,727	24,023,344	41,468,071	3,094,941	21,267,223	24,362,164
Current tax liabilities	7,794,665	(9,588)	7,785,077	4,628,099	-	4,628,099
Other liabilities	(32,466,233)	99,600,056	67,133,823	(61,989,055)	122,608,305	60,619,250
Total Liabilities	952,906,642	1,424,015,745	2,376,922,387	667,099,332	1,065,752,803	1,732,852,134
Net Assets (Liabilities)	412,442,666	85,534,657	497,977,323	395,513,349	66,692,553	462,205,903
Equity	497,977,323	-	497,977,323	462,205,902	-	462,205,902

Loans to customers granted by the Bank and denominated in foreign currency, namely in US Dollars, are shown in the table above in the column "Foreign currency". However, according to number 2 of article 4 of Notice No. 03/2012, of the Angolan National Bank, financial institutions must, when collecting instalments of loans granted, accept funds available in their customers' accounts denominated in any currency, regardless of the currency contracted. This obligation only applies to loan operations contracted after the date of entry into force of the referred rule. It should be noted that the customers of the Bank have, in general, paid off the instalments of capital and interest on loans denominated in US dollars, in the corresponding amount, in Kwanzas, on the settlement date, under the option provided for in Notice No. 03/2012 of the BNA.

30. RISK MANAGEMENT

BFA's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: foreign exchange risk, credit risk, liquidity risk and cash flow risks associated with interest rate risk, among others.

BFA's risk management is controlled by the Risk Management Department, in accordance with policies approved by the Board of Directors. In this sense, the Board of Directors has defined, in writing, the main global risk management principles, as well as specific policies for some areas, such as interest rate risk, liquidity risk and credit risk.

The Board of Directors defines the principles for risk management as a whole and policies that cover specific areas, such as exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, as well as the investment of excess liquidity.

30.1 Credit risk

Credit risk corresponds to the risk of default by counterparties, with which the Bank maintains open positions in financial instruments, as a creditor. In accordance with the BFA General Credit Regulation, the granting of credit, in the Bank, is based on the following basic principles:

Formulation of proposals

Loan operations, or guarantees, subject to the decision of BFA:

- Are adequately characterized in the Technical Data Sheet, containing all the essential and accessory elements necessary for the formalization of the operation;
- Respect the specific product sheet;
- Are accompanied by a duly substantiated credit risk analysis;
- Contain the signatures of the proposing bodies.

Credit risk analysis

In the credit risk analysis, the total exposure of the Bank to the customer, or to the group to which the customer belongs, is considered, according to the terms of the legislation applicable at any time. Exposures in respect of the same customer or economic group are classified, having as the reference those that represent the greatest risk.

Currently, considering the regulations of the Angolan National Bank:

- For a single customer, all its liabilities vis-à-vis the Bank, in force or potential, already contracted or committed, for financing and guarantees are considered (total exposure of the Bank to the customer);
- For a group of customers, the sum of the liabilities of each customer that constitutes the group is considered (total exposure of the Bank to the group); and
- The existence of guarantees with State risk, or with immediate liquidity, has an impact on the calculation of the value of the Global Exposure.

Classification of Risk

The Bank classifies loan operations in ascending order of risk, according to the following classes:

Level A: Minimum risk
Level B: Very low risk
Level C: Low risk
Level D: Moderate risk
Level E: High risk
Level F: Very high risk
Level G: Maximum risk

The individual classification of the exposure considers the characteristics and risks of the operation and of the borrower, being classified, initially, based on the following criteria adopted by the Bank:

- Level A: operations that are:

(i) assumed by the Angolan State, encompassing its central and provincial administrations;

(ii) assumed by central administrations, central banks of countries, included in group 1 (defined in Instruction No. 01/2015, of 14 January, of the Angolan National Bank), international organizations and multilateral development banks;

(iii) fully guaranteed by cash deposits, or certificates of deposit, constituted or issued by the lending institution, or by institutions in a dominant relationship, or a group relationship with the lending institution and having their registered office in Angola, or a country included in group 1, multilateral development banks and international organizations, provided that the exposure and the deposit or certificate are denominated in the same currency;

(iv) fully guaranteed by cash deposits or certificates of deposit constituted or issued by the lending institution or by branches of the lending institution, not covered by the preceding paragraph, provided that the exposure and the deposit or certificate are denominated in the same currency;

(v) fully guaranteed by securities or bonds issued by the Angolan State, or by the Angolan National Bank.

- Level B and others: remaining loans.

The classification of exposures is revised whenever there are changes in the indications of impairment in payment delays.

Within the scope of the regular review of loan operations, including operations with overdue loans, BFA performs reclassifications of overdue loan operations to not yet due, based on an analysis of the economic prospects of collectability, considering namely, the existence of guarantees, the assets of the borrowers or guarantors and the existence of transactions which risk BFA equates to State risk or, too, when the circumstances of delay result from the sole responsibility of the Bank due to the sporadic failure of its processes.

Association of Guarantees

When granting loans to individuals, or small companies, with a term of more than 36 months, in the absence of short-term financial investments, BFA requires, as a rule, the provision of a real guarantee of immovable property.

Loan operations have associated guarantees considered appropriate to the borrower's risk, and the nature and term of the operation, which are duly substantiated, in terms of sufficiency and liquidity.

Real guarantees are assessed prior to the loan decision, and these assessments are periodically reviewed. Exceptions to this rule (with decisions being conditional on a subsequent assessment) imply that disbursement will only occur after the Bank has obtained the guarantee assessment.

The main types of collateral for loans and advances to customers are:

- Mortgages on residential properties;
- Encumbrances on company assets, such as facilities, inventory or accounts receivable;
- Encumbrances on financial instruments, such as debt securities or shares; and
- Encumbrances on term deposits at the institution.

Long-term financing and loans to corporate entities usually have an associated guarantee. On the contrary, revolving credit products do not generally have an associated guarantee.

Collaterals obtained as a guarantee for financial assets, other than loans and advances to customers, always depends on the type of financial instrument. Debt instruments do not normally have an associated guarantee, except for securitized instruments, which are backed by portfolios of financial instruments. On the other hand, derivative instruments have associated guarantees.

The Bank´s policies regarding collateral obtained as a guarantee have not changed significantly during the reporting period, and there have also been no significant changes in the quality of the collaterals held by the Bank since the previous period.

The Bank monitors collaterals obtained as a guarantee for loans in respect of impaired customers, as it becomes more likely that the Bank will take possession of these collaterals to mitigate possible credit losses. Loans to impaired customers (stage 3) and the collaterals obtained as guarantee are detailed as follows:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020			
	Gross loans	Impairment	Net loans	Fair value of collaterals
Individuals				
Credit cards	2,159	1,394	765	0
Current accounts	21,478	21,478	0	0
Loans	2,929,540	2,299,323	630,217	5,125,652
Leasing	10,028,020	7,255,040	2,772,980	16,091,365
Overdrafts	1,862,190	1,416,280	445,910	0
	14,843,387	**10,993,515**	**3,849,872**	**21,217,017**
Companies				
Current accounts	932,664	424,632	508,032	1,070,226
Loans	16,467,861	14,453,060	2,014,801	19,763,127
Leasing	300,581	218,523	82,058	4,961,085
Overdrafts	2,184,416	2,135,279	49,137	0
	19,885,522	**17,231,494**	**2,654,028**	**25,794,438**
Total	**34,728,909**	**28,225,009**	**6,503,900**	**47,011,455**

	31/12/2019			
	Gross loans	Impairment	Net loans	Fair value of collaterals
Individuals				
Credit cards	1,069	517	552	0
Current accounts	20,654	20,654	0	96,445
Loans	2,324,240	2,063,068	261,172	4,868,994
Leasing	8,576,211	6,066,029	2,510,182	21,006,789
Overdrafts	296,490	224,258	72,232	0
	11,218,664	**8,374,526**	**2,844,138**	**25,972,228**
Companies				
Current accounts	617,329	553,994	63,335	1,337,323
Loans	9,625,639	7,729,573	1,896,066	27,425,218
Leasing	192,621	158,084	34,537	1,268,048
Overdrafts	1,616,642	1,591,494	25,148	0
	12,052,231	**10,033,145**	**2,019,086**	**30,030,589**
Total	**23,270,895**	**18,407,671**	**4,863,224**	**56,002,817**

Exclusions due to Incidents

The Bank neither grants loans to customers with material incidents in the last 12 months that BFA is aware of, nor to other companies that are part of a group with customers that are in this situation. The following are considered material incidents:

- Delays in making payments of principal or interest owed to a financial institution of more than 45 days;
- Irregular use of means of payment under the responsibility of that person or entity;
- Pending legal actions against that person or entity that have potential adverse effects on their economic or financial situation.

Exceptions to these rules can only be approved at the level of the Executive Committee of the Board of Directors, or at the level of the Board of Directors of BFA.

Restructurings

In principle, BFA only formalizes ongoing loan restructuring operations, after assessing the customer's ability to comply with the new plan, if the following criteria are met:

- New guarantees (more liquid and/or more valuable) are presented for the new operation;

- Interest and late payment fees are paid in advance (in the event of a non-performing operation); and
- There is a significant partial settlement of the outstanding principal (performing and/or non-performing).

Exceptionally, and if none of the described assumptions are verified, BFA admits formalizing the formal restructuring of private individuals' debts, if it is verified that in the last 6 months, deposits were made of a minimum amount equal to the instalment amount foreseen for the restructured operation.

Loan operations restructured due to the customer's financial difficulties are defined in the General Credit Regulation and comply with the regulator's specific regulations in this matter.

The restructuring operations are marked, for the purpose of aggravating risk, and are monitored periodically regarding the fulfilment of the established plan, only being demarked when certain conditions of regularity in the fulfilment of the plan are met.

The operations subject to renegotiation are maintained, at least, at the same risk level in which they were classified in the month immediately prior to the renegotiation. Reclassification to a lower risk level occurs only if there is a regular and significant amortization of the operation, payment of overdue interest and late payment fees, or in function of the quality and value of new guarantees presented for the renegotiated operation.

