Annual Report 2020

Banco Comercial Angolano

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APPROVAL BY THE BOARD OF DIRECTORS

Approval by the Board of Directors

The members of the Board of "Banco Comercial Angolano, S.A." are responsible for the preparation, integrity and objectivity of the financial statements and other information contained in this report.

To satisfy this responsibility the Bank has put in place systems of internal accounting and administrative control, to ensure that its assets are safeguarded and that transactions are executed and recorded in accordance with the rules and procedures adopted.

The audited financial statements for the year ended on the 31st of December 2020, presented herewith were approved by the Board of Directors and are signed on its behalf by:

Francisco da Silva Cristovão
Chairman

Mateus Filipe Martins
Chief Executive Officer

Luanda, 19 April 2021

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MANAGEMENT REPORT

Management Report

Financial year 2020, like the previous six years, was marked by economic recession, due to the adverse effects of the fall in the price of oil, which is still the commodity that contributes most revenue to the General State Budget. The recession was aggravated by the worldwide spread of the SARS CoV-2 virus and the preventive measures taken by the governments of all countries when the World Health Organization declared it a pandemic. To mitigate the adverse impact of the pandemic, BCA took steps to ensure business continuity, seeking to maintain profitability while ensuring compliance with the measures to combat the disease.

In addition, the three main credit rating agencies concluded that the country's creditworthiness had deteriorated and decided to downgrade its rating, with Moody's (which is the reference agency for Banco Nacional de Angola and the Angolan commercial banks) lowering the rating from B to Caa-1. This rating action had a huge impact on the stock of Angolan public debt held by commercial banks, forcing them to recognise hefty impairment provisions.

The financial strength the Bank has built up over the last eleven years was sufficient to absorb the negative impact of this increase in credit risk and so the Bank was comfortably able to maintain all its capital ratios above the regulatory minimum levels.

Following guidelines, BCA aims to leverage its results at minimum cost and align its activity with economic conditions in Angola.

By expanding and diversifying its branch network and distribution channels, it aims to:

- Increase and diversify its customer base;
- Acquire stable, more profitable deposits for the Bank;
- Avoid risk concentration in the deposit and credit portfolios;
- Improve customer satisfaction and loyalty.

To achieve these goals, the Bank plans to make efficient use of its distribution network, which currently consists of 40 branches located in 13 of Angola's 18 provinces.

As a service provider, the key to differentiating the Bank's brand lies in efficiency and in the quality of its human capital. Accordingly, several training activities were carried out, most notably in prudential risk management (anti-money laundering and financing of terrorism, anti-corruption) and tax matters.

Alongside staff training, the Bank sharpened its focus on customers, with the aim of improving the service provided to the public, transferring skills to the branches and enhancing customers' perceptions of the BCA brand.

In terms of corporate social responsibility, significant attention is being given to solve social problems directly affecting the workers and their families, and the society in general, with emphasis on social, health, and sporting initiatives. We will seek to enlarge our action to the community affected by our work.

The bank's vision continues to be "An universal bank in Angola focusing mainly on corporate and institutional banking yet maintaining a close eye on the prospects offered by the retail segment".

The bank's mission continues to be to "Create value for our stakeholders by providing world class banking services to our clients through maintaining excellent relationships with all those who contribute to the bank's growth; consolidating the banks image, reputation and prestige and ultimately by increasing our market share".

Financial indicators

Assets

In 2020, the bank registered a slight increase of its assets (almost a 4%). Interest-bearing assets increased 12%, (from 61% in 2019 to 69% in 2020). Furthermore, the following situations occured:

- A 42% reduction of resources in "Balances at other Credit Institutions", which were placed in "Placements with Central Banks and other Credit Institutions" (which increased by nearly 27%), and in "Cash and Balances at Central Banks" (which had a growth of almost 18%);
- An increase fo 22% in "Financial Assets at Fair Value through Other Comprehensive Income";
- A 75% reduction of "Other Assets", due to the delivery of resources secured by correspondent banks for letters of credit.

Liabilities

The 2% decrease, registered in total liabilities, derives from the reduction of "Demand Deposits" (13%), mitigated by the increase of 9% in "Other Liabilities". The "Other Liabilities" increased due to the growth in "Acruals" related to costs incurred whose invoices were not received as at the end of 2020, and payments due to "Suppliers". The interest-bearing liabilities, as in 2019, were 20% of the total of liabilities.

Equity

Shareholders' Equity increased by 17%, as a result of the Net Profit for the Year growth.

Income statement

The net income of 2020 decreased 38%, due the increase in "Impairment losses on Financial Assets through other comprehensive income" whose growth was almost three times the amount of the same item in the previous year, as a result of the worsening of the rating of Angola by the credit rating agencies. Globally, the Operating Margin remained intact (only a 1% decrease recorded).

Proposal for the appropriation of the 2020 profits

In accordance with the Angolan financial Institutions laws, we propose that the whole after tax profit, amounting to AKZ 6.798.543 thousand be allocated to accumulated reserves.

Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive officer

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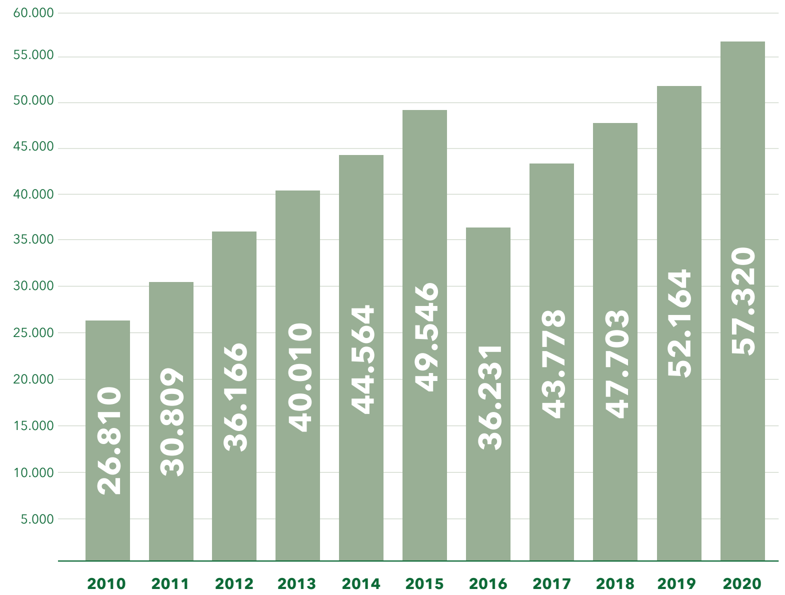
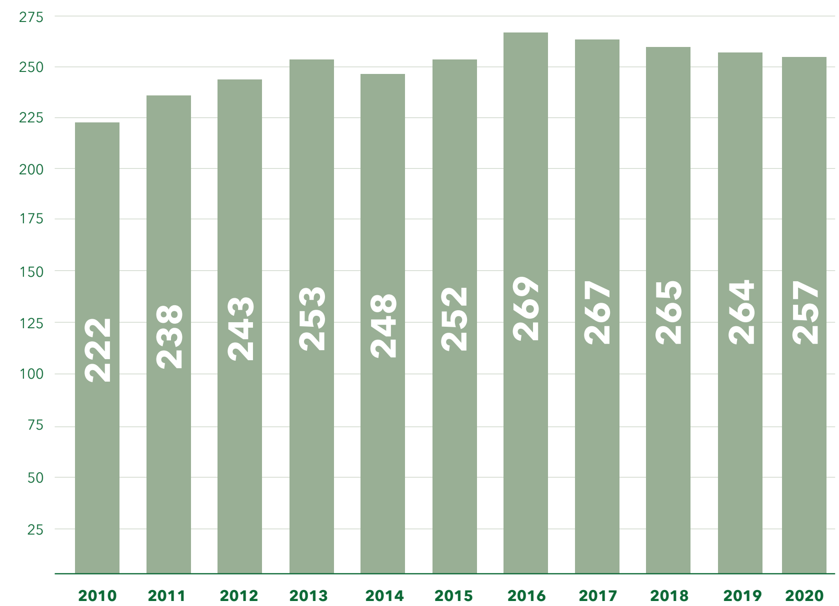
GROWTH OF BCA

Growth of BCA

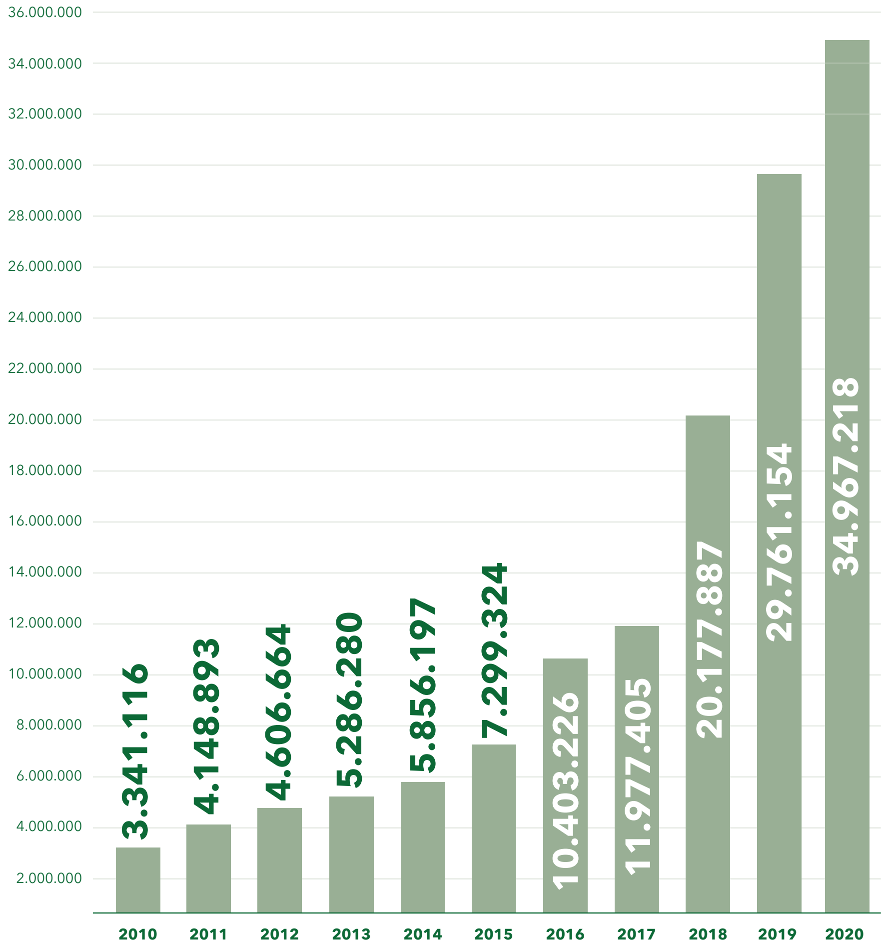
Customers



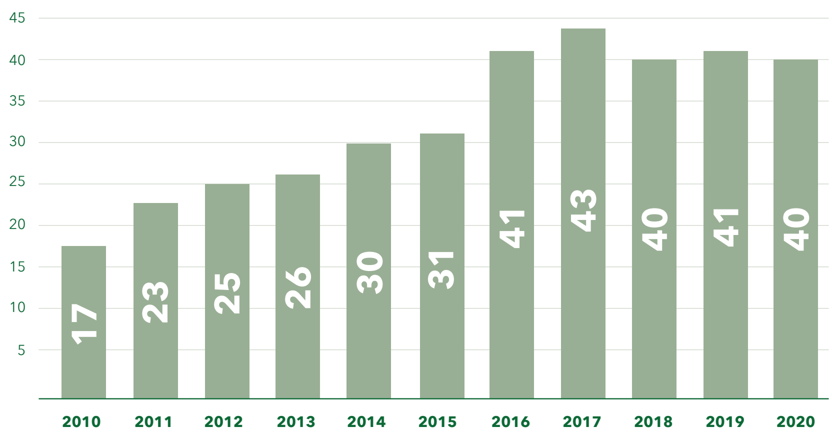
Total Employees



Equity (AKZ'000)

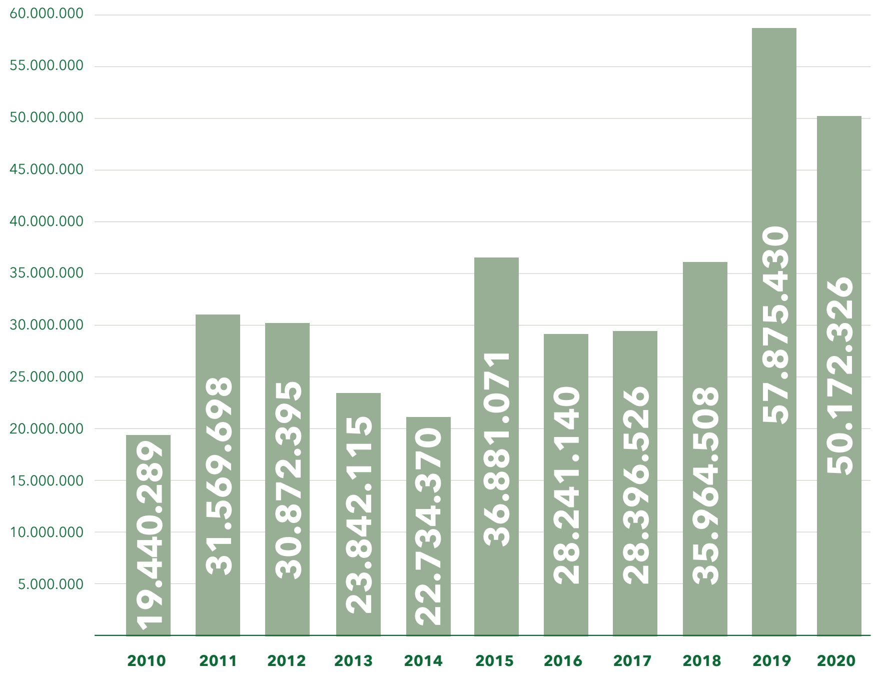


Branches

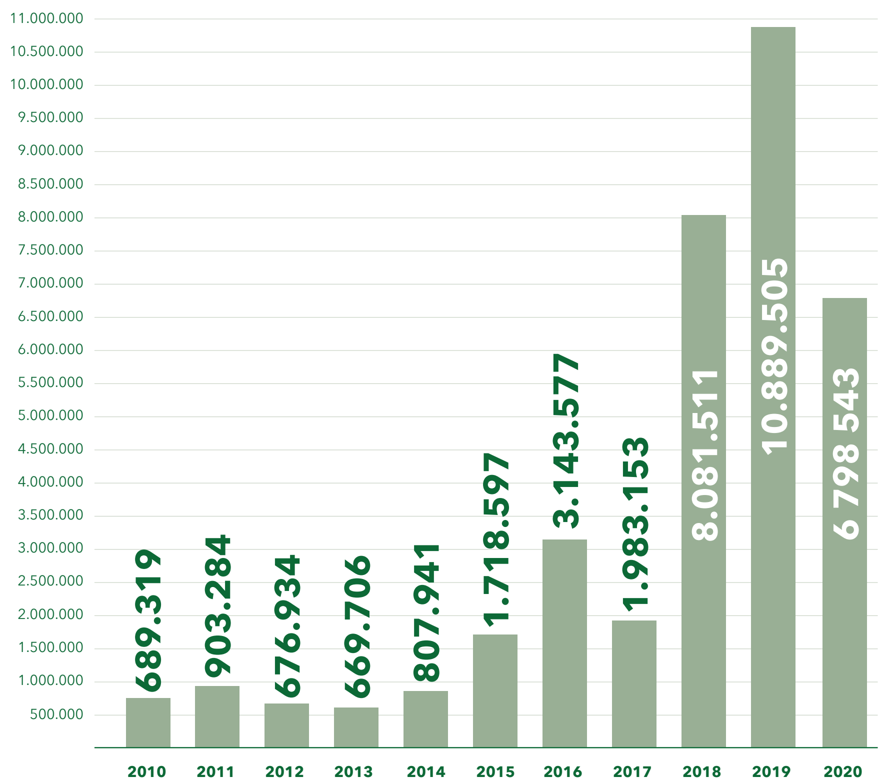


Growth of BCA

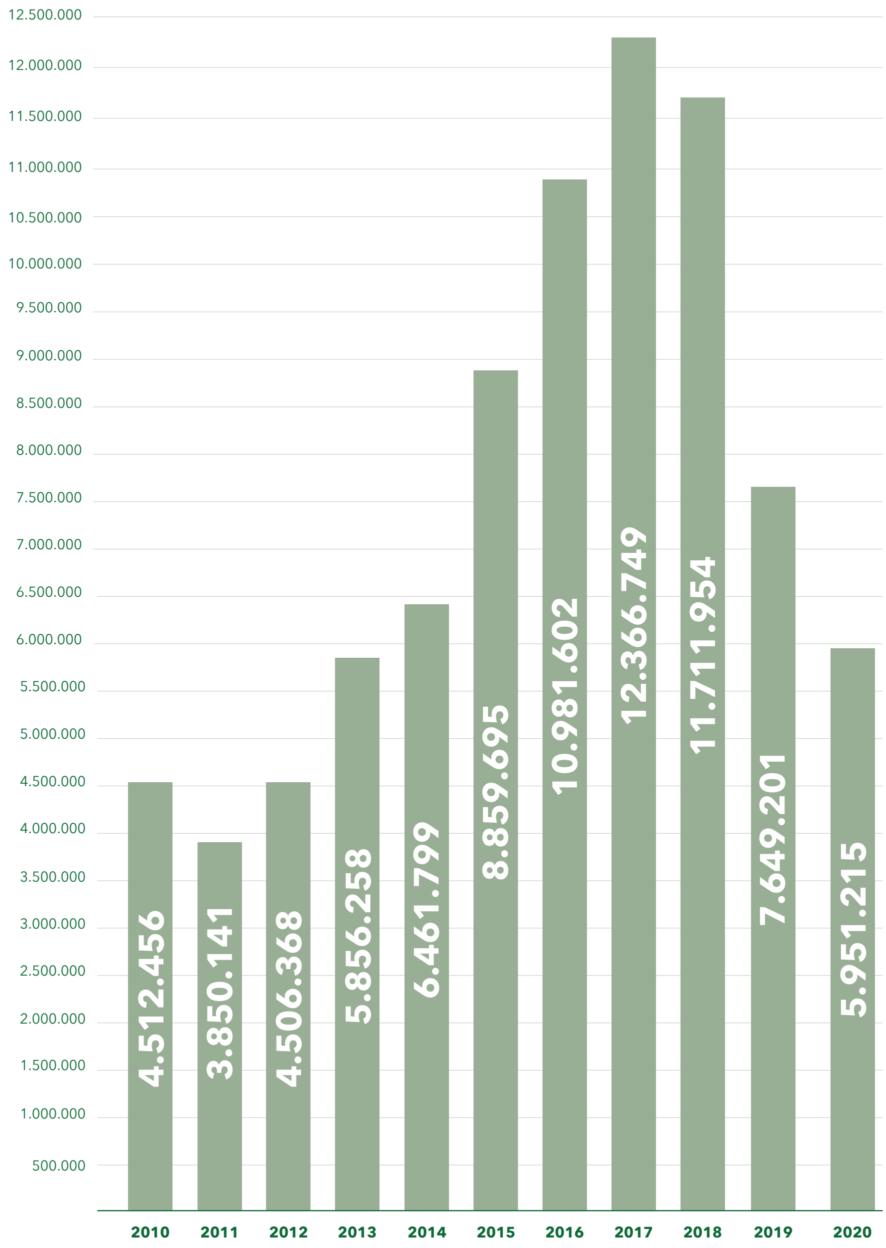
Customers Assets (AKZ'000)



Net Profit (AKZ'000)



Loans (AKZ'000)



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KEY INDICATORS

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000	2018 AKZ'000	2018 USD'000
Balance Sheet						
Total Assets	97.120.468	149.507	93.470.188	191.892	59.862.292	193.005
Loans and Advances	5.951.215	9.161	7.649.201	15.704	11.711.954	37.761
Customers Liabilities	50.172.326	77.236	57.875.430	118.818	35.964.508	115.955
Shareholders´ Equity	34.967.218	53.828	29.761.154	61.099	20.177.887	65.057
Activity						
Net Interest Margin (NIM)	5.554.109	9.506	4.336.244	11.483	3.377.225	13.040
Net Operating Margin (NOM)	17.376.918	29.740	17.555.323	46.489	13.673.694	52.798
Operating Costs (OC)	8.662.877	14.701	6.033.744	15.611	4.375.220	16.612
Operating Profit (OP)	7.043.831	12.468	10.889.505	29.579	8.992.717	35.200
Net Profit (NP)	6.798.543	12.090	10.889.505	29.579	8.081.511	32.262
NIM/NOM	32,0%	32,0%	24,7%	24,7%	24,7%	24,7%
Non Interest Margin/ NIM	212,9%	212,9%	305,9%	305,9%	304,9%	304,9%
Cost-to-Income	49,9%	49,9%	34,4%	34,4%	32,0%	32,0%
Operating Costs/Average Assets	8,9%	8,9%	6,5%	6,5%	7,3%	7,3%
Solidity						
Non-Performing Loans/ Total Loans	10,7%	10,7%	6,0%	6,0%	4,0%	4,0%
Provisions/ Non-Performing Loans	126,7%	126,7%	136,4%	136,4%	119,1%	119,1%
Return On Average Assets (ROAA)	7,0%	7,0%	11,7%	11,7%	13,5%	13,5%
Return On Equity (ROE)	21,0%	21,0%	43,6%	43,6%	50,3%	50,3%
Capital Adequacy Ratio	63,0%	63,0%	46,0%	46,0%	64,0%	64,0%
Other Tangible Assets and Intangible Assets Ratio	23,7%	23,7%	27,6%	27,6%	31,0%	31,0%
Gearing Ratio (Debts/ Equity)	182,0%	182,0%	239,0%	239,0%	198,0%	198,0%
Top 20 Loans/ Equity	9,7%	9,7%	69,0%	69,0%	77,0%	77,0%

GOVERNANCE AND MANAGEMENT STRUCTURE

FISCAL COUNCIL

Chairman
João Paulo Borges de Sousa

Members
Esperança Cahango and Domingos Pascoal Francisco

GENERAL ASSEMBLY

Chairman
Mário António de Sequeira e Carvalho

Deputy Chairman
José Francisco Luís António

Secretary
João Muotonguela

EXTERNAL AUDIT

KPMG Angola – Audit, Tax, Advisory, S.A.

BOARD OF DIRECTORS

Chairman
Francisco da Silva Cristóvão (Non Executive)

Director
António Daniel Pereira dos Santos
(Non Executive - Independent)

Director
Mateus Filipe Martins

Director
Mathias Tohana Nleya

Director
Tatiana Moreira Paiva Muhongo

BOARD OF DIRECTORS COMMITTEE

Risk, Compliance and Audit Committee

Staff Remuneration and Heads of Department Appointment Committee

EXECUTIVE COMMITTEE

Chief Executive Officer
Mateus Filipe Martins

Executive Director
Mathias Tohana Nleya

Executive Director
Tatiana Moreira Paiva Muhongo

DISTRIBUTION OF PORTFOLIOS

Chief Executive Officer – Mateus Filipe Martins

Executive Committee Consultancy Office
José Marques
Adolfo Martins and Delfina Cumandala

Internal Audit
Madalena Salvador Matias
(Deputy Head)

Legal and Corporate Governance
Hernani Cambinda
(Coordinating Manager)

Infrastructure and Branch Expansion
João Manuel Pinto dos Reis
(Head)

Human Resources
Soque Caricoco
(Deputy Head)

Retail Banking
Mário Leitão
(Coordinating Manager)
Hirondina Teixeira
(Deputy Head)

International Operations
Mauro Lourenço
(Deputy Head)

Corporate Banking
Cesaltina Pinto
Head of Private and Enterprise Center
Fernando Muturi
Luanda Enterprise Center
Hermenegildo Puna
Viana Enterprise Center
António Alves
Lar do Patriota Enterprise Center

e-Banking Department
Marisa Ribeiro
(Head)

Central Vault
Joaquim Daniel
(Head of Department)

Executive Director – Mathias Tohana Nleya

General Operations
Evanilda Marimba
(Head)

Accounting
Helder Lisboa
(Head)

Treasury
Bo Kronback
(Head)

Forex Control and Reconciliations Department
Pedro Cristóvão
(Deputy Head)

Executive Director – Tatiana Moreira Paiva Muhongo

Risk Management
Madalena Arsénio Saituma
(Head)

Compliance Officer
Simão Barbosa
(Deputy Head)

Policies And Procedures
Lizeth Lemos
(Coordinating Manager)

IT
Fernando Chimuco
(Head)

Marketing And Corporate Social Responsibilities
Leonor Cadete
(Executive Assistant)

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CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement

Corporate Governance is a set of relationship, politics, and processes, engaging the shareholders and the employees of the Bank, together with the supervisory bodies, the external auditors, and other financial agents, with a view to reaching the strategic objectives, promoting transparency throughout the organisation, and performing adequate control and monitoring of the activities of the Bank.

The Board of Directors is composed of five members, two of whom are non executive, and the remaining three are executive:

- **Non Executive Chairman:** Francisco da Silva Cristóvão
- **Non Executive and Independent Director:** António Daniel Pereira dos Santos
- **Executive Director and Chief Executive Officer:** Mateus Filipe Martins
- **Executive Director:** Mathias Tohana Nleya
- **Executive Director:** Tatiana Moreira Paiva Muhongo

The Board of Directors is the management governance body, and in accordance with the "Banco Comercial Angolano" statutory policies, it meets ordinarily on quaterly basis, or when convened by its Chairman, or suggested by the two Directors. The decisions of the Board of Directors are taken by a majority of members.

One of Non Executive Directors is the Chairman of the Board of Directors (Francisco da Silva Cristóvão) and the second Non Executive Director (António Daniel Pereira dos Santos) is the chairman of the board of Risk Audit and Compliance Committee. As a Non Executive Director, António Daniel Pereira dos Santos, fulfils the requirements of independence.

The Executive Committee of the Board of Director is composed of three Executive Directors, among who, one is its Chief Executive Officer.

In acordance with BCA statutory policies, and in the light of the Board of Directors rules, the Executive Committee is responsible for ongoing management of the Bank.

The three Executive Directors, in the light of the Board of Directors rules of January 2015, have their duties allocated as follows:

- **Chief Executive Officer (Mateus Filipe Martins)** – Infrastrutures; International operations; Legal; Policies and Procedures; Internal Audit; Retail and Corporate Banking;
- **Executive Director (Mathias Tohana Nleya)** – Credit; Operations; Accounting; Treasury; Forex Control and Reconciliations; and Routines controls;
- **Executive Director (Tatiana Muhongo)** – Risk Management; Compliance; IT; Marketing and Corporate Social Responsibility.

The Executive Committee (EXCO), despite the duties among its members, meets to discuss issues of Executive Committee, periodically. Their meeting are held whenever convened by the CEO.

The Board of Directors remains committed to the maintenance of the highest corporate governance standards in the operations and structures of the Bank. In order to align the bank's governance structures with best practices and also the new Central Bank regulation, Notice 01/2013, the following committees were created at the board of directors level:

a) **Risk, Compliance and Audit Committee:** is ruled by the Non Executive Director António Daniel Pereira dos Santos and composed of the CEO, the two Executive Directors, the head of Internal Audit Department and the Compliance Officer.

b) **Staff remuneration and Heads of department appointment Committee:** chaired by the Chief Executive Officer, it is composed of the Executive Directors, Non Executive Director, Coordinating Directors, Retail Banking and Finance head departments.

The following subcommittees of the EXCO have been formed to deal with specific managent issues:

- **CMC (Management Committee)**
  This Committee is composed of the Executive Directors (EXCO) and the heads of all the departments in the bank. It discusses, recommends the implementation and changes to the bank's policies and, procedures among other things. Meetings of this committee are held on a monthly basis and are chaired by the CEO.

- **Credit and Investment Committee**
  Is comprised by the Executive Directors and the heads of the Credit, Risk, Legal, Retail and Corporate banking departments. It analyses and approves, should that be the case, loans and advances up to a maximum of USD 2.000.000, and recommends loan facilities above this sanctioning level to the Board Credit Committee for approval. This committee meets whenever loan applications within the above criteria are presented and is chaired by the CEO.

  It also assesses and decides on the bank liquidity placement with the Money Market and trade and security investments. The committee meets by the CEO invitation.

- **Asset and Liability Committee (ALCO)**
  The Asset and Liability Committee (ALCO) is composed by the Executive Directors and the heads of the following departments: Accounting, Credit, Market Risk, Corporate Banking, Retail banking and Treasury. The ALCO has the responsibility of assessing, recommending, and supporting the bank's operations by adding value to the business through the effective management of liquidity and market risks, determining risk appetite for these classes, managing assets mix and maximising the bank's income. This committee meets ordinarily every month and is chaired by the Executive Director for the financial area.

- **Loan Recoveries Committee**
  The Loan Recoveries Committee is comprised by the Executive Directors, the heads of Credit and Risk, Legal, Retail and Corporate banking. It discusses and decides on actions to be taken to recover non performing loans and to limit credit losses. The committee meets once a month and is chaired by the CEO.

- **Branch expansion and Technical Support Steering Committee**
  This committee defines the branch expansion strategy and evaluates the associated costs together with discussing and monitoring progress on all new branch projects. It is chaired by the CEO and is composed of the Executive Director for the commercial area, Coordinating Manager for administrative services, the heads of the infrastructure, retail, corporate, and IT departments.

  The technical support aspects involve the design and functioning of all the IT infrastructure of the bank. It is composed by two Executive Directors and the head of the IT department and the IT security Management.

Besides the committees and commissions above referred, the Bank introduced an organigramme that considers the segregration of tasks, policies, procedures and processes, in order to strengthen the internal control environment, which is the key role for an efficient system of Corporate Governance. The Departments of Internal Audit, Risk Management and Compliance, through monitoring other departments, ensure that the internal control environment works efficiently and in a continued manner.

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MACROECONOMIC VIEW

Macroeconomic View

GLOBAL ECONOMY

One main event had a huge impact on all the economies around the world. The lock downs and the state of emergency introduced worldwide due to the coronavirus pandemic halted economic activities, and the result was a sharp drop in GDP worldwide: 2,8% in 2019 to -3,3% in 2020.

Region	GDP real growth (%)				
	2016	2017	2018	2019	2020*
World	3,3	3,8	3,6	2,8	-3,3
Advanced economies	1,8	2,5	2,3	1,6	-4,7
Eurozone	1,9	2,6	1,9	1,3	-6,6
Emerging markets and developing economies	4,5	4,8	4,5	3,6	-2,2

Source: FMI

* Projection of World Economic Outlook April 2021.

It is however noticeable that the Eurozone was hardest hit with a drop of 6,6% in GDP, while the Emerging markets in general suffered a decrease of a little more than 2%, helped by China which managed a positive GDP growth.

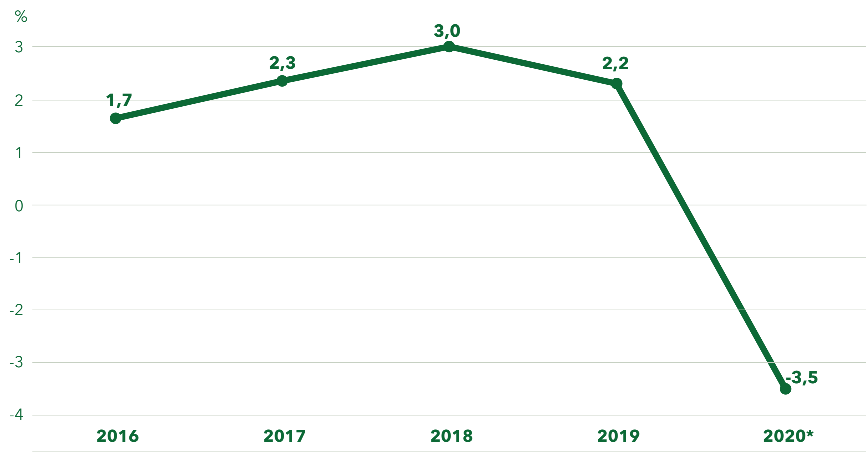
The lower economic activity resulted in a decline in oil prices, and for the first time in histories the oil price turned negative, although only for a short while. Also, the stock markets reacted with an initially decline, but with billion of liquidity pumped out by the central banks, the stock market recovered during 2020.

United States of America

The economy of the United States saw a decrease in GDP from 2,2 in 2019 till negative 3,5% in 2020.

The Government launched various stimulus measures to assist industries, commerce and families.

GDP growth (%) - EUA



Source: FMI

* Projection of World Economic Outlook Apri l 2021.

The grave effect on the economy was evidenced by the unemployment rate, which went up to almost 15% in April 2020 before lowering to 8,1% in December.

Unemployment rate				
2016	**2017**	**2018**	**2019**	**2020***
4,9	4,4	3,9	3,7	8,1

Fonte: FMI

* Projection of World Economic Outlook Apri l 2021.

The FED lowered the fed funds rate twice in March 2020 from 1,50% to 0,00% and also assisted the economy pumping liquidity into the system by buying not only Government bonds, but also mortgage back securities and corporate bonds.

Macroeconomic View

Due to the increased unemployment the economy experienced less consumption and the inflation dropped from 2,1% in 2019 till 1,4% in end 2020.

Inflation - end of period				
2016	2017	2018	2019	2020*
2,2	2,2	1,9	2,1	1,4

Source: FMI

* Projection of World Economic Outlook Apri l 2021.

2020 was also election year, and a lot of effort was canalised into overturning a clear election result, instead of focussing on improving the economy.

Eurozone

The Eurozone was hardest hit by the pandemic. Germany, France, Italy and Spain, which counts for ¾ of the total GDP for the Eurozone, had all negative growth of between -5% and -11%.

These dominating countries dragged down the GDP for all Euro area, and the single positive growth of Ireland of 2,5% didn't help much.

GDP growth (%) - Eurozone					
Country	2016	2017	2018	2019	2020*
Ireland	2,0	9,4	8,9	5,9	2,5
Lithuania	2,5	4,3	3,9	4,3	-0,8
Luxembourg	4,6	1,8	3,1	2,3	-1,3
Finland	2,8	3,2	1,3	1,3	-2,9
Estonia	3,2	5,5	4,4	5,0	-2,9
Latvia	2,4	3,3	4,0	2,0	-3,6
Netherlands	2,2	2,9	2,4	1,7	-3,8
Germany	2,2	2,6	1,3	0,6	-4,9
Cyprus	6,4	5,2	5,2	3,1	-5,1
Slovak Republic	2,1	3,0	3,8	2,3	-5,2
Slovenia	3,2	4,8	4,4	3,2	-5,5
Belgium	1,3	1,6	1,8	1,7	-6,4
Austria	2,0	2,4	2,6	1,4	-6,6
Malta	4,1	8,1	5,2	5,5	-7,0
Portugal	2,0	3,5	2,8	2,5	-7,6
France	1,1	2,3	1,9	1,5	-8,2
Greece	-0,5	1,3	1,6	1,9	-8,2
Italy	1,3	1,7	0,9	0,3	-8,9
Spain	3,0	3,0	2,4	2,0	11,0
Eurozone	**1,9**	**2,6**	**1,9**	**1,3**	**-6,6**

Source: FMI

* Projection of World Economic Outlook Apri l 2021.

The unemployment rate for the Eurozone increased from 7,6% of the labour force to 7,9%.