Monitoring of non-performing loans

Non-performing loans are accompanied by the commercial teams, as a rule until they are 60 days in arrears, with monitoring being done by a specialized team. After 60 days of non-compliance, the management of the relationship is transferred to this specialized team, which mission is to collaborate in loan recovery actions, being able to assume negotiations and restructuring proposals, and being responsible for monitoring the processes under its management.

The restructuring negotiations follow the principles mentioned above.

This team is responsible for the management and relationship with the customer, with the aim of recovering the loan, resorting to the enforcement, through the courts, if necessary.

Impairment

BFA implemented a model to calculate impairment losses of the loan portfolio, in accordance with the requirements set out in IFRS 9.

BFA calculates the impairment losses of the loan portfolio monthly based on the implemented model, with the amount of impairment determined being approved by the Executive Committee of the Board of Directors.

The first application and the respective results of this model were calculated with reference to 1 January 2018. Since that reference date, monthly calculations have been carried out. The half-yearly results are approved by the Board of Directors of the Bank.

Securities and bonds

BFA's securities portfolio respects the principle of the high credit quality of its issuers, being mainly comprised of securities issued by the Angolan State and the Angolan National Bank, as at 31 December 2020 and 2019.

As at 31 December 2020 and 2019, the maximum exposure to credit risk presents the following detail:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020			31/12/2019		
	Gross Book Value	Impairment	Net book value	Gross Book Value	Impairment	Net book value
Assets						
Cash and balances at central banks	474,216,835	-	474,216,835	302,716,195	-	302,716,195
Balances at other credit institutions	26,295,341	18,548	26,276,793	42,522,475	14,678	42,507,797
Deposits with central banks and other credit institutions	649,862,691	770,956	649,091,735	457,492,832	745,837	456,746,995
Financial assets at fair value through profit or loss	365,694,288	-	365,694,288	172,690,202	-	172,690,202
Investments at amortized cost	1,035,154,711	57,317,952	977,836,759	842,084,352	13,232,514	828,851,838
Loans and advances to customers	387,818,749	54,445,480	333,373,270	359,170,275	31,233,538	327,936,737
	2,939,042,615	112,552,936	2,826,489,680	2,176,676,331	45,226,567	2,131,449,764
Off-balance sheet						
Guarantees issued and documentary credits opened	50,464,174	93,062	50,371,112	91,697,103	663,952	91,033,151
	2,989,506,789	112,645,998	2,876,860,792	2,268,373,434	45,890,519	2,222,482,915

The credit quality of the financial assets has the following breakdown, as at 31 December 2020 and 2019:

	Source of rating	Rating grade	31/12/2020 Gross exposure	Impairment	Net exposure
Cash and balances at central banks	External rating	CCC+ to CCC	-	-	-
	Unrated	N/Available	474,216,835	-	474,216,835
			474,216,835	-	474,216,835
Balances at other credit institutions	External rating	AAA to AA-	-	-	-
		A+ to A-	-	-	-
		BBB+ to BBB-	-	-	-
		BB+ to BB-	-	-	-
		B+ to B-	-	-	-
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/Available	26,295,341	(18,548)	26,276,793
			26,295,341	(18,548)	26,276,793
Deposits with central banks and other credit institutions	External rating	AAA to AA-	-	-	-
		A+ to A-	-	-	-
		BBB+ to BBB-	-	-	-
		BB+ to BB-	-	-	-
		B+ to B-	-	-	-
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/Available	649,862,691	(770,956)	649,091,735
			649,862,691	(770,956)	649,091,735
Financial assets at fair value through profit or loss	External rating	CCC+ to CCC	360,799,031	-	360,799,031
	Unrated	N/Available	4,895,257	-	4,895,257
			365,694,288	-	365,694,288
Investments at amortized cost	External rating	CCC+ to CCC	1,035,154,711	-	1,035,154,711
	Unrated	N/Available	-	(57,317,952)	(57,317,952)
			1,035,154,711	(57,317,952)	977,836,759
Loans and advances to customers - On-balance sheet	Internal rating	Class A	149,129,679	(6,963,779)	142,165,900
		Class B	141,836,496	(4,667,977)	137,168,519
		Class C	1,016,976	(291,857)	725,120
		Class D	49,771,409	(11,620,448)	38,150,962
		Class E	14,459,170	(4,678,145)	9,781,025
		Class F	950,997	(552,385)	398,612
		Class G	30,654,022	(25,670,891)	4,983,131
			387,818,750	(54,445,480)	333,373,270
Loans and advances to customers - Off-balance sheet	Internal rating	Class A	5,444,216	(17,234)	5,426,983
		Class B	45,019,958	(74,366)	44,945,591
		Class C	-	(212)	(212)
		Class D	-	(28)	(28)
		Class E	-	(155)	(155)
		Class F	-	(30)	(30)
		Class G	-	(1,037)	(1,037)
			50,464,174	(93,062)	50,371,112
		Total	**2,989,506,790**	**(112,645,997)**	**2,876,860,793**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	Source of rating	Rating grade	31/12/2019		
			Gross exposure	**Impairment**	**Net exposure**
Cash and balances at central banks	External rating	B+ to B-	272,027,455	-	272,027,455
	Unrated	N/Available	30,688,740	-	30,688,740
			302,716,195	-	302,716,195
Balances at other credit institutions	External rating	AAA to AA-	824,727	(2)	824,725
		A+ to A-	1,762,974	(60)	1,762,914
		BBB+ to BBB-	13,528,486	(1,583)	13,526,903
		BB+ to BB-	24,458,958	5,230	24,464,188
		B+ to B-	-	-	-
		CCC to CC-	1,933,881	(7,736)	1,926,145
	Unrated	N/Available	13,449	(10,527)	8,923
			42,522,475	(14,678)	42,507,797
Deposits with central banks and other credit institutions	External rating	AAA to AA-	48,287,141	(13,038)	48,274,103
		A+ to A-	38,607,922	(14,015)	38,593,907
		BBB+ to BBB-	115,651,027	(121,281)	115,529,746
		BB+ to BB-	231,052,893	(597,503)	230,455,390
		B+ to B-	23,893,849	-	23,893,849
	Unrated	N/Available			-
			457,492,832	(745,837)	456,746,994
Financial assets at fair value through profit or loss	External rating	B+ to B-	169,700,058	-	169,700,058
	Unrated	N/Available	2,990,144	-	2,990,144
			172,690,202	-	172,690,202
Investments at amortized cost	External rating	B+ to B-	842,084,352	(13,232,514)	855,316,866
	Unrated	N/Available	-	-	-
			842,084,352	(13,232,514)	828,851,838
Loans and advances to customers - On-balance sheet	Internal rating	Class A	128,475,115	(2,139,495)	126,335,620
		Class B	174,096,065	(3,813,067)	170,282,998
		Class C	1,561,222	(516,131)	1,045,091
		Class D	29,575,358	(6,871,753)	22,703,605
		Class E	2,012,116	(1,288,183)	723,933
		Class F	1,401,811	(569,802)	832,009
		Class G	22,048,588	(16,035,107)	6,013,481
			359,170,275	(31,233,538)	327,936,737
Loans and advances to customers - Off-balance sheet	Internal rating	Class A	4,958,191	(5,895)	4,952,296
		Class B	86,737,465	(646,627)	86,090,838
		Class C	-	(126)	(126)
		Class D	-	(294)	(294)
		Class E	-	(2,917)	(2,917)
		Class F	-	(1,850)	(1,850)
		Class G	1,447	(6,243)	(4,796)
			91,697,103	(663,952)	91,033,151
		Total	**2,268,373,434**	**(45,890,519)**	**2,222,482,915**

As at 31 December 2020 and 2019, interest income and expenses from financial instruments not measured at fair value through profit or loss, net of impairment, present the following detail:

	31/12/2020			31/12/2019		
	Income	Expenses	Net	Income	Expenses	Net
Assets						
Deposits with central banks and other credit institutions	4,977,155	(181,105)	5,158,260	9,780,520	(108,451)	9,888,971
Investments at amortized cost	138,350,946	42,606,607	95,744,339	112,467,860	8,712,254	103,755,606
Loans and advances to customers	40,432,190	16,920,894	23,511,296	39,412,456	5,188,018	34,224,438
	183,760,291	59,346,396	124,413,895	161,660,836	13,791,821	147,869,015
Liabilities						
Funds of customers and other loans	-	27,917,938	(27,917,938)	-	34,701,457	(34,701,457)
Funds of central banks and other credit institutions	-	578,939	(578,939)	-	138,067	(138,067)
	-	28,496,877	(28,496,877)	-	34,839,524	(34,839,524)
Off-balance sheet						
Guarantees issued	461,845	-	461,845	566,020	-	566,020
Documentary credits	1,138,679	-	1,138,679	2,427,052	-	2,427,052
	1,600,524	-	1,600,524	2,993,072	-	2,993,072
	185,360,815	87,843,273	97,517,542	164,653,908	48,631,345	116,022,563

As at 31 December 2020 and 2019, net gains and losses from financial instruments have the following detail:

	31/12/2020					
	Through results			Through Equity		
	Gains	Losses	Results	Gains	Losses	Results
Assets						
Deposits with central banks and other credit institutions	4,977,155	(181,105)	5,158,260	-	-	-
Financial assets at fair value through profit or loss	50,362,481	-	50,362,481	-	-	-
Investments at amortized cost	138,350,946	42,606,607	95,744,339	-	-	-
Loans and advances to customers	40,432,190	16,920,894	23,511,296	-	-	-
	234,122,772	59,346,396	174,776,376	-	-	-
Liabilities						
Funds of customers and other loans	-	27,917,938	(27,917,938)	-	-	-
Funds of central banks and other credit institutions	-	578,939	(578,939)	-	-	-
Financial liabilities at fair value through profit or loss	585,191	4,244,410	(3,659,219)			
	585,191	32,741,287	(32,156,096)	-	-	-
Off-balance sheet						
Guarantees issued	461,845	-	461,845	-	-	-
Documentary credits	1,138,679	-	1,138,679	-	-	-
	1,600,524	-	1,600,524	-	-	-

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019					
	Through results			Through Equity		
	Gains	Losses	Results	Gains	Losses	Results
Assets						
Deposits with central banks and other credit institutions	9,780,520	(108,451)	9,888,971	-	-	-
Financial assets at fair value through profit or loss	35,892,590	9,609,680	26,282,910	-	-	-
Investments at amortized cost	112,467,860	8,712,254	103,755,606	-	-	-
Loans and advances to customers	39,412,456	5,188,018	34,224,438	-	-	-
	197,553,426	23,401,501	174,151,925	-	-	-
Liabilities						
Funds of customers and other loans	-	34,701,457	(34,701,457)	-	-	-
Funds of central banks and other credit institutions	-	138,067	(138,067)	-	-	-
Financial liabilities at fair value through profit or loss	208,633	12,675,871	(12,467,238)			
	208,633	47,515,395	(47,306,762)	-	-	-
Off-balance sheet						
Guarantees issued	566,020	-	566,020	-	-	-
Documentary credits	2,427,052	-	2,427,052	-	-	-
	2,993,072	-	2,993,072	-	-	-

As at 31 December 2020 and 2019, the geographical concentration of credit risk exposure presents the following detail:

	31/12/2020				
	Angola	Other African countries	Europe	Other	Total
Assets					
Cash and balances at central banks	474,216,835	-	-	-	474,216,835
Balances at other credit institutions	17,000	6,045,808	20,052,323	161,662	26,276,793
Deposits with central banks and other credit institutions	15,710,298	83,202,750	550,178,687	-	649,091,735
Financial assets at fair value through profit or loss	365,694,288	-	-	-	365,694,288
Investments at amortized cost	977,836,759	-	-	-	977,836,759
Loans and advances to customers	333,373,269	-	-	-	333,373,269
Total	2,166,848,449	89,248,558	570,231,010	161,662	2,826,489,679

	31/12/2019				
	Angola	Other African countries	Europe	Other	Total
Assets					
Cash and balances at central banks	302,716,195	-	-	-	302,716,195
Balances at other credit institutions	-	6,632,941	35,780,481	94,375	42,507,797
Deposits with central banks and other credit institutions	23,148,011	93,939,913	339,659,071	-	456,746,995
Financial assets at fair value through profit or loss	172,690,202	-	-	-	172,690,202
Investments at amortized cost	828,851,838	-	-	-	828,851,838
Loans and advances to customers	327,936,737	-	-	-	327,936,737
Total	1,655,342,983	100,572,854	375,439,552	94,375	2,131,449,764

The sectoral concentration of credit to customers, as at 31 December 2020 and 2019, has the following breakdown:

	31/12/2020						
	Loans to customers		Loans to customers - off-balance sheet	Total exposure	As a % of Total	Impairment	
	Performing	Overdue				Amount	Impairment / Total exposure
Companies							
Real Estate, rental and services rendered by companies	281,756	173	-	281,929	0%	-	0%
Other activities involving collective, social and personal services	826,626	130,070	-	956,696	0%	-	0%
Central Administration	52,182,587	192	-	52,182,779	12%	-	0%
Agriculture, livestock, hunting and forestry	52,506,120	509,801	-	53,015,921	12%	-	0%
Accommodation and catering	5,454,360	70,007	-	5,524,367	1%	-	0%
Financial activities	16,864	-	-	16,864	0%	-	0%
Wholesale and retail trade	5,048,451	855,619	-	5,904,070	1%	-	0%
Construction	54,284,898	1,056,845	-	55,341,743	13%	-	0%
Education	252,729	367,982	-	620,711	0%	-	0%
Extractive industries	350,136	5,141,179	-	5,491,316	1%	-	0%
Processing industries	7,324,960	666	-	7,325,626	2%	-	0%
Other services' companies	102,840,210	2,445,517	-	105,285,727	24%	-	0%
Production and distribution of electricity, gas and water	1,389,311	2,342	-	1,391,654	0%	-	0%
Health and social services	147,740	35,969	-	183,709	0%	-	0%
Transport, storage and communication	1,055,227	1,282,025	-	2,337,252	1%	-	0%
	283,961,977	11,898,387	-	295,860,364		-	
Individuals							
Consumer	57,420,866	1,844,898	-	59,265,764	14%	2,939,625	5%
Residential	28,836,781	1,055,913	-	29,892,694	7%	7,300,842	24%
Other purposes	1,122,888	1,677,039	15,412	2,815,339	1%	1,657,902	59%
	87,380,535	4,577,851	15,412	91,973,797		11,898,369	
Total	371,342,511	16,476,238	50,464,174	438,282,923		54,538,542	

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019						
	Loans to customers		Loans to customers - off-balance sheet	Total exposure	As a % of Total	Impairment	
	Performing	Overdue				Amount	Impairment / Total exposure
Companies							
Real Estate, rental and services rendered by companies	49,514	9,074	1,495	60,083	0%	9,639	16%
Other activities involving collective, social and personal services	907,158	37,767	-	944,925	0%	52,932	6%
Central Administration	117,014,715	142	-	117,014,857	27%	1,838,934	2%
Agriculture, livestock, hunting and forestry	24,483,981	7,381,419	23,455	31,888,855	7%	7,072,060	22%
Accommodation and catering	6,723,051	203,474	206,155	7,132,680	2%	542,244	8%
Financial activities	597,653	2,274,498	9,561,610	12,433,761	3%	117,061	1%
Wholesale and retail trade	10,207,642	1,473,617	35,340,034	47,021,293	11%	1,748,306	4%
Construction	35,303,589	1,014,691	8,396,370	44,714,650	10%	2,117,612	5%
Education	742,980	143,703	987,864	1,874,547	0%	141,710	8%
Extractive industries	666,020	5,383,230	61,871	6,111,121	1%	5,397,104	88%
Processing industries	10,795,242	107,466	12,634,722	23,537,430	5%	414,451	2%
Other services' companies	30,094,521	314,061	5,912,767	36,321,349	8%	1,397,242	4%
Production and distribution of electricity, gas and water	903,068	98,010	975,692	1,976,770	0%	133,856	7%
Health and social services	268,391	2,911	-	271,302	0%	8,142	3%
Transport, storage and communication	7,664,238	1,376,969	17,019,191	26,060,398	6%	1,630,988	6%
	246,421,763	19,821,032	91,121,226	357,364,021		22,622,281	
Individuals							
Consumer	56,503,675	1,950,037	-	58,453,712	13%	2,265,719	4%
Residential	30,279,535	906,840	-	31,186,375	7%	6,575,892	21%
Other purposes	2,843,401	443,992	575,877	3,863,270	1%	433,598	11%
	89,626,611	3,300,869	575,877	93,503,357		9,275,209	
Total	336,048,374	23,121,901	91,697,103	450,867,378		31,897,490	

As at 31 December 2020 and 2019, the breakdown of overdue loans to customers shows the following detail, by non-performing class:

	31/12/2020						
	Performing loans associated with past-due loans	Time past-due					Total
		Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years	
Loans and advances to customers							
Loans without impairment	150,917	96	976	457,880	113,646	1,187	724,702
With individually assessed impairment							
Past-due loans and interest	17,164,599	4,280	6,877	3,107,051	13,210,143	2,080,177	35,573,127
Impairment	7,960,444	1,639	4,316	3,081,253	11,822,614	2,080,177	24,950,442
Net exposure	9,204,155	2,641	2,561	25,798	1,387,530	-	10,622,685
With collectively assessed impairment							
Past due loans and interest	6,171,708	27,182	571,663	2,218,897	1,489,689	5,859	10,484,998
Impairment	1,434,156	603	210,893	1,476,167	1,005,753	5,859	4,133,430
Net exposure	4,737,552	26,579	360,770	742,730	483,937	-	6,351,568
Total	14,092,623	29,316	364,307	1,226,409	1,985,112	1,187	17,698,955

	31/12/2019						
	Performing loans associated with past-due loans	Time past-due					Total
		Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years	
Loans and advances to customers							
Loans without impairment	38,263	148	7,246	661	21,246	-	67,564
With individually assessed impairment							
Past-due loans and interest	32,599,521	2,926	114,347	2,432,547	16,688,964	1,546,802	53,385,107
Impairment	9,000,822	2,363	10,371	179,281	10,664,049	1,546,802	21,403,688
Net exposure	23,598,699	563	103,976	2,253,266	6,024,915	-	31,981,419
With collectively assessed impairment							
Past due loans and interest	5,754,972	19,624	231,964	883,428	1,160,678	11,318	8,061,984
Impairment	1,399,266	184	98,999	457,303	501,895	6,573	2,464,220
Net exposure	4,355,706	19,440	132,965	426,125	658,783	4,745	5,597,764
Total	27,992,668	20,151	244,187	2,680,052	6,704,944	4,745	37,646,747

As at 31 December 2020 and 2019, the breakdown of overdue loans to customers shows the following detail, by stages of impairment:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020				
	Performing loans associated with past-due loans	Time past-due			Total
		Stages of impairment			
		Stage 1	Stage 2	Stage 3	
Loans and advances to customers					
Loans without impairment	150,917	94	233	573,459	724,702
With individually assessed impairment					
Past-due loans and interest	17,164,599	-	399,129	18,009,399	35,573,127
Impairment	7,960,444	-	91,219	16,898,779	24,950,442
Net exposure	9,204,155	-	307,910	1,110,620	10,622,685
With collectively assessed impairment					
Past-due loans and interest	6,171,708	38,689	744,396	3,530,205	10,484,998
Impairment	1,434,156	4,254	301,404	2,393,617	4,133,430
Net exposure	4,737,552	34,435	442,993	1,136,588	6,351,568
Total	14,092,623	34,529	751,136	2,820,667	17,698,955

	31/12/2019				
	Performing loans associated with past-due loans	Time past-due			Total
		Stages of impairment			
		Stage 1	Stage 2	Stage 3	
Loans and advances to customers					
Loans without impairment	38,263	148	1,065	28,088	67,564
With individually assessed impairment					
Past-due loans and interest	32,599,521	-	9,649,179	11,136,407	53,385,107
Impairment	9,000,822	-	1,789,201	10,613,665	21,403,688
Net exposure	23,598,699	-	7,859,978	522,742	31,981,419
With collectively assessed impairment					
Past-due loans and interest	5,754,972	155,449	405,563	1,746,000	8,061,984
Impairment	1,399,266	67,703	185,826	811,425	2,464,220
Net exposure	4,355,706	87,746	219,737	934,575	5,597,764
Total	27,992,668	87,894	8,080,780	1,485,405	37,646,747