Unemployment rate					
Country	**2016**	**2017**	**2018**	**2019**	**2020***
Greece	23,6	21,5	19,3	17,3	16,4
Spain	19,6	17,2	15,3	14,1	15,5
Italy	11,7	11,3	10,6	9,9	9,1
Lithuania	7,9	7,1	6,1	6,3	8,9
France	10,0	9,4	9,0	8,5	8,2
Latvia	9,6	8,7	7,4	6,3	8,2
Finland	9,0	8,8	7,4	6,7	7,8
Cyprus	13,0	11,1	8,4	7,1	7,6
Estonia	6,8	5,8	5,4	4,4	6,8
Portugal	11,1	8,9	7,0	6,5	6,8
Slovak Republic	9,7	8,1	6,5	5,8	6,7
Luxembourg	6,2	5,8	5,1	5,4	6,3
Ireland	8,4	6,7	5,8	5,0	5,6
Belgium	7,8	7,1	6,0	5,4	5,6
Austria	6,0	5,5	4,9	4,5	5,3
Slovenia	8,0	6,6	5,1	4,4	5,1
Malta	4,7	4,0	3,7	3,6	4,3
Germany	4,1	3,8	3,4	3,2	4,2
Netherlands	6,0	4,9	3,8	3,4	3,8
Eurozone	**10,0**	**9,1**	**8,2**	**7,6**	**7,9**

Source: FMI

* Projection of World Economic Outlook Apri l 2021.

Surprisingly, Italy, one of the hardest hit of the coronavirus, managed to lower the rate from 9.9% to 9,1%.

Greece tops the list again, but also with reduction of the unemployment rate.

Of the countries with most weight, Germany and Spain had an increase of 1,0% and 1,4% respectively. The Eurozone has been fighting during many years to increase the inflation, targeted at a level of 2%.

The majority of the countries experienced a deflation, and with the weight of Germany, France, Italy and Spain dragging down on the price development, the overall figure ended at -0,3%.

The European Central Bank maintained the negative interest and introduced various stimulus measures to get the economy going.

Inflation – end of period					
Country	**2016**	**2017**	**2018**	**2019**	**2020***
Slovak Republic	0,3	2,0	1,9	3,2	1,6
Austria	1,5	2,3	1,7	1,8	1,0
Netherlands	0,8	1,2	1,8	2,7	0,9
Belgium	2,2	2,1	2,2	0,9	0,4
Finland	1,1	0,5	1,3	1,1	0,2
Malta	1,0	1,3	1,2	1,3	0,2
Portugal	0,9	1,6	0,6	0,4	0,0
Lithuania	2,0	3,8	1,8	2,7	-0,1
France	0,8	1,2	1,9	1,6	-0,1
Italy	0,5	1,0	1,2	0,5	-0,3
Luxembourg	1,5	1,5	1,8	1,8	-0,4
Latvia	2,1	2,2	2,5	2,1	-0,5
Spain	1,6	1,1	1,2	0,8	-0,5
Germany	1,7	1,5	1,8	1,5	-0,7
Cyprus	0,1	-0,4	1,0	0,7	-0,8
Estonia	2,4	3,8	3,3	1,8	-0,9
Ireland	-0,2	0,5	0,7	1,1	-1,0
Slovenia	0,5	1,7	1,4	1,9	-1,1
Greece	0,3	1,0	0,6	1,1	-2,4
Eurozone	**1,1**	**1,3**	**1,5**	**1,3**	**-0,3**

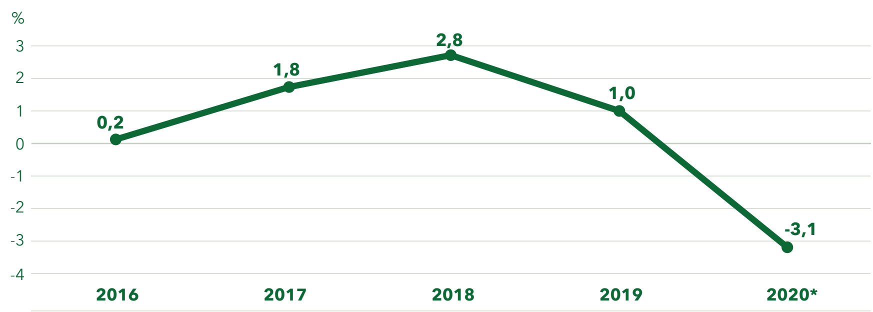
Source: FMI

* Projection of World Economic Outlook Apri l 2021.

Russia

The effects of the pandemic have spread throughout the Russian economy.

GDP real growth (%) - Russia



Source: FMI

* Projection of World Economic Outlook April 2021.

GDP growth plummeted from 1,0% in 2019 to -3,1% in 2020. The slowdown of the activities affected the unemployment rate, which increased 1,2% till 5,5% of the labour force.

With a public debt of 19%, Russia had leeway to stimulate the economy, and the fiscal policy have been accommodative to support specially areas as manufacturing, construction, and retail and hospitality services.

Despite the lower activity the inflation rose to 4,9% at the end of 2020.

A partial explanation for the higher inflation is the development of the exchange rate, which went from 62 against the USD to 74 in December 2020, a depreciation of almost 20%.

GDP real growth (%) - Asia

2016	2017	2018	2019	2020*
5.4	2.5	4.3	3.0	4.9

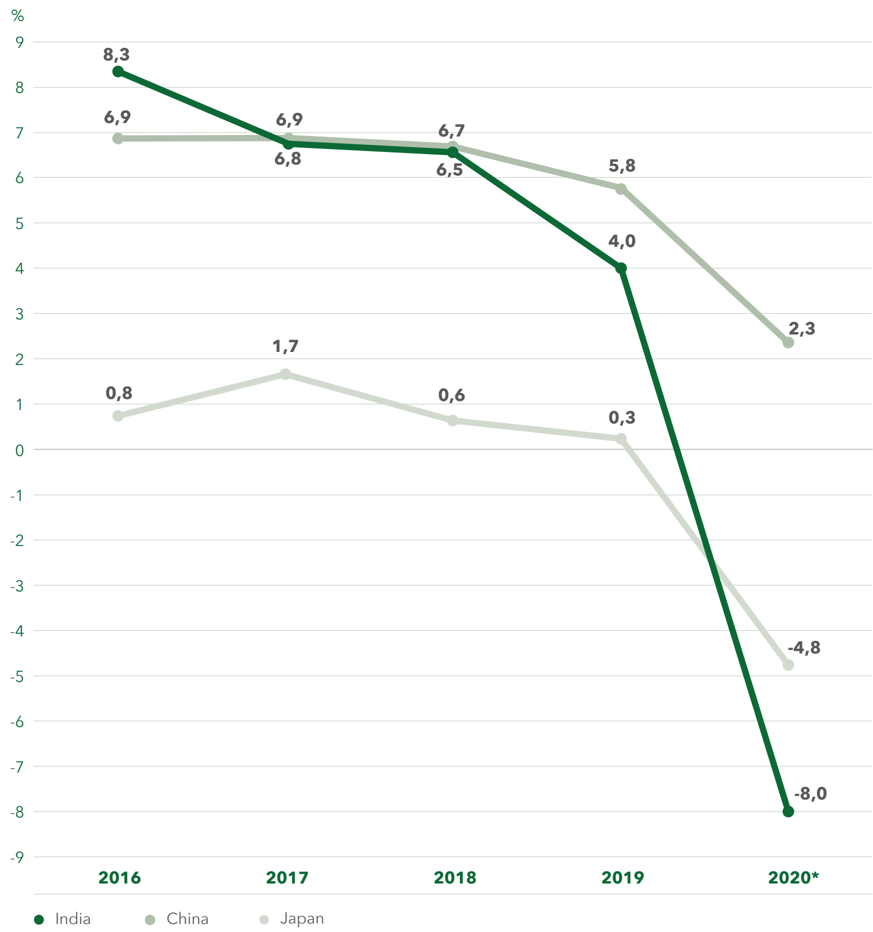
Source: FMI

* Projection of World Economic Outlook April 2021.

Asia

It is noticeable that China managed to overcome the negative economic effects of the coronavirus, and as one of the few countries have a positive real GDP growth of 2,3%.

GDP real growth (%) - Asia



Source: FMI

* Projection of World Economic Outlook April 2021.

India had a huge drop in GDP. The lockdown has been devastating on both the demand side as well as the supply side, and the Government were reluctant to provide fiscal spending.

Inflation end of Period – Asia					
Country	**2016**	**2017**	**2018**	**2019**	**2020***
India	3,6	4,6	2,5	6,7	4,9
China	2,1	1,8	1,9	4,5	-0,3
Japan	0,3	0,6	0,8	0,5	-0,9

Source: FMI

* Projection of World Economic Outlook April 2021.

In Japan the global pandemic hit domestic consumption and exports. Private consumption, which makes up more than half of the economy suffered especially in the first half of 2020. Although Japan unveiled two stimulus packages of around USD 2,2 trillion during the year, it was not enough to have a positive GDP growth. This, however, must be seen in the light of the Government gross debt of 250% of GDP, which limits the fiscal manoeuvres.

South America

Nine countries accounts for 90% of GDP in Latin America. Every single one realised a negative growth in GDP.

GDP real growth (%) - South America					
Country	**2016**	**2017**	**2018**	**2019**	**2020***
Guatemala	2,7	3,0	3,2	3,8	-1,5
Brazil	-3,3	1,3	1,8	1,4	-4,1
Chile	1,7	1,2	3,7	1,0	-5,8
Dominican Republic	6,7	4,7	7,0	5,1	-6,7
Colombia	2,1	1,4	2,6	3,3	-6,8
Ecuador	-1,2	2,4	1,3	0,0	-7,5
Mexico	2,6	2,1	2,2	-0,1	-8,2
Argentina	-2,1	2,8	-2,6	-2,1	-10,0
Peru	4,4	2,1	4,0	2,2	-11,1
Venezuela	-6,2	-17,0	-15,7	-18,0	-35,0

Source: FMI

* Projection of World Economic Outlook Apri l 2021.

Of these countries Guatemala and Brazil were less affected.

Brazil made little to maintain a lockdown, to spur the economy, but the consequence socially has been devastating, with more that 300.000 death, the second highest in the world after USA.

In general, the industrial production suffered with lower demand worldwide, which resulted in higher unemployment and also diminished domestic demand.

Sub-Saharan Africa

In the Sub-Saharan region 9 countries accounts for ¾ of all GDP.

In general, the Sub-Saharan African countries had a sluggish growth. Nigeria and South Africa had a drop in GDP of 19 and 49 billion USD.

For quite a few years Angola was in third place in the ranking of GD measures in USD.

GDP em billion USD - Sub-Saharan Africa

Country	2016	2017	2018	2019	2020*
Nigeria	405	376	422	448	429
South Africa	296	349	368	351	302
Kenya	69	79	88	95	99
Ethiopia	72	77	80	93	97
Ghana	55	59	66	67	68
Tanzania	50	53	57	61	63
Angola	101	122	106	90	62
Côte d'Ivoire	48	52	58	59	61
Democratic Rep. of Congo	37	38	47	50	49

Source: FMI

* Projection of World Economic Outlook Apri l 2021.

In 2019 Angola went to the fifth place and in 2020 Angola dropped to the seventh place.

Several countries benefitted from the Debt Relief Plan, helping to free up fiscal and foreign exchange resources.

GDP real growth (%) - Sub-Saharan Africa					
Country	**2016**	**2017**	**2018**	**2019**	**2020***
Nigeria	-1,6	0,8	1,9	2,2	-1,8
South Africa	0,4	1,4	0,8	0,2	-7,0
Kenya	5,9	4,8	6,3	5,4	-0,1
Ethiopia	8,0	10,2	7,7	9,0	6,1
Ghana	3,4	8,1	6,3	6,5	0,9
Tanzania	6,9	6,8	7,0	7,0	1,0
Angola	-2,6	-0,2	-2,0	-0,6	-4,0
Côte d'Ivoire	7,2	7,4	6,9	6,2	2,3
Democratic Rep. of Congo	2,4	3,7	5,8	4,4	-0,1
Sub-Saharan Africa	**1,5**	**3,1**	**3,2**	**3,2**	**-1,9**

Source: FMI

* Projection of World Economic Outlook April 2021.

In terms of real growth in GDP, on one hand it is evident that South Africa was hit very hard by the pandemic. On the other hand, Ethiopia is surprising with a stunning growth of 6,1%.

For the region of Sub-Saharan Africa, the GDP growth was negative with 1,9%.

Worldwide a lot of countries are rolling out vaccine programs, and with that population hopefully being immune to the coronavirus, supply and demand should pick up again, spurring the supply chains internationally, factories, services and travel slowly to come back to normal.

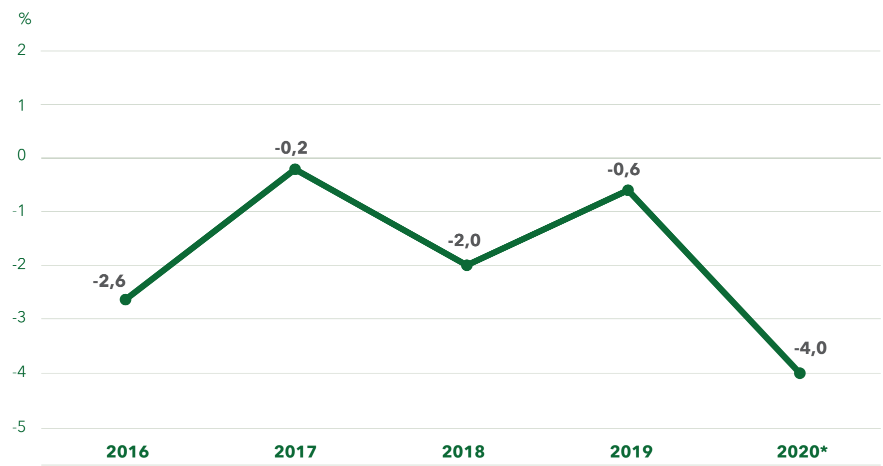
Macroeconomic View

ANGOLAN ECONOMY

Angolan continued the recession of the previous four years. The major influence on the fifth year's negative GDP was, like any other country, the lockdown effects due to the coronavirus.

The GDP for 2020 is estimates to -4,0%.

GDP real growth (%) – Angola



Source: FMI

* Projection of World Economic Outlook Apri l 2021.

Oil

The factor, which still dominate the economy of Angola, is oil – production and export as well as price.

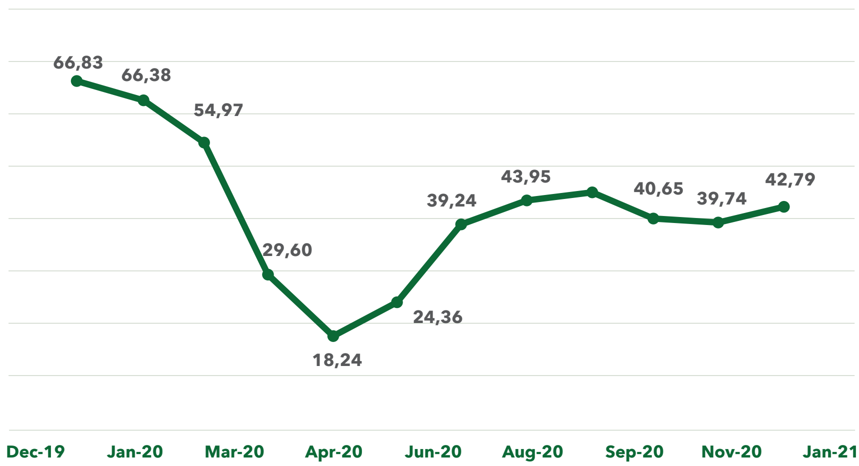
The oil accounts for roughly 30% of GDP, 50% of the revenue in the State Budget and 90% of all exports.

Average price per barrel & export of oil

Year	Average price per barrel - USD	Variation	Export - million of barrels	Variation
2016	40,43	-22%	632	-2%
2017	52,03	29%	596	-6%
2018	70,34	35%	537	-10%
2019	62,61	-11%	497	-7%
2020	42,60	-32%	472	-5%

Source: Ministry of Finance

Monthly average price in USD per barrel



The average price of USD 42,60 in 2020, is based on large fluctuations – from USD 66,83 in January till USD 18,24 in April.

In April, for the first time in history, the world market traded oil at a negative price of USD 37,63.

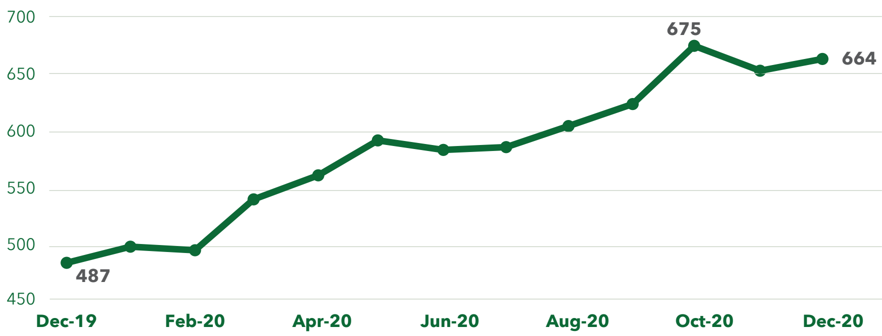
With demand for oil drying up as lockdowns across the world kept production and consumption at a standstill, oil producers were paying buyers to take the commodity off their hands over fears that storage capacity could run out.

Exchange rate

The Central Bank, BNA, continued its policy regarding floating the exchange rate.

The exchange rate started in 2020 at a level of 487 kwanzas per USD and escalated in October to 675. After this peak the exchange rate has settled at a lower level with some stability.

Exchange rate USD/AOA 2020 - Offer rate in Primary Market



Of importance in the currency market was the introduction of the Bloomberg Trading Platform, where all basically all trades go through.

Not only BNA is selling currency through this platform, but also the oil companies, the diamond companies and Ministry of Finance. This has secured a better inflow of currency into the market.

Exchange rate USD/AOA - Primary Market - end of year					
	2016	2017	2018	2019	2020
Exchange rate USD/AOA	166,728	166,749	310,158	487,098	663,768
Annual variation	7%	0%	86%	57%	36%

Source: BNA

Net international reserves

During the last seven years the net international reserves has decreased – from USD 31.154 million in 2013 till USD 8.721 million in 2020.

This has been a natural effect of oil revenue going down. However, since import has gone down, the amount can support approximately 7 months of import, according to BNA.

Net International Reserves (million USD)					
	2016	2017	2018	2019	2020
Net Int. Reserves	20.807	14.246	10.630	11.712	8.668
Annual variation	-14%	-32%	-25%	10%	-26%

Source: BNA

Inflation

After the inflation hitting almost 42% in 2016 the level has diminished, and last year (despite the devaluation of the kwanza) the inflation dropped to 17%, while this year the number reached 25%.

The reason for the increase in 2020 is explained by effect of the devaluation and a restriction on imports, which created a shortage of the basic products.

Annual inflation in % (end of period)					
Type of inflation	2016	2017	2018	2019	2020
Consumer prices	41,95	26,26	18,21	17,06	25,19

Source: INE

Currency in circulation

The effort of BNA to curb inflation is noticeable in the evolution of currency in circulation.

While the inflation has been between 17% and up to almost 42%, the annual variation in the currency in circulation has been only between in negative territory and only lower than one digit (-6% till 8%).

Currency in circulation - notes and coins - in billion AOA					
	2016	2017	2018	2019	2020
Notes and coins in circulation	506	528	498	540	549
Annual variation	-3%	4%	-6%	8%	2%

Source: BNA

The heavy control of the currency in circulation also helped diminish the parallel foreign exchange market, by having fewer kwanzas to sell.

Interest rates

T-bill yields					
Maturity	2016	2017	2018	2019	2020
TB 3 M	16,38%	16,15%	13,60%	n/a	19,35%
TB 6 M	23,92%	20,25%	17,06%	12,00%	20,50%
TB 12 M	24,49%	23,90%	19,05%	14,68%	21,00%

Source: BNA

The T-bill yields increased gradually during the year, as a response of the higher lending requirements, the higher inflation and to mop up liquidity.

Although the T-bill rates went higher BNA kept their reference rate, lending and deposit rate as well as rediscount rate unchanged.

The constitution of reserves in national currency was also unchanged, unlike the coefficient of reserves in foreign currency, which increased with 2% to 17%. However, the increase was to be paid in kwanzas instead of USD - a measure to reduce liquidity in the system.

Reference rates of BNA					
	2016	2017	2018	2019	2020
BNA reference rate	16,00%	18,00%	16,50%	15,50%	15,50%
Overnight lending facility	20,00%	20,00%	16,50%	15,50%	15,50%
Overnight deposit facility	0,00%	0,00%	0,00%	0,00%	0,00%
Deposit facility 7 days	7,25%	0,00%	0,00%	10,00%	7,00%
Rediscount rate	20,00%	20,00%	20,00%	20,00%	20,00%
Coefficient of Reserves in national currency	30,00%	21,00%	17,00%	22,00%	22,00%
Coefficient of Reserves in foreign currency	15,00%	15,00%	15,00%	15,00%	15,00%

Source: BNA.

Money supply

The Central Bank is in a dilemma regarding the money supply. On one hand BNA must limit the money supply to fight inflation, but on the other hand BNA has to accommodate a more expansionary policy to get the economy going, specially to overcome the negative economic effects of the lockdowns.

With a modest increase in M1 in the previous years 2020 saw an increase of 29%. However, with a great difference in national and foreign currency – 18% and three times as much in foreign currency, 54%. This sharp increase in foreign currency was partly a response to the devaluation over the past years.

Monetary Aggregates in million AOA						
	2016	2017	2018	2019	2020*	Δ % 19/20
Currency outside depository corporations	395.735	418.736	373.035	418.993	404.597	-3%
Demand deposits in national currency	2.538.259	2.406.398	2.408.565	2.773.605	3.271.040	18%
Demand deposits in foreign currency	877.854	907.029	1.305.246	1.732.977	2.669.477	54%
M1	3.811.847	3.732.163	4.086.845	4.925.575	6.345.114	29%
Term deposits in national currency	1.565.539	1.695.933	1.458.826	1.646.926	2.164.805	31%
Term deposits in foreign currency	1.099.990	1.089.603	2.298.936	3.627.906	4.187.833	15%
M2 = (M1 + Quasi-Money)	6.477.376	6.517.699	7.844.607	10.200.407	12.697.752	24%
Other deposit like instruments	3.804	4.029	9.384	4.746	4.746	0%
M3 = (M2 + Other deposit like instruments)	6.481.180	6.521.728	7.853.991	10.205.153	12.702.498	24%
Demand and term deposits in foreign currency	1.981.598	2.000.601	3.608.818	5.360.883	6.857.310	28%
Degree of dollarization in the economy (3)	33%	33%	48%	55%	56%	

The term deposits of M2 had a jump of 31% in national currency and an increase of half that size in foreign currency. The overall expansion of M2 and M3 was 24%.

The dollarization in the economy went slightly up from 55% in 2019 to 56% in 2020.

BNA added liquidity to the economy through two facilities – one of AOA 100 billion to buy Government bonds from corporates and another of equal value through the overnight lending facility towards banks.

Credit to the economy

Due to the lower activity in the lockdown period the increase in the previous years couldn't keep up.

The different classes of activity kept pretty much their proportion from the past, except real estate which plummeted from AOA 675 billion to only AOA 84 billion, a drop of 88%. The share of the total credit to the economy went from 14% to only 2%. This explains a good part of the overall decrease from AOA 4,93 to AOA 4,59 in credit to the economy.

Credit to the economy in billion AOA - balance end of period					
	2016	2017	2018	2019	2020
Credit granted	3.620	3.617	4.159	4.930	4.587
Variation	1%	0%	15%	19%	-7%

Source: BNA.

In March 2020 BNA issued a Notice instructing the banks to lend 2,5% of their assets to the real economy at a rate of 7,5%, with a deduction of the amount in the reserve requirements. Although the objective should spur credit and investments, the pace of credit granted was slow due to poor quality projects in general.

Also, to facilitate credit BNA introduced a payment of 0,1% of liquidity over AOA 3 billion held with the Central Bank. The banking sector sought alternative placements in the financial market (rather than credit), resulting in a sharp drop in the money market overnight rate.

State Budget

The budget for 2020 was revised mid 2020 due to the effects of the coronavirus. Income was estimated at AOA 8.615 billion originally but revised down to AOA 6.125 billion. The expenses were reduced in a lesser degree from AOA 8.096 billion to AOA 7.393 billion.

The initially estimated surplus of AOA 519 billion turned into a deficit of 1.268 billion, altering the previous year's positive trend.

State Budget (billion AOA)

	2016		2017		2018		2019		2020	
Income oil sector	1.373	47%	2.009	57%	3.715	63%	3.953	60%	2.952	48%
Income other sectors	1.227	42%	1.194	34%	1.693	29%	2.122	32%	2.329	38%
Other income	301	10%	340	10%	452	8%	473	7%	845	14%
Total income	2.900		3.543		5.860		6.547		6.125	
Total expenses	3.648		4.823		5.319		6.336		7.393	
Surplus / Deficit	-748		-1.280		541		211		-1.268	

Source: Ministry of Finance

The income from the oil sector was based on a price per barrel of USD 33, which is below the average of 2020, giving hope for a smaller deficit than the 4% estimated.

Public debt

According to the Ministry of Finance the direct Government debt is AOA 40.021 billion in the third quarter of 2020, divided in internal debt of AOA 11.942 billion and external debt of AOA 28.079 billion. The equivalent USD amount, using the primary market rate in September of 623,871.

Third quarter 2020 direct Government debt			
	billion AOA	USD/AOA	billion USD
Direct Government debt	40,021		64
Internal debt	11,942	623.871	19
External debt	28,079		45

Source: Ministry of Finance / UGD

According to BNA publications the public external debt (general government and the public corporate sector), increased to USD 50.906 million in the third quarter, against USD 49.582 million in the second quarter of 2020.

The external debt includes public companies and is therefore USD 6 billion higher that the figure from the Ministry of Finance.

The main part of the external debt is from banks, which mainly are of Chinese origin. The bilateral and multilateral part of the external debt correspond to approximately 20%.

Third quarter 2020 public external debt	
	billion USD
Total debt including arrears	**51**
Commercial	40
Banks	35
Companies	5
Bilateral	5
Multilateral	6

Source: BNA

Balance of payments

The effect of lower price and volume in the oil export is noticeable in the balance of payments.

Oil and oil derivatives went from USD 33,4 billion in 2019 to USD 19,6 billion in 2020.

The lower income was partly offset by lower imports, which dropped from USD 14,1 billion in 2019 to USD 9,5 billion in 2020.

Balance of payments in million USD					
	2016	2017	2018	2019	2020
Goods	**14.548**	**20.150**	**24.960**	**20.599**	**11.394**
Exports f.o.b	**27.589**	**34.613**	**40.758**	**34.726**	**20.937**
Oil and oil derivatives	26.366	33.312	39.409	33.365	19.584
Diamond sector	980	1.130	1.152	1.215	1.070
Other sectors	243	171	197	146	283
Imports	**13.040**	**14.463**	**15.798**	**14.127**	**9.543**
Goods	9.427	11.100	10.926	9.639	7.160
Capital goods	3.614	3.363	4.872	4.488	2.383
Services	**-11.906**	**-12.809**	**-9.458**	**-7.718**	**-5.514**
Credit	**711**	**985**	**631**	**455**	**66**
Debit	**12.617**	**13.793**	**10.090**	**8.172**	**5.580**
Primary income	**-5.274**	**-7.506**	**-7.830**	**-7.516**	**-4.924**
Secondary income	**-454**	**-469**	**-269**	**-227**	**-63**
Current account	**-3.085**	**-633**	**7.403**	**5.137**	**894**

Source: BNA

Services also decreased with USD 2,2 billion.

Furthermore, the primary income diminished with USD 2,6 billion.

This left the current account with a surplus of USD 894 million, at least a positive balance despite the hardship of the coronavirus.

Rating

Rating company	Short Term		Long Term	
	Rate	Date	Rate	Date
S & P	C	mar/2020	CCC+	mar/2020
Moody´s	NP	mar/2020	B3	mar/2020
Fitch	B	mar/2020	B-	mar/2020

Source: S & P, Moody's & Fitch

In the end of first quarter 2020 the rating agencies S&P, Moody's and Fitch revised their credit rating of Angola. S&P lowered the rating one notch from B- to CCC+, Moody's maintained their classification and Fitch went from B to B-, also one notch down.

In September Moody's and Fitch lowered the ratings with one more notch, to Caa1 and CCC respectively. The arguments were a lower oil price, higher debt (specially debt/GDP ratio), debt servicing costs and reduced external financing flexibility.

Rating company	Short Term		Long Term	
	Rate	Date	Rate	Date
S & P	C	mar/2020	CCC+	mar/2020
Moody´s	NP	sep/2020	Caa1	sep/2020
Fitch	C	sep/2020	CCC	sep/2020

Source: S & P, Moody's & Fitch

S&P maintained their rating due to a prospect of stable evolution and a financial relief, despite large financing needs, low oil price and currency depreciation.

IMF - Extended Fund Facility

Angola's three-year extended arrangement was approved by the IMF Executive Board on 7th December 2018, in the amount of SDR 2,673 billion or USD 3,7 billion at the time of approval.

The measures agreed upon in the reform program aims at restoring external and fiscal sustainability and laying the foundations for sustainable, private sector-led economic growth and diversification.

From the beginning of the program till the end of 2020 IMF has conducted 4 evaluations of the criteria and objectives and has disbursed around USD 2,5 billion to Angola.

Although IMF has expressed its general satisfaction with the progress of the program, a certain discontent has been raised in Angola stating that the program focusses too much on economic key figures rather than improving the living standard of the population.

The program end in December 2021 and by then Angola enters an election year, which traditionally, and some would say miraculously, brings economic measures that benefit a broad part of the population.

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Centro de Distribuição ENDE E.P.
Huíla
Tel: (+244) 927 561 111

CUANZA NORTE

ENDE Dondo
Comuna do Dondo
Bairro dos Cahoios, Zona 4
Próximo à Loja de Atendimento
ENDE E.P. Dondo

ENDE Cambambe
Bairro da SONEF/Cambambe, Zona 9
Centro Recreativo (Club) Vila do
"Aproveitamento hidroeléctrico de
Cambambe"

CUANZA SUL

Sumbe
Rua do Cabouqueiro, Nº 16, Zona 3
R/C do Edifício da Direcção da ENDE
E.P.

Porto Amboim
Rua de Moçambique, Nº 1120
Edifício dos serviços da ENDE E.P.

BENGO

Caxito
Centro de Distribuição ENDE Caxito

ZAIRE

Soyo
Bairro 1º de Maio
Avenida 28 de Maio

2 - Indirect:
Limited Service Branches
ATM Machines (69)

POS (919)

Banco Comercial Angolano

The bank that thinks of you

www.bca.co.ao

FINANCIAL STATEMENTS

Financial Statements

Balance Sheet as at 31 December 2020 and 2019					
	Notes	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Assets					
Cash and Balances at Central Banks	3	13.034.193	20.065	11.057.296	22.700
Balances at other Credit Institutions	4	6.697.106	10.310	11.476.345	23.561
Placements with C. Banks and other Credit Institutions	5	15.193.583	23.389	12.010.228	24.657
Financial Assets at FV through OCI	6	46.040.228	70.874	37.659.193	77.313
Loans and advances	7	5.951.215	9.161	7.649.201	15.704
Other Tangible Assets	8	7.464.165	11.490	7.842.790	16.101
Intangible Assets	8	722.884	1.113	201.561	414
Deferred Taxes Receivable	9	629.356	969	-	-
Other Assets	10	1.387.738	2.136	5.573.574	11.442
Total Assets		**97.120.468**	**149.507**	**93.470.188**	**191.892**
Liabilities					
Deposits from other Credit Institutions	11	287.750	443	73.295	150
Deposits from clients					
a) demand	12	26.504.583	40.801	30.540.160	62.698
b) term	12	12.461.224	19.183	12.628.503	25.926
Provisions	13	110.290	170	205.134	421
IncomeTaxes	14	742.834	1.144	-	-
Deferred Tax Liabilities	15	-	-	32.490	67
Other Liabilities	16	22.046.569	33.938	20.229.452	41.531
Total Liabilities		**62.153.250**	**95.679**	**63.709.034**	**130.793**
Equity					
Capital					
- Capital	17	7.500.000	48.071	7.500.000	48.071
Revaluation reserves	17.1	1.984.640	3.055	654.529	1.344
Other reserves and retained income	17.1	18.684.035	28.762	10.717.120	22.002
Foreign currency translation reserve	17.1	-	(38.150)	-	(39.897)
Retained income for the year	17.1	6.798.543	12.090	10.889.505	29.579
Total Capital		**34.967.218**	**53.828**	**29.761.154**	**61.099**
Total Liabilities and Capital		**97.120.468**	**149.507**	**93.470.188**	**191.892**
OFF BALANCE SHEET ITEMS					
Guarantees issued	29	460.000	708	25.300	52
Letters of credit	29	8.059.730	12.407	15.262.387	31.333
Undrawn commitments	29	6.081.949	9.363	4.707.063	9.663
Guarantees received	29	(28.665.713)	(44.128)	(26.873.528)	(55.171)
Custodial assets	29	(27.358.172)	(42.116)	(22.285.649)	(45.752)

Income Statement for the Year Ended 31 December 2020 and 2019

	Notes	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Interest and other similar income	19	6.230.988	10.665	5.352.381	14.174
Interest and other similar expenses	20	(676.879)	(1.159)	(1.016.137)	(2.691)
Net Interest Margin		**5.554.109**	**9.506**	**4.336.244**	**11.483**
Fee and commission income	21	2.755.861	4.717	3.492.549	9.249
Fee and commission expenses	22	(413.638)	(709)	(192.803)	(511)
Results of financial operations	23	13.812.776	23.641	10.673.683	28.266
Other Operating Expenses	24	(4.332.190)	(7.415)	(754.350)	(1.998)
		11.822.809	**20.234**	**13.219.079**	**35.006**
Operating Margin		**17.376.918**	**29.740**	**17.555.323**	**46.489**
Salaries and other payroll expenses	25	(4.671.737)	(7.996)	(3.034.890)	(8.037)
Third parties supplies	26	(3.261.428)	(5.582)	(2.380.359)	(6.304)
Depreciation and amortisation	8	(729.713)	(1.123)	(618.495)	(1.270)
Net provisions	10	-	-	(13.457)	(28)
Impairment losses on loans	7/13	332	1	(131.376)	(270)
Impairment losses on Fin. Assets through OCI	6	(1.650.709)	(2.541)	(527.461)	(1.083)
Impairment losses on Other Fin. Assets	5	(2.220)	(2)	715	1
Impairment losses on Other Assets	10	(17.612)	(29)	39.505	81
		(10.333.087)	**(17.272)**	**(6.665.818)**	**(16.910)**
Income before taxes		**7.043.831**	**12.468**	**10.889.505**	**29.579**
Income taxes					
- Current	14	(742.834)	(1.144)	-	-
- Deferred	9	497.546	766	-	-
Net income for the year		**6.798.543**	**12.090**	**10.889.505**	**29.579**
Earnings per share (AKZ'000)	27				
- Basic		0,36		0,58	
- Diluted		0,36		0,58	

Statement of Comprehensive Income for the Year Ended 31 December 2020 and 2019	Notes	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Net profit		**6.798.543**	**12.090**	**10.889.505**	**29.579**
Other compreensive income					
Items that may be reclassified to Income Statement					
Change in the fair value of financial assets through other compreensive income	**6**	(484.900)	(746)	38.928	80
Tax Effect	**15**	169.715	261	(11.679)	(24)
Transfer to income of impairment recognised in the year ended	**17.1**	1.650.709	2.541	527.461	1.084
Income not included in the income statement	**17.1**	**1.335.524**	**2.056**	**554.710**	**1.140**
Comprehensive Income for the Year		**8.134.067**	**14.146**	**11.444.215**	**30.719**

Statement of Changes in Shareholders 'Equity for the Year Ended 31 December 2020 and 2019

Thousands in Kwanzas	Share Capital	Fair Value Adjustment Reserves	Statutory Reserves	Free Reserves	Retained Income	Profit of the Year	Total of Equity
Balance at 31-12-2018	**7.500.000**	**99.819**	**1.282.487**	**3.234.447**	**(20.377)**	**8.081.511**	**20.177.887**
Apropriation of 2018 retained income	-	-	808.151	5.392.035	1.571.167	(8.081.511)	(310.158)
2018 Dividends	-	-	-	-	(1.550.790)	-	(1.550.790)
Fair Value Adjustments	-	27.249	-	-	-	-	27.249
Impairment losses on Fin. Assets through OCI	-	527.461	-	-	-	-	527.461
Profit for the year 2019	-	-	-	-	-	10.889.505	10.889.505
Balance at 31-12-2019	**7.500.000**	**654.529**	**2.090.638**	**8.626.482**	**-**	**10.889.505**	**29.761.154**
Apropriation of 2019 retained income	-	-	1.088.950	6.877.965	2.922.590	(10.889.505)	-
2019 Dividends	-	-	-	-	(2.922.590)	-	(2.922.590)
Fair Value Adjustments	-	(320.598)	-	-	-	-	(320.598)
Impairment losses on Fin. Assets through OCI	-	1.650.709	-	-	-	-	1.650.709
Profit for the year 2020	-	-	-	-	-	6.798.543	6.798.543
Balance at 31-12-2020	**7.500.000**	**1.984.640**	**3.179.588**	**15.504.447**	**-**	**6.798.543**	**34.967.218**

Statement of Cash Flows for the Year Ended 31 December 2020 and 2019			
	Notes	**2020 AKZ'000**	**2029 AKZ'000**
Profit before tax		7.043.831	10.889.505
Add:			
Depreciations	8	729.713	618.495
Provision for potential responsibilities	14	(6.150)	13.457
Impairment losses on fin. assets (excluding loans)	5/6/10	1.676.692	487.241
Impairment losses on loans	7	(332)	131.376
Less:			
Dividends paid	17.1	(2.922.590)	(1.860.948)
Tax paid	14	(2.133.954)	(1.815.733)
Cash flows from operating activities		**4.387.210**	**8.463.393**
Decrease in loans and advances	7	1.517.891	3.992.463
Decrease (Increase) in other assets	10	4.168.224	(3.890.046)
Decrease (Increase) in deposits from other banks	11	214.455	(298.813)
Increase in other liabilities	16	1.653.118	18.137.716
		11.940.898	**26.404.713**
Investing activities			
Purchase of tangible and intangible assets	8	(995.526)	(1.783.087)
Purchase of trading and investment securities	6	(6.359.283)	(22.706.305)
Placements with central Banks and other banks	5	(3.185.575	(7.475.546)
		(10.540.384)	**(31.964.938)**
Financing activities			
Demand deposits	11	(4.035.577)	4.039.857
Term deposits	12	(167.279)	3.366.467
		(4.202.856)	**7.406.324**
Increase in cash and cash equivalents		(2.802.342)	1.846.099
Opening balance of cash and cash equivalents		22.534.738	20.688.639
Closing balance of cash and cash equivalents		**19.732.396**	**22.534.738**
Cash and Equivalents comprises:			
Cash and Balances at Central Banks	3	13.034.193	11.057.296
Balances at other Credit Institutions	4	6.698.203	11.477.442
Closing balance of cash and cash equivalents		**19.732.396**	**22.534.738**

NOTES TO THE FINANCIAL STATEMENTS

1. CONSTITUTION AND ACTIVITY

Banco Comercial Angolano, S.A. ("BCA" or "the Bank"), with its head office in Luanda, is a 100% Angolan owned private company.

The Bank was formed on the 17 March 1997 and started its business activity on the 23 March 1999. BCA's business goal is to operate as a bank and to provide loans, using any financial operations as appropriate and investing in bonds or other financial instruments, such as Money transfer, Insurance sales.

At the end of 2020, the Bank operated 40 branches throughout the country.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

The BCA financial statements disclosed herewith, are related to the year ended 31 December 2020 and 2019.

The financial statements were prepared from the accounting records of BCA in conformity with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), as issued by the International Financial Reporting Standards Board (IASB) and interpreted by Internacional Financial Reporting Interpretation Committee (IFRIC), incorporated into the Angolan legislation through the Central Bank (Banco Nacional de Angola – BNA) Notice 6/2016 of 22 June. BCA adopted IFRS and mandatory interpretations for the years started on 01 January 2020 and 2019. Accounting policies were applied consistently as the year before.

Regarding the financial years of 2017 and 2018, the Central Bank of Angola issued an opinion to the extent that, not all the criteria required to classify an economy as hyperinflationary had been met and, therefore, conducted there was no need for "IAS 29 – Financial Reporting in Hyperinflationary Economies" to be applied by Angolan Banks. The Board of Directors decided to not apply any of IAS 29 dispositon in the referred years. Hence, the effects of applying this Accounting standard are not displayed in the financial statement for the year ended 31 December 2020.

The financial statements were prepared on the basis of continuity of operations, as by the books kept by the Bank, and on the historic cost basis, except for assets and liabilities recorded at fair value, such as the derivative financial instruments, financial assets and liabilities at fair value through profit and loss, financial assets through other comprehensive income.

The financial statement for the year ended 31 December 2020 were approved by the Board of Directors at 19 April 2021 and will be submitted to the Shareholders´ General Assembly, the body with a final power either to approve or not to approve them. However the Board of Directors expects the General Assembly will approve them.

The preparation of the financial statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or for which assumptions and estimates are considered to be significant are presented in note 2.3.18.

Currency of presentation

The financial statements for the years ended 31 December 2020 and 2019, are prepared in thousand of Kwanza (AKZ'000), as per Notice 15/07, article 5° of BNA. The functional currency of the Bank is Kwanza (AKZ). However, the Board has decided that the US Dollar (USD) is the Bank's reference currency as it is the currency most representative of the Bank's international operations. As a result, financial information is disclosed in both currencies in the most relevant notes, as per the Board of Directors' consideration. The AKZ/USD exchange rates used in the preparation of this financial statement were as follows:

Year ended on	Average Rate	Closing Rate
31.12.19	377,611	487,098
31.12.20	584,252	649,604

The financial statements in AKZ were converted to USD using the following rates:

- Historical – Shareholders' equity;
- Closing – All other assets and liabilities;
- Average – Income statement.

2.2. TRANSACTIONS IN FOREIGN CURRENCY

The transactions in foreign currency are converted to the functional currency (Kwanza) applying the exchange rate in use at the date of transaction. The monetary assets and liabilities expressed in foreign currency, are converted to the functional currency applying the exchange rate in use at the date of balance sheet. The foreign exchanges differences issued from this convertion are recognised in income statement. The monetary assets and liabilities expressed in foreign currency, recognised at their historic cost, are converted to functional currency at the exchange rate on the date of transaction.

The non-monetary assets and liabilities recorded at fair value, are converted to the functional currency at the exchange rate in use on the date in which the fair value is estimated, and recognised in income statement, with the exception of the financial assets at fair value through other comprehensive income, whose exchange rate differences are recognised in the reserves of equity.

2.3. ACCOUNTING POLICIES

The following accounting policies are applicable to the financial statements of BCA:

2.3.1. Financial Instruments

Business model

Nature of operations and main activities

BCA carries out a number of activities and banking services in Angola, offering a huge range of financial products and services: demand deposit accounts, low cost accounts, methods of payment, saving and investment products, private banking, asset management, investment banking, housing loans, consumer credit, commercial banking etc.

Distinctive features of the business model

a) Service Quality

BCA as a brand stands for customer service, with excellent quality, efficiency and speed as the key factors in its response to client needs and in its execution of their transactions.

b) Market pioneer in compliance

BCA leads the market in building into its procedures all the processes needed to ensure full compliance with regulations and with the fight against money laundering and the financing of terrorism, and has invested heavily in technological and human resources to achieve this aim.

c) Sustainability of business model

The robustness of BCA's business model has its main foundation in on naturally more stable and less volatile corporate and retail banking. BCA has successfully introduced operational recovery into its core market, reinforcing its financial and equity position despite the challenging banking environment in Angola.

Recovery depends on three separate factors: a client-focused relationship model; market leadership in terms of efficiency; and sustainability. The Bank's efficiency ratios are above the market average and it has sufficient solvency to be able to withstand any negative shocks the market may produce.

BCA business model

The business model within which the Bank holds its financial instruments is reassessed each year at the reporting date. Portfolio objectives are always built into the business model, translating into a management strategy that focuses on how contractual cash flows are originated and received.

BCA's financial instruments are currently held within a held to collect business model.

2.3.1.1. Financial assets

2.3.1.1.1. Classification, initial recognition and subsequent measurement

At initial recognition, financial assets are classified as:

i) Financial assets at amortised cost;
ii) Financial assets at fair value through other comprehensive income; or
iii) Financial assets at fair value through profit or loss.

Classification takes account of:

- the business model used by the Bank to manage the financial asset; and
- the features of the contractual cash flows on the asset.

Assessment of the business model

At 1 January 2018 BCA undertook a portfolio-level assessment of the business model under which the financial instrument is held since this is the best reflection of how assets are managed and how information is provided to management bodies. The information considered was:

- portfolio policies and objectives and how policies are implemented in practice, including how management strategy covers the receipt of contractual interest, maintaining a set interest rate profile, matching the duration of the financial assets to that of the financial liabilities funding the assets, or realising cash flow through the sale of assets;
- how portfolio performance is assessed and reported to the Bank's management bodies;
- assessment of the risks affecting the performance of the business model (and of the financial assets held within it) and how they are managed;
- the remuneration of business managers, e.g. the extent to which remuneration depends on the fair value of the assets under management or on contractual cash flows received; and
- the frequency, volume and timing of sales in previous periods, the reasons for those sales and expected future sales. Information on sales must not however be considered in isolation but as part of a general assessment of how the Bank sets management targets for financial assets and of how cash flows are obtained.

Financial assets held for trading and financial assets that by option are managed and assessed at fair value are measured at fair value through profit or loss on an SPPI (solely payments of principal and interest) basis.

For assessment purposes, "capital" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the consideration given for the time value of money, the credit risk associated with the debt over a set period of time, and other risks and costs associated with the activity (e.g. liquidity risk and administrative expense) and for a profit margin.

When assessing the financial instruments to which contractual SPPI cash flows refer, the Bank takes account of the terms of the underlying original contracts for the investment concerned. The assessment includes analysis of any situations in which contract terms could alter the timing and amounts of cash flows to prevent them meeting SPPI requirements. During assessment BCA will look at:

i. contingencies that could alter cash flow timings and/or amounts;
ii. features resulting in leverage;
iii. clauses allowing early repayment or extended maturity;
iv. clauses that might restrict BCA's ability to claim cash flows on particular assets (e.g. non-recourse assets); and
v. features that can alter remuneration of the time value of money.

Early repayment is consistent with SPPI so long as:

i. the financial asset was acquired or originated at a premium or discount on the nominal value of the contract;
ii. early repayment is essentially the nominal value of the contract plus accrued contractual interest plus unpaid items (may include reasonable compensation for early repayment); and
iii. the fair value of the early repayment is not material at initial recognition.

2.3.1.1.1.1. Financial assets at amortised cost

Classification

Financial assets are classified as financial assets at amortised cost if they meet all the following conditions:

I. the financial asset is held within a business model whose principal objective is to hold the asset to collect the contractual cash flows; and
II. its contractual cash flows occur on specified dates and are solely payments of principal and interest on amounts outstanding (SPPI).

Financial assets at amortised cost include investments with lending institutions, loans and advances to clients and debt securities held within a business model whose objective is to collect the contractual cash flows (government bonds, corporate bonds and commercial paper).

Initial recognition and subsequent measurement

investments with lending institutions and loans and advances to clients are recognised at the date the funds become available to the counterparty (settlement date). Debt securities are recognised at the trading date, i.e. the date on which the Bank undertakes to acquire them.

Financial assets at amortised cost are initially recognised at fair value plus transaction charges, and thereafter are measured at amortised cost. As of initial recognition they are also impaired for expected credit loss (note 2.3.1.1.4.1.1.).

Interest on financial assets at amortised cost is recognised in interest and similar income using the effective interest method and the criteria set out in Note 2.3.11.

Derecognition gains/losses are posted to gain/(loss) at derecognition of financial assets and liabilities at amortised cost.

2.3.1.1.1.2. Financial assets at fair value through other comprehensive income

Classification

Financial assets are classified at fair value through other comprehensive income if they meet all the following conditions:

I. they are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and
II. contractual cash flows occur on specified dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, at initial recognition of an equity instrument that is not held for trading and for which no contingent consideration is recognised by a purchaser in a concentration of business interests to which IFRS 3 applies, the Bank can make an irrevocable election to measure it at fair value through other comprehensive income (FVOCI). The option is exercised on a case-by-case and investment-by-investment basis and is available only for financial instruments that meet the IAS 32 definition of an equity instrument, which cannot apply to financial instruments that the issuer has classified as equity instruments under the exemptions allowed at 16A and 16D of IAS 32.

Initial recognition and subsequent measurement

Changes in the fair value of these financial assets are recognised in the revaluation reserves, while disposal gains/losses accumulated in other comprehensive income are reclassified as a separate item in profit or loss as a gain/loss on the derecognition of financial assets at fair value through other comprehensive income.

As of initial recognition, debt instruments at fair value through other comprehensive income are impaired for expected credit loss (ECL) (Note 2.3.1.1.4). ECL is carried to loss under impairment of financial assets at fair value through other comprehensive income in the revaluation reserves and does not reduce the recorded value of the financial asset on the balance sheet.

All interest, premiums and discounts on financial assets at fair value through other comprehensive income are recognised under interest and similar income under the effective interest method and the criteria described in Note 2.3.11.

Equity instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction charges and thereafter are measured at fair value. Changes in the fair value of these financial assets are posted to the revaluation reserves. The dividends are carried to income when attributed and so long as they clearly do not represent recovery of part of the investment cost. Dividends that do represent recovery of part of the investment cost are recognised in other comprehensive income.

Equity instruments at fair value through other comprehensive income are not impaired since at derecognition the accumulated gain/loss recorded in changes in fair value is carried to profit/loss brought forward.

2.3.1.1.1.3. Financial assets at fair value through profit or loss

Classification

Financial assets are classified at fair value through profit or loss (FVPL) if the business model within which the Bank holds them, or their cash flows do not meet the above conditions for measurement at either amortised cost or fair value through other comprehensive income (FVOCI).

Even where a financial asset meets the requirements for measurement at amortised cost or FVOCI, at initial recognition the Bank can still make an irrevocable decision to designate it as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition mismatch (accounting mismatch) that would otherwise arise from measuring assets or liabilities or from recognising the gains and losses on them on different bases.

The Bank classifies financial assets at fair value through profit or loss as follows:

a) Financial assets held for trading

These financial assets have been acquired for sale in the short term. At initial recognition they form part of a portfolio of identified financial instruments that either present evidence of a pattern of recent short-term profit-taking, or fall within the definition of a derivative (unless the derivative is used as a hedge).

b) Financial assets not held for trading necessarily at fair value through profit or loss

These are debt instruments on which the contractual cash flows are not only SPPI.

c) Financial assets designated at fair value through profit or loss (fair value option)

This item includes the financial assets that the Bank has opted to designate at fair value through profit or loss to eliminate an accounting mismatch.

Initial recognition and subsequent measurement

Since the transactions undertaken by the Bank during the normal course of business are at arm's length, financial assets at fair value through profit or loss are initially recognised at fair value while the costs and income associated with the transactions are carried to profit or loss at initial recognition. Subsequent changes in the fair value of these financial assets are carried to profit or loss.

Accrued interest and premiums/discounts (where applicable) are posted to interest and similar income at the effective interest rate for each transaction, along with accrued interest on the derivatives associated with the financial instruments under this heading. Dividends are recognised in profit or loss when attributed.

2.3.1.1.2. Reclassification of financial assets

Financial assets are not reclassified unless the business model within which they are held is changed, in which case all affected financial assets will be reclassified.

Reclassification is prospective from the reclassification date but gain, loss (including impairment) and previously recognised interest are not restated.

Investments in equity instruments measured at fair value through other comprehensive income and financial instruments designated at fair value through profit or loss cannot be reclassified.

2.3.1.1.3. Modification and derecognition of financial assets

General principles

i. The Bank does not derecognise financial assets unless:
   - the contractual rights to the cash flows from the financial asset have expired; or
   - the financial asset is transferred as described at ii) and iii) below, and the transfer meets the conditions for derecognition set out at iv).

ii. The Bank will not transfer a financial asset unless:
   - the contractual rights to receive the cash flows on the financial asset are transferred; or
   - it retains the contractual rights to receive the cash flows on the financial asset but accepts a contractual obligation to pay the cash flows to one or more recipients under an agreement that meets the conditions set out at iii) below.

iii. If the Bank retains the right to receive the cash flows on a financial asset (original asset) but accepts a contractual obligation to pay the cash flows on the financial asset, and accepts a contractual obligation to pay the cash flows to one or more entities (original recipients) the Bank will treat the transaction as a transfer of the financial asset so long as the following three conditions are met:

- the Bank has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts on the original asset. Short-term advances by the entity that include the right to full recovery of the amount advanced plus interest at market rates will not prevent this condition being met;
- the Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset (other than as security to the eventual recipients for its obligation to pay the cash flows to them); and
- the Bank has an obligation to remit all cash flows it collects in the name of the eventual recipients without material delay. In addition, it is not entitled to reinvest the cash flows except in cash or cash equivalent (as defined in IAS 7 – Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients and any interest on such investments being passed to the eventual recipients.

iv. If the Bank transfers a financial asset (see ii above), it must assess the degree to which it retains the risks and rewards of the asset.

- If the Bank has transferred substantially all the risks and rewards on the financial asset, it will derecognise the financial asset and separately recognise as assets or liabilities any rights and obligations created or retained at transfer;
- If the Bank has retained substantially all the risks and rewards on the financial asset, it will continue to recognise the financial asset;
- If the Bank has neither retained nor transferred substantially all the risks and rewards on the financial asset, it must assess whether it has relinquished control of the financial asset.
    a) If the Bank has relinquished control, it must derecognise the financial asset and separately recognise as assets or liabilities any rights and obligations created or retained at transfer;
    b) If the Bank has retained control, it must continue to recognise the financial asset to the extent to which it has a continuing involvement in the financial asset.

v. Transfer of the risks and rewards referred to above is assessed by comparing the Bank's exposure before and after transfer to variation in the amounts and timings of the net cash flows on the transferred asset.

vi. The question of whether the Bank has retained control (see IV above) of the transferred asset depends on the ability of the recipient of the transfer to sell the asset in its entirety to an unrelated third party and its ability to do so unilaterally and without the need to impose additional restrictions at transfer. If it can do so, the entity has relinquished control. In all other cases, the entity has retained control.

Derecognition criteria

Based on the general principles described in the previous section and since contract changes can in some cases lead to the derecognition of the original financial assets that the recognition of new assets, this section sets out the criteria and circumstances under which a financial asset will be derecognised.

The Bank considers that amendment of the terms and conditions of a credit exposure will lead to derecognition of the transaction and recognition of a new transaction so long as the amendment meets at least one of the following conditions:

- a new exposure is created through a consolidation of debt, but none of the derecognised instruments has a nominal value that is more than 90% of the nominal value of the new instrument;
- double extension of the residual term so long as the extension is not over 3 years less than the residual term at the time of the change;
- more than 10% increase in the exposure vs nominal value (using the last approved value in the operation subject to change);
- change in quality characteristics:

a) change of currency, unless the old: new currency exchange rate is fixed or managed within a restricted band by law or by the relevant monetary authorities;

b) exclusion or addition of a material characteristic for the conversion of principal into a debt instrument, unless this could not reasonably be exercised during its term;

c) transfer of the credit risk on the instrument to another debtor, or material change in debtor structure within the instrument.

Write-offs/write-downs

The Bank writes loans and advances off/down if it has no reasonable expectation of making full or partial recovery of an asset. Write-off/down occurs after all actions taken by the Bank to recover the assets concerned have failed. Written off/down loans is recognised off-balance sheet.

2.3.1.1.4. Impairment Losses

2.3.1.1.4.1. Impaired financial instruments

The Bank recognises impairment losses for expected loans and advances losses on financial instruments as follows:

2.3.1.1.4.1.1. Financial assets at amortised cost

The impairment losses on financial assets at amortised cost reduce the carrying value of these financial assets under impaired financial assets at amortised cost (in profit or loss).

2.3.1.1.4.1.2. Debt instruments at fair value through other comprehensive income

The impairment losses on debt instruments at fair value through other comprehensive income are recognised in profit or loss under impaired financial assets at fair value through other comprehensive income (reducing the carrying value of these financial assets).

2.3.1.1.4.1.3. Loan commitments, letters of credit and financial guarantees

The impairment losses on loan commitments, letters of credit and financial guarantees are carried to loss under provisions for guarantees and other commitments within other provisions (in profit and loss).

2.3.1.1.5. Impairment losses on loans and advances portfolio

In March 2017 during full IAS/IFRS adoption, BNA informed financial institutions of the need to prepare for the challenges involved in replacing IAS 39 Financial Instruments - Recognition and Measurement with IFRS 9 Financial Instruments.

IFRS 9, which was issued in July 2014 by the International Accounting Standards Board (IASB), replaced IAS 39 and set new rules for the classification and measurement of financial assets and liabilities. The final version of IFRS 9 was issued in 2014 and its application became compulsory in all financial years commencing on or after 1 January 2018.

IFRS 9 aims to improve financial information about financial instruments and to deal with the concerns that arose in this area during the financial crisis. In particular, IFRS 9 looks to respond to the G20 call for a more forward-looking model for recognising expected credit loss (ECL) on financial assets.

According to IFRS 9, ECL introduces a material change to IAS 39 impairment requirements with new rules on the recognition of impairment, under which impairment must be recognised as expected loss in the 12 months following the initial recognition of financial assets that at initial recognition are not impaired and present no material increase in credit risk.

IFRS 9 introduces a 3-stage approach based on change in the credit quality of financial assets after initial recognition. The assets pass through 3 stages as their credit quality changes, the stages dictating how the entity must measure the impairment. If there is a material change in credit risk since origination, impairment is measured as ECL over the lifetime of the asset, i.e. over the residual maturity of the financial asset, rather than ECL over 12 months (or less if the residual maturity of the transactions is under 12 months).

To summarise, IFRS 9 establishes an expected loss model that is based on early recognition of loss arising from credit risk and is founded on the concept of material increase in credit risk from the time of initial recognition (i.e. before objective evidence of impairment appears, credit risk rises materially but is not reflected in the pricing of the financial asset).

Restrictions on application of the standard

- In 2016 the Bank introduced an information form into its system in order to create a client loan book with the information required to analyse credit risk. It therefore does not have enough historic information to estimate the robust and statistically significant factors needed to assess collective impairment, particularly LGD. Historic analysis of the portfolio also revealed that the Bank has a small number of defaults, mainly regarding enterprise exposures. In the case of individual clients, although with a higher number of defaults events, the exposures concerned are not materially relevant (a material exposure is defined as being over AKZ 20.000) in terms of significant probability of default for the portfolio.
- The Bank does not have sophisticated models that would allow it to monitor transaction credit risk from origination using statistical models. The Bank also does not have a central database of relevant and reliable data that would allow it to look at particular quantitative and qualitative factors when determining whether there has been a significant increase in credit risk across the entire client loan book.

Stage allocation criteria

BCA organises loans to clients into stages 1, 2 or 3, depending on delinquency at each reporting date.

Stage change is based on individual analysis of the loan in the portfolio and on the number of days' default. The definition of 'default' was developed by considering the Bank's own risk management process and best market practice.

Under IFRS 9 B.5.37, "When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable analysis the Bank may still manually identify a loan as being in default if it gives signs of impairment (e.g. multiple restructurings).

To ensure the stability of the stage model and consequently quantification of ECL in the loan book, minimum periods were set for holding clients at stages 2 or 3 (quarantine) when the criteria for moving them to stage 2 or 3 are met.

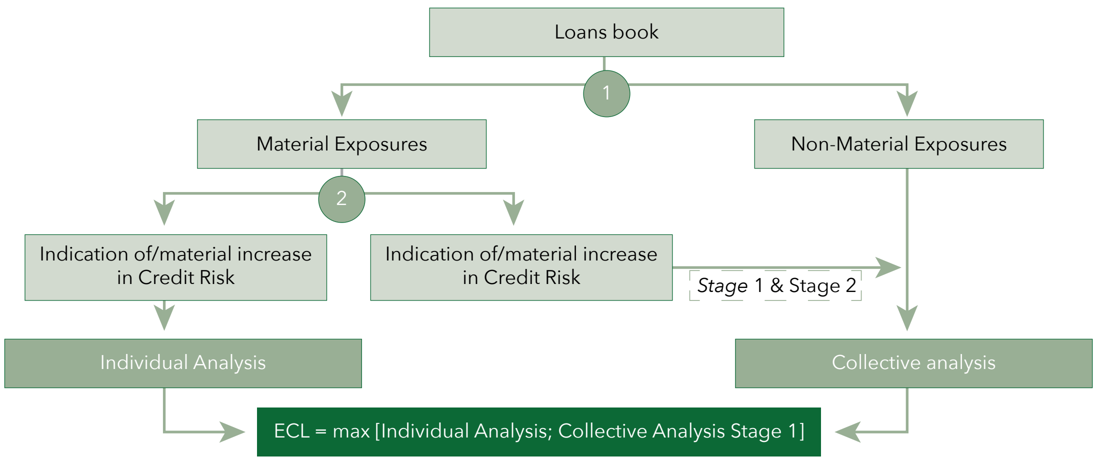
Impairment calculation methodology

Under the new system, entities must recognise expected credit loss (ECL) before the loss event occurs. Forward-looking information must also be considered when estimating ECL, along with future (macro-economic) trends and scenarios.

Under the ECL approach, assets subject to impairment must be classified into one of the following categories (stages), depending on changes in credit risk since initial recognition of the asset, and no longer on its credit risk at the reporting date:

- *Stage 1 – As of initial recognition and unless credit risk has materially degraded since then, assets are held at stage 1. They are impaired for ECL over 1 year from the reporting date;*
- *Stage 2 – If there has been material degradation in credit risk since initial recognition, assets will be held at stage 2 and will be impaired for ECL over their lifetimes. By introducing the concept of material degradation in credit risk, IFRS 9 makes the calculation of impairment more subjective and requires a closer link with the entity's credit risk management policies. The lifetime and forward-looking approaches present financial institutions with challenges when modelling credit risk parameters;*
- *Stage 3 - Impaired assets must be held at stage 3 and be impaired for lifetime ECL. Unlike at stage 2, the effective interest rate recognised is based on net carrying value (gross value at stage 2).*

The impairment model developed by the Bank is briefly described in the diagram below, which shows the method for calculating monthly impairment:



Individual credit analysis is applied to all debtors presenting a balance-sheet credit exposure that is over 0.1% of capital adequacy requirements.

individual credit analysis

The individual credit analysis of individually material exposures aims to:

i. examine staging in order to review the classification of each exposure using the impairment model;
ii. estimate credit impairment for stage 2 debtors (clients that present indications of, or have seen a material increase in, credit risk) and stage 3 debtors (clients in default).

The Bank performs individual credit analysis every six months (in May and November each year), using a dedicated template to standardise analysis and ensure compliance with its analysis methodology.

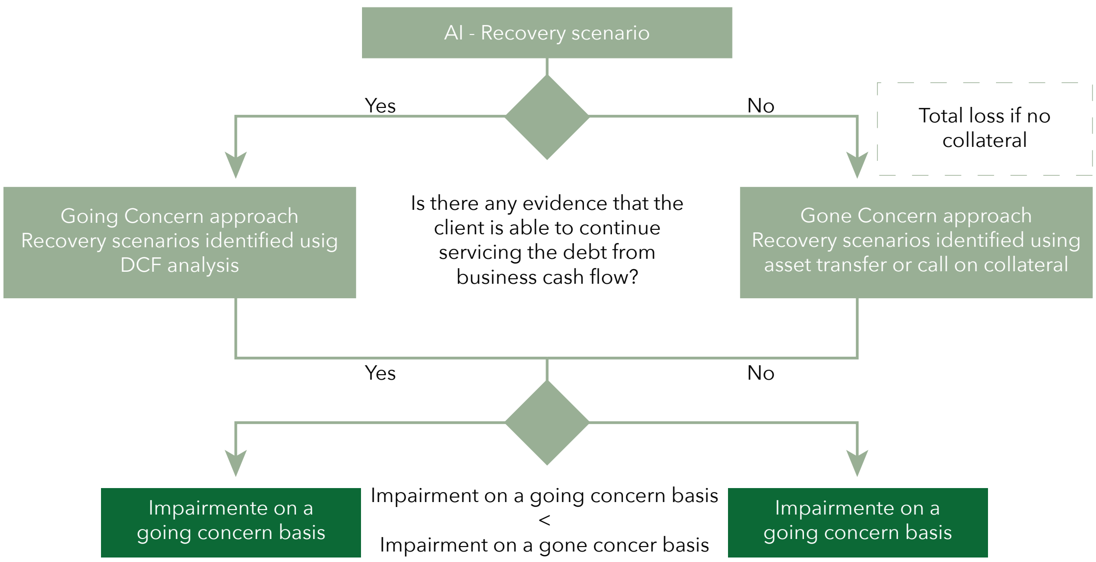
Staging analysis involves reviewing the stage to which each debtor is automatically allocated by the Bank's impairment model, based on the client's characteristics and the credit relationship with him and on the financial information available and the information provided by CIRC.

The Bank has produced a staging questionnaire that contains a set of criteria/triggers used to identify:

i. indications of/material increase in, credit risk after initial recognition;
ii. impaired clients.

Based on the client's financial information and the current stage in negotiations with him, the Bank will determine the best recovery strategy to apply. The Bank's main preference will be to use the debtor's ability to continue servicing the debt from his business flows (where necessary with restructuring of the loan).

The following diagram briefly shows how the recovery scenario is selected, based on estimated impairment:



Based on the above diagram, if updated financial information is available and if the client proves able to service his debt through his business cash flows, the Bank will tend to opt for the cheaper going concern, rather than the more expensive gone concern (recovery through collateral), approach. However, if the exposure carries sufficient collateral and impairment after recovery through collateral would be less than through business cash flows, the Bank will recognise the impairment using the gone concern approach.

Collective credit analysis

Using the historic data in the historic loan books, the following drivers were used to organise the loan book into consistent risk classes by: (i) type of client, (ii) type of product, (iii) volume and materiality of operations. However, given the limited historic information available and data quality, as mentioned above, the risk factors applied to the loan book were based on analysis of the market benchmark. Portfolio segmentation has therefore been adjusted for benchmark risk factors.

Operations/clients are classified into segments as follows:

Type of client	Segment	BCA portfolio	Type of product
Company	Company	Secured current accounts	CC
		Overdrafts	DO, CARC
		Income	CRR, CRF
		Off-balance sheet	CRDI, GARP
Individual	Overdrafts	Overdrafts	DO, CARC
	Housing & consumption	Employee loans	Employee Loans
		Credit protocols	Protocolos
		Income	CRR, CRF
State	State	State	-

Risk factors

Probability of default (PD) is the probability of default on an operation (or by a client) within a specific period of time and a specific time horizon, based on the status of the operation /client at the start of the observation period.

However in the event of default, banks will also calculate their risk of loss on such clients by estimating loss-given default (LGD).

Given the small number of operations in the loan book and the lack of any historic database of operations in the Bank's loan book (see Restrictions on application of the standard, above) it has not been possible to estimate risk factors (PDs and LGDs) specific to the Bank. The Bank therefore uses market benchmark analysis to understand Angola's financial sector, at the same time adjusting the characteristics of its own loan book.

Market benchmark analysis, as used to calculate the ECL on the Bank's loan book, takes account of the following in connection with the application of risk factors:

- Probability of default: PD segments risk by: (i) portfolio segment (see Collective analysis, above); and (ii) the number of days in default.

Each combination of risk segment with days in default produces a separate lifetime PD curve and also shows the PD time structure, reflecting expected change in default risk over the lifetime of the loan.

- *Loss-given default: LGD gives a breakdown by risk segment in the collective model. LGD curves ignore collateral-based recovery. This is consistent with the use of net EAD to calculate ECL.*

Each year the Bank reviews loan book risk parameters to check the reasonability of the market benchmark applied to it and/or to check whether internal risk should be taken into account when calculating ECL.

When calculating impairment for off-balance sheet exposures, the Bank uses a credit conversion factor (CCF) to determine the probability of a given off-balance sheet operation being converted into a loan.

Based on a BNA Instruction, the Bank determines the CCF on the basis of the level of risk on the off-balance sheet item, as follows:

Risk	CCF
High	100%
Average	50%
Average/low	20%
Low	0%

The exposure to risk is the sum of balance-sheet exposure plus off-balance sheet exposure, converted using the CCF at the reference date for the ECL calculation, net of financial guarantees given as collateral. Eligible financial guarantees are: blocked term deposits and treasury bonds denominated in AKZ that are held in custody by the Bank.

ECL calculation

The following table shows how ECL is calculated for each stage:

Stage	ECL calculation	*Inputs | risk factors*
Stage **1** No indication of significant increase in credit risk	ECL*12m* = EAD x PD*12m* x LGD	• EAD = Exposure at default at the reporting date • LGD = Estimated loss if the segment defaults • PD*12m* = Probability of default on the loan in the next 12 months • PD *lifetime* = Probability of default on the loan up to maturity
Stage 2 Credit risk has significantly increased but is not impaired	ECL *lifetime* = EAD x PD *lifetime* x LGD	
Stage 3 Impaired	ECL *lifetime* = EAD x LGD	

Following individual staging analysis of stage-1 clients, ECL is automatically included in the collective calculation i.e. the ECL rate obtained using the collective model is applied.

For all other clients individually analysed for staging purposes, impairment floors are applied to clients presenting indications or evidence of impairment (i.e. stage-2 or 3 clients) and are used to calculate their ECL.

To summarise, the consolidated/final impairment attributed for staging purposes is:

Stages	Final ECL
Stage 1	ECL resulting from collective stage-1 assessment
Stage 2	ECL is the greater of: (i) Individually calculated impairment; or (ii) ECL resulting from collective stage-1 assessment.
Stage 3	

The floor of the model taken into account is the ECL resulted from stage-1 of collective assessment.

2.3.1.2. Financial liabilities

2.3.1.2.1. Classification, initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified as:

- Financial liabilities at amortised cost;
- Financial liabilities at fair value through profit or loss.

2.3.1.2.1.1. Financial liabilities at fair value through profit or loss

Classification

Financial liabilities at fair value through profit or loss include:

a) Financial liabilities held for trading

These are liabilities issued for repurchase in the short term, that are held in a portfolio of identified financial instruments for which there is evidence of a pattern of recent short-term profit taking or that fall within the definition of a derivative (unless the derivative is used as a hedge).

b) Financial liabilities designated at fair value through profit or loss (fair value option)

The Bank can at initial recognition irrevocably designate a financial liability as being measured at fair value through profit or loss if it meets at least one of the following conditions:

- it is managed, assessed and reported internally at fair value; or
- the designation eliminates or significantly reduces an accounting mismatch on the transactions.

Initial recognition and subsequent measurement

Since the transactions undertaken by the Bank during the normal course of business are at arm's length, financial liabilities at fair value through profit or loss are initially recognised at fair value, while the costs and income associated with the transactions are carried to profit or loss at initial recognition.

Subsequent changes in the fair value of these financial liabilities are recognised as follows:

- changes in fair value that are attributable to the credit risk on the liability are carried to other comprehensive income;
- the remainder of the variation in fair value is carried to profit or loss.

Accrued interest and premiums/discounts (where applicable) are posted to interest and equivalent costs at the effective interest rate for each transaction.

- At 31 December 2020 and 2019 the Bank had no operations classified in this way.

2.3.1.2.2. Financial guarantees

Unless designated at fair value through profit or loss at initial recognition, financial guarantee contracts are subsequently measured at the higher of:

- the loss provision determined as per Note 2.3.1.1.4.;
- the initially recognised amount minus (where relevant) cumulative revenue recognised as per IFRS 15 - Revenue from Contracts with Customers.

Financial guarantee contracts that are not designated at fair value through profit or loss are posted to Provisions where applicable.

2.3.1.2.3. Financial liabilities at amortised cost

Classification

Financial liabilities not classified at fair value through profit or loss and that are not financial guarantee contracts are measured at amortised cost.