The breakdown of overdue loans with impairment attributed based on an individual and collective analysis, as at 31 December 2020 and 2019, shows the following detail, by non-performing class:

	31/12/2020					
	Performing loans associated with past-due loans	Time past-due				Total
		Loans in arrears up to 30 days	Loans in arrears between 30 and 90 days	Loans in arrears between 90 and 180 days	Loans in arrears more than 180 days	
Past-due loans and interest						
With individually assessed impairment	17,164,599	4,280	6,877	25,489	18,371,882	35,573,127
With collectively assessed impairment	6,171,708	27,182	571,663	621,788	3,092,658	10,484,998
Total	23,336,307	31,462	578,540	647,277	21,464,540	46,058,125

	31/12/2019					
	Performing loans associated with past-due loans	Time past-due				Total
		Loans in arrears up to 30 days	Loans in arrears between 30 and 90 days	Loans in arrears between 90 and 180 days	Loans in arrears more than 180 days	
Past-due loans and interest						
With individually assessed impairment	32,599,521	2,926	114,347	4,284	20,664,029	53,385,107
With collectively assessed impairment	5,754,972	19,624	231,964	340,607	1,714,817	8,061,984
Total	38,354,493	22,550	346,311	344,891	22,378,846	61,447,091

The breakdown of overdue loans with impairment attributed based on an individual and collective analysis, as at 31 December 2020 and 2019, shows the following detail, by stages of impairment:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020				
	Loans not yet due associated with overdue loans	Stages of impairment			Total
		Stage 1	Stage 2	Stage 3	
Overdue loans and interest					
With impairment attributed based on individual analysis	17,164,599	-	399,129	18,009,399	35,573,127
With impairment attributed based on collective analysis	6,171,708	38,689	744,396	3,530,205	10,484,998
Total	23,336,307	38,689	1,143,525	21,539,604	46,058,125

	31/12/2019				
	Performing loans associated with past-due loans	Stages of impairment			Total
		Stage 1	Stage 2	Stage 3	
Overdue loans and interest					
With impairment attributed based on individual analysis	32,599,521	-	9,649,179	11,136,407	53,385,107
With impairment attributed based on collective analysis	5,754,972	155,449	405,563	1,746,000	8,061,984
Total	38,354,493	155,449	10,054,742	12,882,407	61,447,091

	31/12/2019				
	Performing loans associated with past-due loans	Stages of impairment			Total
		Stage 1	Stage 2	Stage 3	
Overdue loans and interest					
With impairment attributed based on individual analysis	32,599,521	-	9,649,179	11,136,407	53,385,107
With impairment attributed based on collective analysis	5,754,972	155,449	405,563	1,746,000	8,061,984
Total	38,354,493	155,449	10,054,742	12,882,407	61,447,091

The breakdown of overdue loans without impairment, as at 31 December 2020 and 2019, shows the following detail, by non-performing class:

	31/12/2020					
	Perfoming loans associated with past-due loans	Non-performing class				Total
		Loans up to 30 days past-due	Loans between 30 and 90 days past-due	Loans between 90 and 180 days past-due	Loans more than 180 days past-due	
Past-due loans and interest						
Without impairment	150,917	96	976	3,132	569,581	724,702
Total	150,917	96	976	3,132	569,581	724,702

	31/12/2019					
	Perfoming loans associated with past-due loans	Non-performing class				Total
		Loans up to 30 days past-due	Loans between 30 and 90 days past-due	Loans between 90 and 180 days past-due	Loans more than 180 days past-due	
Past-due loans and interest						
Without impairment	38,263	148	7,246	-	21,907	67,564
Total	38,263	148	7,246	-	21,907	67,564

The breakdown of overdue loans without impairment, as at 31 December 2020 and 2019, presents the following detail, by impairment stage:

	31/12/2020				
	Perfoming loans associated with past-due loans	Stages of impairment			Total
		Stage 1	Stage 2	Stage 3	
Past-due loans and interest					
Without impairment	150,917	94	233	573,459	724,702
Total	150,917	94	233	573,459	724,702

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019				
	Perfoming loans associated with past-due loans	Stages of impairment			Total
		Stage 1	Stage 2	Stage 3	
Past-due loans and interest					
Without impairment	38,263	148	1,065	28,088	67,564
Total	38,263	148	1,065	28,088	67,564

The exposure to credit risk by class of financial assets, rating level and stage, with reference to 31 December 2020 and 2019, shows the following detail:

	31/12/2020				
	Stage 1 (12 months	**Stage 2 (duration of the instrument)**	**Stage 3 (duration of the instrument)**	**Financial assets acquired or originated with impairment for credit losses**	**Total**
Cash and balances at central banks:					
CCC+ to CCC	441,982,650	-	-	-	441,982,650
N/Available	32,234,185	-	-	-	32,234,185
	474,216,835	-	-	-	474,216,835
Balances at other credit institutions:					
AAA to AA-	1,348,603	-	-	-	1,348,603
A+ to A-	1,809,926	-	-	-	1,809,926
BBB+ to BBB-	11,832,883	-	-	-	11,832,883
BB+ to BB-	7,528,679	-	-	-	7,528,679
B+ to B-	-	-	-	-	-
CCC+ to CCC	-	-	-	-	-
CCC to CC-	3,689,235	-	-	-	3,689,235
N/Available	86,015	-	-	-	86,015
	26,295,341	-	-	-	26,295,341
Deposits with central banks and other credit institutions:					
AAA to AA-	55,218,836	-	-	-	55,218,836
A+ to A-	38,978,221	-	-	-	38,978,221
BBB+ to BBB-	496,956,537	-	-	-	496,956,537
BB+ to BB-	42,227,843	-	-	-	42,227,843
B+ to B-	-	-	-	-	-
CCC+ to CCC	16,481,254	-	-	-	16,481,254
CCC to CC-	-	-	-	-	-
N/Available	-	-	-	-	-
	649,862,691	-	-	-	649,862,691
Investments at amortized cost:					
CCC+ to CCC	751,660,677	283,494,034	-	-	1,035,154,711
N/Available	-	-	-	-	
	751,660,677	283,494,034	-	-	1,035,154,711
Loans and advances to customers - On-balance sheet:					
Class A	71,958,377	77,170,163	1,139	-	149,129,679
Class B	109,522,987	30,510,240	1,803,269	-	141,836,496
Class C	55,701	725,503	235,773	-	1,016,976
Class D	5,046	49,720,714	45,650	-	49,771,409
Class E	14,880	12,278,103	2,166,188	-	14,459,170
Class F	191	694	950,112	-	950,997
Class G	34,779	1,092,464	29,526,779	-	30,654,022
	181,591,960	171,497,880	34,728,909	-	387,818,749
Loans and advances to customers - Off-balance sheet:					
Class A	5,444,216	-	-	-	5,444,216
Class B	42,894,131	2,125,826	-	-	45,019,958
Class C	-	-	-	-	-
Class D	-	-	-	-	-
Class E	-	-	-	-	-
Class F	-	-	-	-	-
Class G	-	-	-	-	-
	48,338,347	2,125,826	-	-	50,464,174
Total gross book value	**2,131,965,851**	**457,117,741**	**34,728,909**	**-**	**2,623,812,501**
Provision for losses	38,621,064	45,799,925	28,225,009	-	112,645,998
Net book value	**2,093,344,787**	**411,317,816**	**6,503,901**	-	**2,511,166,504**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019				
	Stage 1 (12 months	**Stage 2 (duration of the instrument)**	**Stage 3 (duration of the instrument)**	**Financial assets acquired or originated with impairment for credit losses**	**Total**
Cash and balances at central banks:					
B+ to B-	272,027,455	-	-	-	272,027,455
N/Available	30,688,740	-	-	-	30,688,740
	302,716,195	-	-	-	302,716,195
Balances at other credit institutions:					
AAA to AA-	824,727	-	-	-	824,727
A+ to A-	1,762,974	-	-	-	1,762,974
BBB+ to BBB-	13,528,486	-	-	-	13,528,486
BB+ to BB-	24,458,958	-	-	-	24,458,958
B+ to B-	-	-	-	-	-
CCC to CC-	1,933,881	-	-	-	1,933,881
N/Available	13,449	-	-	-	13,449
	42,522,475	-	-	-	42,522,475
Deposits with central banks and other credit institutions:					
AAA to AA-	48,287,141	-	-	-	48,287,141
A+ to A-	38,607,922	-	-	-	38,607,922
BBB+ to BBB-	115,651,027	-	-	-	115,651,027
BB+ to BB-	231,052,893	-	-	-	231,052,893
B+ to B-	23,893,849	-	-	-	23,893,849
N/Available	-	-	-	-	-
	457,492,832	-	-	-	457,492,832
Investments at amortized cost:					
B+ to B-	842,084,352	-	-	-	842,084,352
N/Available	-	-	-	-	
	842,084,352	-	-	-	842,084,352
Loans and advances to customers - On-balance sheet:					
Class A	128,475,115	-	-	-	128,475,115
Class B	131,761,546	41,052,020	1,282,499	-	174,096,065
Class C	85,850	1,175,955	299,417	-	1,561,222
Class D	2,085	29,566,188	7,085	-	29,575,358
Class E	2,252	290,411	1,719,453	-	2,012,116
Class F	535,798	2,641	863,372	-	950,997
Class G	84,775	2,864,744	19,099,069	-	22,048,588
	260,947,421	74,951,959	23,270,895	-	358,719,461
Loans and advances to customers - Off-balance sheet:					
Class A	4,958,191	-	-	-	4,958,191
Class B	83,954,310	2,783,155	-	-	86,737,465
Class C	-	-	-	-	-
Class D	-	-	-	-	-
Class E	-	-	-	-	-
Class F	-	-	-	-	-
Class G	-	-	1,447	-	1,447.00
	88,912,501	2,783,155	1,447	-	91,697,103
Total gross book value	**1,994,675,776**	**77,735,114**	**23,272,342**	**-**	**2,095,683,232**
Provision for losses	18,312,144	9,164,323	18,414,052	-	45,890,519
Net book value	**1,976,363,632**	**68,570,791**	**4,858,290**	-	**2,049,792,713**

The details of the modified financial assets with reference to 31 December 2020 and 2019 are shown below:

Financial assets modified during the period (With provision for losses based on the expected credit losses over the respective duration)	**31/12/2020**	**31/12/2019**
Gross book value before the modification	38,536,179	5,350,307
Provision for losses before the modification	8,647,007	1,485,882
Net amortized cost before the modification	29,889,172	3,864,425
Net gains/losses on the modification	10,323,269	-1,668,860
Net amortized cost after the modification	**40,212,441**	**2,195,565**

As at 31 December 2020 and 2019, the restructured loans have the following structure:

	31/12/2020				31/12/2019			
	Loans and advances			Impairment	Loans and advances			Impairment
	Performing	**Past-due**	**Total**		**Performing**	**Past-due**	**Total**	
Companies:	**53,256,834**	**14,209**	**53,271,043**	**11,821,128**	**7,100,546**	-	**7,100,546**	**196,638**
Individuals:								
Consumer	21,863	181	22,045	732	16,316	-	16,316	742
Mortgage	3,501,509	22,944	3,524,452	2,167,568	3,590,565	5,145	3,595,710	2,794,573
	3,523,372	23,126	3,546,497	2,168,301	3,606,881	5,145	3,612,026	2,795,315
Total	**56,780,206**	**37,334**	**56,817,540**	**13,989,429**	**10,707,427**	**5,145**	**10,712,572**	**2,991,953**

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

30.2 Liquidity risk

Liquidity risk corresponds to the risk of the Bank presenting difficulties in obtaining the financial resources it needs to meet its financial commitments when they become due. Liquidity risk can be embodied, for example, in the inability to quickly sell a financial instrument for an amount representing its fair value, due to its high volume, in relation to the volume normally transacted, or due to some market discontinuation.

Within the scope of the Bank's internal policies with respect to exposure to liquidity risk, the respective accompanying and monitoring of the established principles and limits is ensured by the Risk Management Department.

As at 31 December 2020 and 2019, the total contractual cash flows present the following detail:

	31/12/2020									
	Residual contract periods									
	On sight	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and balances at central banks	474,216,835	-	-	-	-	-	-	-	-	474,216,835
Balances at other credit institutions	26,276,793	-	-	-	-	-	-	-	-	26,276,793
Deposits with central banks and other credit institutions	-	576,283,764	72,807,971	-	-	-	-	-	-	649,091,735
Financial assets at fair value through profit or loss	-	-	-	-	151,201,746	185,714,859	24,279,946	4,497,736	-	365,694,288
Investments at amortized cost	-	-	-	-	90,679,761	589,205,004	251,023,066	46,928,927	-	977,836,759
Loans and advances to customers	18,797,103	-	3,774,146	12,021,899	50,249,272	106,884,001	38,620,656	103,026,192	-	333,373,269
Total Assets	519,290,731	576,283,764	76,582,117	12,021,899	292,130,780	881,803,865	313,923,669	154,452,855	-	2,826,489,679
Liabilities										
Funds of central banks and other credit institutions	1,133,494	2,954,805	-	-	-	-	-	-	-	4,088,299
Resources from customers and other loans	1,108,930,116	239,792,553	381,470,505	337,426,158	176,385,958	8,197,417	-	-	-	2,252,202,707
Financial liabilities at fair value through profit or loss	4,244,410	-	-	-	-	-	-	-	-	4,244,410
Total Liabilities	1,114,308,020	242,747,358	381,470,505	337,426,158	176,385,958	8,197,417	-	-	-	2,260,535,416
Liquidity Gap	(595,017,289)	333,536,406	(304,888,388)	(325,404,259)	115,744,822	873,606,448	313,923,669	154,452,855	-	565,954,263
Accumulated Liquidity Gap	(595,017,289)	(261,480,883)	(566,369,271)	(891,773,530)	(776,028,708)	97,577,739	411,501,408	565,954,263	565,954,263	1,131,908,526

	31/12/2019									
	Residual contract periods									
	On sight	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and balances at central banks	302,716,195	-	-	-	-	-	-	-	-	302,716,195
Balances at other credit institutions	42,507,797	-	-	-	-	-	-	-	-	42,507,797
Deposits with central banks and other credit institutions	48,400,048	295,237,172	93,824,657	19,285,118	-	-	-	-	-	456,746,995
Financial assets at fair value through profit or loss	-	-	20,840,121	42,470,084	15,033,371	79,832,900	13,702,096	811,630	-	172,690,202
Investments at amortized cost	-	-	18,579,636	39,854,946	35,896,333	534,298,619	200,222,304	-	-	828,851,838
Loans and advances to customers	64,960,136	6,549,619	21,884,297	16,364,650	7,968,100	82,336,460	61,851,172	66,022,303	-	327,936,737
Total Assets	458,584,176	301,786,791	155,128,711	117,974,799	58,897,804	696,467,978	275,775,572	66,833,933	-	2,131,449,764
Liabilities										
Funds of central banks and other credit institutions	1,619,110	6,049,996	-	-	-	-	-	-	-	7,669,106
Resources from customers and other loans	720,817,279	177,796,724	360,599,763	239,516,765	124,167,114	-	-	-	-	1,622,897,645
Financial liabilities at fair value through profit or loss	12,675,871	-	-	-	-	-	-	-	-	12,675,871
Total Liabilities	735,112,260	183,846,720	360,599,763	239,516,765	124,167,114	-	-	-	-	1,643,242,622
Liquidity Gap	(276,528,084)	117,940,071	(205,471,052)	(121,541,966)	(65,269,310)	696,467,978	275,775,572	66,833,933	-	488,207,142
Accumulated Liquidity Gap	(276,528,084)	(158,588,013)	(364,059,065)	(485,601,031)	(550,870,341)	145,597,637	421,373,209	488,207,142	488,207,142	976,414,284

The contractual cash flows relating to capital, as at 31 December 2020 and 2019, have the following breakdown:

	31/12/2020									
	Maturities									
	On sight	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and balances at central banks	474,216,835	-	-	-	-	-	-	-	-	474,216,835
Balances at other credit institutions	26,276,793	-	-	-	-	-	-	-	-	26,276,793
Deposits with central banks and other credit institutions	-	575,993,108	72,771,249	-	-	-	-	-	-	648,764,357
Financial assets at fair value through profit or loss	-	-	-	-	145,837,576	179,769,348	23,734,693	4,493,333	-	353,834,950
Investments at amortized cost	-	-	-	-	88,075,779	580,771,307	243,210,456	45,856,234	-	957,913,776
Loans and advances to customers	18,270,137	-	3,685,120	11,751,924	50,179,618	105,319,934	38,437,103	97,317,696	-	324,961,532
Total Assets	518,763,765	575,993,108	76,456,369	11,751,924	284,092,973	865,860,589	305,382,253	147,667,263	-	2,785,968,243
Liabilities										
Funds of central banks and other credit institutions	1,133,494	2,954,524	-	-	-	-	-	-	-	4,088,018
Resources from customers and other loans	1,108,756,128	238,641,132	378,915,687	335,353,346	175,400,055	8,001,224	-	-	-	2,245,067,572
Financial liabilities at fair value through profit or loss	4,244,410	-	-	-	-	-	-	-	-	4,244,410
Total Liabilities	1,114,134,032	241,595,656	378,915,687	335,353,346	175,400,055	8,001,224	-	-	-	2,253,400,000
Liquidity Gap	(595,370,267)	334,397,452	(302,459,318)	(323,601,422)	108,692,918	857,859,365	305,382,253	147,667,263	-	532,568,243
Accumulated Liquidity Gap	(595,370,267)	(260,972,815)	(563,432,133)	(887,033,555)	(778,340,637)	79,518,728	384,900,980	532,568,243	532,568,243	1,065,136,486

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019									
	Maturities									
	On sight	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and balances at central banks	302,716,195	-	-	-	-	-	-	-	-	302,716,195
Balances at other credit institutions	42,507,797	-	-	-	-	-	-	-	-	42,507,797
Deposits with central banks and other credit institutions	48,343,467	294,892,033	93,714,974	19,262,573	-	-	-	-	-	456,213,047
Financial assets at fair value through profit or loss	-	-	18,197,055	38,958,531	14,822,959	77,595,577	13,451,369	800,401	-	163,825,891
Investments at amortized cost	-	-	17,898,402	39,174,711	34,427,941	524,047,531	194,106,509	-	-	809,655,093
Loans and advances to customers	63,908,330	6,477,508	20,905,355	16,106,645	7,908,104	81,045,985	62,271,037	65,019,260	-	323,642,224
Total Assets	**457,475,789**	**301,369,541**	**150,715,785**	**113,502,460**	**57,159,004**	**682,689,093**	**269,828,915**	**65,819,661**	**-**	**2,098,560,247**
Liabilities										
Funds of central banks and other credit institutions	1,619,110	6,049,996	-	-	-	-	-	-	-	7,669,106
Resources from customers and other loans	720,590,518	176,106,435	357,449,662	237,428,627	123,535,237	-	-	-	-	1,615,110,479
Financial liabilities at fair value through profit or loss	(76,568)	-	-	-	-	-	-	-	-	(76,568)
Total Liabilities	**722,133,060**	**182,156,431**	**357,449,662**	**237,428,627**	**123,535,237**	**-**	**-**	**-**	**-**	**1,622,703,017**
Liquidity Gap	**(264,657,271)**	**119,213,110**	**(206,733,877)**	**(123,926,167)**	**(66,376,233)**	**682,689,093**	**269,828,915**	**65,819,661**	**-**	**475,857,230**
Accumulated Liquidity Gap	**(264,657,271)**	**(145,444,161)**	**(352,178,038)**	**(476,104,205)**	**(542,480,438)**	**140,208,654**	**410,037,569**	**475,857,230**	**475,857,230**	**951,714,460**

30.3 Market risk

Market risk corresponds to the possible fluctuation of the fair value or future cash flows associated with a financial instrument, due to changes in market prices. Market risk encompasses interest rate risk and exchange rate risk.

Interest rate risk

The interest rate risk corresponds to the risk arising from adverse movements in interest rates resulting in a mismatch in the amount, maturities or interest-fixing dates observed in financial instruments with interest receivable and payable.