Financial liabilities at amortised cost include "Deposits from other Credit Institutions", "Deposits from Clients" and subordinated and other debt securities.

Initial recognition and subsequent measurement

Financial liabilities at amortised cost are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost. Interest on financial liabilities at amortised cost is posted to interest and similar costs using the effective interest method.

2.3.1.2.4. Reclassification of financial liabilities

Financial liabilities cannot be reclassified.

2.3.1.2.5. Derecognition of financial liabilities

The Bank derecognises financial liabilities when they are cancelled or extinguished.

2.3.1.3. Recognition of interest

Interest income and expense on financial instruments measured at amortised cost are carried to interest and similar income or interest and similar expense (Net Interest Margin) using the effective interest method. Interest at the effective rate on financial assets at fair value through other comprehensive income is also recognised in the Net Interest Margin.

The effective interest rate (EIR) is the rate applied to discount estimated future payments and receipts over the expected lifetime of the financial instrument (or a shorter period if appropriate) to the current net carrying value of the financial asset or liability.

When determining EIR, the Bank estimates future cash flows on the basis of all the terms in the contract for the financial instrument (e.g. early repayment options) but does not consider impairment. The calculation includes commission paid/received, which is treated as an integral part of the EIR, transaction costs and all premiums and discounts directly connected with the transaction, except in the case of financial assets and liabilities at fair value through profit or loss.

Interest income recognised in profit or loss on stage-1 or 2 contracts is calculated by applying the EIR for each contract to its gross carrying value. The gross carrying value of a contract is its amortised cost before impairment. In the case of stage-3 financial assets, interest is recognised in profit or loss at net carrying value (minus impairment). Interest is always recognised on a forward-looking basis, i.e. in the case of stage-3 financial assets, on amortised cost (net of impairment) for subsequent periods.

In the case of financial assets originated or acquired with credit impairment, EIR will reflect the expected credit loss when the future cash flows expected from them are determined.

2.3.2. Guarantees given and irrevocable commitments

Financial guarantees are contracts that bind the Bank to execute payments in order to reimburse the holder of a loss incurred, as result of a debtor lacking the payment of an instalment.

Liabilities issued from financial guarantees or commitments given to grant a loan at an interest rate below the market value are initially recognised at a fair value. The initial fair value is amortised during the lifetime of the guarantee or commitment. Subsequently, the liability is recorded at the higher value between the amortised value and present value of any expected outstanding payment

Guarantees given and irrevocable commitments are recorded in off balance sheet accounts by the amount at risk, while interest, commission, fees and other income are recorded in income statement over the period of the operations.

These operations are subject to impairment tests.

2.3.3. Securities repurchase agreement transactions

Securities sold with repurchase agreement (repos), at a fixed price, or for a price which is the same as the sale price plus interest inherent to the period of the operation, are recognised in the balance sheet being classified as assets given as guarantee. The corresponding liability is accounted for as deposits from other credit institutions or deposits from clients, as appropriate. The difference between the acquisition and reselling values is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

Securities bought with resale agreement (reverse repos), at a fixed price or for a price that is equal to the purchase price plus the interest that is inherent in the operating period are not recognised in the balance sheet, with the purchase value being recorded as loans and advances to other credit institutions or clients, as appropriate. The difference between the purchase value and the resale value is treated as interest and is deferred during the validity period of the agreement, using the effective rate method. The difference between the sale and repurchase values is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

Securities transferred through loan agreements are not derecognised in the balance sheet, but are classified and accounted for in accordance with the accounting policy outlined in note 2.3.1.1. Securities received through loan agreements are not recognised in the balance sheet.

2.3.4. Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation to be liquidated delivering either money or financial assets to third parties, regardless of its legal form, highlighting a residual interest in entity's assets net of all its liabilities.

The cost of transaction for issuing equity instruments are recorded against the equity as a deduction from issue amount. The values paid and received for the equity intruments purchase or sale, are recognised in the equity, net of costs of transaction.

The gains from the equity instruments (dividends) are recognised when the right to receive payment is established.

2.3.5 Leases

The Bank applied IFRS 16 on the contracts celebrated or modified on or after the 1 of Jaunary 2019.

At the inception of a contract, the Bank assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an asset (the underlying asset) for a specified period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract concerns the use of an identified asset – the asset could be specified in an explicit or implicit way, and might be physically distinct or might represents materially the capacity of an asset physically distinct. Even if an asset is specified, the Bank has no right to use the identifed asset, if the supplier has the substantive right to replace this asset during the period of use;
- the Bank has the right to obtain substancially all economic benefits by the use of the identified asset, during the period of use; and
- The Bank has the right to direct the use of an identified asset. The Bank has this right, when it can take the most important decisions to modify the way and the aim for which the asset is used, during the period of use. If the decision regarding the method of use, and the aim for which the asset is used is predefined, the Bank has the right to direct the use of the asset when:
    - The Bank has the right to use the asset (or to delegate other entities to exploit the asset in accordance with the way established by the Bank) during the period of use, and the supplier has no right to modify those instructions of exploitation; or
    - The Bank designed the asset (or specific aspects of the asset) in such a manner that establishes previously the method of use and the aim for which the asset must be used, during the period of use.

In the begining or when revaluating, a contract which comprises a lease component, the Bank allocates the retribution of each component based on each individual price. However, for those lease contracts in which the Bank is the lessee, It decided to not set apart the "no-leasing" components, and to recongnise both "no-leasing" components and leasing components, as a unique component.

2.3.5.1. As lessee

The Bank recognises a right-to-use asset or a lease liability at the lease opening date. The right-to-use asset is initially accounted for at cost, which comprises the initial value of lease liability, adjusted with all advance lease payments at or before the initial date (deducting the incentives for leases received), added any initial direct cost incurred, and estimation of desmantling cost and removal of the underlying asset, or to restore the underlying asset, or the premises in which it is located.

Subsequently, the right-to-use asset is depreciated on a straight-line basis, from the initial date to the end of its useful life, or the lease expiry, depending on which of the two expires the first. The estimated useful life of assets under the right of use is established following the same principles of tangible assets. Moreover, the right-to-use asset is periodically deducted from impairment losses, if required, and adjusted according to particular lease liabilities remeasurements.

The lease liability is initially measured by the current value of lease payments not liquidated, discounted at an implicit interest rate, if the concerned interest rate is easily calculated. If the interest rate is not easily calculated, an incremental interest rate of the Bank funding must be used. A funding incremental interest rate is a discounted rate the Bank would obtain, to get at the same maturity and with the similar collaterals, the required funds to acquire the underlying asset. Usually, the Bank considers as discount rate its funding incremental rate.

The lease payments included in the lease liabilities comprise the following payments, for the right to use the underlying assets, over the lease term, which have not been settled at the concerned date:

- fixed payments (including fixed payments in substance), minus lease incentives;
- variable payments which depend on an index or rate, initially measured by using an index or rate at initial date;
- amounts expected to be paid as collaterals for the residual value;
- the price for the year of a call option, if the Bank is reasonably sure to exercise such a call option; and
- penalties payments for the lease termination, if the lease term reflects the exercise of an option of lease termination by the Bank.

The lease liability is measured at amortized cost through the effective interest rate method. It is remeasured if a change in leasing future payment occurs, arising from a change in an index or a rate, as a result of a change in the Bank estimation of the amount expected to be paid, under a collateral of a residual value, or whenever the Bank changes its estimation of the expectation to either or not exercise a call option, an extension or a termination.

Whenever the lease liability is remeasured, the Bank recognises the amount of remeasurement of lease liability as an adjustment to the right-to-use asset. However, if the carrying amount of the right-to-use asset is reduced to zero, and if, simultaneously, there is a reduction to the lease liability measurement as well, the Bank recognises such a reduction in the profit and loss accounts.

The Bank displays the right-to-use assets which do not match to the definition of investment properties in "Other tangible Assets" and lease liabilities in "Other Liabilities" in the financial position statement.

i. Short term leases and leases of assets of low value

The standard allows the lessee to not recognise the right-to-use assets and lease liabilities with a 12 months term or less, and leases of a low value. The payments related to such leases are recognised as expenditures on a straight-line basis over the term of the contract.

The Bank chose not to apply the exemption estabilished in IFRS 16, to recognise the right-to-use assets and lease liabilities with a 12 months term or less than 12 months, and leases of assets of low value. Therefore, the Bank recognises the expenditures related to such contracts in "Third Parties Supplies" in the income statement.

2.3.5.2. As lessor

When the Bank acts as lessor, It settles at the beginning of the lease, wether to classify the lease as operating lease or finance lease.

The Bank assesses at the beginning of each lease, if it transfers substantially all risks and rewards of ownership of the underlying asset. If it transfers substantially all risks and rewards of the ownership of the underlying asset, it is classified as finance lease, otherwise it is classified as operating lease. In this assessment, the Bank takes into account some indicators, such as, if the lease covers most of the economic lifetime of the asset.

If the Bank is an intermediary lessor, it recognises its interests in the main lease and in the sublease separately. The classification of the sublease is realised according to the right-to-use asset of the original lease, and not according to the underlying asset. If the original lease is a short term lease contract, the Bank classifies the sublease as operating lease.

If a contract has leasing and no leasing components, the Bank will apply IFRS 15 standard, to allocate the retribution established in the contract.

The Bank recognises the payments received of lease under operating leases as profits on a straight-line basis during the lease term, as part of "Third Parties Supplies".

2.3.6. Other tangible Assets

Tangible assets are stated at acquisition cost, less accumulated depreciation and impairment losses. At the transition date to IFRS/IAS, the Bank elected to consider as cost, the value of acquisition of its tangible assets, as per the previous accounting policies, which is broadly similar to depreciated cost measured under IFRS. The cost includes expenses directly attributable to the acquisition of goods. There are ancillary costs included as well, which are incurred when tangible assets are acquired, such as, notary fees, brokerages, taxes paid.

Subsequent costs are recorded only if it is probable that future economic benefits for the Bank will stem from them. All maintenance and repair expenses are recorded in the costs, in accordance with the accrual principle.

Lands are not amortised. Depreciation of tangible assets is recorded on a straight-line basis over their estimated useful lives, which corresponds to the period the assets are expected to be available for use:

	Useful life (Years)
Premises owned	50
Improvments to leasehold premises	3-25
Computer Equipment	3
Vehicles	3
Other tangible fixed Assets	2-10

Non-recoverable expenditure on Improvements to leasehold premises are depreciated in accordance with its estimated useful life or the remaining period of the lease contract.

When there is an evidence of impairment loss in a tangible asset, IAS 36 prescribes that the recoverable amount might be assessed, and an impairment loss might be recorded whenever the net value of the asset is greater than its recoverable amount. The impairment loss is recognised in income statement. The recoverable amount is determined as the highest between the fair value of an asset, net of sale costs and its value in use, which is calculated taking into account the present value of estimated future cash flows expected to be derived from the continuous use of the asset, and its disposal at the end of its useful life.

2.3.7. Intangible assets

The Bank recognises, in this caption, expenses relating to the development stage of projects implemented and to be implemented, as well as the cost of acquiring software, in both cases where the impact extends beyond the financial year in which the cost is incurred.

Intangible assets are amortised on a straight-line monthly basis over the estimated period of useful life of the assets which, in general, corresponds to a period of three years.

To date the Bank has not recognised any intangible assets generated internally.

2.3.8. Employee benefits

Employee benefits are accounted for as established in IAS 19, and can be classified as:

2.3.8.1. Short-term employee benefits

Employee benefits are essentially comprised by wages, salaries and social security contributions, paid annual leave and paid sick leave, non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

Actually the Bank has at its disposal short-term employee benefits only. Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services.

2.3.8.2. Post-employment benefits

Post-employment benefits can be: retirement pension and other retirement benefits, post-employment life insurance, and post-employment health care.

Actually the Bank does not provide any specific post-employment plan for its employees. All employees are subject to the legally set retirement plan, through the State Social Security Institute (INSS).

2.3.8.3. Termination benefits

Termination benefits are the benefits provided by BCA, for employees' retirement before legal retirement.

2.3.9. Provisions and Contingent Liabilities

Provisions are recognised when: (i) the Bank has a present legal or constructive obligation (wether it is legal, or arising from past practice, politics implying the recognition of certain responsabilities); (ii) it is problable that an outflow of economic benefits will be required to settle present legal or constructive obligation, as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into account the standards defined in IAS 37, regarding the best estimate of expected cost, the most problable results of actions in progress, with consideration of risks, uncertainty inherent to the process. If the effect of discounting is material, provisions corresponding to present value of expected future payments, are discounted at a rate that considers the risk associated with the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through income statement in the proportion of the payments that are probable.

Provisions are derecognised through their use for the obligations for which they were initially accounted for, or for the cases that the situations were not already observed.

2.3.10. Fee and commission income

Fees and commissions are recognised as follows:

- Fees and commissions that are earned on the execution of a significant act, such as loan syndication fees, are recognised as income during lifetime of such a significant act;
- Fees and commissions earned over the period in which the services are provided are recognised as income in the period the service is rendered;
- Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recorded in income statement by the effective interest rate method.

2.3.11. Corporate Income Tax

BCA is subject to the tax regime set out in the Industrial Tax Code currently in force in Angola.

From 2020, under Law 26/20 of 20 July (amending the Industrial Tax Code enacted by Law 19/14 of 22 October), the Bank's income for the year is taxed at the rate of 35% (industrial tax rate for banks, previously 30%). Industrial tax is levied on the total amount of earnings before tax, adjusted for any additions or deductions applicable under current tax legislation. For tax purposes, the Bank is a General Regime taxpayer (formerly Group A taxpayer).

Moreover, Income Tax is paid on a provisional basis in August, in a single payment calculated as 2% of the income from banking activity for the first six months of the previous period, excluding income subject to Investment Income Tax (IAC), regardless of whether there is any taxable income in the period or even whether there was a tax loss in the previous period. In addition, Law 26/20 of 20 July enshrined, among other amendments, the eligibility of realised foreign exchange gains and losses as income and expenses for tax purposes. Similarly, loan loss provisions and impairment allowances are eligible as expenses only for the unsecured portion of secured loans.

Income from Treasury bonds and Treasury bills issued by the Angolan State under the Framework Law on Direct Public Debt (Law 16/02 of 5 December) and Regulatory Decrees 51/03 and 52/03 of 8 July, as well as other income obtained by the Bank that is subject to Investment Income Tax (IAC), is exempt from Income Tax under Article 47(1)(b) of the Income Tax Code, which expressly states that, in determining taxable income, any income or gains subject to IAC are to be deducted from the net income calculated in accordance with the preceding articles.

Tax returns are subject to review and correction by the tax authorities for a period of five years, which may give rise to corrections to taxable income for the years 2015 to 2020. It should be noted, in this regard, that because of the COVID-19 pandemic the Angolan tax agency (AGT) stipulated that its right to correct tax returns for the 2015 tax year will not expire until 31 December 2021.

In compliance with Law 20/20 of 9 July, which introduced the new Property Tax (IP) Code and repealed the previous law, the Bank withholds at source the IP payable at the rate of 15% on income from rented properties, except for land for construction, where IP is payable at the rate of 0.6% on the land value.

IP will be payable on properties that are not being rented as follows:

- At the rate of 0.1% of the property value for properties valued at less than AOA 5,000,000;
- At a fixed amount of AOA 5,000 for properties with a value of between AOA 5,000,000 and AOA 6,000,000;
- At the rate of 0.5% of the property value in excess of AOA 5,000,000 for properties valued at more than AOA 6,000,000.

When a property is transferred with or without consideration, the taxable amount is the greater of the registered value (or the appraised value in the case of an unregistered property) and the declared value. Transfers of immovable property are subject to Property Tax at the rate of 2%, which must be charged and settled by the Bank when the Bank acts as acquirer.

The Bank is also subject to indirect taxes, namely, customs duties, stamp duty, value added tax (VAT) and other taxes.

Value Added Tax (VAT)

The VAT Code was enacted by Law 7/19 of 24 April (VAT Act), subsequently amended by Law 17/19 of 12 August, and VAT came into effect on 1 October 2019. Further changes to the VAT system, not directly reflected in the VAT Code, were made through the Law on the General State Budget for 2021 (Law 42/20 of 31 December).

VAT is levied on (i) supplies of goods and services for consideration within Angolan territory by a taxable person acting as such, and (ii) imports of goods.

In addition, where services are provided by a non-resident supplier, the purchaser, who is liable to VAT in Angola, must self-assess Angolan VAT when the supply is located, for VAT purposes, in Angolan territory.

Under the general VAT regime, taxable persons may, as a general rule, deduct VAT incurred on purchases of goods and services from VAT due by them, except where the right of deduction is wholly or partly limited under the VAT Code.

Some transactions confer the right to deduct (e.g. taxable supplies), whereas others do not confer that right (e.g. supplies exempt from VAT under Article 12).

As a rule, the VAT rate is 14%, which in supplies of goods and services is applied, as a general rule, to the amount of the consideration (i.e. price, fee) obtained or to be obtained by the supplier from the purchaser or a third party.

The VAT Code provides for an exemption that applies to the financial intermediation transactions listed in Annex III to the Code, with the exception of transactions that give rise to the payment of a specific, predetermined transaction fee or consideration. This exemption does not confer the right to deduct VAT incurred by the taxable person in the acquisition of goods and services through exempt transactions.

It should be noted in this context, however, that the AGT has informally adopted a fairly restrictive interpretation of this exemption (in lending transactions, for example, only the loan itself is considered exempt from VAT, whereas any fees or commissions charged on the loan are subject to VAT).Given that the Bank carries out transactions that confer the right to deduct (i.e. transactions subject to VAT) and transactions that do not confer that right (i.e. financial transactions that benefit from the abovementioned exemption), the VAT incurred on purchases of goods and services is therefore only partially deductible, using the pro rata method provided for in Article 27(1) of the VAT Code.

The VAT Code designates a set of entities (including commercial banks) that are subject to the VAT withholding regime. These designated entities are required to withhold and remit to the State the VAT on invoices issued by suppliers resident in Angola. The percentage of VAT payable to be withheld is 100% in the case of oil investor companies and the State, excluding state-owned enterprises, and 50% in the case of commercial banks, Banco Nacional de Angola, insurers and reinsurers, and telecommunications operators. However, services provided by commercial banks to customers are excluded from this regime.

In addition, Instruction No. 000003/DNP/DSIVA/AGT/2020, issued by the Angolan tax authorities, clarifies that transfers of goods to captive entities for which payment is made by debit to an account, with the exception of the State, also benefit from the exemption. Examples of such situations include transfers of assets in connection with banking and financial transactions where banks debit the customer's account, namely: (i) transfers of goods under finance leases to the lessee on exercise of the agreed purchase option; and (ii) sales of point-of-sale (POS) terminals where banks provide card acceptance services to their customers.

In this context, given that the Bank carries out transactions that confer the right to deduct (i.e. transactions subject to VAT) and transactions that do not confer that right (i.e. transactions that areexempt from VAT as set out above), the VAT incurred on purchases of goods and services is only partially deductible, using the pro rata method.

Nevertheless, under Article 27(2) of the VAT Code, the Bank, as a general regime taxpayer, may adopt the actual use method for VAT incurred on goods intended for sale. This method of deduction allows the taxpayer to deduct the full amount of input tax paid on supplies of goods in transactions that confer the right to deduct but excludes the possibility of deducting input tax paid in transactions that do not confer that right, in accordance with Articles 22 and 24 of the VAT Code.

Goods whose tax may be deducted under the actual use method are subject to prior authorisation by the AGT. Additionally, the abovementioned Instruction 000003/DNP/DSIVA/AGT/2020 stipulates that financial institutions may adopt the actual use method for deducting VAT on supplies of goods and services "used exclusively" for:

i. Finance lease transactions;
ii. Financial transactions carried out by entities with no headquarters or permanent establishment in Angola ("correspondent banks") for Angolan banks;
iii. Transactions covered by Article 6(3) of the VAT Code, namely, recharges of goods or services purchased by banks on behalf of third parties, who are billed for the goods or services in question with a view to obtaining reimbursement.

For the purposes of deducting VAT under the abovementioned method, financial institutions must send an official notice to the VAT Services Department requesting a change to the declaration of commencement of business and must meet the requirements set out in the VAT Code as regards the keeping of accounting records of transactions, so that checks can be carried out on the transactions for which input tax has been deducted in accordance with the actual use method.

Capital Gains Tax (IAC)

Presidential Legislative Decree 2/14 of 20 October introduced various amendments to the IAC Code, in line with the tax reform.

IAC is payable, in general, on income from the Bank's financial investments, namely gains from investments, liquidity-providing operations and interest on Central Bank securities.

The general rate is 10%, but a reduced rate of 5% (on returns from public debt securities with a maturity of three years or more) or a rate of 15% may be applied. Under Article 47(b) of the IAC Code, income subject to IAC is to be deducted from taxable income for Industrial Tax purposes.

However, as regards income from public debt securities, according to the latest opinion issued to ABANC by the AGT (letter with reference 196/DGC/AGT/2016, dated 17 May 2016), only income from public debt securities issued on or after 1 January 2012 is subject to IAC.

It should also be noted that, according to the tax authorities, income from foreign exchange gains on local currency public debt securities linked to foreign currency issued since 1 January 2012 is subject to Income Tax.

Deferred Tax

Deferred taxes are calculated in accordance with the liabilities method on the basis of the balance sheet, in respect of temporary diferences between the accounting values of assets and liabilities and their fiscal basis, using the rates of tax approved or substantially approved at the balance sheet datein each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax liabilities are recognised for all taxable temporary differences, except for goodwill, not deductible for tax purposes, diferences arising on initial recognition of assets and liabilities that affects neither accounting nor taxable profit and diferences relating to investments in subsidiaries to the extent that problably they will not reverse in the foreseeable future.

Deferred taxes assets are recognized to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary diferences for taxation purposes (including reportable taxable losses).

The Bank compensates, as established in IAS 12, paragraph 74 the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.3.12. Cash and cash equivalent

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than ninety days' maturity from the balance sheet date, including balances at other credit institutions.

2.3.13. Dividends received

The dividends (income from equity instruments) are recognised when the right to receive such payment is established. Dividends are recorded in results of financial operations, net profits of other financial instruments at fair value through profit or loss, or in other income, depending on the classification of the instrument underlying them.

2.3.14. Results of financial operations

Results in financial operations includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, of the trading portfolio.

This caption also includes the gains and losses arising from the sale of financial assets at fair value through other comprehensive income and financial assets held to maturity. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

2.3.15. Earnings per share

Basic earnings per share (note 27) are calculated by dividing net profit attributable to shareholders of the Bank, by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury stock. Actually the Bank has no purchased shares held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

2.3.16. Main estimates and uncertainties associated with the application of accounting policies

IFRS set forth a range of accounting treatments that require the Board of Directors and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Bank's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Board of Directors, the Bank's reported results would differ if a different treatment was chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements present the Bank's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

2.3.16.1. Impairment losses on credit portfolio

The Bank reviews its loan portfolios to assess impairment losses on a regular basis, as described in note 2.3.1.1.4.

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals recovery rates and the estimation of both the amount and timing of future cash flows, among other things, are considered in making this evaluation.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the consolidated income statement of the Bank.

2.3.16.2. Fair value of financial instruments

Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (either for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors in conformity with IFRS 13 – Fair Value. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results for a particular period.

3. CASH AND BALANCES AT CENTRAL BANKS

This item, at 31 December 2020 and 2019, had the following composition:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Cash				
- Local currency	2.535.408	3.903	2.111.529	4.335
- Foreign currency	2.258.640	3.477	562.178	1.154
	4.794.048	**7.380**	**2.673.707**	**5.489**
Balances at the Central Bank of Angola (BNA)				
- Local currency	7.470.689	11.500	7.941.012	16.302
- Foreign currency	769.456	1.185	442.577	909
	8.240.145	**12.685**	**8.383.589**	**17.211**
	13.034.193	**20.065**	**11.057.296**	**22.700**

Balances at the Central Bank of Angola (BNA) is comprised of deposits (in local and foreign currencies) to comply with the minimum statutory reserves requirements and the free reserves.

The Instruction nº 16/2020, of 2 October, sets the coefficient for the statutory reserve in local currency at 22% in cash, keeping the abolishment of the use of government bonds in partial to comply with the minimum reserve requirements in local currency, and keeping the use of government bonds in foreign currency, to comply with the minimum reserve requirements in foreign currency. The coefficient for the statutory reserves in foreign currency is 17% for clients total deposits, and 100% for central government deposits, local governments and administrations. On the other hand, this Instruction offers the possibility to deduct from the amount of statutory reserves in local currency, up to 80% of the representatives assets comprised by loans granted to businesses and projects in the agricultural, livestock, and fishing sectors. Up to 80% of the foreign currency reserve requirement is met with foreign currency Treasury Bonds issued in 2015 or later. The remaining 20% is met with:

- Local currency demand deposits held at BNA, amounting to 2% of the average basis of assessment of private sector balances in foreign currency; and
- Deposits in foreign currency held at a BNA correspondent bank.

The reserve requirement is calculated weekly, on the arithmetic average of balances, on each day of the week. These deposits do not earn interest.

At 31 December 2020, the balances at the National Bank of Angola (BNA) both in local currency and foreign currency are to comply with minimum reserve requirements, and for the weekly foreign currency purchase.

4. BALANCES AT OTHER CREDIT INSTITUTIONS

This item, at 31 December 2020 and 2019, had the following composition:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
NOSTRO accounts	6.698.203	10.312	11.476.766	23.562
Pending Operations	-	-	676	1
	6.698.203	**10.312**	**11.477.442**	**23.563**
Impairment	(1.097)	(2)	(1.097)	(2)
	6.697.106	**10.310**	**11.476.345**	**23.561**

The 676 thousand of Kwanzas recorded in Pending Operations in 2019 refer to the amounts regarding the clearing system managed by EMIS.

NOSTRO accounts had the following breakdown:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
EUROBIC	-	-	1.762.422	3.618
First Rand Bank	324.291	499	483.792	993
Natixis Banques Populaires	1.854.940	2.856	1.024.264	2.103
BYBLOS Bank	74.493	115	1.113.772	2.287
BPI - Portugal	1.093.822	1.684	5.763.704	11.833
Atlântico Europa - Portugal	52.044	80	93.946	193
BCP - Portugal	2.486.266	3.828	1.234.866	2.535
AKTIF Bank – Turquia	146.833	226	-	-
ACCESS Bank UK Limited	665.514	1.024	-	-
	6.698.203	**10.312**	**11.476.766**	**23.562**

The movement of impairment losses on Balances at Other Credit Instituitions during 2020, was:

AKZ'000	2020	2019
Opening balance	**1.097**	**-**
Reinforcements	-	1.097
Deductions	-	-
Impairment losses for the year	-	1.097
Closing balance	**1.097**	**1.097**

5. PLACEMENTS WITH CENTRAL BANK AND OTHER CREDIT INSTITUTIONS

This item, at 31 December 2020 and 2019, had the following composition

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Placements with local Banks				
- Capital	6.202.951	9.549	5.555.700	11.406
- Accrual interests	17.156	26	42.010	86
	6.220.107	**9.575**	**5.597.710**	**11.492**
Placements with foreign Banks				
- Capital	8.964.535	13.800	6.392.430	13.123
- Accrual interests	11.911	18	20.838	43
	8.976.446	**13.818**	**6.413.268**	**13.166**
(-) Accumulated impairment losses	(2.970)	(4)	(750)	(1)
	15.193.583	**23.389**	**12.010.228**	**24.657**

The residual maturities profile, at 31 December 2020 and 2019, was as follows:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Up to 3 days	-	-	489.627	1.005
4 to 15 days	7.599.560	11.699	2.073.959	4.258
16 to 30 days	649.760	1.000	4.747.266	9.746
31 to 45 days	2.599.654	4.002	3.723.660	7.645
More than 45 days	4.344.609	6.688	975.716	2.003
	15.193.583	**23.389**	**12.010.228**	**24.657**

The interest rate of placements at 31 December 2020 was as follows:

- AKZ – 4,25% (2019: 12,85%);
- USD – 0,65% (2019: 1,96%).

All exposure of placements with foreign banks that fall under this heading are in stage 1.

The movement of impairment losses on placements with other credit institutions during the year 2020 is shown below:

AKZ'000	2020	2019
Opening balance for the current year	**750**	**3.605**
Reinforcements	4.369	5.334
Deductions	(2.149)	(6.049)
Impairment losses for the year	2.220	(715)
Exchange rate changes and others	-	(2.140)
Closing balance	**2.970**	**750**

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On the 31 December 2020 and 2019, the trading and investment securities were classified as "Financial assets at fair value through other comprehensive income", in accordance with the accounting policy described in note 2.3.1.1.1.2. They were as displayed below:

2020						
AKZ'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury bills – LCY	6.369.519	-	(192.936)	(211.377)	-	5.965.206
Treasury bonds – LCY:						
- Indexed to USD	12.947.731	13.513.759	(600.092)	607.145	559.932	27.028.475
- Non adjustable	10.160.500	-	(1.036.889)	(788.799)	558.783	8.893.595
- MINFIN	366.800	-	(4.223)	(38.356)	1.310	325.531
Treasury bonds – FCY:						
- USD bonds	763.165	2.900.601	-	54.786	10.540	3.729.092
Shares at EMIS (AKZ)	98.329	-	-	-	-	98.329
	30.706.044	**16.414.360**	**(1.834.140)**	**(376.601)**	**1.130.565**	**46.040.228**

2020						
USD'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury bills – LCY	9.805	-	(297)	(325)	-	9.183
Treasury bonds – LCY:						
- Indexed to USD	19.931	20.803	(924)	935	862	41.607
- Non adjustable	15.642	-	(1.596)	(1.215)	860	13.691
- MINFIN	565	-	(6)	(59)	2	502
Treasury bonds – FCY:						
- USD bonds	5.640	-	-	84	16	5.740
Shares at EMIS (AKZ)	151	-	-	-	-	151
	51.734	**20.803**	**(2.823)**	**(580)**	**1.740**	**70.874**

2019						
AKZ'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury bills – LCY	4.350.748	-	(121.273)	(98.341)	-	4.131.134
Treasury bonds – LCY:						
- Indexed to USD	9.831.290	14.953.746	(383.603)	409.916	321.888	25.133.237
- Non adjustable	5.300.600	-	(266.079)	(177.765)	167.593	5.024.349
- MINFIN	550.100	-	(9.384)	(70.419)	1.804	472.101
Treasury bonds – FCY:						
- USD bonds	763.165	1.984.067	-	44.908	7.903	2.800.043
Shares at EMIS (AKZ)	98.329	-	-	-	-	98.329
	20.894.232	**16.937.813**	**(780.339)**	**108.299**	**499.188**	**37.659.193**

2019						
USD'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury bills – LCY	8.932	-	(249)	(202)	-	8.481
Treasury bonds – LCY:						
- Indexed to USD	20.183	30.700	(788)	842	661	51.598
- Non adjustable	10.882	-	(546)	(365)	344	10.315
- MINFIN	1.129	-	(19)	(145)	4	969
Treasury bonds – FCY:						
- USD bonds	5.640	-	-	92	16	5.748
Shares at EMIS (AKZ)	202	-	-	-	-	202
	46.968	**30.700**	**(1.602)**	**222**	**1.025**	**77.313**

The grading of assets at fair value through other comprehensive income, by type of valuation, is as follows:

	2020			
AKZ'000	Fair value valuation	Amortised cost valuation	Historic cost valuation	Net value
Treasury bills – LCY	5.965.206	-	-	5.965.206
Treasury bonds – LCY:				
- Indexed to USD	27.028.475	-	-	27.028.475
- Non adjustable	8.893.595	-	-	8.893.595
- MINFIN	325.531	-	-	325.531
Treasury bonds – FCY:				
- USD bonds	3.729.092	-	-	3.729.092
Shares at EMIS (AKZ)	98.329	-	-	98.329
	46.040.228	**-**	**-**	**46.040.228**

	2020			
USD'000	Fair value valuation	Amortised cost valuation	Historic cost valuation	Net value
Treasury bills – LCY	9.183	-	-	9.183
Treasury bonds – LCY:				
- Indexed to USD	41.607	-	-	41.607
- Non adjustable	13.691	-	-	13.691
- MINFIN	502	-	-	502
Treasury bonds – FCY:				
- USD bonds	5.740	-	-	5.740
Shares at EMIS (AKZ)	151	-	-	151
	70.874	**-**	**-**	**70.874**

2019				
AKZ'000	Fair value valuation	Amortised cost valuation	Historic cost valuation	Net value
Treasury bills – LCY	4.131.134	-	-	4.131.134
Treasury bonds – LCY:				
- Indexed to USD	25.133.237	-	-	25.133.237
- Non adjustable	5.024.349	-	-	5.024.349
- MINFIN	472.101	-	-	472.101
Treasury bonds – FCY:				
- USD bonds	2.800.043	-	-	2.800.043
Shares at EMIS (AKZ)	98.329	-	-	98.329
	37.659.193	**-**	**-**	**37.659.193**

2019				
USD'000	Fair value valuation	Amortised cost valuation	Historic cost valuation	Net value
Treasury bills – LCY	8.481	-	-	8.481
Treasury bonds – LCY:				
- Indexed to USD	51.598	-	-	51.598
- Non adjustable	10.315	-	-	10.315
- MINFIN	969	-	-	969
Treasury bonds – FCY:				
- USD bonds	5.748	-	-	5.748
Shares at EMIS (AKZ)	202	-	-	202
	77.313	**-**	**-**	**77.313**

The classification of financial assets at fair value through other comprehensive income by stage was as follows:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Stage 1	33.597.335	51.719	37.659.193	77.313
Stage 2	12.442.893	19.155	-	-
	46.040.228	**70.874**	**37.659.193**	**77.313**

The fair value assessment ranking can be considered as level 2, which can be calculated through data observable in the market.

BCA's supplementary equity contributions to EMIS were updated at the USD/AKZ exchange rate and incorporated in BCA's share capital.

Losses and gains associated with changes in the fair value of financial assets at fair value through other comprehensive income, not recognised in the income statement, were as follows:

2020 Losses/(Gains) associated with the fair value, recognised in the Revaluation Reserves			
AKZ'000	**Fair value reserve**	**Deferred tax (35%)**	**Net Loss/gains recorded in other comprehensive income**
Treasury bills	(211.377)	73.982	(137.395)
Treasury bonds in AKZ			
- Indexed to USD	607.145	(212.501)	394.644
- Non adjustable	(788.799)	276.080	(512.719)
- MINFIN	(38.356)	13.424	(24.932)
Treasury bonds in USD			
- USD bonds	54.786	(19.175)	35.611
	(376.601)	**131.810**	**(244.791)**

2019 Losses/(Gains) associated with the fair value, recognised in the Revaluation Reserves			
AKZ'000	**Fair value reserve**	**Deferred tax (30%)**	**Net Loss/gains recorded in other comprehensive income**
Treasury bills			
Treasury bonds in AKZ	(98.341)	29.502	(68.839)
- Indexed to USD	409.916	(122.975)	286.941
- Non adjustable	(177.765)	53.330	(124.435)
- MINFIN	(70.419)	21.125	(49.294)
Treasury bonds in USD			
- USD bonds	44.908	(13.472)	31.436
	108.299	**(32.490)**	**75.809**

The maturity profile of the above-mentioned trading and investment securities is as follows:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Treasury bills				
Up to 6 months	5.420.326	8.344	4.131.134	8.481
From 6 months to 1 year	544.880	839	-	-
	5.965.206	**9.183**	**4.131.134**	**8.481**
Treasury bonds:				
Up to 6 months	11.477.677	17.669	7.304.039	14.995
From 6 months to 1 year	238.420	367	5.541.561	11.377
From 1 year to 3 years	27.576.696	42.451	20.064.227	41.191
More than 3 years	683.900	1.053	519.903	1.067
	39.976.693	**61.540**	**33.429.730**	**68.630**
Shares at EMIS:				
Unlimited term	98.329	151	98.329	202
	98.329	**151**	**98.329**	**202**
	46.040.228	**70.874**	**37.659.193**	**77.313**

The average interest rates are displayed below:

	2020	2019
	%	%
Treasury bills	18,12	17,87
Treasury bonds indexed to USD	6,38	7,06
Treasury bonds – non adjustable	15,63	13,13
Treasury bonds – MINFIN	8,13	8,00
Treasury bonds in USD	5,00	5,00

The shares at EMIS are valued in accordance with Note 2.3.1.1.1.2.