As at 31 December 2020 and 2019, the details of financial instruments by exposure to interest rate risk are as follows:

	31/12/2020				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**2,393,255,377**	**37,075,038**	**396,159,264**	**-**	**2,826,489,679**
Cash and balances at central banks	443,751,859	-	30,464,976	-	**474,216,835**
Balances at other credit institutions	26,276,793	-	-	-	**26,276,793**
Deposits with central banks and other credit institutions	649,091,735	-	-	-	**649,091,735**
Financial assets at fair value through profit or loss	-	-	365,694,288	-	**365,694,288**
Investments at amortized cost	977,836,759	-	-	-	**977,836,759**
Loans and advances to customers	296,298,231	37,075,038	-	-	**333,373,269**
Liabilities	**2,253,227,132**	**-**	**7,308,284**	**-**	**2,260,535,416**
Funds of central banks and other credit institutions	1,024,425	-	3,063,874	-	**4,088,299**
Resources from customers and other loans	2,252,202,707	-	-	-	**2,252,202,707**
Financial liabilities at fair value through profit or loss	-	-	4,244,410	-	**4,244,410**
Total	**4,646,482,509**	**37,075,038**	**403,467,548**	**-**	**5,087,025,095**

	31/12/2019				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**1,584,999,767**	**343,071,373**	**203,378,624**	**-**	**2,131,449,764**
Cash and balances at central banks	-	272,027,773	30,688,422	-	**302,716,195**
Balances at other credit institutions	-	42,507,797	-	-	**42,507,797**
Deposits with central banks and other credit institutions	456,746,995	-	-	-	**456,746,995**
Financial assets at fair value through profit or loss	-	-	172,690,202	-	**172,690,202**
Investments at amortized cost	828,851,838	-	-	-	**828,851,838**
Loans and advances to customers	299,400,934	28,535,803	-	-	**327,936,737**
Liabilities	**1,622,918,139**	**-**	**20,324,483**	**-**	**1,643,242,622**
Funds of central banks and other credit institutions	20,494	-	7,648,612	-	**7,669,106**
Resources from customers and other loans	1,622,897,645	-	-	-	**1,622,897,645**
Financial liabilities at fair value through profit or loss	-	-	12,675,871	-	**12,675,871**
Total	**3,207,917,906**	**343,071,373**	**223,703,107**	**-**	**3,774,692,386**

The details of financial instruments with exposure to interest rate risk according to the maturity or pre-fixing date, as at 31 December 2020 and 2019, are as follows:

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2020								
	Re-fixing dates/Maturities								
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	**1,065,109,519**	**76,582,117**	**12,021,899**	**140,929,033**	**696,089,005**	**289,643,722**	**149,955,119**	**-**	**2,430,330,415**
Cash and balances at central banks	443,751,859	-	-	-	-	-	-	-	443,751,859
Balances at other credit institutions	26,276,793	-	-	-	-	-	-	-	26,276,793
Deposits with central banks and other credit institutions	576,283,764	72,807,971	-	-	-	-	-	-	649,091,735
Investments at amortized cost	-	-	-	90,679,761	589,205,004	251,023,066	46,928,927	-	977,836,759
Loans and advances to customers	18,797,103	3,774,146	12,021,899	50,249,272	106,884,001	38,620,656	103,026,192	-	333,373,269
Liabilities	**1,349,747,092**	**381,470,505**	**337,426,158**	**176,385,958**	**8,197,419**	**-**	**-**	**-**	**2,253,227,132**
Funds of central banks and other credit institutions	1,024,425	-	-	-	-	-	-	-	1,024,425
Resources from customers and other loans	1,348,722,667	381,470,505	337,426,158	176,385,958	8,197,419	-	-	-	2,252,202,707

	31/12/2019								
	Re-fixing dates/Maturities								
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	**729,682,545**	**134,994,072**	**34,944,286**	**47,823,046**	**118,232,793**	**596,149,791**	**266,244,607**	**-**	**1,928,071,140**
Cash and balances at central banks	272,027,773	-	-	-	-	-	-	-	272,027,773
Balances at other credit institutions	42,507,797	-	-	-	-	-	-	-	42,507,797
Deposits with central banks and other credit institutions	343,637,220	113,109,775	-	-	-	-	-	-	456,746,995
Investments at amortized cost	-	-	18,579,636	39,854,946	35,896,333	534,298,619	200,222,304	-	828,851,838
Loans and advances to customers	71,509,755	21,884,297	16,364,650	7,968,100	82,336,460	61,851,172	66,022,303	-	327,936,737
Liabilities	**898,634,497**	**360,599,763**	**239,516,765**	**124,167,114**	**-**	**-**	**-**	**-**	**1,622,918,139**
Funds of central banks and other credit institutions	20,494	-	-	-	-	-	-	-	20,494
Resources from customers and other loans	898,614,003	360,599,763	239,516,765	124,167,114	-	-	-	-	1,622,897,645

As at 31 December 2020 and 2019, the sensitivity analysis of the results generated by financial instruments to changes in interest rates presents the following detail:

	31/12/2020					
	Changes in the interest rate					
	- 200 bp	- 100 bp	- 50 bp	50 bp	100 bp	200 bp
Interest and similar income	-1,983,173,881	-991,586,941	-495,793,470	495,793,470	991,586,941	1,983,173,881
Interest and similar expenses	1,813,322,694	906,661,347	453,330,674	-453,330,674	-906,661,347	-1,813,322,694
Total	-169,851,187	-84,925,594	-42,462,796	42,462,796	84,925,594	169,851,187

	31/12/2019					
	Changes in the interest rate					
	- 200 bp	- 100 bp	- 50 bp	50 bp	100 bp	200 bp
Interest and similar income	-1,307,482,976	-653,741,488	-326,870,744	326,870,744	653,741,488	1,307,482,976
Interest and similar expenses	1,305,794,341	652,897,170	326,448,585	-326,448,585	-652,897,170	-1,305,794,341
Total	-1,688,635	-844,318	-422,159	422,159	844,318	1,688,635

Exchange rate risk

Exchange rate risk consists of the fluctuation of the fair value or future cash flows of a financial instrument, due to changes in exchange rates.

The securities portfolio of the Bank is divided between securities denominated in national currency and in foreign currency, taking into consideration the overall structure of its balance sheet, to avoid incurring, in this manner, exchange rate risk.

As at 31 December 2020 and 2019, the detail of financial instruments by currency is as follows:

	31/12/2020				
	Kwanzas	US Dollars	Euros	Other currencies	Total
Assets					
Cash and balances at central banks	221,400,387	36,278,323	215,589,755	948,370	474,216,835
Balances at other credit institutions	17,000	10,686,321	11,357,264	4,216,208	26,276,793
Deposits with central banks and other credit institutions	16,481,254	569,666,124	55,851,540	7,092,817	649,091,735
Financial assets at fair value through profit or loss	354,020,911	3,518,432	40,971	8,113,974	365,694,288
Investments at amortized cost	587,007,692	390,829,066	-	1	977,836,759
Loans and advances to customers	255,187,818	77,929,638	255,795	18	333,373,269
	1,434,115,062	1,088,907,904	283,095,325	20,371,388	2,826,489,679
Liabilities					
Funds of central banks and other credit institutions	(2,133,775)	(356,587)	(1,510,894)	(87,043)	(4,088,299)
Resources from customers and other loans	(953,755,298)	(1,034,587,838)	(257,666,534)	(6,193,038)	(2,252,202,707)
Financial liabilities at fair value through profit or loss	(4,244,410)	-	-	-	(4,244,410)
	(960,133,483)	(1,034,944,425)	(259,177,428)	(6,280,081)	(2,260,535,416)
	2,394,248,545	2,123,852,329	542,272,753	26,651,469	5,087,025,095

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019				
	Kwanzas	US Dollars	Euros	Other currencies	Total
Assets					
Cash and balances at central banks	183,418,884	53,144,804	65,674,461	478,046	302,716,195
Balances at other credit institutions	-	13,692,824	25,522,119	3,292,854	42,507,797
Deposits with central banks and other credit institutions	23,893,849	375,407,831	49,917,702	7,527,613	456,746,995
Financial assets at fair value through profit or loss	170,255,829	2,406,621	27,752	-	172,690,202
Investments at amortized cost	521,752,626	307,099,212	-	-	828,851,838
Loans and advances to customers	222,912,110	104,203,641	820,933	53	327,936,737
	1,122,233,298	855,954,933	141,962,967	11,298,566	2,131,449,764
Liabilities					
Funds of central banks and other credit institutions	(1,619,111)	(796,328)	(5,250,536)	(3,131)	(7,669,106)
Resources from customers and other loans	(707,070,365)	(795,076,521)	(116,948,444)	(3,802,315)	(1,622,897,644)
Financial liabilities at fair value through profit or loss	(12,675,871)	-	-	-	(12,675,871)
	(721,365,347)	(795,872,849)	(122,198,980)	(3,805,446)	(1,643,242,621)
	1,843,598,645	1,651,827,782	264,161,947	15,104,012	3,774,692,385

The table above includes securities in Kwanzas indexed to the US Dollar in the national currency.