As for the geographic concentration, the BCA financial assets were all issued by resident entities.

The movement of impairment losses on Financial Assets through Other Comprehensive Income during the year 2020 is shown below:

AKZ'000	2020	2019
Opening balance for the current year	**578.720**	**51.260**
Reinforcements	1.650.709	552.911
Deductions	-	(25.450)
Impairment losses for the year	1.650.709	527.461
Exchange rate changes and others	-	(1)
Closing balance	**2.229.429**	**578.720**

The additions to impairment losses in 2020 are the result of the deterioration of Angola's credit risk, as announced by Moody's downgrade of the country credit rating from B to Caa-1. Thus, the estimated one-year probability of default for Angolan public debt, which at risk level B was 2.401%, increased to 11.325%, which forced the Bank to considerably increase impairment losses.

7. LOANS AND ADVANCES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Internal Loans				
- Loans	3.858.480	5.940	4.158.450	8.537
- Overdrafts	282.681	435	1.587.432	3.259
- Credit Cards	96.315	148	164.308	338
- Other loans	1.741.439	2.681	1.600.214	3.285
Non performing Loans and Interest	639.131	984	461.282	947
Accrued interest				
- Overdrafts	830	1	247.113	507
- Loans and other loans	141.815	218	59.783	123
	6.760.691	10.407	8.278.582	16.996
Impairment losses on loans	(809.476)	(1.246)	(629.381)	(1.292)
	5.951.215	**9.161**	**7.649.201**	**15.704**

The impairment losses on loans is calculated in accordance with the accounting policies No. 2.3.1.1.4.

The basic principles that BCA is using in granting loans and advances are as follow:

- Granting of loans is subject to a rigorous process which ensures the accomplishment of the defined strategy and the regulatory laws issued by the central bank;
- In the credit risk assessment and evaluation process the bank takes into consideration the marginal effect of each loan on the whole loans and advances portfolio, the industry/sector limits, and the financial stability of the customer;
- In order to mitigate the credit risk, especially in ensuring the reduction of losses resulting from the loan granting process, the board of directors has emphasised the need for continuous improvement of the internal control environment and credit risk governance and hence approved the constitution of a Loan Recovery Committee in this regard.

Loans and advances are subject of a greater supervisory approach. Their size and typology the opportunity of significant concentration levels, requiring a particular consideration at risk management level, in a transversal way.

At 31 December 2020 and 2019 the bank major customer represented 22,37% and 21,27% of the loan portfolio, respectively. The total of the top twenty customers represented in those dates 50,19% and 60,67% of the loan portfolio, respectively.

At 31 December 2020 and 2019 the loans granted to the bank shareholders or to companies managed by them was 135.910 thousand Kwanzas and 148.176 thousand Kwanzas, respectively. Note 30 analyses in detail the transactions held with the bank shareholders or to companies managed by them.

At 31 December 2020, the annual average loans interest rate (excluding the advances) was 22,37%, (2019: 20,68%) for loans conceded in local currency –12,52% (2019: 11,97%) for loans granted in foreign currency.

Loans granted in foreign currency were disbursed in previous years. There are no new loans granted in foreign currency, since the entry into force of the Notice 3/2012, which partially banned the granting of loans in foreign currency, and at a later date, the Notice 11/2014, which banned totally the granting of loans in foreign currency, with the exception of the Angolan State and the exporters (Art°8, n°2 and n°3).

At 31 December 2020 and 2019, the maturity profile of loans and advances was:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Loans and advances In foreign currency:				
Up to 1 year	78.521	121	54.784	112
1 year to 5 years	-	-	8.247	17
More than 5 years	151.739	234	115.928	238
	230.260	**355**	**178.959**	**367**
In local currency:				
Up to 1 year	3.578.358	5.508	2.182.325	4.480
1 year to 5 years	2.027.346	3.121	3.350.105	6.879
More than 5 years	641.216	987	732.648	1.504
Advances	283.511	436	1.834.545	3.766
	6.530.431	10.052	8.099.623	16.629
	6.760.691	**10.407**	**8.278.582**	**16.996**

The loans and advances of more than 5 years, in foreign currency are essentially mortgage loans granted to some staff members.

For the financial years of 2020 and 2019, bad debts have been deducted from the assets by use of Impairment losses on loans, which were rated at stage 3, amounting to 134 thousand of Kwanzas and 7.335 thousand of Kwanzas, respectively.

The composition of loans and advances to clients at 31 December 2020 and 31 December 2019 was as follows:

2020
Loans And Advances To Clients

AKZ'000	Performing off-balance	Performing in-balance	Non performing loans and advances: Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Total
Without impairment	**6.541.967**	**2.025.410**	-	-	-	-	**8.567.377**
With impairment analysed on individual basis	**7.969.823**	**1.042.011**	-	-	-	-	**9.011.834**
- Loans and interests	8.039.201	1.146.088	8.885	-	250.733	105.997	9.550.904
- Impairment	(69.378)	(104.077)	(8.885)	-	(250.733)	(105.997)	(539.070)
With impairment analysed on collective basis	**20.334**	**2.847.729**	**7.099**	**478**	**9.199**	**19.289**	**2.904.128**
- Loans and interests	20.511	2.950.062	29.565	752	128.132	115.067	3.244.089
- Impairment	(177)	(102.333)	(22.466)	(274)	(118.933)	(95.778)	(339.961)
	14.532.124	**5.915.150**	**7.099**	**478**	**9.199**	**19.289**	**20.483.339**

2019
Loans And Advances To Clients

AKZ'000	Performing off-balance	Performing in-balance	Non performing loans and advances: Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Total
Without impairment	**4.707.063**	**2.073.408**	-	-	-	-	**6.780.471**
With impairment analysed on individual basis	**15.097.989**	**2.848.126**	**7.100**	**5.653**	**11.651**	**9.042**	**17.979.561**
- Loans and interests	15.262.387	3.027.436	42.967	28.704	145.639	48.555	18.555.688
- Impairment	(164.398)	(179.310)	(35.867)	(23.051)	(133.988)	(39.513)	(576.127)
With impairment analysed on collective basis	-	**2.629.639**	**1.986**	**8.338**	**19.317**	**34.941**	**2.694.221**
- Loans and interests	-	2.716.755	2.003	10.980	96.580	85.555	2.911.873
- Impairment	-	(87.116)	(17)	(2.642)	(77.263)	(50.614)	(217.652)
	19.805.052	**7.551.173**	**9.086**	**13.991**	**30.968**	**43.983**	**27.454.253**

The composition of the performing Loans and Advances without signs of impairment, at 31 December 2020 and 31 December 2019 was as follows:

2020
Loans And Advances

AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment on an individual basis analysis	222.802	1.512.375	111.411	1.279.234	3.125.822
Without Impairment on a collective basis analysis	160.847	6.702	38.809	2.768.940	2.975.298
	383.649	**1.519.077**	**150.220**	**4.048.174**	**6.101.120**

Maturity Profile for Performing Loans and Advances

2019
Crédito a Clientes

AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment on an individual basis analysis	1.807.808	1.501.042	-	1.784.342	5.093.192
Without Impairment on a collective basis analysis	192.790	7.186	32.347	2.492.084	2.724.407
	2.000.598	**1.508.228**	**32.347**	**4.276.426**	**7.817.599**

Maturity Profile for Performing Loans and Advances

The composition of non performing Loans and Advances with impairment signs, at 31 December 2020 and 31 December 2019 was as follows:

2020 Loans And Advances					
	Non Performing Classes – Non Performing Loans				
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Non Performing Loans and Interest					
With Impairment on an individual basis analysis	39.306	-	167.400	189.331	396.037
With Impairment on a collective basis analysis	13.648	6.688	107.878	135.320	263.534
	52.954	**6.688**	**275.278**	**324.651**	**659.571**

2019 Loans And Advances					
	Non Performing Classes – Non Performing Loans				
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Non Performing Loans and Interest					
With Impairment on an individual basis analysis	42.967	28.704	145.639	48.555	265.865
With Impairment on a collective basis analysis	2.003	10.980	69.206	112.929	195.118
	44.970	**39.684**	**214.845**	**161.484**	**460.983**

The analysis of loans and advances exposures and the related impairment, composed by segment, in 2020 was:

	Loans Exposures - 2020			Impairment - 2020		
Segment	**Total**	**Performing Loans**	**Non Performing Loan**	**Total**	**Performing Loans**	**Non Performing Loan**
Car loans	4.913	-	4.913	4.826	-	4.826
Consumer credit	1.035.204	742.200	293.004	304.131	21.743	282.388
Pre-Approved loans	10.435	-	10.435	10.435	-	10.435
Employees loans	843.163	841.734	1.429	15.201	14.226	975
Enterprises protocol	2.213.096	2.070.094	143.002	159.167	41.073	118.094
Overdrafts/ advances	283.842	265.442	18.400	77.523	59.123	18.400
Corporate loans	2.273.723	2.105.775	167.948	202.148	34.200	167.948
Credit Cards	96.315	96.315	-	36.045	36.045	-
	6.760.691	**6.121.560**	**639.131**	**809.476**	**206.410**	**603.066**

The analysis of loans and advances exposures and the related impairment, composed by segment, in 2019 was:

	Loans Exposures - 2019			Impairment - 2019		
Segment	**Total**	**Performing Loans**	**Non Performing Loan**	**Total**	**Performing Loans**	**Non Performing Loan**
Car loans	4.483	474	4.009	3.911	-	3.911
Consumer credit	989.790	753.105	236.685	275.024	84.246	190.778
Pre-Approved loans	9.596	1.079	8.517	8.523	6	8.517
Employees loans	859.486	857.935	1.551	9.551	9.360	191
Enterprises protocol	2.184.765	2.066.482	118.283	92.740	23.063	69.677
Overdrafts/ advances	1.834.760	1.834.760	-	79.642	78.870	772
Corporate loans	2.231.423	2.139.485	91.938	120.251	31.160	89.091
Credit Cards	164.279	164.279	-	39.739	39.721	18
	8.278.582	**7.817.599**	**460.983**	**629.381**	**266.426**	**362.955**

The exposure by segment and by stage for the year ended 31 December 2020, was:

Stage 1

AKZ'000

Segment	Total Exposure	Total Loans and Advances in stage 1	Of which healed	Of which restructured
Car loans	4.913	-	-	-
Consumer credit	1.035.204	641.347	-	-
Pre-Approved loans	10.435	-	-	-
Employees loans	843.163	841.734	-	-
Enterprises protocol	2.213.096	2.024.007	-	2.501
Overdrafts/advances	283.842	264.732	-	-
Corporate loans	2.273.723	2.105.775	-	-
Credit Cards	96.315	96.315	-	-
	6.760.691	**5.973.910**	**-**	**2.501**

Stage 2

AKZ'000

Segment	Total Loans and Advances stage 2	Of which healed	Of which restructured	Of which acquired or originated through impairment losses on loans and advances
Car loans	-	-	-	-
Consumer credit	100.853	-	-	-
Pre-Approved loans	-	-	-	-
Employees loans	-	-	-	-
Enterprises protocol	46.087	-	-	-
Overdrafts/advances	710	-	-	-
Corporate loans	-	-	-	-
Credit Cards	-	-	-	-
	147.650	**-**	**-**	**-**

Stage 3				
AKZ'000				
Segment	**Total Loans and advances stage 3**	**Of which healed**	**Of wchich restructured**	**Of which acquired or originated through impairment losses on loans and advances**
Car loans	4.913	-	-	-
Consumer credit	293.004	-	-	-
Pre-Approved loans	10.435	-	-	-
Employees loans	1.429	-	-	-
Enterprises protocol	143.002	-	-	-
Overdrafts/advances	18.400	-	-	-
Corporate loans	167.948	-	-	-
Credit Cards	-	-	-	-
	639.131	**-**	**-**	**-**

The impairment losses by segment and by stage for the year ended 31 December 2020, was:

AKZ'000				
Segment	**Total Impairment losses**	***Stage* 1**	***Stage* 2**	***Stage* 3**
Car loans	4.826	-	-	4.826
Consumer credit	304.131	4.246	17.497	282.388
Pre-Approved loans	10.435	-	-	10.435
Employees loans	15.201	14.226	-	975
Enterprises protocol	159.167	36.447	4.626	118.094
Overdrafts/advances	77.523	58.990	133	18.400
Corporate loans	202.148	34.200	-	167.948
Credit Cards	36.045	36.045	-	-
	809.476	**184.154**	**22.256**	**603.066**

The exposure by segment and by stage for the year ended 31 December 2019, was:

Stage 1				
AKZ'000				
Segment	**Total Exposure**	**Total Loans and advances in stage 1**	**Of which healed**	**Of which restructured**
Car loans	4.483	-	-	-
Consumer credit	989.790	734.716	-	-
Pre-Approved loans	9.596	1.079	-	-
Employees loans	859.486	857.935	-	-
Enterprises protocol	2.184.765	2.039.226	-	-
Overdrafts/advances	1.834.760	1.833.927	-	-
Corporate loans	2.231.423	2.139.485	-	-
Credit Cards	164.280	164.240	-	-
	8.278.583	**7.770.608**	**-**	**-**

Stage 2				
AKZ'000				
Segment	**Total Loans and advances in stage 2**	**Of which healed**	**Of which restructured**	**Of which acquired or originated through impairment losses on loans and advances**
Car loans	228	-	-	-
Consumer credit	86.272	-	-	-
Pre-Approved loans	-	-	-	-
Employees loans	1.149	-	-	-
Enterprises protocol	31.243	-	-	-
Overdrafts/advances	61	-	-	-
Corporate loans	-	-	-	-
Credit Cards	-	-	-	-
	118.953	-	-	-

Stage 3				
AKZ'000				
Segment	**Total Loans and advances stage 3**	**Of which healed**	**Of which restructured**	**Of which acquired or originated through impairment losses on loans and advances**
Car loans	4.255	-	-	-
Consumer credit	168.802	-	5.247	-
Pre-Approved loans	8.517	-	-	-
Employees loans	402	-	-	-
Enterprises protocol	114.296	-	-	-
Overdrafts/advances	772	-	-	-
Corporate loans	91.938	-	-	-
Credit Cards	40	-	-	-
	389.022	**-**	**5.247**	**-**

The impairment losses by segment and by stage for the year ended 31 December 2019, was:

AKZ'000				
Segment	**Total Impairment Losses**	***Stage* 1**	***Stage* 2**	***Stage* 3**
Car loans	3.911	-	-	3.911
Consumer credit	275.024	37.158	47.088	190.778
Pre-Approved loans	8.523	6	-	8.517
Employees loans	9.551	9.046	314	191
Enterprises protocol	92.740	20.911	2.152	69.677
Overdrafts/advances	79.642	78.858	12	772
Corporate loans	120.251	31.160	-	89.091
Credit Cards	39.739	39.721	-	18
	629.381	**216.860**	**49.566**	**362.955**

Exposures by segment and by gap of days of delay – 2020

Segment	Total Exposure	Exposures with no significant increase of credit risk since initial recognition (stage 1) < = 30 Days	> 30 Days and < = 90 Days	> 90 Days	Exposures with significant increase of credit risk since initial recognition and with impairment losses (stage 2) < = 30 Days	> 30 Days and < = 90 Days	> 90 Days
Car loans	4.913	-	-	-	-	-	-
Consumer credit	1.035.204	641.347	-	-	100.853	-	-
Pre-Approved loans	10.435	-	-	-	-	-	-
Employees loans	843.163	841.734	-	-	-	-	-
Enterprises protocol	2.213.096	2.024.007	-	-	40.152	5.935	-
Overdrafts/advances	283.842	264.732	-	-	710	-	-
Corporate loans	2.273.723	2.105.775	-	-	-	-	-
Credit Cards	96.315	96.315	-	-	-	-	-
	6.760.691	**5.973.910**	**-**	**-**	**141.715**	**5.935**	**-**

Segment	Loans and advances exposures with impairment losses (stage 3) < = 30 Days	> 30 Dias and < = 90 Days	> 90 Days
Car loans	-	-	4.913
Consumer credit	8.885	-	284.119
Pre-Approved loans	-	-	10.435
Employees loans	-	-	1.429
Enterprises protocol	11.165	752	131.085
Overdrafts/advances	18.400	-	-
Corporate loans	-	-	167.948
Credit Cards	-	-	-
	38.450	**752**	**599.929**

Impairment by segment, and by gap of days of delay 2020

Segment	Total Impairment	Exposures with no significant increase of credit risk since initial recognition (stage 1)		Exposures with significant increase of credit risk since initial recognition and with impairment losses (stage 2)		Loans and advances exposures with impairment losses (stage 3)	
		< = 30 Days	< = 30 Days	> 30 Days and < = 90 Days	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days
Car loans	4.826	-	-	-	-	-	4.826
Consumer credit	304.131	4.246	17.497	-	8.885	-	273.503
Pre-Approved loans	10.435	-	-	-	-	-	10.435
Employees loans	15.201	14.226	-	-	-	-	975
Enterprises protocol	159.167	36.447	2.489	2.137	4.066	274	113.754
Overdrafts/ advances	77.523	58.990	133	-	18.400	-	-
Corporate loans	202.148	34.200	-	-	-	-	167.948
Credit Cards	36.045	36.045	-	-	-	-	-
	809.476	**184.154**	**20.119**	**2.137**	**31.351**	**274**	**571.441**

Exposures by segment and by gap of days of delay – 2019

Segment	Total Exposure	Exposures with no significant increase of credit risk since initial recognition (stage 1) < = 30 Days	Exposures with no significant increase of credit risk since initial recognition (stage 1) > 30 Days and < = 90 Days	Exposures with significant increase of credit risk since initial recognition and with impairment losses (stage 2) < = 30 Days	Exposures with significant increase of credit risk since initial recognition and with impairment losses (stage 2) > 30 Days and < = 90 Days	Loans and advances exposures with impairment losses (stage 3) < = 30 Days	Loans and advances exposures with impairment losses (stage 3) > 90 Days
Car loans	4.483	-	-	228	-	404	3.851
Consumer credit	989.790	734.716	-	53.109	33.163	8.247	160.555
Pre-Approved loans	9.596	1.079	-	-	-	-	8.517
Employees loans	859.486	857.935	-	-	1.149	-	402
Enterprises protocol	2.184.765	2.039.226	-	25.871	5.372	3.230	111.066
Overdrafts/advances	1.834.760	1.833.927	-	61	-	772	-
Corporate loans	2.231.423	2.139.485	-	-	-	-	91.938
Credit Cards	164.280	164.240	-	-	-	40	-
	8.278.583	**7.770.608**	**-**	**79.269**	**39.684**	**12.693**	**376.329**

Impairment by segment, and by gap of days of delay 2019

Segment	Total Impairment	Exposures with no significant increase of credit risk since initial recognition (stage 1)		Exposures with significant increase of credit risk since initial recognition and with impairment losses (stage 2)		Loans and advances exposures with impairment losses (stage 3)	
		< = 30 Days	> 30 Days and < = 90 Days	< = 30 Days	> 30 Days and < = 90 Days	< = 30 Days	> 30 Days
Car loans	3.911	-	-	-	-	128	3.783
Consumer credit	275.024	37.159	-	23.080	24.007	6.884	183.894
Pre-Approved loans	8.523	6	-	-	-	-	8.517
Employees loans	9.551	9.046	-	-	314	-	191
Enterprises protocol	92.740	20.910	-	781	1.372	1.021	68.656
Overdrafts/advances	79.642	78.858	-	12	-	772	-
Corporate loans	120.251	31.160	-	-	-	-	89.091
Credit Cards	39.739	39.721	-	-	-	18	-
	629.381	**216.860**	**-**	**23.873**	**25.693**	**8.823**	**354.132**

The Loans and Advances Portfolio by segment, and by year of loans and advances granted, during the last years, was as follows:

Car loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2015 and previous years	5	4.913	4.826
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
	5	**4.913**	**4.826**

Consumer Loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2015 and previous years	15	206.977	206.894
2016	2	1.956	511
2017	1	770	708
2018	4	145.774	143
2019	14	659.995	86.899
2020	3	19.732	8.976
	39	**1.035.204**	**304.131**

Pre-approved loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2015 and previous years	10	10.435	10.435
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
	10	**10.435**	**10.435**

Employees loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2015 and previous years	1	6.094	106
2016	18	7.127	46
2017	21	22.878	929
2018	32	53.936	1.221
2019	58	554.597	9.546
2020	50	198.531	3.353
	180	**843.163**	**15.201**

Enterprises protocol			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2015 and previous years	64	61.753	57.390
2016	386	142.821	28.185
2017	392	353.954	24.167
2018	369	420.795	21.214
2019	269	452.455	11.057
2020	275	781.318	17.154
	1.755	**2.213.096**	**159.167**

Overdrafts/advances			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2015 and previous years	1.996	252.742	70.007
2016	824	3.977	2.136
2017	209	7.708	1.758
2018	130	2.386	445
2019	229	1.180	220
2020	178	15.849	2.957
	3.566	**283.842**	**77.523**

Corporate loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2015 and previous years	4	1.596.990	84.616
2016	-	-	-
2017	1	83.333	83.333
2018	2	134.887	5.321
2019	4	273.269	11.530
2020	80	185.244	17.348
	91	**2.273.723**	**202.148**

Credit Cards			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2015 and previous years	7	4.390	2.027
2016	70	19.888	8.457
2017	83	43.612	15.641
2018	20	7.575	3.178
2019	30	16.520	5.247
2020	10	4.330	1.495
	220	**96.315**	**36.045**

Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by segment:

a) at 31 December 2020:

2020	Car Loans		Consumer loans	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	875.797	219.924
Collective assessment	4.913	4.826	159.407	84.207
	4.913	**4.826**	**1.035.204**	**304.131**

2020	Pre-approved loans		Employees loans	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	232.320	4.026
Collective assessment	10.435	10.435	610.843	11.175
	10.435	**10.435**	**843.163**	**15.201**

2020	Enterprises Protocol		Overdrafts/advances	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	221.082	50.813
Collective assessment	2.213.096	159.167	62.760	26.710
	2.213.096	**159.167**	**283.842**	**77.523**

2020	Corporate loans		Credit Cards	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	2.190.940	194.218	1.720	711
Collective assessment	82.783	7.930	94.595	35.334
	2.273.723	**202.148**	**96.315**	**36.045**

2020	Total	
AKZ'000	Total Exposure	Impairment
Individual assessment	3.521.859	469.692
Collective assessment	3.238.832	339.784
	6.760.691	**809.476**

b) at 31 December 2019:

2019	Car Loans		Consumer Loans	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	859.102	226.210
Collective assessment	4.483	3.911	130.688	48.814
	4.483	**3.911**	**989.790**	**275.024**

2019	Pre-approved loans		Employees loans	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	474.314	5.034
Collective assessment	9.596	8.523	385.172	4.517
	9.596	**8.523**	**859.486**	**9.551**

2019	Enterprises Protocol		Overdrafts/Advances	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	1.801.208	67.320
Collective assessment	2.184.765	92.740	33.552	12.322
	2.184.765	**92.740**	**1.834.760**	**79.642**

2019	Corporate Loans		Credit Cards	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	2.217.833	111.570	6.600	1.595
Collective assessment	13.590	8.681	157.679	38.144
	2.231.423	**120.251**	**164.279**	**39.739**

2019	Total	
AKZ'000	Total exposure	Impairment
Individual assessment	5.359.057	411.729
Collective assessment	2.919.525	217.652
	8.278.582	**629.381**

Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by sector of activities:

a) eat 31 December 2020:

2020	Trade		Electricity	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	519.573	228.483	1.850.677	14.721
Collective assessment	5.231	5.205	-	-
	524.804	**233.688**	**1.850.677**	**14.721**

2020	Particulars		Services	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	1.109.982	224.692	-	-
Collective assessment	3.231.563	333.278	2.030	1.297
	4.341.545	**557.970**	**2.030**	**1.297**

2020	Public Sector		Transportation	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	41.627	1.796
Collective assessment	-	-	-	-
	-	**-**	**41.627**	**1.796**

2020	Industry		Education	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	6	2	2	2
	6	**2**	**2**	**2**

2020	Total	
AKZ'000	Total exposure	Impairment
Individual assessment	3.521.859	469.692
Collective assessment	3.238.832	339.784
	6.760.691	**809.476**

b) at 31 December 2019:

2019	Trade		Electricity	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	2.322.163	198.934	1.642.933	7.520
Collective assessment	15.472	9.465	-	-
	2.337.635	**208.399**	**1.642.933**	**7.520**

2019	Particulars		Services	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	1.393.961	205.275	-	-
Collective assessment	2.904.044	208.183	2	-
	4.298.005	**413.458**	**2**	**-**

2019	Industry		Education	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	5	2	2	2
	5	**2**	**2**	**2**

2019	Total	
AKZ'000	Total exposure	Impairment
Individual assessment	5.359.057	411.729
Collective assessment	2.919.525	217.652
	8.278.582	**629.381**

Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by geographical location:

2020	Angola	
AKZ'000	Total exposure	Impairment
Individual assessment	3.521.859	469.692
Collective assessment	3.238.832	339.784
	6.760.691	**809.476**

2019	Angola	
AKZ'000	Total exposure	Impairment
Individual assessment	5.359.057	411.729
Collective assessment	2.919.525	217.652
	8.278.582	**629.381**

The restructured loans in 2020 and 2019, as per restructuring measure applied, were:

2020	Non performing loans		
AKZ'000	Number of operations	Exposures	Impairment
Extension of term	2	2.501	44
Period of grace	-	-	-
Reduction of interest rate	-	-	-
	2	**2.501**	**44**

2019	Non performing loans		
AKZ'000	Number of operations	Exposures	Impairment
Extension of term	1	5.247	5.247
Period of grace	-	-	-
Reduction of interest rate	-	-	-
	1	**5.247**	**5.247**

The balance of entries and exits in the portfolio of restructured loans was:

AKZ'000	2020	2019
Opening balance of restructured loans (gross of impairment)	**5.247**	**7.080**
Restructured loans in the period	2.501	-
Accrued interests of restructured loans portfolio	-	-
Partial or total settlement of restructured loans	(5.247)	(1.833)
Loans reclassified from "restructured" to "normal"	-	-
Others	-	-
Closing balance of restructured loans (gross of impairment)	**2.501**	**5.247**

The details of the fair value of the guarantees related to the loans and advances portfolio, for the corporate and housing segments were as follow:

2020								
Fair Value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
AKZ'000	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 e < 100	-	-	-	-	-	-	-	-
> = 100 e < 500	-	-	-	-	-	-	-	-
> = 500 e < 1000	-	-	-	-	-	-	-	-
> = 1000 e < 2000	-	-	-	-	-	-	-	-
> = 2000 e < 5000	-	-	1	3.000	-	-	-	-
> = 5000	1	13.200	1	3.369.682	-	-	-	-
	1	**13.200**	**2**	**3.372.682**	**-**	**-**	**-**	**-**

2019								
Fair Value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
AKZ'000	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 e < 100	-	-	-	-	-	-	2	159
> = 100 e < 500	-	-	-	-	-	-	2	378
> = 500 e < 1000	-	-	-	-	4	782	-	-
> = 1000 e < 2000	-	-	-	-	-	-	2	3.672
> = 2000 e < 5000	-	-	-	-	5	12.302	-	-
> = 5000	2	150.714	1	50.000	25	457.820	1	15.500
	2	**150.714**	**1**	**50.000**	**34**	**470.904**	**7**	**19.709**

The below figures display the amounts of lending, by lending ratio, at 31 December 2020 and 2019:

2020

Segment / Ratio	Number of properties	Number of other real guarantees	Loans and advances in Stage 1 (AKZ'000)	Loans and advances in Stage 2 (AKZ'000)	Loans and advances in Stage 3 (AKZ'000)	Impairment (AKZ'000)
Corporate:	**1**	**2**	**2.250.189**	**-**	**168.957**	**251.506**
With no guarantees Associated	n.a	n.a	735.802	-	88.543	171.092
< 50%	-	-	-	-	-	-
> = 50% e <75%	-	2	1.514.387	-	-	-
> = 75% e <100%	-	-	-	-	-	-
> = 100%	**1**	**-**	**-**	**-**	**80.414**	**80.414**
Housing:	-	-	-	-	-	-
With no guarantees Associated	-	n.a	-	-	-	-
< 50%	-	-	-	-	-	-
> = 50% e <75%	-	-	-	-	-	-
> = 75% e <100%	-	-	-	-	-	-
> = 100%	-	-	-	-	-	-
	1	**2**	**2.250.189**	**-**	**168.957**	**251.506**

2019

Segment / Ratio	Number of properties	Number of other real guarantees	Loans and advances in Stage 1 (AKZ'000)	Loans and advances in Stage 2 (AKZ'000)	Loans and advances in Stage 3 (AKZ'000)	Impairment (AKZ'000)
Corporate:	**2**	**-**	**3.888.639**	**-**	**91.938**	**398.039**
With no guarantees Associated	-	-	3.737.925	-	91.938	390.335
< 50%	-	-	-	-	-	-
> = 50% e <75%	-	-	-	-	-	-
> = 75% e <100%	-	-	-	-	-	-
> = 100%	2	-	150.714	-	-	7.704
Housing:	**9**	**3**	**3.271.005**	**90.248**	**248.529**	**290.934**
With no guarantees Associated	-	-	3.201.913	32.680	240.282	259.288
< 50%	-	-	-	-	-	-
> = 50% e <75%	-	-	-	-	-	-
> = 75% e <100%	-	-	-	-	-	-
> = 100%	9	3	69.092	57.568	8.247	31.646
	11	**3**	**7.159.644**	**90.248**	**340.467**	**688.973**

The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2020, was as follows:

2020				
Segment		**Low risk grade**		
Risk grade-BNA	**aaa/1**	**aa+/2**	**aa/3**	
AKZ'000	**A**	**B**	**C**	**Subtotal**
Car Loans	-	-	-	-
Consumer Credit	-	632.742	93.233	725.975
Pre-approved Loans	-	-	-	-
Employees Loans	-	841.734	-	841.734
Enterprises Protocol	-	2.071.983	15.499	2.087.482
Overdrafts/Advances	-	257.277	1	257.278
Corporate Loans	1.512.375	593.400	-	2.105.775
Credit Cards	67.949	28.366	-	96.315
	1.580.324	**4.425.502**	**108.733**	**6.114.559**

2020				
Segment		**Medium risk grade**		
Risk grade-BNA	**bbb+/6**	**bbb/7**	**bbb-/8**	
AKZ'000	**D**	**D**	**D**	**Subtotal**
Car Loans	-	-	-	-
Consumer Credit	14.879	-	-	740.854
Pre-approved Loans	-	-	-	-
Employees Loans	-	-	-	841.734
Enterprises Protocol	6.021	-	-	2.093.503
Overdrafts/Advances	4	-	-	257.282
Corporate Loans	-	-	-	2.105.775
Credit Cards	-	-	-	96.315
	20.904	**-**	**-**	**6.135.463**

2020				
Segment		High risk grade		
Risk grade-BNA	ccc+/10	ccc/11	ccc-/12	
AKZ'000	E	F	G	General Total
Car Loans	289	-	4.624	4.913
Consumer Credit	-	611	293.739	1.035.204
Pre-approved Loans	-	-	10.435	10.435
Employees Loans	-	1.027	402	843.163
Enterprises Protocol	5.336	4.670	109.587	2.213.096
Overdrafts/Advances	271	124	26.165	283.842
Corporate Loans	83.334	-	84.614	2.273.723
Credit Cards	-	-	-	96.315
	89.230	**6.432**	**529.566**	**6.760.691**

The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2019, was as follows:

2019				
Segment		Low risk grade		
Risk grade-BNA	aaa/1	aa+/2	aa/3	
AKZ'000	A	B	C	Subtotal
Car Loans	-	632	-	632
Consumer Credit	-	619.409	133.853	753.262
Pre-approved Loans	-	1.079	-	1.079
Employees Loans	-	857.935	1.149	859.084
Enterprises Protocol	-	2.053.766	22.952	2.076.718
Overdrafts/Advances	-	1.745.757	434	1.746.191
Corporate Loans	1.501.042	638.443	-	2.139.485
Credit Cards	108.120	56.160	-	164.280
	1.609.162	**5.973.181**	**158.388**	**7.740.731**

2019				
Segment		**Medium risk grade**		
Risk grade-BNA	**bbb+/6**	**bbb/7**	**bbb-/8**	
AKZ'000	**D**	**D**	**D**	**Subtotal**
Car Loans	-	-	-	632
Consumer Credit	16.270	-	-	769.532
Pre-approved Loans	-	-	-	1.079
Employees Loans	-	-	-	859.084
Enterprises Protocol	7.102	-	-	2.083.820
Overdrafts/Advances	-	-	-	1.746.191
Corporate Loans	-	-	-	2.139.485
Credit Cards	-	-	-	164.280
	23.372	**-**	**-**	**7.764.103**

2019				
Segment		**High risk grade**		
Risk grade-BNA	**ccc+/10**	**ccc/11**	**ccc-/12**	
AKZ'000	**E**	**F**	**G**	**General Total**
Car Loans	-	-	3.851	4.483
Consumer Credit	444	-	292.074	1.062.050
Pre-approved Loans	-	-	8.517	9.596
Employees Loans	402	-	-	859.486
Enterprises Protocol	17.354	6.149	77.442	2.184.765
Overdrafts/Advances	361	268	15.679	1.762.499
Corporate Loans	-	-	91.938	2.231.423
Credit Cards	-	-	-	164.280
	18.561	**6.417**	**489.501**	**8.278.582**

The risk factors associated to the model of impairment by segment, for 2020 and 2019 were:

	2020				2019			
	Average Probability of Default (%)				Average Probability of Default (%)			
Segment R&C	Stage 1	Stage 2	Stage 3	Average Loss Given Default (%)	Stage 1	Stage 2	Stage 3	Average Loss Given Default (%)
Overdrafts/ advances	34,69%	35,08%	100,00%	84,52%	51,38%	44,08%	100,00%	53,72%
Enterprises protocol	4,24%	26,25%	100,00%	39,60%	2,99%	26,84%	100,00%	32,80%
Credit Cards	35,08%	-	-	53,21%	44,08%	-	100,00%	45,77%
Employees loans	4,45%	-	100,00%	36,83%	3,10%	86,56%	100,00%	31,70%
Consumer credit	4,63%	32,71%	100,00%	72,78%	3,07%	67,83%	100,00%	54,04%
Car loans	-	-	100,00%	93,99%	-	0,30%	100,00%	66,99%
Corporate loans	10,49%	-	100,00%	41,79%	12,52%	-	100,00%	43,16%
Pre-Approved loans	-	-	100,00%	100,00%	1,74%	-	100,00%	84,22%

The movement on impairments during the year of 2020 was:

AKZ'000	2020	2019
Opening balance - current year	**629.381**	**559.091**
Reinforcements	199.860	299.030
Deductions	(104.727)	(184.131)
Impairment losses for the year	95.133	114.899
Used	(3.652)	(7.063)
Exchange rate changes and others	88.614	(37.546)
Closing balance - current year	**809.476**	**629.381**

The sum of impairment losses on loans and advances for the year of 2020 amounting to 95.133 thousand of Kwanzas, and impairment losses on letters of credit amounting to (95.465) thousand of Kwanzas, displayed in "Provisions", equates to 332 thousand of Kwanzas shown in the item "Impairment Losses on Loans" of Income Statement.