If foreign currency balances include the (i) securities in Kwanzas indexed to the US Dollar and (ii) the notionals of forwards, the details of financial instruments by currency have the following structure:

	31/12/2020				
	Kwanzas	US Dollars	Euros	Other currencies	Total
Assets					
Cash and balances at central banks	221,400,387	36,278,323	215,589,755	948,370	474,216,835
Balances at other credit institutions	17,000	10,686,321	11,357,264	4,216,208	26,276,793
Deposits with central banks and other credit institutions	16,481,254	569,666,124	55,851,540	7,092,817	649,091,735
Financial assets at fair value through profit or loss	283,980,793	73,558,550	40,971	8,113,974	365,694,288
Investments at amortized cost	587,007,692	390,829,066	-	1	977,836,759
Loans and advances to customers	255,187,818	77,929,638	255,795	18	333,373,269
Other assets	39,785,662	-	-	-	39,785,662
	1,403,860,606	1,158,948,022	283,095,325	20,371,388	2,866,275,341
Liabilities					
Funds of central banks and other credit institutions	(2,133,775)	(356,587)	(1,510,894)	(87,043)	(4,088,299)
Resources from customers and other loans	(953,755,298)	(1,034,587,838)	(257,666,534)	(6,193,038)	(2,252,202,707)
Financial liabilities at fair value through profit or loss	(4,244,410)	-	-	-	(4,244,410)
Other liabilities	-	(39,785,662)	-	-	(39,785,662)
	(960,133,483)	(1,074,730,087)	(259,177,428)	(6,280,081)	(2,300,321,078)
	2,363,994,089	2,233,678,109	542,272,753	26,651,469	5,166,596,419

	31/12/2019				
	Kwanzas	US Dollars	Euros	Other currencies	Total
Assets					
Cash and balances at central banks	183,418,884	53,144,804	65,674,461	478,046	302,716,195
Balances at other credit institutions	-	13,692,824	25,522,119	3,292,854	42,507,797
Deposits with central banks and other credit institutions	23,893,849	375,407,831	49,917,702	7,527,613	456,746,995
Financial assets at fair value through profit or loss	93,143,358	79,519,092	27,752	-	172,690,202
Investments at amortized cost	521,752,626	307,099,212	-	-	828,851,838
Loans and advances to customers	222,912,110	104,203,641	820,933	53	327,936,737
Other assets	40,559,456	-	-	-	40,559,456
	1,085,680,283	933,067,404	141,962,967	11,298,566	2,172,009,220
Liabilities					
Funds of central banks and other credit institutions	(1,619,111)	(796,328)	(5,250,536)	(3,131)	(7,669,106)
Resources from customers and other loans	(707,070,365)	(795,076,521)	(116,948,444)	(3,802,315)	(1,622,897,644)
Financial liabilities at fair value through profit or loss	(12,675,871)	-	-	-	(12,675,871)
Other liabilities	-	(40,559,456)	-	-	40,559,456
	(721,365,347)	(836,432,305)	(122,198,980)	(3,805,446)	(1,602,683,165)
	364,314,936	96,635,099	19,763,987	7,493,120	569,326,055

The sensitivity analysis (considering indexed securities and foreign exchange forwards) of the book value of financial instruments to changes in exchange rates, as at 31 December 2020 and 2019, has the following detail:

	31/12/2020					
	-20%	-10%	-5%	5%	10%	20%
US Dollars	-19,332,850	-9,666,425	-4,833,212	4,833,212	9,666,425	19,332,850
Euros	-4,580,733	-2,290,367	-1,145,183	1,145,183	2,290,367	4,580,733
Other	-1,426,160	-713,080	-356,540	356,540	713,080	1,426,160
Total	-25,339,743	-12,669,872	-6,334,935	6,334,935	12,669,872	25,339,743

	31/12/2019					
	-20%	-10%	-5%	5%	10%	20%
US Dollars	-15,529,613	-7,764,806	-3,882,403	3,882,403	7,764,806	15,529,613
Euros	-3,809,106	-1,904,553	-952,277	952,277	1,904,553	3,809,106
Other	-1,503,584	-751,792	-375,896	375,896	751,792	1,503,584
Total	-20,842,303	-10,421,151	-5,210,576	5,210,576	10,421,151	20,842,303

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

30.4 Fair value of financial assets and liabilities

The Bank proceeded to classify financial instruments recorded on the balance sheet at fair value in accordance with the hierarchy provided for in IFRS 13.

Instruments quoted on an active market (level 1)

This category includes financial instruments with quotes available on official markets and those for which there are entities that usually disclose prices of transactions for these instruments traded on liquid markets.

The priority in the prices used is given to those observed on official markets, and in cases where there is more than one official market, the option falls on the main market where these financial instruments are traded.

This category includes, among others, the following financial instruments: (i) derivatives traded on an organized market and (ii) shares quoted on a stock exchange.

Valuation methods with parameters/prices observable on the market (level 2)

Financial instruments valued using internal models are considered in this category, namely discounted cash flow models, which require judgments that vary according to the complexity of the products being valued and use assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument. The Bank uses as inputs in its models, variables made available by the market, such as interest rate curves and credit spreads. This category also includes instruments which valuation is obtained through quotations released by independent entities, but which markets have less liquidity.

This category includes, among others, the following financial instruments: (i) unlisted bonds; and (ii) OTC derivatives.

Valuation methods with parameters not observable on the market (level 3)

This level includes valuations determined using internal valuation models or quotes provided by third parties, but which parameters used are not observable on the market. The bases and assumptions for calculating fair value are in accordance with the principles of IFRS 13.

This category includes, among others, the following financial instruments: (i) debt securities valued using inputs not observable on the market; (ii) unlisted shares; (iii) OTC derivatives with quotes provided by third parties.

As at 31 December 2020 and 2019, the book value of Financial Instruments has the following breakdown:

	31/12/2020			
	Measured at fair value	Measured at amortized cost	Impairment	Net amount
Assets				
Cash and balances at central banks	-	474,216,835	-	474,216,835
Balances at other credit institutions	-	26,295,341	18,548	26,276,793
Deposits with central banks and other credit institutions	-	649,862,691	770,956	649,091,735
Financial assets at fair value through profit or loss	365,694,288	-	-	365,694,288
Investments at amortized cost	-	1,035,154,711	57,317,952	977,836,759
Loans and advances to customers	-	387,818,749	54,445,480	333,373,269
	365,694,288	2,573,348,327	112,552,936	2,826,489,679
Liabilities				
Funds of central banks and other credit institutions	-	4,088,299	-	4,088,299
Resources from customers and other loans	-	2,252,202,707	-	2,252,202,707
Financial liabilities at fair value through profit or loss	4,244,410	-	-	4,244,410
	4,244,410	2,256,291,006	-	2,260,535,416

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

	31/12/2019			
	Measured at fair value	Measured at amortized cost	Impairment	Net amount
Assets				
Cash and balances at central banks	-	302,716,195	-	302,716,195
Balances at other credit institutions	-	42,522,475	14,678	42,507,797
Deposits with central banks and other credit institutions	-	457,492,832	745,837	456,746,995
Financial assets at fair value through profit or loss	172,690,202	-	-	172,690,202
Investments at amortized cost	-	842,084,352	13,232,514	828,851,838
Loans and advances to customers	-	359,170,275	31,233,538	327,936,737
	172,690,202	2,003,986,129	45,226,567	2,131,449,764
Liabilities				
Funds of central banks and other credit institutions	-	7,669,106	-	7,669,106
Resources from customers and other loans	-	1,622,897,644	-	1,622,897,644
Financial liabilities at fair value through profit or loss	12,675,871		-	12,675,871
	12,675,871	1,630,566,750	-	1,643,242,621

As at 31 December 2020 and 2019, the fair value of the Bank's financial instruments is presented as follows:

	31/12/2020				
	Book value (net)	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost		
Assets					
Cash and balances at central banks	474,216,835	-	474,216,835	474,216,835	-
Balances at other credit institutions	26,276,793	-	26,276,793	26,276,793	-
Deposits with central banks and other credit institutions	649,091,735	-	649,091,735	649,091,735	-
Financial assets at fair value through profit or loss	731,388,576	365,694,288	365,694,288	731,388,576	-
Investments at amortized cost	977,836,759	-	1,046,437,000	1,046,437,000	68,600,241
Loans and advances to customers	333,373,269	-	341,975,273	341,975,273	8,602,004
	3,192,183,967	365,694,288	2,903,691,924	3,269,386,212	77,202,245
Liabilities					
Funds of central banks and other credit institutions	4,088,299	-	4,088,299	4,088,299	-
Resources from customers and other loans	2,252,202,707	-	2,252,202,707	2,252,202,707	-
Financial liabilities at fair value through profit or loss	4,244,410	4,244,410	-	4,244,410	-
	2,260,535,416	4,244,410	2,256,291,006	2,260,535,416	-

	31/12/2019				
	Book value (net)	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost		
Assets					
Cash and balances at central banks	302,716,195	-	302,716,195	302,716,195	-
Balances at other credit institutions	42,507,797	-	42,507,797	42,507,797	-
Deposits with central banks and other credit institutions	456,746,995	-	456,746,995	456,746,995	-
Financial assets at fair value through profit or loss	172,690,202	172,690,202	-	172,690,202	-
Investments at amortized cost	828,851,838	-	828,851,838	828,851,838	-
Loans and advances to customers	327,936,737	-	320,188,783	320,188,783	(7,747,954)
	2,131,449,764	172,690,202	1,951,011,608	2,123,701,810	(7,747,954)
Liabilities					
Funds of central banks and other credit institutions	7,669,106	-	7,669,106	7,669,106	-
Resources from customers and other loans	1,622,897,644	-	1,622,897,644	1,622,897,644	-
Financial liabilities at fair value through profit or loss	12,675,871	12,675,871	-	12,675,871	-
	1,643,242,621	12,675,871	1,630,566,750	1,643,242,621	-

The fair value of financial instruments should be estimated, whenever possible, using quotations on an active market. A market is considered active, and therefore liquid, when it is accessed by equally knowledgeable counterparties and where transactions are carried out on a regular basis. Almost all the financial instruments of the Bank are not listed on active markets.

In view of the absence of quotations on active markets, the valuation of financial instruments is carried out in the following terms:

a) Financial instruments recorded in the balance sheet at fair value:

Treasury Bills and Treasury Bonds issued by the Angolan State and held by the Bank to trade on the secondary market with other banks, or with its customers, recorded under the caption Financial assets at fair value through profit or loss, are recognized under the fair value model defined by the Bank based on curves created by the transactions on the secondary market.

For Treasury Bills and Treasury Bonds issued by the Angolan State and held by the Bank to trade on a secondary market with other banks and for the derivatives - foreign exchange forwards, the respective valuation is calculated based on generally accepted methods, namely, on the present value of the future cash flows, using the interest rate curve in effect at the time of the calculation. Interest rates on Treasury Bills and Bonds are defined based on transactions verified on the secondary market, which the Bank considered to be an active market.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

Interest rates for specific cash flow periods are determined using interpolation methods.

b) Financial instruments recorded in the balance sheet at amortized cost:

For financial instruments recorded in the balance sheet at amortized cost, the Bank calculates the respective fair value using valuation techniques.

The valuation techniques used are based on the conditions applicable to similar transactions on the reference date of the financial statements, namely the value of the respective discounted cash flows based on the most appropriate interest rates, that is:

- For Treasury Bills and Treasury Bonds issued by the Angolan State and recorded under investments at amortized cost, the valuation is calculated based on generally accepted methods, namely, on the present value of the future flows (cash flows), using the interest rate curve in effect at the time of the calculation. Interest rates on Treasury Bills and Notes are defined based on transactions verified on the secondary market, which the Bank considered to be an active market.

- For loan and advance operations with customers, the average interest rates practiced by the Bank in financial years ended 31 December 2020 and 2019, respectively, for operations with similar characteristics and net of accumulated impairment losses, were used; and

- Regarding customer deposits, as they represent essentially short-term operations, their balance sheet value was considered a reasonable approximation of their fair value.

It should be noted that the fair value presented does not correspond to the realization value of these financial instruments in a sale or liquidation scenario and was not calculated for that purpose.

As at 31 December 2020 and 2019, the fair value of financial instruments recorded in the balance sheet at fair value shows the following detail by valuation methodology:

	31/12/2020			
	Level 1 Quotations on active markets	Level 2 Market observable data	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit or loss	1,972,648	363,721,640		365,694,288
Liabilities				
Financial liabilities at fair value through profit or loss	-	4,244,410	-	4,244,410

	31/12/2019			
	Level 1 Quotations on active markets	Level 2 Market observable data	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit or loss	1,259,123	171,431,078		172,690,202
Liabilities				
Financial liabilities at fair value through profit or loss	-	12,675,871	-	12,675,871

As at 31 December 2020, the financial instruments presented in Level 1 of the hierarchy provided for in IFRS 13, correspond to quoted shares; the financial instruments presented in Level 2 correspond to derivative financial instruments, the valuation of which is made based on internal models that use mostly observable market data (such as interest rate curves, or exchange rates), which include Treasury Bills, Treasury Bonds issued by the Angolan State and the shareholding in EMIS.

As at 31 December 2020, the Bank revised its valuation model for Treasury Bills and Treasury Bonds issued by the Angolan State, with same coming to be valued by internal models that use mostly observable market rates. Consequently, as at 31 December 2020, these instruments came to be presented in Level 2.

(Amounts stated in thousands of Kwanzas – kAKZ, except when otherwise indicated)

30.5 Capital Management

The Bank's own funds are calculated in accordance with the applicable regulatory standards, namely with Notice No. 2/2016. The requirements for the solvency ratio are found in Notice No. 3/2016, Notice No. 04/2016, and Notice No. 05/2016. The applicable instructions are as follows: Instruction No. 12/2016, Instruction No. 13/2016, Instruction No. 14/2016, Instruction No. 15/2016, Instruction No. 16/2016, Instruction No. 17/2016, and Instruction No. 18/2016.

Angolan financial institutions must maintain a level of own funds compatible with the nature and scale of operations duly weighted by the risks inherent in the operations, with a minimum Regulatory Solvency Ratio of 10%.

A summary of the Bank's capital requirement calculations for 31 December 2020 is presented as follows:

	31/12/2020	31/12/2019
Regulatory Own Funds	461,774,226	408,327,705
Own Funds' requirements (credit risk)	33,270,104	33,091,939
Own Funds' requirements (market risk)	10,644,574	6,897,999
Own Funds' requirements (operational risk)	37,956,625	31,068,259
Regulatory Solvency Ratio	56.40%	57.46%

31. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

1. Impact of the adoption of new standards and amendments to standards that became effective for the annual periods beginning on 1 January 2020:

a) **IFRS 3** (amendment), 'Definition of a business'. This amendment constitutes a revision of the definition of a business for the purpose of accounting for business combinations. The new definition requires an acquisition to include an input and a substantial process that together generate outputs. Outputs are now defined as goods and services that are provided to customers, which generate income from financial investments and other income, excluding returns in the form of cost reductions and other economic benefits for shareholders. 'Concentration tests' are now allowed to determine whether a transaction relates to the acquisition of an asset or a business.

b) **IFRS 9, IAS 39 and IFRS 7** (amendment), 'Reform of reference interest rates'. These amendments are part of the first phase of the IASB's 'IBOR reform' project and allow exemptions related to the benchmark reform for benchmark interest rates. The exemptions refer to hedge accounting, in terms of: i) risk components; ii) 'highly likely' requirement; iii) prospective assessment; iv) retrospective effectiveness test (for IAS 39 adopters); and v) recycling of the cash flow hedge reserve, and their objective is that the reference interest rate reform does not cause the cessation of hedge accounting. However, any ineffectiveness of the coverage determined must continue to be recognized in the income statement.

c) **IAS 1 and IAS 8** (amendment), 'Definition of material'. This amendment introduces a modification to the concept of "material" and clarifies that the mention of unclear information refers to situations which effect is similar to omitting or distorting such information, and the entity should assess the materiality considering the financial statements as a whole. Clarifications are also made as to the meaning of "main users of financial statements", which are defined as 'current and future investors, financiers and creditors' that depend on the financial statements to obtain a significant part of the information they need.

d) **Conceptual Framework**, 'Changes in referencing to other IFRSs'. As a result of the publication of the new Conceptual Framework, the IASB introduced changes to the text of several standards and interpretations, such as: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of assets/liabilities and expense/income, in addition to some of the characteristics of financial information. These changes are applicable retrospectively, unless impracticable.

There were no materially relevant impacts from the aforementioned amendments on the financial statements for the financial year ended 31 December 2020.

2. Standards (new and amendments) published, which application is mandatory for annual periods beginning on or after 1 January 2021:

a) **IFRS 16** (amendment), 'Leases – Covid-19-related rent concessions' (effective for annual periods beginning on or after 1 June 2020). This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether the concessions awarded by lessors within the scope of Covid-19, qualify as "modifications" when three criteria are cumulatively met: i) the change in lease payments results in a revised lease consideration that is substantially equal to, or less than, the consideration immediately prior to the change; ii) any reduction in lease payments only affects payments due on or until 30 June 2021; and iii) there are no significant changes to other lease terms and conditions. Lessees opting for the application of this exemption, account for the change in lease payments as variable lease rentals in the period(s) in which the event or condition leading to the payment reduction occurs. This amendment is applied retrospectively, with the impacts reflected as an adjustment to retained earnings (or another equity component, as appropriate) at the beginning of the annual reporting period in which the lessee applies the amendment for the first time.

b) **IFRS 4** (amendment), 'Insurance contracts - deferral of application of IFRS 9' (effective for annual periods beginning on or after 1 June 2021). This change refers to the temporary accounting consequences that result from the difference between the date of entry into force of IFRS 9 - Financial Instruments and the future IFRS 17 - Insurance Contracts. In particular, the amendment made to IFRS 4 postpones until 2023 the expiry date of the temporary exemption from the application of IFRS 9, to align the effective date of the latter with that of the new IFRS 17.

The Bank does not anticipate any significant impact on the application of this amendment to its financial statements.

c) **IAS 1** (amendment), 'Presentation of financial statements - classification of liabilities' (effective for annual periods beginning on or after 1 January 2023). This amendment seeks to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer their payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists but should not consider whether or not the entity will exercise that right), or by events occurring after the reporting date, such as non-compliance of a "covenant". This amendment also includes a new definition of the "settlement" of a liability. This amendment is of retrospective application.

d) **IAS 16** (amendment) 'Income earned before commissioning' (effective for annual periods beginning on or after 1 January 2022). Change in the accounting treatment given to the consideration obtained from the sale of products that result from the production in the testing phase of the tangible fixed assets, prohibiting their deduction from the acquisition cost of the assets. This amendment is of retrospective application, without restating comparatives.

e) **IAS 37** (amendment) 'Onerous contracts - costs of complying with a contract' (effective for annual periods beginning on or after 1 January 2022). This amendment specifies that when assessing whether a contract is onerous or not, only costs directly related to the performance of the contract can be considered, such as incremental costs related to direct labour and materials and the allocation of other costs directly related to the allocation of depreciation costs of tangible assets used to carry out the contract. This amendment must be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include contractual obligations to be satisfied, without there being any need to restate the comparatives.

f) **Improvements to the 2018 - 2020 standards** (to be applied to annual periods beginning on or after 1 January 2022). This improvement cycle changes the following standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

g) **IFRS 3** (amendment) 'References to the conceptual framework' (effective for annual periods beginning on or after 1 June 2022). This amendment updates the references to the Conceptual Framework in the text of IFRS 3, with no changes being made to the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be adopted regarding liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus included in a business combination. This change is of prospective application.

h) **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16** (amendments) 'Benchmark interest rate reform - phase 2' (effective for annual periods beginning on or after 1 January 2021). These amendments address issues that arise during the reform of a benchmark interest rate, including the replacement of a benchmark interest rate with another alternative, allowing the adoption of exemptions such as: i) changes in the coverage designation and documentation; ii) amounts accumulated in the cash flow hedge reserve; iii) retrospective assessment of the effectiveness of a hedging relationship under IAS 39; iv) changes in coverage ratios for groups of items; v) presumption that an alternative benchmark rate, designated as a risk component not specified by contract, is separately identifiable and qualifies as a hedged risk; and vi) updating the effective interest rate, without recognizing a gain or loss, for financial instruments measured at amortized cost with changes in contractual cash flows as a result of the IBOR reform, including leases that are indexed to an IBOR.

i) **IFRS 17** (new), 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023). This new standard replaces IFRS 4 and is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical responsibilities, which are reassessed at each reporting date. The current measurement can be carried out by applying the complete ("building block approach") or simplified ("premium allocation approach") models. The complete model is based on discounted cash flow scenarios weighted by the probability of occurrence and adjusted for risk, plus a contractual service margin, which represents the estimated future profit of the contract. Subsequent changes in estimated cash flows are adjusted against the contractual service margin unless it becomes negative. IFRS 17 is applied retrospectively with some exemptions on the transition date.

j) **IFRS 17** (amendment), 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023). This amendment includes specific changes in eight areas of IFRS 17, such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income Statement; and viii) disclosures. This amendment also includes clarifications, which aim to simplify some of the requirements of this standard and streamline its implementation.

The Bank does not anticipate any significant impact on the application of this change to its financial statements.

32. SUBSEQUENT EVENTS

We are not aware of any additional facts or events after 31 December 2020 that justify adjustments or additional disclosure in the Notes to the financial statements.

Translation note: This document is a free translation of the original document issued in the Portuguese language. In the event of discrepancies or misinterpretations the original version shall prevail.