The segregation of impairment losses on loans portfolio, and on recovered loans, was as follows:

2020				
AKZ'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance - current year	**433.785**	**49.567**	**310.427**	**793.779**
Impairment losses on loans				
Originated or acquired financial assets	111.905	1.582	9.892	123.379
Derecognised financial assets	(174.387)	(993)	(7.800)	(183.180)
Changes in model and methodologies	-	-	-	-
Stage Transfers:				
Stage 1	-	14.801	160.575	175.376
Stage 2	(921)	-	22.754	21.833
Stage 3	(48.772)	(24.749)	-	(73.521)
Write-offs	-	-	(134)	(134)
Exchange rate changes and other movements	(67.868)	(17.953)	107.320	21.499
Closing balance - current year	**253.742**	**22.255**	**603.034**	**879.031**
Recovery of claims	-	-	-	-

2019				
AKZ'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance - current year	**198.639**	**4.329**	**356.123**	**559.091**
Impairment losses on loans				
Originated or acquired financial assets	341.210	46.144	41	387.395
Derecognised financial assets	(94.912)	(3.770)	(95.734)	(194.416)
Changes in model and methodologies	-	-	-	-
Stage Transfers:				
Stage 1	-	3.423	23.462	26.885
Stage 2	(814)	-	228	(586)
Stage 3	(1.249)	-	-	(1.249)
Write-offs	(1.103)	-	-	(1.103)
Exchange rate changes and other movements	(7.986)	(559)	26.307	17.762
Closing balance - current year	**433.785**	**49.567**	**310.427**	**793.779**
Recovery of claims	-	-	-	-

The segregation of off-balance and in-balance exposures by risk level, and respective impairment losses:

	2020				2019
AKZ'000	*Stage 1*	*Stage 2*	*Stage 3*	Total	Total
Loans and advances to clients at amortised cost before impairment					
Performing loans and advances	5.963.940	98.731	38.450	**6.101.121**	11.809.041
Loans and interest overdue for up to 30 days	9.970	42.984	-	**52.954**	16.312
Loans and interest overdue for more than 30 days	-	5.935	600.681	**606.616**	445.692
Impairment losses	(184.154)	(22.255)	(603.067)	**(809.476)**	(470.076)
	5.789.756	**125.395**	**36.034**	**5.951.215**	**11.800.969**
Commitments for Credit					
High Risk	-	-	-	**-**	-
Medium Risk	-	-	-	**-**	-
Medium-Low Risk	14.141.679	-	-	**14.141.679**	8.214.867
Low Risk	-	-	-	**-**	-
Impairment losses	(57.373)	-	-	**(57.373)**	(88.344)
	14.084.306	**-**	**-**	**14.084.306**	**8.126.523**
Financial Guarantees Provided					
High Risk	-	-	-	**-**	-
Medium Risk	460.000	-	-	**460.000**	25.300
Medium-Low Risk	-	-	-	**-**	-
Low Risk	-	-	-	**-**	-
Impairment losses	**(12.182)**	**-**	**-**	**(12.182)**	**(670)**
	447.818	**-**	**-**	**447.818**	**24.630**

AKZ'000	2019 Stage 1	2019 Stage 2	2019 Stage 3	2019 Total	2018 Total
Loans and advances to clients at amortised cost before impairment					
Performing loans and advances	7.758.460	79.110	12.693	**7.850.263**	**11.809.041**
Loans and interest overdue for up to 30 days	44.813	158	-	**44.971**	**16.312**
Loans and interest overdue for more than 30 days	-	39.684	376.329	**416.013**	**445.692**
Impairment losses	(244.995)	(49.567)	(308.956)	**(603.518)**	**(470.076)**
	7.558.278	**69.385**	**80.066**	**7.707.729**	**11.800.969**
Commitments for Credit					
High Risk	-	-	-	-	-
Medium Risk	25.300	-	-	**25.300**	-
Medium-Low Risk	20.197.773	-	12.867	**20.210.640**	**8.214.867**
Low Risk	-	-	-	-	-
Impairment losses	(188.790)	-	(1.471)	**(190.261)**	**(88.344)**
	20.034.283	-	**11.396**	**20.045.679**	**8.126.523**
Financial Guarantees Provided					
High Risk	-	-	-	-	-
Medium Risk	25.300	-	-	**25.300**	**25.300**
Medium-Low Risk	-	-	-	-	-
Low Risk	-	-	-	-	-
Impairment losses	(670)	-	-	**(670)**	**(670)**
	24.630	-	-	**24.630**	**24.630**

8. OTHER TANGIBLE AND INTANGIBLE ASSETS

2020 Other Tangible Assets					
AKZ'000	Opening balance	Increases	Transfers	Write-off	Closing balance
Cost					
Buildings	4.951.620	-	11.348	-	4.962.968
Right-to-use Assets	687.010	-	-	(81.435)	605.575
Equipment	2.207.830	91.403	334.373	(38.781)	2.594.825
Work in rented properties	1.780.858	-	381.719	-	2.162.577
Capital WIP	864.137	512.568	(880.679)	(37.000)	459.026
	10.491.455	**603.971**	**(153.239)**	**(157.216)**	**10.784.971**
Depreciation					
Buildings	(720.096)	(194.557)	-	-	(914.653)
Right-to-use Assets	(87.723)	(82.726)	-	5.223	(165.226)
Equipment	(1.184.938)	(328.221)	-	28.878	(1.484.281)
Work in rented properties	(655.908)	(100.738)	-	-	(756.646)
	(2.648.665)	**(706.242)**	**-**	**34.101**	**(3.320.806)**
Net					
Buildings	4.231.524	(194.557)	11.348	-	4.048.315
Right-to-use Assets	599.287	(82.726)	-	(76.212)	440.349
Equipment	1.022.892	(236.818)	334.373	(9.903)	1.110.544
Work in rented properties	1.124.950	(100.738)	381.719	-	1.405.931
Capital WIP	864.137	512.568	(880.679)	(37.000)	459.026
	7.842.790	**(102.271)**	**(153.239)**	**(123.115)**	**7.464.165**

AKZ'000	Opening balance	IFRS 19 Transition Adjustment	Increases	Transfers	Write-off	Closing balance
2019 Other Tangible Assets						
Cost						
Buildings	3.476.606	-	9.172	1.465.842	-	4.951.620
Right-to-use Assets	-	687.010	-	-	-	687.010
Equipment	1.780.034	-	206.843	250.783	(29.830)	2.207.830
Work in rented properties	1.329.072	-	56.493	395.293	-	1.780.858
Capital WIP	1.721.847	-	1.332.996	(2.111.918)	(78.788)	864.137
	8.307.559	**687.010**	**1.605.504**	**-**	**(108.618)**	**10.491.455**
Depreciation						
Buildings	(562.700)	-	(157.396)	-	-	(720.096)
Right-to-use Assets	-	-	(87.723)	-	-	(87.723)
Equipment	(918.248)	-	(282.098)	-	15.408	(1.184.938)
Work in rented properties	(577.196)	-	(78.712)	-	-	(655.908)
Capital WIP	-	-	-	-	-	-
	(2.058.144)	**-**	**(605.929)**	**-**	**15.408**	**(2.648.665)**
Net						
Buildings	2.913.906	-	(148.224)	1.465.842	-	4.231.524
Right-to-use Assets	-	687.010	(87.723)	-	-	599.287
Equipment	861.786	-	(75.255)	250.783	(14.422)	1.022.892
Work in rented properties	751.876	-	(22.219)	395.293	-	1.124.950
Capital WIP	1.721.847	-	1.332.996	(2.111.918)	(78.788)	864.137
	6.249.415	**687.010**	**999.575**	**-**	**(93.210)**	**7.842.790**

2020 Intangible Assets				
AKZ'000	Opening Balance	Increases	Transfers	Closing Balance
Cost				
Software	42.681	-	153.239	195.920
Other intangible assets	55.628	-	-	55.628
Capital WIP	177.583	391.555	-	569.138
	275.892	**391.555**	**153.239**	**820.686**
Depreciation				
Software	(32.320)	(15.394)	-	(47.714)
Other intangible assets	(42.011)	(8.077)	-	(50.088)
	(74.331)	**(23.471)**	**-**	**(97.802)**
Net				
Software	10.361	(15.394)	153.239	148.206
Other intangible assets	13.617	(8.077)	-	5.540
Capital WIP	177.583	391.555	-	569.138
	201.561	**368.084**	**153.239**	**722.884**

2019 Activos Intangíveis				
AKZ'000	Opening Balance	Increases	Transfers	Closing Balance
Cost				
Software	42.681	-	-	42.681
Other intangible assets	55.628	-	-	55.628
Capital WIP	-	177.583	-	177.583
	98.309	**177.583**	**-**	**275.892**
Depreciation				
Software	(27.873)	(4.447)	-	(32.320)
Other intangible assets	(33.892)	(8.119)	-	(42.011)
	(61.765)	**(12.566)**	**-**	**(74.331)**
Net				
Software	14.808	(4.447)	-	10.361
Other intangible assets	21.736	(8.119)	-	13.617
Capital WIP	-	177.583	-	177.583
	36.544	**165.017**	**-**	**201.561**

Depreciations for the year are composed of:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Other tangible assets	623.516	960	518.206	1.064
Intangible assets	23.471	36	12.566	26
Right-to-use assets	82.726	127	87.723	180
	729.713	**1.123**	**618.495**	**1.270**

Costs incurred for the occupation of airport spaces are not part of the right-to-use assets.

9. DEFERRED TAX RECEIVABLE

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Change in Fair-Value of				
Financial assets at fair value through other comprehensive income	376.601	580	-	-
Unrealised Foreign Exchange Losses	1.421.559	2.189	-	-
	1.798.160	**2.769**		
Tax rate applied	35%	35%	30%	30%
Deferred tax receivable	**629.356**	**969**	**-**	**-**

The change in the tax rate from 30% in 2019 to 35% in 2020 is a result of the entry into force of Presidential Decree 26/20, which amends the Income Tax Code.

The AKZ 629.356 thousand of deferred taxes includes AKZ 497.546 thousand of unrealised foreign exchange losses, which is 35% of the losses recorded in 2020.

10. OTHER ASSETS

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
VISA Cards	551.792	849	365.399	750
- Applied value	552.361	850	365.509	750
- Impairment	(569)	(1)	(110)	-
Customs Gains	-	-	-	-
- Revenues	46.484	72	21.828	45
- Impairment	(46.484)	(72)	(21.828)	(45)
Advance income tax	59.039	91	59.039	121
International School	-	-	-	-
- Investment	275.867	425	280.867	577
- Impairment	(275.867)	(425)	(280.867)	(577)
Stationary	28.991	45	26.856	55
Accruals	335.284	516	226.262	465
- Health insurance	224.509	345	195.502	402
- Rental and hire	36.313	56	24.090	49
- Others	74.462	115	6.670	14
Unsold vehicle licence discs	-	-	-	-
- licence acquired	9.355	14	9.355	19
- Impairment	(9.355)	(14)	(9.355)	(19)
Expense advance	4.619	7	2.531	5
Artistic Patrimony	35.772	55	35.772	73
Letters of Credit collateral	348.083	536	4.854.109	9.966
- Amount held by NOSTRO	349.936	539	4.857.315	9.973
- Impairment	(1.853)	(3)	(3.206)	(7)
Discount teller shortages	399	1	1.611	3
- Teller shortages	8.352	13	10.714	22
- Impairment	(7.953)	(12)	(9.103)	(19)
Others	23.759	36	1.995	4
	1.387.738	**2.136**	**5.573.574**	**11.442**

The account "VISA cards" is made up of a collateral for the settlement of amounts that will fall due from the use of the bank's VISA prepaid and credit cards.

The account "Customs Gains" is composed of commissions to be received from the Customs Service for the work rendered in collections done on their behalf. A 100% impairment losses is recorded, for the total amount of gains not yet received.

The Advance income tax is a result of the advance income tax for 2019, paid in August 2019, in the light of the law 19/14. As the Bank has tax losses in 2019, it will be recognised as an income tax credit, to be deducted from the current income tax of the next three financial years, as per current tax law. Impairment losses on this amount has been recognised.

The International School is a school building project with international standard, at "Lar do Patriota", (Luanda-Benfica), whose viability studies ended in 2014. The Rudimba Shopping balance has been transferred to this account. During 2015, the Management decided to book an Impairment of its total amount.

The amount in "Stationery" account refers to the existing consumable at the head office for the daily use in the head office and in some branches located in Luanda.

The unsold licence vouchers, amounting to AKZ 9.355 thousand (2019: AKZ 9.355 thousand), in the Bank's possession at 31 December 2020, are to be sold to the public as an agent authorized by the Tax National Administration, from which the Bank receives a 11% commission.

At 31 December 2020 the expense advances were composed of the amounts advanced to the branches to acquire consumables for their daily use.

The "Letters of credit collateral", are amounts held by NOSTRO banks regarding the transactions of letters of credit which were not settled at 31 December 2020.

All exposures under this heading, subject to impairment, are in stage 1, with the exception of the "customs department" and the "international school", which are in stage 3.

The movement of impairment losses on other assets, during 2020 and 2019, was as follows:

AKZ'000	2020	2019
Opening balance – current year	**324.469**	**349.473**
Reinforcements	25.152	26.164
Deductions	(7.540)	(52.212)
Impairment losses – current year	17.612	(26.048)
Exchange rate changes and others	-	1.044
Closing balance – current year	**342.081**	**324.469**

11. DEPOSITS FROM OTHER CREDIT INSTITUTIONS

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
From banks in the country				
- Certified cheques	37.951	59	37.951	78
- Bankers cheques	122	1	114	-
- Withholding income tax	4.797	7	8.831	18
- Cashier excesses	2.083	3	1.256	3
- JUMBO - Deposit/Purchase Notes	-	-	9.266	19
- SAHAM Life Insurance Collections	10.493	16	3.007	6
- STC – Credit Transfer System	105.860	163	8.351	17
- SPTR Service	114.544	176	-	-
- Others	11.900	18	4.519	9
	287.750	**443**	**73.295**	**150**

All deposits from other credit institutions displayed above had a very short term.

The deposits from other credit institutions contain STC – Credit Transfer system (2020: 105.860 thousand of Kwanzas; 2019: 8.351 thousand of Kwanzas); the amounts of certified cheques payable (2020: 37.951 thousand of Kwanzas; 2019: 37.951 thousand of Kwanza), and the amount payable via the SPTR system (2020: AKZ 114.544 thousand).

12. DEPOSITS FROM CLIENTS

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Demand deposits				
- In local currency	21.448.827	33.018	23.962.100	49.193
- In foreign currency	5.055.756	7.783	6.578.060	13.505
	26.504.583	**40.801**	**30.540.160**	**62.698**
Term deposits				
- In local currency	3.895.177	5.996	7.319.343	15.026
- In foreign currency	8.566.047	13.187	5.309.160	10.900
	12.461.224	**19.183**	**12.628.503**	**25.926**
	38.965.807	**59.984**	**43.168.663**	**88.624**

On the 31 December 2020 and 2019, the major bank deposit was 6,28% and 15,23% of all deposits, respectively. The Top 20 deposits represented 50,57% and 72,58%, of all deposits, respectively.

The analysis of the residual maturity is displayed below:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Term deposits in local currency:				
Up to 3 months	2.323.453	3.577	6.199.549	12.727
From 3 to 6 months	305.450	470	714.348	1.467
From 6 to 12 months	1.260.173	1.940	136.497	280
More than 1 year	6.101	9	268.949	552
	3.895.177	**5.996**	**7.319.343**	**15.026**
Term deposits in foreign currency:				
Up to 3 months	3.415.081	5.257	2.877.428	5.907
From 3 to 6 months	470.594	725	322.000	661
From 6 to 12 months	4.680.372	7.205	2.098.185	4.308
More than 1 year	-	-	11.547	24
	8.566.047	**13.187**	**5.309.160**	**10.900**
	12.461.224	**19.183**	**12.628.503**	**25.926**

13. PROVISIONS

	2020 AKZ'000	2019 AKZ'000
Opening balance	**205.134**	**40.736**
- Reinforcements	30.378	142.969
- Deductions	(125.843)	(126.492)
Provisions for the year	(95.465)	16.477
Used	-	-
Exchange rate changes and others	621	147.921
Closing balance	**110.290**	**205.134**

The sum of "Provisions" for the year of 2020, amounting to (95.465) thousand of Kwanza (2019: 16.477 thousand of Kwanzas), and impairment losses on loans and advances amounting to 95.133 thousand of Kwanza (2019: 114.899 thousand of Kwanzas), displayed in "Loans and Advances" (Note 7), equates to 332 thousand of Kwanzas (2019: 131.376 thousand of Kwanzas) shown in the item "Impairment Losses on Loans" of Income Statement.

14. INCOME TAXES

The income tax reconciliation at 31 December 2020 and 2019 is presented below:

	2020 AKZ'000	2019 AKZ'000
Income before tax	7.043.831	10.933.735
Changes in equity	-	-
Non deductible costs	5.892.331	772.515
Tax exempt income	(10.813.780)	(11.915.386)
Taxable profit	2.122.382	-
Nominal tax rate	35%	30%
Net income tax payable	**742.834**	**-**
Effective tax rate	11%	0%

Income tax was calculated based on the Income Tax Code (Law 19/14, as amended by Presidential Decree 26/2020, which came into force in January 2020). The deductions from taxable income consist of interest on government securities and transfers subject to Capital Gain Tax (IAC).

15. DEFERRED TAX LIABILITIES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Change in fair value of Financial assets at fair value through other comprehensive income	-	-	108.299	222
Tax rate applied	35%	35%	30%	30%
Deferred taxes payable	**-**	**-**	**32.490**	**67**

The change in the tax rate from 30% in 2019 to 35% in 2020 is a result of the entry into force of Presidential Decree 26/20, which amends the Income Tax Code.

16. OTHER LIABILITIES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Suppliers	2.119.914	3.263	1.795.613	3.686
Accruals	7.468.332	11.497	2.742.334	5.630
Staff	275.607	424	182.344	374
Fiscal obligations	255.201	393	91.202	187
Deposits for foreign Exchange operations	11.206.519	17.252	14.706.767	30.194
Dividends payable	89.277	137	60.541	124
Lease liabilities	631.719	972	650.651	1.336
	22.046.569	**33.938**	**20.229.452**	**41.531**

The "Accruals" item includes the costs of clinical services (AKZ 793.166 thousand), communications (AKZ 72.611 thousand), IT services (AKZ 81.541 thousand), consultancy services (AKZ 249.846 thousand), outstanding liabilities to the tax authority (AKZ 4.433.107 thousand), surveillance and physical security services at the Bank's premises (AKZ 50.285 thousand), rents payable, costs not included under IFRS 16 (AKZ 496.729 thousand), staff costs to be settled in 2021 (AKZ 961.954 thousand) and other items that had not been paid as of year-end.

The "Staff" item is composed of the amount payable in January 2021, as employees vacation allowance.

Fiscal Obligations refer essentially to value added tax (VAT), income tax deducted from suppliers invoices, income tax deducted from employees salaries, stamp tax and social security contributions, and capital gains tax. All these amounts were liquidated on January 2021.

At 31 December 2020 (and 2019), the balance in "Deposits for Foreign Exchange Operations" is composed by the stand-by amounts of clients for letters of credit.

The account "Dividends payable" is comprised of dividends to be paid to the families of deceased shareholders, awaiting the court judgement on legal heirs. There are in this accounts, dividends belonging to actual shareholders, related to the shares acquired from the former shareholder ABSA, after its exit from the BCA shareholding structure. A decision on its division among the actual shareholders is been waited for.

The caption "Lease Liabilities" is comprised of future lease payments discounted as at 31 December 2020, in accordance with standard IFRS 16. Costs incurred for the occupation of airport spaces are not part of the right-to-use assets.

The residual maturity of lease liabilities, were:

31-12-2020 Maturity Analysis – Contractual cash flows not discounted	
AKZ'000	
Less than 1 year	24.393
1 to 5 years	127.368
More than 5 years	526.662
Lease Liabilities not discounted	**678.423**
Interest to be accrued in Net Interest Margin	(46.704)
	631.719

17. CAPITAL

The share capital of the bank is AKZ 7.500.000.000, represented by 18.750.000 shares of a nominal value of AKZ 400 each.

At 31 December 2020 and 31 December 2019 the Bank shareholders structure did not change, and was as follows:

	%	Number of Share	Nominal Value of Shares (AKZ'000)
SADINO, Lda	13,08	2.452.584	981.034
Salomão José Luheto Xirimbimbi	11,05	2.071.761	828.705
GEFI	9,75	1.827.312	730.925
Fundo de Pensões	9,33	1.749.990	699.996
José Francisco Luís António	9,22	1.729.014	691.606
Julião Mateus Paulo "Dino Matrosse"	7	1.312.500	525.000
Mateus Filipe Martins	6,13	1.149.726	459.890
Afonso D. Van-Dúnem "Mbinda" (Herdeiros)	5	937.503	375.001
Casa Smart	3,8	712.656	285.062
Fernando José de França Van-Dúnem	3,13	587.295	234.918
José Jaime Agostinho de S. Freitas	3,13	587.295	234.918
Visgosol	2,67	500.001	200.000
Lopo Fortunato Ferreira do Nascimento	2,1	392.886	157.154
Abel Fernandes da Silva	1,82	341.553	136.621
António Mosquito Mbakassy	1,82	341.553	136.621
Pedro de Castro Van-Dúnem (Herdeiros)	1,8	337.656	135.062
João Manuel de Oliveira Barradas	1,49	278.262	111.305
Augusto da Silva Tomás	1,44	270.126	108.050
Marcolino José Carlos Moco	1,44	270.126	108.050
Dumilde das Chagas Rangel	0,86	162.069	64.828
IMPORAFRICA-IMOBILIÁRIA Lda.	0,86	162.069	64.828
Valentim Amões (Herdeiros)	0,75	141.024	56.410
Generoso Hermenegildo G. de Almeida	0,72	135.060	54.024
Benvindo Rafael Pitra (Herdeiros)	0,53	99.999	40.000
Estevão Pitra	0,27	49.995	19.998
Isaac Francisco Mário dos Anjos	0,27	49.995	19.998
José Amaro Tati	0,27	49.995	19.998
Santos Matoso Júnior	0,27	49.995	19.998
Total	**100**	**18.750.000**	**7.500.000**

The BCA shares were issued at par, and were fully paid. During 2018, the Bank complied with Notice No 2/2018 of BNA, which established the minimum share capital of Banks at AKZ 7.500.000 thousand. The total amount of shares of BCA increased from 6.250.000 to 18.750.000, by incorporating into the share capital the free reserves accumulated from previous financial years. Consequently, the number of shares held by each shareholder also tripled in 2018.

17.1. STATEMENT OF SHAREHOLDERS' EQUITY

The legal and other reserves represent amounts that have been appropriated from prior period profits in accordance with legal requirements.

"Legal reserves" must be credited with 10% of each anual net profit, up to the level of the share capital.

In the "Reserves", the only amount available for distribution are those recorded in "Other Reserves". At 31 December 2020, the amount of AKZ 15,50 billion recorded in "Free reserves" account, could be used either to cover cumulated losses, or to increase the capital.

The "Fair value adjustment reserves", derived from difference between the fair value assessment of "financial assets at fair value through other comprehensive income", and their respective book value, after deduction of 35% recorded in "Deferred taxes receivable". There is in this caption changes in impairment losses on financial assets at fair value through other comprehensive income, as per notes 6 and 15.

18. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

18. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value is based on the market valuations, whenever they are available. However when market valuations do not exist, the fair value is assessed by use of internal models, based on cash flows discount techniques. The production of cash flows of different financial instruments is executed taking into account the respective financial features, and the discount rates in use consider the most recently conceded operations of the Bank.

Therefore, the fair value obtained has an influence of parameters used in the assessment model, embodying a degree of subjectivity, and reflects exclusively the amount allocated to different financial instruments.

The Bank considers three levels of financial instruments (assets or liabilities) valuation, in the hierarchy of fair value. This categorization reflects the level of judgment, observance of data used, and the importance of parameters applied, to determine the fair value calculation in accordance with IFRS 13. The three level in use by the Bank are:

Level 1 – The fair value is determined taking into account non adjusted, quoted prices, obtained from transactions in the active markets with financial instruments similar to those to be assessed. If there are more than one active markets, the relevant price is the one prevailing in the main market, or in the most advantageous market, with existing access;

Level 2: – The fair value is determined through assessment techniques supported by observable data in active markets, whether direct data (prices, rates, spreads, etc…) or indirect data (derivatives), and valuation assumptions similar to those a non related party should use to assess the fair value of the same financial instrument. Instruments whose valuation is obtained through quotation disclosed by independent entities, and in markets with reduced liquidity, are herewith enclosed; and,

Level 3: – The fair value is determined taking into consideration non observable data in active markets, through techniques and assumptions that attendee of such a market should use to assess the same instruments, including the hypothesis of intrinsic risks, through used assessment techniques, and used input and covered processes of revision of obtained values.

The Bank considers an active market for a provided financial instrument, at measurement date, depending on the business volume, and the liquidity of realised transactions, on the relative volatility of quoted prices, and the rediness and availability of information. Therefore the following minimum conditions might be observed:

- Existence of daily quotations of frequent negociations in the last year;
- The above referred quotations change regularly;
- There are quotations executed by more than one entity.

A parameter used in a valuation technique is consedered an observable datum in the market if the following conditions are fulfilled:

- If its value is determined in an active market;
- If there is an OTC market, and it is reasonnable to consider that the conditions for an active market were observed, with exception of the condition of the volumes of transaction; and,
- The value of parameter can be obtained by a reverse calculation of financial instruments prices, and/or derivatives, where the remaining parameters necessary to the initial valuation are observable in a liquid market, or in an OTC market, which comply with the previous paragraphs.

The main methodologies and assumptions used to assess the fair value of financial assets and liabilities, recorded at amortised cost in the balance are analysed as follows:

Cash and balances at Central Banks, Balances at Other Credit Institutions, Placements with Central Banks and Other Credit Institutions, and Other assets.

The above mentioned assets are of a very short term, therefore their value in the balance represents a reasonnable assessment of their fair value.

Financial assets at fair value through other comprehensive income

These financial instruments are accounted for at fair value. The fair value is based on the market quotations (Bid-price), whenever they are available. If they do not exist, the fair value calculation is based on the use of numeric models, taking into account the cash flow discount techniques, to calculate the fair value, using the curve of interest rate of the market, adjusted by associated factors, mainly the credit risk and the liquidity risk, calculated in accordance with the market conditions, and the respective terms.

The value for the very short term rates, are obtained from similar sources of the interbank market. The interest rate for specific term of cash flows are determined by use of adequate interpolation methods. The same curves of interest rate are used to deploy non deterministic cash flows, like in the case of indexants.

The market interest rate for Kwanza are calculated based on the treasury bills interest rates for several maturities.

Loans and advances

The fair value of loans and advances is calculated based on the upgrade of estimated cash flows of capital and interest, considering that the instalments are paid on the contractually established dates. The discount rates used are the actual rates used in similar loans and advances.

Deposits from Central Banks and Other Credit Institutions

The fair value of these liabilities is calculated based on the expected cash flows upgrade of capital and interest, considering that the instalments are paid on the contractually established dates. These liabilities are of a very short term that, their value recorded in the balance, is a reasonnable estimate for their fair value.

Deposits from clients and other liabilities

The fair value of these financial instruments is calculated, based on their capital and interest estimated cash flows upgrade. The discount rate used reflects the rates used for deposits with the same features at the date of balance. Considering that the interest rates applied are renewed for the periods less than a year, there are no materially relevant diferences in their fair value.

The fair value of the financial assets and liabilities for the Bank was:

2020						
	Fair value valuation					
AKZ'000	Amortised cost	Market quotations (Level 1)	Valuation model with parameters observable in the market (Level 2)	Valuation model with parameters non observable in the market (Level 3)	Total amount in balance	Fair value
Assets	**41.775.972**	**-**	**45.941.899**	**98.329**	**87.816.200**	**87.816.200**
Cash and balances at Central Bank	13.034.193	-	-	-	13.034.193	13.034.193
Balances at O.C.I.	6.697.106	-	-	-	6.697.106	6.697.106
Placements with CB and O.C.I.	15.193.583	-	-	-	15.193.583	15.193.583
Fin, assets at FV through OCI	-	-	45.941.899	98.329	46.040.228	46.040.228
- Bonds issued by Government	-	-	45.941.899	-	45.941.899	45.941.899
- Shares	-	-	-	98.329	98.329	98.329
Loans and advances	5.951.215	-	-	-	5.951.215	5.951.215
Other assets	899.875	-	-	-	899.875	899.875
Liabilities	**(50.460.076)**	**-**	**-**	**-**	**(50.460.076)**	**(50.460.076)**
Deposits from CB and O.C.I.	(287.750)	-	-	-	(287.750)	(287.750)
Demand deposits from clients	(26.504.583)	-	-	-	(26.504.583)	(26.504.583)
Term deposits from clients	(12.461.224)	-	-	-	(12.461.224)	(12.461.224)
Deposits for FX operations	(11.206.519)	-	-	-	(11.206.519)	(11.206.519)
	(8.684.104)	**-**	**45.941.899**	**98.329**	**37.356.124**	**37.356.124**

AKZ'000	Amortised cost	Fair value valuation: Market quotations (Level 1)	Fair value valuation: Valuation model with parameters observable in the market (Level 2)	Fair value valuation: Valuation model with parameters non observable in the market (Level 3)	Total amount in balance	Fair value
2019						
Assets	**47.012.578**	**-**	**37.560.864**	**98.329**	**84.671.771**	**84.671.771**
Cash and balances at Central Bank	11.057.296	-	-	-	11.057.296	11.057.296
Balances at O.C.I.	11.476.345	-	-	-	11.476.345	11.476.345
Placements with CB and O.C.I.	12.010.228	-	-	-	12.010.228	12.010.228
Fin, assets at FV through OCI	-	-	37.560.864	98.329	37.659.193	37.659.193
- Bonds issued by Government	-	-	37.560.864	-	37.560.864	37.560.864
- Shares	-	-	-	98.329	98.329	98.329
Loans and advances	7.249.201	-	-	-	7.249.201	7.249.201
Other assets	5.219.508	-	-	-	5.219.508	5.219.508
Liabilities	**(57.948.725)**	**-**	**-**	**-**	**(57.948.725)**	**(57.948.725)**
Deposits from CB and O.C.I.	(73.295)	-	-	-	(73.295)	(73.295)
Demand deposits from clients	(30.540.160)	-	-	-	(30.540.160)	(30.540.160)
Term deposits from clients	(12.628.503)	-	-	-	(12.628.503)	(12.628.503)
Deposits for FX operations	(14.706.767)	-	-	-	(14.706.767)	(14.706.767)
	(10.936.147)	**-**	**37.560.864**	**98.329**	**26.723.046**	**26.723.046**

19. INTEREST AND OTHER SIMILAR INCOME

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Loans & Advances to Customers	1.255.176	2.148	1.548.331	4.100
Term deposits with Banks abroad	80.706	138	126.367	335
Interbank lending	95.536	164	458.456	1.214
Other debtors and investments	375.246	642	317.363	840
Treasury Bonds and Bills Interests	3.777.503	6.466	2.676.452	7.088
Treasury Bonds Discounts	646.821	1.107	225.412	597
	6.230.988	**10.665**	**5.352.381**	**14.174**

20. INTEREST AND OTHER SIMILAR EXPENSES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Term deposits from clients	541.679	928	836.708	2.216
Deposits from O.C.I. in the Country	10.780	18	27.296	72
Lease Liabilities interests	124.420	213	152.133	403
	676.879	**1.159**	**1.016.137**	**2.691**

Both the "interest and other similar income", and the "interest and other similar expenses" were calculated in accordance with the accounting policy No. 2.3.1.3. The lease liabilities interests were calculated in accordance with note 2.3.5. (IFRS 16 – Leases)

21. FEE AND COMMISSION INCOME

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Withdrawal fees	86.589	148	78.066	207
From general banking services	2.665.125	4.562	3.413.911	9.041
From guarantees given by the Bank	4.147	7	572	1
	2.755.861	**4.717**	**3.492.549**	**9.249**

The fees and commissions from general banking services are derived from the intermediation in import operations, clients payment order, insurance and others.

22. FEE AND COMMISSION EXPENSES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Electronic settlements fees	325.153	557	165.367	438
Fees paid to Nostro banks	88.485	152	27.436	73
	413.638	**709**	**192.803**	**511**

Both "fee and commission income" and "fee and comission expenses" were calculated in accordance with the accounting policy No. 2.3.11.

23. RESULTS OF FINANCIAL OPERATIONS

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Gains from FX transactions	6.521.679	11.162	2.213.946	5.863
Losses from FX transactions	(2.296.015)	(3.930)	(520.238)	(1.378)
Treasury bonds revaluations	9.587.112	16.409	8.979.975	23.781
	13.812.776	**23.641**	**10.673.683**	**28.266**

The treasury bonds revaluations are the unrealized foreign exchange gains that, with the adoption of IAS/IFRS, they are considered foreign exchange gains for the year.

24. OTHER OPERATING EXPENSES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Taxes and similar expenses	4.341.415	7.430	703.392	1.863
Regulation's Penalty	51.405	88	26.150	69
Others	(60.630)	(103)	24.808	66
	4.332.190	**7.415**	**754.350**	**1.998**

There are in this account taxes charged on the bank incoming fees and interest, withhold by other banks; stamp tax withhold in accordance with the n° 23.3 of the Presidential Decree n°3/14 (until 30 September 2019); fees paid for the use of SPTR service provided by the Central Bank, and the cost of outstanding liabilities to the tax authority.

25. SALARIES AND OTHER PAYROLL EXPENSES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Corporate Board salaries	166.184	284	131.872	349
Employees salaries	3.609.847	6.179	2.334.821	6.183
Health, work accident insurance	535.071	916	424.120	1.123
Others	360.635	617	144.077	382
	4.671.737	**7.996**	**3.034.890**	**8.037**

The corporate board salaries take into account the compensation for activities performed directly in the bank, and any other task fulfilled in any body, as per the Shareholders' General Assembly appointment. Their salaries are fully made of fixed remuneration, net of any associated tax (income tax). The bank bears 8% of salaries for social contributions, paid to the Social Security.

All salaries and other payroll expenses are short term employee benefits, as per the accounting policy 2.3.8.1. The Bank had 257 employees at 31 December 2020 (264 at 31 December 2019).

26. THIRD PARTY SUPPLIES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Communication costs	621.629	1.064	392.075	1.038
Stationary/Consumables	571.496	978	399.074	1.057
Water and Electricity	37.974	65	36.736	97
Repairs and maintenance	69.861	120	74.531	197
Fuel and Lubricant	15.269	26	16.856	45
Professional services	255.955	438	219.428	581
Travel and other related costs	51.963	89	66.391	176
Marketing	349.528	598	228.385	605
Rentals	52.384	89	52.594	139
Insurance	7.489	13	7.949	21
IT services	640.465	1.096	291.738	773
Security Services	206.078	353	226.561	600
Transport for Staff and Assets	70.780	121	55.388	147
Staff Training	13.502	23	19.531	52
Casual Labours	116.088	199	74.844	198
Others	180.967	310	218.278	578
	3.261.428	**5.582**	**2.380.359**	**6.304**

The costs with the "Professional services" were incurred in the contracting of consulting services for the implementation of the Central Bank AML/FT requirements, the implementation of the platform for prudential reporting, the implementation of IFRS 9, tax consultancy services, external audit work, among others.

In 2020 and 2019, the amount recognized in rentals refers to short term leases not included in measurement of lease liabilities (IFRS 16), as per note 2.3.5.1.

27. EARNINGS PER SHARE

Earnings per share are calculated as follows:

AKZ'000	2020	2019
Net Profit for the year	6.798.543	10.889.505
Average number of shares	18.750.000	18.750.000
Basic earnings per Share	0,36	0,58
Diluted earnings per share	0,36	0,58

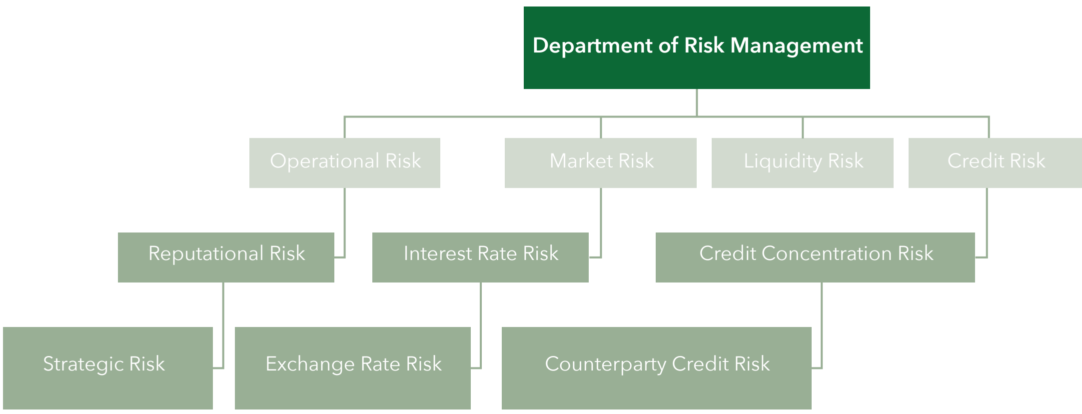
There are no preference shares in BCA share capital structure.

28.RISK MANAGEMENT

The accuracy in Risk management comprises the basic approach in "Banco Comercial Angolano" (BCA) line of corporative policy, with view to evaluate strategic alternatives and setting objectives aligned with its strategy. The caution in risk management, associated to the use of advanced techniques of management, are the most effective factor achieve the goals of the Bank.

BCA's philosophy is underpinned by its objective of creating stakeholder value through sustainable and profitable growth, consistent with shareholders' expectations of the group's risk-bearing capacity and risk appetite. On the other hand, it aims the permanent keeping of an adequate link between the equity and the activities developed, and the corresponding assessment of the outline of the risk/ return by business line.

Within the scope of the Risk Management System of the BCA, four types of risks are considered as shown in the figure below:

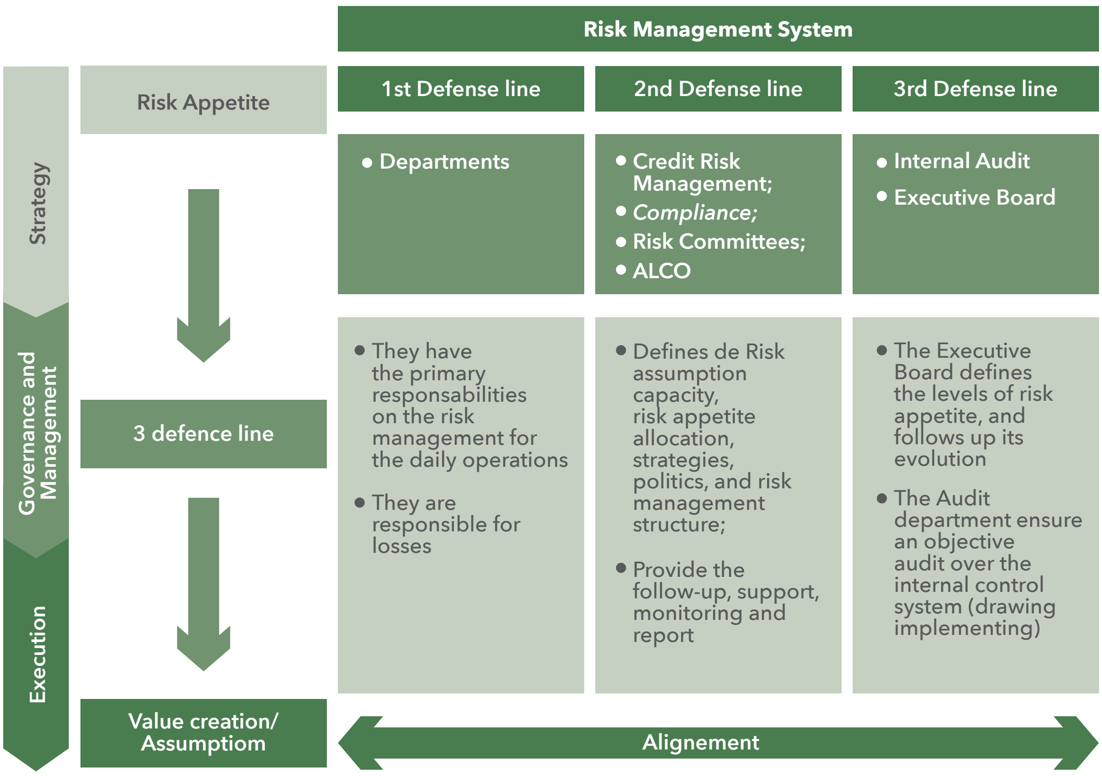


BCA's risk and ethical culture is aligned with its risk philosophy. The bank's objective is to ensure that a world-class risk management culture is sustained throughout its operations.

The Risk Management System is governed by the following principles:

- Board commitment in defining, formalizing, implementing and reviewing the risk management system, installing in BCA, a culture driven for prudential management of the risks;
- Periodic review of the bank structure, to assure a proper distribution and segregation of responsibilities so that execution and validation activities are not assigned to the same employee;
- Correct, accurate, and reliable data output;
- All employees must be submitted to a risk and compliance training, and must adopt a proactive rather than a reactive attitude.

There are several players who intervene in the Risk Management and Internal Control Systems, each one, with specific duties and responsibilities. Three major lines of defense are defined:



Credit and Counterparty risk

The loan risk refers to the risk of financial loss (capital and/or revenue) as a result of a debtor default, for any reason. Credit risk arises from a potential failure to meet financial commitments contractually established by a borrower or counterparty in transactions. The credit risk exists mainly in loans exposures, credit lines and guarantees associated with the possibility of financial losses resulting from the failure of borrowers or counterparties, particularly in loans granted to small, medium and large companies, small businesses, private individuals and other financial institutions.

The Bank endeavours to grant loan facilities based on loan principles with appropriate returns, balancing the risk and the revenue. The general policy is to find primary motivation in the:

- Merits of the business;
- Debtor's financial position; and
- Transaction (the decision should never be based on guarantee only).

The process of managing risks effectively consists of the proper identification, measurement, analysis, control and mitigating the risks that the bank is exposed to on a daily basis.

This process starts in the front-end business departments who analyse and propose for approval transactions whose risk profile they deem to be within the risk appetite defined for and delegated to them by the Board of Directors.

A balance between risk and customer quality service must be held. A quality service does not imply granting loans to entities that are not creditworthy.

The credit risk assessment procedure uses qualitative and quantitative methodologies, to ensure that all risks are addressed, either through automated calculations or through the customer relationship. The Bank will not grant loans of any nature to any customer lacking the capacity to pay back the debt.

The aim of the Bank is to concede loans to any companies and/or individuals, based on their own financial capacity and not exclusively based on the main company confidence, others debtors, or the granted guarantee base.

The assessment of the financial profile of individuals and companies varies from sector to sector or from individual to individual, and efforts should be made to use comparative studies as guidance where possible.

It is essential to develop mutual trust through personal contact with the clients to whom we are lending. In the specific case of companies, we should visit the facilities where they are located at least once a year, preferably at the time when the facilities are assessed.

In general, the Bank should obtain unlimited guarantees and assignment or capitalization of the credit accounts (except those of partnerships) of the directors/partners/purchasers as collateral for facilities granted to companies, corporations, partnerships, attorneys and wives, in the case of individuals. Some of the main vectors of the credit risk area in 2019 were as follows:

- Reinforcement of the strictness in the admission criteria and consequently in the quality of the risks accepted in each of the segments aiming at preservation of the quality of the credit portfolios;
- Concerning standardized risks customer proximity was intensified in order to anticipate their credit requirements, review their credit lines and foresee possible issues in their repayment capability;
- This action and the level of the customers' credit quality allowed maintaining non-performing loans and credit at risk ratios significantly below the average of the industry. On the other hand, support levels to the business in the capture of good risk customers were intensified and improvements were implemented in the procedures with the objective to swiftly and effectively provide answers to customers' requests.

The following organs are responsible for credit sanctioning on behalf of the bank, according to their responsibilities: Credit Department, Staff Loans Committee, Executive Credit Committee, and the Board Credit Committee.

Counterparty risk, present in contracts carried out in financial markets, corresponds to the possibility of default by the counterparties over the contractual terms and subsequent occurrence of financial losses for the institution.

The types of transactions include the purchase and sale of securities, operations in the interbank money market, contracting of "repos", loans of securities and derivative instruments.

The control of such risks is carried out through an integrated system that allows recording the approved limits and provides information on their availability for different products and maturities. The same system also allows the transversal control of risk concentration for certain groups of customers and/or counterparties.

Risks in derivative positions, known as Credit Risk Equivalent (CRE), is the sum of the present value of each contract (or Current Replacement Cost) and the respective risk potential, a component that reflects an estimate of the maximum expected value until maturity, according to the underlying volatilities of the market factors and the contracted flow structure.

The maximum exposure of financial instruments to credit risk was:

2020			
AKZ'000	Gross book value	Impairment	Net book value
In balance	**83.884.601**	**(3.091.879)**	**80.792.722**
- Balances at Central Bank	8.240.145	-	8.240.145
- Balances at other credit institutions	6.698.203	(1.097)	6.697.106
- Placements with CB and OCI	15.196.553	(2.970)	15.193.183
- Fin. assets at FVOCI	46.040.228	(2.229.430)	43.810.798
- Loans and advances	6.760.691	(809.476)	5.951.215
- Other assets	948.781	(48.906)	899.875
Off balance	**14.141.679**	**(69.555)**	**14.072.124**
- Letters of credit	8.059.730	(69.555)	7.990.175
- Undrawn commitments	6.081.949	-	6.081.949
	98.026.280	**(3.161.434)**	**94.864.846**

Impairment losses on financial assets at fair value through other comprehensive income are recorded in revaluation reserves, in the equity. They were included in this display to reflect the real exposure to the credit risk.

2019			
AKZ'000	Gross book value	Impairment	Net book value
In balance	**83.054.436**	**(1.235.092)**	**81.819.344**
- Balances at Central Bank	8.383.589	-	8.383.589
- Balances at other credit institutions	11.477.442	(1.097)	11.476.345
- Placements with CB and OCI	12.010.978	(750)	12.010.228
- Fin. assets at FVOCI	37.659.193	(578.720)	37.080.473
- Loans and advances	8.278.582	(629.381)	7.649.201
- Other assets	5.244.652	(25.144)	5.219.508
Off balance	**19.969.450**	**(164.398)**	**19.805.052**
- Letters of credit	15.262.387	(164.398)	15.097.989
- Undrawn commitments	4.707.063	-	4.707.063
	103.023.886	**(1.399.490)**	**101.624.396**

The level of credit risk quality of financial assets, as at 31 December 2020 and 2019 is as follows:

2020					
AKZ'000	Internal grade of rating	In-balance values	Gross Exposure	Impairment	Net exposure
Assets					
Balances at Central Bank	A	8.240.145	8.240.145	-	8.240.145
Balances at O.C.I.	A	6.698.203	6.698.203	(1.097)	6.697.106
Placements		15.196.553	15.196.553	(2.970)	15.193.583
- with the Central Bank	A	6.220.107	6.220.107	-	6.220.107
- With OCI	B	8.976.446	8.976.446	(2.970)	8.973.476
Fin. assets at FV through OCI		46.040.228	46.040.228	(2.229.430)	43.810.798
- Other bonds issuers	A	45.941.899	45.941.899	(2.229.430)	43.712.469
- Shares	B	98.329	98.329	-	98.329
Loans and advances		6.760.691	6.760.691	(809.476)	5.951.215
	A	1.580.324	1.580.324	(24.013)	1.556.311
	B	4.425.503	4.425.503	(175.091)	4.250.412
	C	108.733	108.733	(11.379)	97.354
	D	20.903	20.903	(6.029)	14.874
	E	89.230	89.230	(86.925)	2.305
	F	6.432	6.432	(4.277)	2.155
	G	529.566	529.566	(501.762)	27.804
Other assets		948.781	948.781	(48.906)	899.875
- VISA Cards colateral	B	349.936	349.936	(1.853)	348.083
- Letters of Credit Collateral	B	552.361	552.361	(569)	551.792
- Custom Gains	G	46.484	46.484	(46.484)	-
		83.884.601	**83.884.601**	**(3.091.879)**	**80.792.722**

Impairments of financial assets through other comprehensive income are recorded in revaluation reserves, in the equity. They were included in this display to reflect the real exposure to the credit risk.

2019					
AKZ'000	**Internal grade of rating**	**In-balance values**	**Gross Exposure**	**Impairment**	**Net exposure**
Assets					
Balances at Central Bank	A	8.383.589	8.383.589	-	8.383.589
Balances at O.C.I.	A	11.477.442	11.477.442	(1.097)	11.476.345
Placements		12.010.978	12.010.978	(750)	12.010.228
- with the Central Bank	A	5.597.710	5.597.710	-	5.597.710
- With OCI	B	6.413.268	6.413.268	(750)	6.412.518
Fin. assets at FV through OCI		37.659.193	37.659.193	(578.720)	37.080.473
- Other bonds issuers	A	37.560.864	37.560.864	(578.720)	36.982.144
- Shares	B	98.329	98.329	-	98.329
Loans and advances		8.278.582	8.278.582	(629.381)	7.649.201
	A	1.609.161	1.609.161	(44.370)	1.564.791
	B	6.045.441	6.045.441	(182.319)	5.863.122
	C	158.389	158.389	(50.906)	107.483
	D	23.371	23.371	(3.897)	19.474
	E	18.561	18.561	(9.324)	9.237
	F	6.417	6.417	(3.051)	3.366
	G	417.242	417.242	(335.514)	81.728
Other assets		5.244.652	5.244.652	(25.144)	5.219.508
- VISA Cards colateral	B	365.509	365.509	(110)	365.399
- Letters of Credit Collateral	B	4.857.315	4.857.315	(3.206)	4.854.109
- Custom Gains	G	21.828	21.828	(21.828)	-
		83.054.436	**83.054.436**	**(1.235.092)**	**81.819.344**

The internal grades of risk disclosed above, comply with the classification of Instruction n° 09/2015, of BNA, regarding the approach to calculate provisions. This Instruction is still valid for prudential ratios purposes.

The sector analysis of credit risk exposure for the years ended in 31 December 2020 and 2019, was as follows:

2020							
	Loans and Advances					Impairment	
AKZ'000	Performing	Non Performing	Guarantees given	Total exposure	Relative weighting	Amount	Coverage of exposure
Institutions	**2.251.198**	**167.948**	**14.313.997**	**16.733.143**		**321.062**	
Wholesale and retail	356.856	167.948	8.703.536	9.228.340	43%	264.097	3%
Other collective, social, and personnel services	1.852.709	-	1.457.288	3.309.997	15%	19.325	1%
Manufacturing industry	6	-	4.153.173	4.153.179	19%	35.844	1%
Transport, warehousing, communication	41.627	-	-	41.627	0%	1.796	4%
Individuals	**3.870.362**	**471.183**	**287.682**	**4.629.227**		**557.969**	
Consumption	3.706.104	319.444	-	4.025.548	19%	344.351	9%
Housing	6.094	151.739	-	157.833	1%	151.845	96%
Other purposes	158.164	-	287.682	445.846	2%	61.773	14%
	6.121.560	**639.131**	**14.601.679**	**21.362.370**		**879.031**	

2019							
	Loans and Advances					Impairment	
AKZ'000	Performing	Non Performing	Guarantees given	Total exposure	Relative weighting	Amount	Coverage of exposure
Institutions	**3.884.686**	**95.887**	**20.037.189**	**24.017.762**		**398.039**	
Wholesale and retail	2.241.752	95.883	11.425.887	13.763.522	48%	309.441	2%
Other collective, social, and personnel services	-	4	13.948	13.952	0%	150	1%
Manufacturing industry	1.642.934	-	8.368.800	10.011.734	35%	86.026	1%
Transport, warehousing, communication	-	-	59.004	59.004	0%	625	1%
Individuals	**3.912.368**	**385.535**	**205.751**	**4.503.654**		**395.740**	
Consumption	2.994.472	259.688	205.751	3.459.911	12%	252.565	7%
Housing	793.046	125.426	-	918.472	3%	137.287	15%
Other purposes	124.850	421	-	125.271	0%	5.888	5%
	7.797.054	**481.422**	**20.242.940**	**28.521.416**		**793.779**	

The geographical concentration of credit risk at 31 December 2020, and 2019, was 100% in Angola.

In order to decrease the credit risk effects, the real guarantees secured by mortgage, and financial collaterals allowing to mitigate the client LGD are essential.

The goods provided as real guarantees secured by mortgage are assessed either by indepedent valuers, or by appropriate institution department. The assessment of goods is executed locally by external valuers, in accordance with the best pratices of the market.

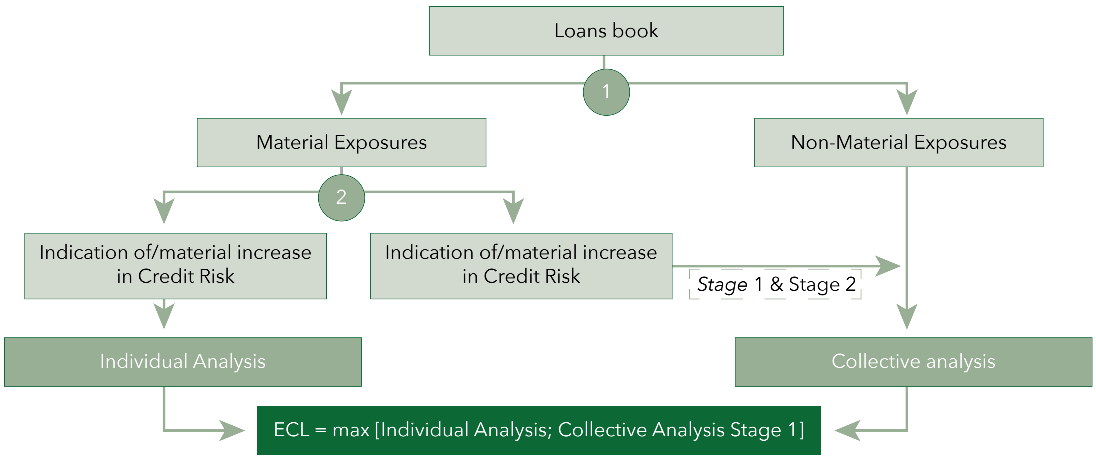
In 2018, the Impairment Loss model calculation, for the Bank's Loan Portfolio was set as defined by IFRS 9. IFRS 9, issued in July 2014 by the International Accounting Standards Board ("IASB"), replaces IAS 39, establishing new rules for classification and measurement of financial assets and liabilities. The final version of IFRS 9 was issued in 2014 and with mandatory application from the financial year beginning on 1 January 2018. An adoption prior to the 1 December 2018 is not forbidden.

IFRS 9 introduces a 3 stage approach which is based on changes in the credit quality of financial assets after initial recognition. The assets transition between the 3 stages occurs as the credit quality changes, and the stages dictate the way that the entity measures impairment. When there is a significant change in credit risk since its origination, the impairment is measured through an ECL for the entire life of the asset (lifetime), i.e. for a period of time corresponding to the residual maturity of the financial asset, instead of a 12-month ECL (or for a shorter period if the residual maturity of the operations is less than 12 months).

In summary, IFRS 9 defines a model of expected credit losses that is based on a prior recognition of losses associated with credit risk, based on the concept of a significant increase in credit risk since initial recognition (i.e., before an objective evidence of impairment occurs, there must be a significant increase in credit risk that is not reflected in the pricing of the financial asset).

Therefore, the Bank reviewed its model of impairment losses on loans and advances in order to adapt it to the regulatory framework in Angola and to apply IFRS 9 from the year beginning on the 1 January 2018.

The impairment model developed by the Bank is displayed in the following:



Individually Significant Exposures are those whose debtor has a global exposure exceeding 0.1% of the Bank's Equity.

BCA classifies loans and advances to clients in its portfolio as stage 1, stage 2 and stage 3, according to the delinquency criteria presented at each reporting date. For clients analysed individually, a "Stage 1" questionnaire is completed in order to identify whether there was a significant increase in the debtor's credit risk that would lead to the conclusion that the debtor was not performing.

In order to ensure the staging model stability and, consequently, the quantification of the ECL of the client credit portfolio, minimum periods that clients are kept either in stage 2 or stage 3 (ahead referred to as "quarantine") when the criteria to shift clients between stage 2 and stage 3 are fulfilled.

BCA started the portfolio treatment criteria approach under IAS 39 in 2016, and therefore, it does not have sufficient historical data to gather strong and statistically significant risk factors for the calculation of collective impairment, mainly those regarding the LGD parameter. Analysing the default events, it was verified that the Bank has a reduced number of events related to the exposures to enterprises. On the other hand, in the exposures to individual clients, with a greater number of default events, it can be checked that the referred exposures are not materially relevant (for the definition of material exposures a materiality threshold of AKZ 20.000 was considered) to assess a siginificant probability of default in the portfolio.

Taking into consideration the historical information available in the loan portfolios, the following drivers were used for the segmentation of the loan portfolio into homogeneous risk classes: (i) type of customer, (ii) type of product, (iii) volume and materiality of operations. The risk factors to be applied to the loan portfolio were determined using a market benchmark analysis. Consequently, the portfolio segmentation was adjusted based on the risk factors applied on the basis of the benchmark.

The classification of the operations/clients in the different segments follows the following criteria:

Client Type	Segment	Portfolio BCA	Type of Products
Enterprises	Enterprises	Current accounts cautioned	CC
		Overdrafts	DO, CARC
		Rentals	CRR, CRF
		Off Balance	CRDI, GARP
Individuals	Overdrafts	Overdrafts	DO, CARC
	Housing & Consumption	Employees Loans	Employees Loans
		Credit Protocols	Protocol
		Rentals	CRR, CRF
State	State	State	

Consolidated/final impairment allocated by staging:

Stage	ECL Final
Stage 1	ECL corresponds to the ECL resulting from the collective analysis of stage 1.
Stage 2 *Stage* 3	ECL corresponds to the maximum between: (i) The amount of impairment determined individually; and (ii) The ECL resulting from the collective analysis in stage 1.

The ECL resulting from collective assessment in stage 1 was taken as floor of the model.

Liquidity risk

The liquidity risk is the risk of compromising the financial capacity of the bank, in such a way that the current operations cannot be financed and the financial commitments cannot be accomplished in due time. In accordance with Basel III, issued after the "subprime crisis", which has a goal of adopting the banks with enough equity to face liquidity crisis, the Central bank, in cooperation with local banks, is developing instruments to assess the liquidity risk exposure. This will be done through regulatory calculations that take into consideration the weighting of different classes of assets, liabilities and off balance sheet exposures in both local and foreign currency based on their maturity profiles. The central bank has established a minimum liquidity ratio that all banks will have to comply with and which seeks to avert a liquidity crisis in the banking sector.

The risk of commercial liquidity refers to the risk of the incapacity for covering the open positions of financial instruments in a fast way and in enough value at market prices, preventing adverse financial impacts, resultant so much of liquidity shortage in the Market or for the fact of the market being closed.

The careful administration of the liquidity is fundamental for the viability of the Bank. The administration of the liquidity risk includes a general approach on the Balance Sheet structure, which consolidates and synthesizes all of the origins and application of the liquidity, for besides including the analysis of the liquidity, of the profitability and of the sensibility of the different elements of the assets and liabilities relatively to variations of the interest tax. The liquidity risk management is developed independent and regularly by the Director of Risk and it is reported to the Assets and liabilities Committee (ALCO) and the Executive Board.

The Bank´s effective management of liquidity risk seeks to achieve the following main objectives:

- To satisfy the customer requirements for cash withdrawals, loans and advances and other short-term liquidity requirements;
- To ensure that there is a buffer for any seasonal changes to demand for liquid assets are adequately catered for;
- To ensure the right balance between covering cyclical fluctuations in customer demand and the holding of excessive liquid assets with low returns;
- To minimise the potential negative impact of changes in market conditions that may affect the bank; and
- To provide security against the negative consequences that may be generated by a loss of confidence by customers resulting in a run on banks.

To reach the objectives above proposed, the following instruments are used for liquidity management:

- Monitor and manage the liquidity cost in the Bank through daily meetings of liquidity;
- Assure that the Bank possesses, at any moment, a certain amount of net assets as protection against an unexpected movement in the cash flow;
- Consider and manage the characteristics and the risks of the different liquidity sources, adopting appropriate funding strategies (including the constitution of a wallet of bottoms, diversified and stable), according to the Bank's needs of liquidity;
- Reduce the liquidity risk emanated from improper funding source concentrations - to guarantee the appropriate diversification of deposits structure, to examine the trust level in a certain specific source of funding;
- Consider the need of diversification of the liquidity sources, assets' stability and the readiness of the alternative sources of funding of liquidity.

In general, the liquidity risk is managed by the approach on the cash flow, with the final purpose of assuring an appropriate level of monthly liquidity (avoiding an improper concentration of funds, as well as accomplishing with the limits of cash flows expressed as percentage of the total deposits and current accounts) through the funding strategy optimization, always considering the weighted interest rate and the projected growth in the Balance Sheet.

The liquidity risk process monitoring includes:

- Monthly Cash flows expressed as percentage of the total deposits and current accounts;
- Allocation of in-balance and off-balance positions by bands of time, in accordance with regulations;
- Required reserves and other required regulations.

The Treasury and Markets departments of the Bank are responsible for the liquidity regulations accomplishment, issued by the Administration Board.

The Bank reports its liquidity risk to BNA, as required by the Instruction Nº 19/2016 published at 30 August 2016. This Instruction establishes that the Banks have to report to the Central Bank, their individual information about the allocation of their in-balance and off-balance positions per band of time dully filled, and the calculations of liquidity and observation ratios.

Therefore, the banks have to provide the following liquidity reports:

- A report taking into account the cash-flows of all currencies;
- A report taking into account the cash-flows of local currency; and
- A report taking into account the cash-flows of significant foreign currencies for the institution, on an individual manner.

A foreign currency is considered significant when the asset expressed in such a currency, represents more than 25% of total of asset of the institution.

In accordance with this Instruction, the financial institutions have to keep a liquidity ratio (the ratio between the total net assets, and the net outgoing of cash) in local currency, and in all other currencies equal to or in excess of 100%, whilst the liquidity ratio in foreign currency might not be less than 150%.

The liquidity ratio in local and foreign currencies might be submitted to BNA every two weeks, and the liquidity ratio that considers the cash-flows in all currencies might be submitted on a monthly basis to BNA.

Summary of Lquidity Report - Local Currency				
AKZ'000	Weighted band of maturity 1 - up to month	Weighted band of maturity 2 - from 1 to 3 months	Weighted band of maturity 3 - from 3 to 6 months	Weighted band of maturity 4 - from 6 to 10 months
A. Net Assets				
Cash	2.535.408.507	-	-	-
Balances with the Central Bank (including the Legal Reserves)	7.470.688.582	-	-	-
Assets elegible as guarantees in loans operations of BNA	42.190.651.059	-	-	-
Trading and investment securities	55.652.519	-	-	-
Total of Net Assets	**52.252.400.667**	**-**	**-**	**-**
B. Outgoing of cash-flows				
Demand deposits	6.581.144.459	-	-	-
Term deposits	4.337.068	617.784.010	105.543.038	420.499.472
Irrevocable commitments to others	-	-	-	1.105.511.230
Total of Outgoing of Cash-flows	**6.585.481.527**	**617.784.010**	**105.543.038**	**1.526.010.702**
C.Ingoing of Cash-flows				
Operation in MMI - with the Central Bank	2.177.686.996	-	1.741.799.678	-
Loans and advances	254.190.562	160.519.165	226.031.052	697.888.739
Total of Ingoing of Cash-flows	**2.431.877.558**	**160.519.165**	**1.967.830.730**	**697.888.739**
D. Liquidity and Observation Ratios				
Total of net assets (A.)	52.252.400.667			
Total of outgoing of cash-flows (B.)	6.585.481.528	617.784.010	105.543.038	1.526.010.702
Total of ingoing of cash-flows (C.)	2.431.877.558	160.519.165	1.967.830.730	697.888.739
Gap (A + C - B)	**48.098.796.697**	**(457.264.845)**	**1.862.287.692**	**(828.121.963)**
Cumulative gap	**48.098.796.697**	**47.641.531.852**	**49.503.819.544**	**48.675.697.581**
Liquidity ratio (A. / (B. - min. (C ; B* 75%)))	**13**			
Observation ratios ((gap of previous band of maturity + C)/B)		**78**	**470**	**33**

Summary of Liquidity Report - All Currency				
AKZ'000	**Weighted band of maturity 1 - up to month**	**Weighted band of maturity 2 - from 1 to 3 months**	**Weighted band of maturity 3 - from 3 to 6 months**	**Weighted band of maturity 4 - from 6 to 10 months**
A. Net Assets				
Cash	4.794.048.527	-	-	-
Balances with the Central Bank (including the Legal Reserves)	8.240.144.520	-	-	-
Assets Elegible as guarantees in loans operations of BNA	45.864.957.184	-	-	-
Balances with foreigns banks	6.698.203.293			
Trading and investment securities	55.652.519	-	-	-
Total of Net Assets	**65.653.006.043**	**-**	**-**	**-**
B. Outgoing of cash-flows				
Demand deposits	7.661.613.840	-	-	-
Term deposits	47.002.988	1.170.309.860	135.582.844	1.372.413.455
Irrevocable commitments to others	-	-	1.611.945.922	1.105.511.230
Total of Outgoing of Cash-flows	**7.708.616.828**	**1.170.309.860**	**1.747.528.766**	**2.477.924.685**
C. Ingoing of cash-flows				
Operations in MMI - with the Central Bank	2.177.686.996	-	1.741.799.678	-
Loans and advances	254.190.562	160.519.165	226.031.052	651.138.739
Total of Ingoing of Cash-flows	**2.431.877.558**	**160.519.165**	**1.967.830.730**	**651.138.739**
D. Liquidity and Observation Ratios				
Total of net assets (A.)	65.653.006.042			
Total of outgoing of cash-flows (B.)	7.708.616.828	1.170.309.860	1.747.528.766	2.477.924.686
Total of ingoing of cash-flows (C.)	2.431.877.558	160.519.165	1.967.830.730	651.138.739
Gap (A + C - B)	**60.376.266.773**	**(1.009.790.695)**	**220.301.964**	**(1.826.785.947)**
Cumulative gap	**60.376.266.773**	**59.366.476.078**	**59.586.778.041**	**57.759.992.095**
Liquidity ratio (A. / (B. - min. (C ; B* 75%)))	**12**			
Observation ratios ((gap of previous band of maturity + C)/B)		**52**	**35**	**24**

Besides reporting the liquidity risk to BNA, "Banco Comercial Angolano" executes liquidity risk assessment under the metrics set by the "Assets and Liabilities Committee" (ALCO), which estabilishes limits of tolerance and alerts of risk appetite for each metric. This control is reinforced with the execution of monthly stress testing, aiming to outline risk of the Bank, and to ensure obligations, in a liquidity crisis scenario, are fulfilled.

The control of liquidity levels aims to keep a satisfactory level of balances to face financial needs in a short, medium and long terms. The liquidity risk is monitored on a Daily basis, and several reports are produced for the control, supervising, and support of the ALCO decision making.

In the liquidity risk scope, the full contractual cash flows, at 31 December 2020, were:

2020
Residual maturity profile

AKZ'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**15.210.006**	**11.309.749**	**14.705.379**	**8.092.506**	**1.773.847**	**28.643.993**	**2.038.762**	**597.789**	**650.121**	**83.022.152**
Balances with Central Bank	8.240.145	-	-	-	-	-	-	-	-	8.240.145
Balances with OCI	6.697.106	-	-	-	-	-	-	-	-	6.697.106
Placements with OCI	-	8.249.320	6.944.263	-	-	-	-	-	-	15.193.583
- Local financial Institutions	-	4.478.308	1.741.799	-	-	-	-	-	-	6.220.107
- Foreign financial Institutions	-	3.771.012	5.202.464	-	-	-	-	-	-	8.973.476
Fin. Assets at FV through OCI	-	3.057.680	5.892.988	7.947.335	783.300	27.576.696	683.900	-	98.329	46.040.228
- Treasury bills	-	3.057.680	-	2.362.646	544.880	-	-	-	-	5.965.206
- Treasury bonds	-	-	5.892.988	5.584.689	238.420	27.576.696	683.900	-	-	39.976.693
- Shares EMIS	-	-	-	-	-	-	-	-	98.329	98.329
Loans and advances	272.755	2.749	1.520.045	145.171	990.547	1.067.297	1.354.862	597.789	-	5.951.215
Other assets	-	-	348.083	-	-	-	-	-	551.792	899.875
Liabilities	**(26.505.164)**	**(921.752)**	**(4.816.201)**	**(776.045)**	**(5.940.544)**	**(6.101)**	**-**	**-**	**(11.206.519)**	**(50.172.326)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(26.505.164)	(921.752)	(4.816.201)	(776.045)	(5.940.544)	(6.101)	-	-	-	(38.965.807)
- Demand	(26.504.583)	-	-	-	-	-	-	-	-	(26.504.583)
- Term	(581)	(921.752)	(4.816.201)	(776.045)	(5.940.544)	(6.101)	-	-	-	(12.461.224)
Other liabilities	-	-	-	-	-	-	-	-	(11.206.519)	(11.206.519)
Liquidity gap	**(11.295.158)**	**10.387.997**	**9.889.178**	**7.316.461**	**(4.166.697)**	**28.637.892**	**2.038.762**	**597.789**	**(10.556.398)**	**32.849.826**
Cumulative gap	**(11.295.158)**	**(907.161)**	**8.982.017**	**16.298.478**	**12.131.781**	**40.769.673**	**42.808.435**	**43.406.224**	**32.849.826**	**32.849.926**

In the liquidity scope, the full contractual cash flows, at 31 December 2019, were:

2019 Residual maturity profile										
AKZ'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**21.394.775**	**1.059.123**	**16.156.424**	**13.358.582**	**6.481.816**	**21.291.586**	**989.467**	**572.563**	**463.728**	**82.398.064**
Balances with Central Bank	8.383.589	-	-	-	-	-	-	-	-	8.383.589
Balances with OCI	11.476.345	-	-	-	-	-	-	-	-	11.476.345
Placements with OCI	-	850.444	6.946.708	4.213.076	-	-	-	-	-	12.010.228
- Local financial Institutions	-	850.444	4.747.266	-	-	-	-	-	-	5.597.710
- Foreign financial Institutions	-	-	2.199.442	4.213.076	-	-	-	-	-	6.412.518
Fin. Assets at FV through OCI	-	-	2.758.715	8.676.458	5.541.561	20.064.227	519.903	-	98.329	37.659.193
- Treasury bills	-	-	2.758.715	1.372.419	-	-	-	-	-	4.131.134
- Treasury bonds	-	-	-	7.304.039	5.541.561	20.064.227	519.903	-	-	33.429.730
- Shares EMIS	-	-	-	-	-	-	-	-	98.329	98.329
Loans and advances	1.534.841	208.679	1.596.892	469.048	940.255	1.857.359	469.564	572.563	-	7.649.201
Other assets	-	-	4.854.109	-	-	-	-	-	365.399	5.219.508
Liabilities	**(30.540.761)**	**(1.073.017)**	**(7.951.260)**	**(1.063.918)**	**(2.251.086)**	**(288.621)**	**-**	**-**	**(14.706.767)**	**(57.875.430)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(30.540.761)	(1.073.017)	(7.951.260)	(1.063.918)	(2.251.086)	(288.621)	-	-	-	(43.168.663)
- Demand	(30.540.160)	-	-	-	-	-	-	-	-	(30.540.160)
- Term	(601)	(1.073.017)	(7.951.260)	(1.063.918)	(2.251.086)	(288.621)	-	-	-	(12.628.503)
Other liabilities	-	-	-	-	-	-	-	-	(14.706.767)	(14.706.767)
Liquidity gap	**(9.145.986)**	**(13.894)**	**8.205.164**	**12.294.664**	**4.230.730**	**21.632.965**	**989.467**	**572.563**	**(14.243.039)**	**24.522.634**
Cumulative gap	**(9.145.986)**	**(9.159.880)**	**(954.716)**	**11.339.948**	**15.570.678**	**37.203.643**	**38.193.110**	**38.765.673**	**24.522.634**	**24.522.634**

The contractual cash flows for the capital, at 31 December 2020, were:

2020 Residual Contractual Maturity Profile										
AKZ'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**15.436.038**	**11.320.772**	**14.486.906**	**8.272.381**	**1.887.769**	**29.217.240**	**2.584.205**	**792.145**	**650.121**	**84.647.577**
Balances with Central Bank	8.240.145	-	-	-	-	-	-	-	-	8.240.145
Balances with OCI	6.697.106	-	-	-	-	-	-	-	-	6.697.106
Placements with OCI	-	8.245.054	6.922.432	-	-	-	-	-	-	15.167.486
- Local financial Institutions	-	4.477.351	1.725.600	-	-	-	-	-	-	6.202.951
- Foreign financial Institutions	-	3.767.703	5.196.832	-	-	-	-	-	-	8.964.535
Fin. Assets at FV through OCI	-	3.069.162	5.705.091	8.104.639	970.293	27.970.390	1.202.500	-	98.329	47.120.404
- Treasury bills	-	3.069.162	-	2.584.064	716.293	-	-	-	-	6.369.519
- Treasury bonds	-	-	5.705.091	5.520.575	254.000	27.970.390	1.202.500	-	-	40.652.556
- Shares EMIS	-	-	-	-	-	-	-	-	98.329	98.329
Loans and advances	498.787	6.556	1.511.300	167.742	917.476	1.246.850	1.381.705	792.145	-	6.522.561
Other assets	-	-	348.083	-	-	-	-	-	551.792	899.875
Liabilities	**(26.505.162)**	**(916.989)**	**(4.774.639)**	**(763.644)**	**(5.920.008)**	**(6.000)**	**-**	**-**	**(11.206.519)**	**(50.092.961)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(26.505.162)	(916.989)	(4.774.639)	(763.644)	(5.920.008)	(6.000)	-	-	-	(38.886.442)
- Demand	(26.504.583)	-	-	-	-	-	-	-	-	(26.504.583)
- Term	(579)	(916.989)	(4.774.639)	(763.644)	(5.920.008)	(6.000)	-	-	-	(12.381.859)
Other liabilities	-	-	-	-	-	-	-	-	(11.206.519)	(11.206.519)
Liquidity gap	**(11.069.124)**	**10.403.783**	**9.712.267**	**7.508.737**	**(4.032.239)**	**29.211.240**	**2.584.205**	**792.145**	**(10.556.398)**	**34.554.616**
Cumulative gap	**(11.069.124)**	**(665.341)**	**9.046.926**	**16.555.663**	**12.523.424**	**41.734.664**	**44.318.869**	**45.111.014**	**34.554.616**	**34.554.616**

The contractual cash flows for the capital, at 31 December 2019, were:

2019 Residual Contractual Maturity Profile										
AKZ'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**21.695.754**	**7.391.594**	**11.413.469**	**9.838.248**	**4.196.863**	**22.417.263**	**795.225**	**495.381**	**463.728**	**78.707.525**
Balances with Central Bank	8.383.589	-	-	-	-	-	-	-	-	8.383.589
Balances with OCI	11.476.345	-	-	-	-	-	-	-	-	11.476.345
Placements with OCI	-	7.260.543	4.796.379	-	-	-	-	-	-	12.056.922
- Local financial Institutions	-	5.555.700	-	-	-	-	-	-	-	5.555.700
- Foreign financial Institutions	-	1.704.843	4.796.379	-	-	-	-	-	-	6.501.222
Fin. Assets at FV through OCI	-	-	-	9.450.902	3.366.375	20.715.199	347.146	-	98.329	33.977.951
- Treasury bills	-	-	-	2.431.980	1.253.128	-	-	-	-	3.685.108
- Treasury bonds	-	-	-	7.018.922	2.113.247	20.715.199	347.146	-	-	30.194.514
- Shares EMIS	-	-	-	-	-	-	-	-	98.329	98.329
Loans and advances	1.835.820	131.051	1.762.981	387.346	830.488	1.702.064	448.079	495.381	-	7.593.210
Other assets	-	-	4.854.109	-	-	-	-	-	365.399	5.219.508
Liabilities	**(30.540.761)**	**(1.072.381)**	**(8.003.996)**	**(1.036.348)**	**(2.234.181)**	**(280.996)**	**-**	**-**	**(14.706.767)**	**(57.875.430)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(30.540.761)	(1.072.381)	(8.003.996)	(1.036.348)	(2.234.181)	(280.996)	-	-	-	(43.168.663)
- Demand	(30.540.160)	-	-	-	-	-	-	-	-	(30.540.160)
- Term	(601)	(1.072.381)	(8.003.996)	(1.036.348)	(2.234.181)	(280.996)	-	-	-	(12.628.503)
Other liabilities	-	-	-	-	-	-	-	-	(14.706.767)	(14.706.767)
Liquidity gap	**(8.845.007)**	**6.319.213**	**3.409.473**	**8.801.900**	**1.962.682**	**22.136.267**	**795.225**	**495.381**	**(14.243.039)**	**20.832.095**
Cumulative gap	**(8.845.007)**	**(2.525.794)**	**883.679**	**9.685.579**	**11.648.261**	**33.784.528**	**34.579.753**	**35.075.134**	**20.832.095**	**20.832.095**

Market Risk

Market risk arises from unfavourable movements in the market price of instruments in the trading portfolio, caused by fluctuations in share prices, bonds, commodity prices, interest rates and exchange rates. BCA includes in the assessment of this risk component the assessment of liquidity risk, which consists of the possibility of a possible inability of the institution to meet its liabilities when they become due.

The assessment of Market Risk takes into account:

- The volatility of the price of portfolio positions, namely debt and equity securities, currencies, commodities and derivatives;
- The concentration risk of trading portfolio, mainly by identifying the significant positions – in the same kind of product, in the same currency, against the same counterparty or group of counterparties interconnected, against the same colateral, or against the same counterparty providing guarantee;
- The outcomes of correlation between the positions, ditacted by common risk factors;
- The amount of positions of assets with few liquidity (reduced volume of transactions);
- The Bank's position in the market - its ability to grant/contract loans and to intervene in the various markets, especially the interbank market;
- Diversification and volatility of the Bank's bonds and the stability of its funding base;
- Return on assets and its quality;
- Cross-currency activities;
- Availability and reliability of the companies' likely funding operations;
- Access to support schemes of industrially based liquidity;
- Qualified and experienced staff and quality of management systems policies and liquidity control.

The market risk is comprised of the following risks: market risk, exchange rate risk, and interest rate risk.

Exchange Rate Risk

The exchange rate risk results from adverse movements in exchange rates resulting from currency positions caused by the existence of financial instruments denominated in different currencies.

This risk is based on changes in the price of instruments that correspond to open positions in foreign currencies (transaction risk), changes in book value for the conversion into the currency of bookkeeping of open positions in foreign currencies (conversion risk) and change of the bank competitive position due to significant variations in exchange rates (economic risk of exchange rate).

Evaluation of Exchange Rate Risk considers:

- Total amount of positions subjected to reevaluation by the conversion to the base currency;
- Volatility of the relevant exchange rates;
- Analysis of the magnitude of impacts on income and capital due to different scenarios of evolution in currency rates, through a simulations.

Stress Test analysis of financial instruments, to the exchange rate variations:

2020						
AKZ'000	**- 20%**	**- 10%**	**- 5%**	**+ 5%**	**+ 10%**	**+ 20%**
CURRENCY						
USD Dollars	27.838.756	12.372.780	5.860.791	(5.302.620)	(10.123.184)	(18.559.171)
Euro	(241.672)	(107.410)	(50.878)	46.033	87.881	161.115
Other currencies	60.102	26.712	12.653	(11.448)	(21.855)	(40.068)
	27.657.186	**12.292.082**	**5.822.566**	**(5.268.035)**	**(10.057.158)**	**(18.438.124)**

2019						
AKZ'000	**- 20%**	**- 10%**	**- 5%**	**+ 5%**	**+ 10%**	**+ 20%**
CURRENCY						
USD Dollars	215.490.002	95.773.334	45.366.316	(41.045.715)	(78.360.001)	(143.660.002)
Euro	1.797.045	798.686	378.325	(342.294)	(653.471)	(1.198.030)
Other currencies	105.797	47.021	22.273	(20.152)	(38.472)	(70.531)
	217.392.844	**96.619.041**	**45.766.914**	**(41.408.161)**	**(79.051.944)**	**(144.928.563)**

Interest rate risk

The Bank reports to the Central Bank of Angola (BNA) the interest rate risk of its portfolio in accordance with Notice N° 08/2016, issued 16 May 2016. Through this Notice the banks are required to report their interest rate risk twice a year.

By means of Notice N°08/2018, BNA sets a 2% stress test in interest rate, resulting in a parallel movement of the yield curve of the same scale, which promotes an impact on the amount of cash-flows, over interest margin.

Based on financial features of every contract, an outreach of expected cash-flows per interest rate reset date or contractual maturity is made. Such outreach observes probable behaviour assumptions for interest rate reset of assets and liabilities that, despite of being subject to interest rate risk, have no defined contractual maturity, and for loans and advances contracts of fixed interest rate, dispose of stipulation allowing the bank to alter the interest rate in accordance with changes in the market conditions.

The Notice 08/2016 binds the Bank to assess their level of exposure to interest rate risk on a continued basis. And within a deadline of a day, they are demanded to inform the Central Bank, whenever there will be a potential decrease of its economic value of 20% (or more than 20%) in its regulatory capital.

A separate analysis is required whenever the elements in foreign curency, exposed to interest rate risk comprise more than 5% of the Bank portfolio. In this case, a specific analysis and report, for the concerned currency must be provided.

The risk of interest rate is derived from movements in interest rates resulting from discrepancies in the amount, the maturity or the repricing terms of interest rates observed in financial instruments with interest receivable and payable.

Through matched funds transfer pricing and asset/liability repricing, risk is transferred from businesses. The inherent mismatch is managed centrally within an agreed risk tolerance at net income level. In doing so, the effects of interest rates on other aspects of the business, which may offset the impact of interest rates on net interest income, are also considered.

The assessment of interest rate risk should consider:

- Evolution trend of interest rates in different time horizons; and
- Gap analysis that details, by maturity periods or repricing, which the liquid position at risk of interest rate.

Quantitative limits for interest rate risk are established to meet BCA's goal of containing its exposure to adverse consequences arising from changes in prevailing interest rates.

The Bank should use models of simulation of liquid incomes of interest (projections) to evaluate its exposure to short term interest rate alterations. The management Board can annually establish and approve limits of sensibility for liquid income of interests. At least, the Bank should quarterly measure the sensibility for its liquid incomes of interest according to variations of the interest rate. The results propitiated by the models of simulation of liquid incomes of interest illustrate the premature impact, in at least two different and hypothetical sceneries, of variations in the interest rates, for periods of at least one year. One of the sceneries contemplates, as much as possible, the best estimate relatively to the more probable future conditions of the interest rate. Another of the sceneries reflects the Board's estimative relatively an extremely adverse level of the interest rate and it is used to evaluate the behaviour of the liquid incomes of interest in tension conditions.

Reward profiles of the risk with an interest rate to twelve months (with the defined reward as the accomplishment or about accomplishment of the variable destiny - as they are liquid incomes of interests and their expected components and the defined risk as the negative variation of the variable destiny), for the income of the liquid interest and their components, they are quantified and appraised through an approach of understanding simulation.

This simulation approach collects a variety of possible sceneries of interest rate. In the development of sceneries of interest rates, several factors are considered such as the level and the prevalent structure of interest rates, as well as the historical movements.

The interest rates can have a direct or indirect influence in the business in the following way:

- Assets Margin: The assets margin at risk is the impact that adverse movements at price, volumes and assets composition level (product type, structures of the customers' base) have in the value of the Bank assets. Regarding the connection between the assets price and the loans risk, the expected loans losses constitute an intrinsic cost to the loan business. The loan risk is, however, managed as a part of the normal management activities process and the loans portfolio monitoring, according to the current loans risk policies;
- Liabilities Margin: The liabilities margin at risk is the impact that the adverse movements at prices and liability composition level (product type, etc.) have in the value of the bank liabilities;
- Operating Results: measured through the negative deviation from the set fees level, commissions and service rate, as a consequence of the business risk resulting from the non accomplishment of the sales objectives, reduction of prices due to pressures of the competitors and the reduction on the transactions volume. The risk associated to revenues from the trading and investment activities is managed as an integral part of the market, trade and investment risk;
- Operating expenses: measured through the negative deviation from the set operating expenses level, which can happen due to the occurrence of no planned costs, inadequate costs control and under-use of the installed capacity.

Details of financial instruments according to the exposure to interest risk rate:

2020				
	Exposure to			
AKZ'000	Fixed interest rate	Variable interest rate	Items that are not subject to interest rate risk	Total
Assets	**67.086.697**	**-**	**15.935.455**	**83.022.152**
Balances at Central Bank	-	-	8.240.145	8.240.145
Balances at OCI	-	-	6.697.106	6.697.106
Placements with CB and OCI	15.193.583	-	-	15.193.583
- with local financial institutions	6.220.107	-	-	6.220.107
- with foreign fin. institutions	8.973.476	-	-	8.973.476
Fin. assets at FV through OCI	45.941.899	-	98.329	46.040.228
Loans and advances	5.951.215	-	-	5.951.215
Other assets	-	-	899.875	899.875
Liabilities	**(12.461.224)**	**-**	**(37.711.102)**	**(50.172.326)**
Deposits from Clients	(12.461.224)	-	(26.504.583)	(38.965.807)
- Demand	-	-	(26.504.583)	(26.504.583)
- Term	(12.461.224)	-	-	(12.461.224)
Other liabilities	-	-	(11.206.519)	(11.206.519)
	54.625.473	**-**	**(21.775.647)**	**32.849.826**

2019				
	Exposure to			
AKZ'000	Fixed interest rate	Variable interest rate	Items that are not subject to interest rate risk	Total
Assets	**57.220.293**	**-**	**25.177.771**	**82.398.064**
Balances at Central Bank	-	-	8.383.589	8.383.589
Balances at OCI	-	-	11.476.345	11.476.345
Placements with CB and OCI	12.010.228	-	-	12.010.228
- with local financial institutions	5.597.710	-	-	5.597.710
- with foreign fin. institutions	6.412.518	-	-	6.412.518
Fin. assets at FV through OCI	37.560.864	-	98.329	37.659.193
Loans and advances	7.649.201	-	-	7.649.201
Other assets	-	-	5.219.508	5.219.508
Liabilities	**(12.628.503)**	**-**	**(45.246.927)**	**(57.875.430)**
Deposits from clients	(12.628.503)	-	(30.540.160)	(43.168.663)
- Demand	-	-	(30.540.160)	(30.540.160)
- Term	(12.628.503)	-	-	(12.628.503)
Other liabilities	-	-	(14.706.767)	(14.706.767)
	44.591.790	**-**	**(20.069.156)**	**24.522.634**

The average interest rate associated with the main category of the Bank financial assets and liabilities, as well as the corresponding average of profits and costs, for the years ended 31 December 2020 and 2019, were:

2020			
AKZ'000	Average balance of capital invested in the financial year	Interest earned/paid during the financial year	Average interest rate
Investments	**90.233.714**	**6.435.733**	
- Loans and advances	6.817.437	1.630.422	24%
- Trading and investment securities	43.717.044	4.629.069	11%
- Placements with CB and OCI	39.699.233	176.242	0%
Intakes	**(61.931.222)**	**(552.459)**	
- Deposits from clients	(44.871.222)	(541.679)	1%
- Deposits from CB and OCI	(17.060.000)	(10.780)	0%
Net interest margin	**28.302.492**	**5.883.274**	

2019			
AKZ'000	Average balance of capital invested in the financial year	Interest earned/paid during the financial year	Average interest rate
Investments	**118.619.770**	**5.352.381**	
- Loans and advances	8.655.236	1.865.694	22%
- Trading and investment securities	30.136.469	2.901.864	10%
- Placements with CB and OCI	79.828.065	584.823	1%
Intakes	**(160.080.683)**	**(864.004)**	
- Deposits from clients	(133.510.683)	(836.708)	1%
- Deposits from CB and OCI	(26.570.000)	(27.296)	0%
Net interest margin	**(41.460.913)**	**4.488.377**	

In 2020 and 2019, the placements with the Central Bank (CB) and with Other Credit Institutions (OCI) had an average maturity of five days. Deposits from clients had na average maturity of six months to twelve months. And the deposits from the Central Bank and from Other Credit Institutions had an average maturity of two days

The decompositon of assets and liabilities by currency, at 31 December 2020 and 2019, was:

2020					
AKZ'000	Kwanzas	US Dollars	Euro	Other Currencies	Total
Assets	**73.927.072**	**17.622.587**	**5.316.853**	**253.956**	**97.120.468**
Cash and balances at CB	10.006.097	1.640.988	1.378.853	8.255	13.034.193
Balances at OCI	(1.097)	3.363.406	3.089.096	245.701	6.697.106
Placements with CB and OCI	6.217.137	8.976.446	-	-	15.193.583
Fin. assets at FV through OCI	42.365.922	3.674.306	-	-	46.040.228
Loans and advances	6.090.936	(139.744)	23	-	5.951.215
Other tangible assets	7.464.165	-	-	-	7.464.165
Intangible assets	722.884	-	-	-	722.884
Deferred taxes receivable	629.356	-	-	-	629.356
Other assets	431.672	107.185	848.881	-	1.387.738
Liabilities	**(39.729.333)**	**(15.620.487)**	**(6.742.441)**	**(60.989)**	**(62.153.250)**
Deposits from CB and OCI	(283.417)	-	(3.775)	(558)	(287.750)
Demand deposits from clients	(21.448.827)	(4.449.394)	(601.630)	(4.732)	(26.504.583)
Term deposits from clients	(3.895.177)	(7.837.470)	(728.577)	-	(12.461.224)
Provisions	(110.290)	-	-	-	(110.290)
Income taxes	(742.834)	-	-	-	(742.834)
Other liabilities	(13.248.788)	(3.333.623)	(5.408.459)	(55.699)	(22.046.569)
	34.197.739	**2.002.100**	**(1.425.588)**	**192.967**	**34.967.218**

AKZ'000	Kwanzas	US Dollars	Euro	Other Currencies	Total
			2019		
Assets	**66.387.907**	**14.266.934**	**12.382.354**	**432.993**	**93.470.188**
Cash and balances at CB	10.052.541	865.642	133.240	5.873	11.057.296
Balances at OCI	(421)	3.193.769	7.855.877	427.120	11.476.345
Placements with CB and OCI	5.596.960	6.413.268	-	-	12.010.228
Fin. assets at FV through OCI	34.904.057	2.755.136	-	-	37.659.193
Loans and advances	7.470.243	178.943	15	-	7.649.201
Other tangible assets	7.842.790	-	-	-	7.842.790
Intangible assets	201.561	-	-	-	201.561
Other assets	320.176	860.176	4.393.222	-	5.573.574
Liabilities	**(44.236.587)**	**(13.603.715)**	**(5.821.443)**	**(47.289)**	**(63.709.034)**
Deposits from CB and OCI	(64.768)	(8.091)	-	(436)	(73.295)
Demand deposits from clients	(23.962.100)	(6.112.312)	(462.252)	(3.496)	(30.540.160)
Term deposits from clients	(7.319.343)	(4.771.821)	(537.339)	-	(12.628.503)
Provisions	(205.134)	-	-	-	(205.134)
Deferred tax liabilities	(32.490)	-	-	-	(32.490)
Other liabilities	(12.652.752)	(2.711.491)	(4.821.852)	(43.357)	(20.229.452)
	22.151.320	**663.219**	**6.560.911**	**385.704**	**29.761.154**

Stress Test of financial instruments to the interest rate variations:

AKZ'000	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
			2020			
Assets						
Loans and advances	76.691	38.346	19.173	(19.173)	(38.346)	(76.691)
Fin. Assets at FVOCI	910.821	455.411	227.705	(227.705)	(455.411)	(910.821)
Placements	34.631	17.316	8.658	(8.658)	(17.316)	(34.631)
Total of assets	**1.022.143**	**511.073**	**255.536**	**(255.536)**	**(511.073)**	**(1.022.143)**
Liabilities						
Deposits	(137.386)	(68.693)	(34.347)	34.347	68.693	137.386
Total of liabilities	**(137.386)**	**(68.693)**	**(34.347)**	**34.347**	**68.693**	**137.386**
Net effect	**884.757**	**442.380**	**221.189**	**(221.189)**	**(442.380)**	**(884.757)**

AKZ'000		2019				
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Assets						
Loans and advances	251.410	125.705	62.852	(62.852)	(125.705)	(251.410)
Fin. Assets at FVOCI	934.492	467.246	233.623	(233.623)	(467.246)	(934.492)
Placements	21.371	10.686	5.343	(5.343)	(10.686)	(21.371)
Total of assets	**1.207.273**	**603.637**	**301.818**	**(301.818)**	**(603.637)**	**(1.207.273)**
Liabilities						
Deposits	(74.820)	(37.410)	(18.705)	18.705	37.410	74.820
Total of liabilities	**(74.820)**	**(37.410)**	**(18.705)**	**18.705**	**37.410**	**74.820**
Net effect	**1.132.453**	**566.227**	**283.113**	**(283.113)**	**(566.227)**	**(1.132.453)**

Operational risk

BCA defines the operational risk as the risk caused by inadequate internal processes, people or systems, the possibility of internal and external fraud, the information systems failure to prevent unauthorized access, to ensure data integrity or ensure business continuity in the event of failure, arising from violations or nonconformities in relation to laws, regulations, contracts, codes of conduct, established practices or ethical principles.

Operational risk management forms part of the day-to-day responsibilities of all business units and specialist function management. Several specialist functions also attend to specialised areas of operational risk management contained within the causal structure of the operational risk definition.

- The risk of Information Technology (IT) systems derives from IT mismatching in the scope of processing, integrity, control, availability, and continuity, arising from inadequate strategies and uses;
- The processes risk is the probability of the occurrence of negative effects in income statement or in equity, arising from failures in analysis, processing, and liquidation of transactions, internal and external frauds, or infrastructures inadequacies, unserviceability;
- The personnel risk arises from inadequacy of quantitative and qualitative human resources, recruitment processes, compensation and assessment schemes, training programme, motivation culture, social policies, in relation to Institution activities and goals.

BCA follows the Basic Indicator Approach (BIA) in managing operational risk for now, however, the intention is to migrate towards the more sophisticated forms of quantifying operational risk as stipulated in Basel II. The current approach helps manage operational risk as this helps to:

- Reduce the operational risk management events and associated financial losses;
- Strengthen the BCA brand and the bank's economic capital;

- Satisfy the central bank requirements;
- Introduce and assess the fully implementation of tax reform rules, applicable to banking transactions;
- Make a proactive follow-up of significant operational risk management events, ineffective controls and possible breaches of indicative limits;
- Establish appropriate risk appetite and tolerance;
- Delegate competencies and authorisation limits;
- Define operational risk assignment, through a culture of a deeper aknowledgement of operational risk. Therefore the assessment bodies will consider the operational risk as an indispensable component for loans assessment; and
- Other tasks executed in management of operational risk.

BCA board of directors expects that operational risks related to the business activities might be fully identified, assessed, controlled, communicated and managed through an internal process designed DRACA (Detailed Risks Assessment and Control). Each BCA unity of business and tasks might manage its operational risk, in the acomplishment of this model. A record loss resulting from operational risk situations in order to create historical data base to be used in the future to move to an internal developed calculation model and operational risk management, is kept to be the most efficient of the three models accepted by Basel II.

In order to a further operational risk mitigation, the Bank disposes of a business continuity plan supported by two Disaster Recovery sites (DR sites), in case of hard and/or adverse situations. The two DR sites are run in a standalone manner and independently, allowing the reposition of service in a few minutes, as well as the normal running of the branch network.

Compliance and Reputational Risk

Reputational risk results from the adverse perception of the image of the institution by customers, counterparties, shareholders, investors, supervisors and the general public.

The evaluation of Reputational Risk considers:

- The trust degree that clients place in the Institution, particularly in terms of financial strengh and honesty in business transactions, which can be evaluated through the evolution of customer base, customers rotation, questionnaires or surveys results, and/or any opinion studies conducted by the Bank with its customers, and the image that results from press stances;
- The perception of clients, suppliers and other counterparties on the institution behavior regarding the duty of confidentiality, ethical principles, legal dispositions and common practices, through tracking of evolution in quantitative and substantive claims of counterparts and litigations, the evolution of quantitative or substantive claims made to Central Bank or press news;
- The perception of investors and analysts regarding transparency, sufficiency and credibility of information released by the institution, the legal and ethical principles and practices implemented, in the form of financial analysts reports, the evolution of the note attributed and the quality of financial reports issued;

- The employees degree of satisfaction, expressed in through questionnaires and / or any opinion polls conducted by the institution to its employees.

Compliance risk is defined as the probability of the occurrence of negative impacts for the institution, which may influence results or equity, deriving from the breach of legal standards, specific determinations, contractual responsibilities, rules of conduct and relationship with customers, ethical principles and established practices, relative to the practised activity, which may be materialized, for instance, in legal or regulatory sanctions, impairment of business opportunities, reduction of expansion potential or inability to demand contractual responsibilities by third parties.

The objective of the policy governing compliance and reputational risk is their management such as defined in the above paragraphs, determining the devices and procedures that allow: i) to minimize the probability that it becomes factual; ii) to identify, report to the Board and overcome the situations that may have arisen; iii) to ensure follow up and control; and iv) to provide evidence, if necessary, that the Bank has reputational risk amongst its main concerns and has available the organization and means required for its prevention and, should it be the case, to overcome it.

Allocation of Equity

The Angolan Central Bank (BNA) defined through notices 03/2016, 04/2016 and 05/016 that the banks must allocate a part of their equity to face probable losses arising from operational risks; market risks, and credit and counterparty risks. The above referred allocation has an effect of decreasing the capital adequacy ratio in general. If the adjusted capital adequacy ratio is lower than the minimum required, the concerned institution must increase its equity, or reduce its risk exposure.

The implementation of the above referred BNA Notices had no significant effect in BCA capital adequacy ratio calculation, in the year of its implementation.

Capital Management and Solvency Ratio

The regulatory own funds components are:

1. Tier-one own funds – comprising (i) the paid-up share capital; (ii) capital maintenance reserve; (iii) retained income; (iv) legal, statutory and other reserves derived from undistributed profits, or set aside to increase the capital, (v) audited net income, (vi) latent losses related to the revaluation of securities available for sale, the cash flow and investment hedging operations abroad, and (vii) deferred taxes receivable and payable as long as they are connected to losses/gains containing a negative/positive element of tier-one.

2. Tier-2 own funds – comprising (i) fixed-term preference shares; (ii) funds and generic provisions; (iii) reserves arising from paid-up and owned premises; (iv) subordinated bonds and hibrid debt equity instruments; and (v) other amounts authorized by BNA.

3. Deductions – Comprising: (i) treasury share subject to buyback; (ii) fixed-term preference shares, with fixed and cumulative dividends; (iii) loans conceded with the nature of equity; (iv) tax credits derived from tax losses; (v) goodwill; (vi) Intangible assets, net of depreciation; (vii) others amounts, as per BNA appointment.

The BNA Notice n° 09/2016 stipulates, for the capital adequacy ratio calculation purpose, that all excess over the limit of risk exposure by clients must be deducted from the amount of regulatory owned funds.

Capital Adequacy Ratio		
AKZ	**31-12-2020**	**31-12-2019**
Regulatory Owned Funds	**33.757.197.099**	**26.656.222.415**
Risk weighted assets		
Requirements of regulatory owned funds	5.327.961.763	5.835.778.017
- Requirements of credit risk	2.441.494.874	3.197.479.325
- Requirements of market risk	175.938.807	687.415.164
- Requirements of Operational risk	2.710.528.082	1.950.883.528
***Weighting of equity requirements**	**58.279.617.630**	**58.357.780.170**
RSR	**63%**	**46%**
Minimum regulatory requirements	**10%**	**10%**

*To the sum of equity requirements a multiplier of 10 is applied.

CAMELS analysis

The acronym CAMELS stands for the initials of each of the six blocks of analysis of banks income statements: Capital adequacy, Asset quality, Management, Earnings, Liquidity, Sensitivity to market risk. This is a classification system that regulators or supervisors use to assess the banks general performances, identifying their points of strengh and weakness.

The global assessment of BCA illustrates a solid bank, with a high standard of risks management, and capital adequacy.

Prudential Ratios		Dec-20	Ratings (CAMELS)	Dec-19	Ratings (CAMELS)
Capital adequacy	Tier-one owned funds/total assets = > 10%	35%	1	29%	1
	Debt limit 10 times (1000%)	182%	1	249%	1
	Capital adequacy ratio 10%	63%	1	46%	1
Quality of assets	Non-performing loans/ total loans < = 5%	9%	1	6%	1
	Specific provisions/ Non-performing loans > = 80%.	127%	2	136%	2
	Top 20 loans/ regulatory owned funds < = 300%.	10%	1	41%	1
	Total of loans / total of assets	6%	-	9%	-
	Loans in foreign currency/ Total of loans	-	-	2%	-
	Fixed assets / Regulatory owned funds < 50% PF	24%	1	29%	1
Profitability	Return on assets (ROA) > 3%.	7%	1	12%	1
	Retur non Equity (ROE) > 15%	21%	1	44%	1
Liquidity	Deposits concentration=top 20=<30%	51%	3	73%	3
	Liquidity ratio = >1	12	1	8	1
	Observation ratio = >1	52	1	97	1
Interest rate stress test	Economic Effect >1 Year/Regulatory owned funds <20%	1%	1	2%	1
	Economic Effect up to 1 year /Earnings Margin <20%	14%	1	13%	1
Exchange rate stress test	Long net open currency position (2,50%)	2%	1	1%	1
	Short net open currency position (2,50%)	-		-	

Stress tests

Stress tests are risk management tools used to assess and manage the risks of the Bank whose benefit is a better understanding of risks profile related to the Bank. Stress tests play an important role in management, as well as in capital and liquidity planning, allowing the Bank to absorb adverse shocks.

The implementation of stress tests is done by executing analyses or simulations in order to assess the institution capacity to resist adverse scenarios (downside risks). Therefore, BCA defined a certain adverse scenario, of probable occurence, in order to study the adequacy and the strength of its solvency and liquidity.

The understanding and methodology of stress tests to be executed by BCA are in accordance with the requirements of Instruction n° 02/2017, issued by BNA, which binds the banks to realise specific type of stress tests, their periodicity, and how they must be reported. BNA guidelines about a programme implementation of stress tests has been taken into account.

In June 2020, the Bank executed the following type of stress test:

- Sensitivity analysis;
- Scenarios analysis.

In December 2020, the Bank executed the following type of stress test:

- Sensitivity analysis;
- Reverse stress test;
- Scenarios analysis.

Overall, the Bank proved resilient to the various shocks to which it was subjected. The worst-case scenarios did not start to have an adverse effect until year n+3.

The kinds of risks identified by the Bank as being materially relevant, requesting a stress test analysis are:

a) Credit risk;
b) Market risk;
c) Operational risk;
d) Liquidity risk; and
e) Concentration risk.

The materially relevant risks were defined in accordance with BNA guidelines, and in accordance with internal analysis of risk factors with a greater probability of effect in BCA solvency.

29. OFF BALANCE SHEETS ITEMS AND CONTINGENCIES

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Guarantees issued and other contingent liabilities				
Guarantees and sureties given	460.000	708	25.300	52
Letters of Credit issued	8.059.730	12.407	15.262.387	31.333
Undrawn commitments	6.081.949	9.363	4.707.063	9.663
	14.601.679	**22.478**	**19.994.750**	**41.048**
Responsibilities for services rendered				
Guarantees received	**28.665.713**	**44.128**	**26.873.528**	**55.171**
Custodial Assets				
Treasury bills held by clients	117.294	181	370.348	760
Treasury bonds held by clients	27.240.878	41.935	21.915.301	44.992
	27.358.172	**42.116**	**22.285.649**	**45.752**

The Bank provides custodial services of safeguarding of clients assets (treasury bills, treasury bonds indexed to US Dollars), amounting to AKZ 27.358.172 thousand (2019: AKZ 22.285.649 thousand).

The guarantees received are composed of real and non real guarantees, whilst the note 7 discloses real guarantees only.

All guarantees given and other contingent liabilities are classified in stage 1.

30. RELATED PARTY DISCLOSURE

At 31 December 2020 and 2019, the Bank related Parties were the Bank shareholders and their families.

Disclosure of Balance sheet:

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Assets				
Loans and Advances	135.910	209	148.176	304
Impairment losses	(87.809)	(135)	(106.656)	(219)
	48.101	**74**	**41.520**	**85**
Liabilities:				
Deposits				
- Demand	1.156.642	1.781	943.064	1.936
- Term	2.936.129	4.520	3.211.537	6.593
Other Liabilities	-	-	104.059	214
	4.092.771	**6.301**	**4.258.660**	**8.743**

Related parties are entities (individuals and institutions) having a significant influence on BCA, composed of the key management personnel including their close family members; or those owning a shareholding in the share capital of BCA that allows them to exercise significant influence i.e. a shareholding above 10% of the total of the share capital of BCA.

Disclosure of income statement

	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Interest earned from loans and advances	5.219	9	4.255	11
Interest paid to Demand deposits	(115.966)	(198)	(107.028)	(283)
Net interest margin	**(110.747)**	**(189)**	**(102.773)**	**(272)**
Fee and commission income	7.530	13	4.631	12
Non-interest margin	7.530	13	4.631	12
Operating margin	**(103.217)**	**(176)**	**(98.142)**	**(260)**
Salaries and other payroll expenses	(195.291)	(334)	(205.276)	(544)
Loans and advances Impairment losses	18.846	32	7.081	19
	(176.445)	(302)	(198.195)	(525)
Losses before taxes	**(279.662)**	**(478)**	**(296.337)**	**(785)**
- Fiscal impact	97.881	168	88.901	235
Net Losses for the year	**(181.781)**	**(310)**	**(207.436)**	**(549)**

As at 31 December 2020, the average interest rates on transactions with related parties were 36% (2019: 40%) for loans in local currency. In 2020 and 2019 there were no loans granted in foreign currency.

The interest rates for term deposits in local currency were 9% (2019: 10%), and 0,44% (2019: 0,75%) for deposits in foreign currency.

The fee and commission income refers to commission earned over the monthly amounts used on transactions with international credit cards (6% of the amount used).

31. SUBSEQUENT EVENTS

From 31 December 2020 to the date of the financial statements approval, there were no significant facts affecting the financial position and/or performance of the Bank that required adjustment and/or disclosure.

32. ACCOUNTING STANDARDS AND INTERPRETATIONS NEWLY PUBLISHED

32.1. Recently issued accounting standards and interpretations which have entered into force and which the Bank applied in preparing its financial statements

a) Amendments to References to the Conceptual Framework in IFRS Standards

In March 2018, the IASB issued a comprehensive set of concepts for financial reporting, the revised Conceptual Framework for Financial Reporting (Conceptual Framework). The accompanying amendments update some references to previous versions of the Conceptual Framework in IFRS Standards.

The revised Conceptual Framework has an effective date of 1 January 2020 – with earlier application permitted – for companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction.

The Bank did not observed substantial changes in its financial statements due to the adoption of these amendments.

b) Definition of materiality (amendments to IAS 1 and IAS 8)

On 31 October 2018, the IASB issued amendments to its definition of materiality to help companies make materiality judgments.

The amendments consist of (a) replacing the term "could influence" with "could reasonably be expected to influence"; (b) including the concept of "obscuring" in the definition of materiality, together with "omitting" and "misstating"; (c) clarifying that the "users" referred to are the primary users of the general purpose financial statements referred to in the conceptual framework; and (d) aligning the definition of materiality between IFRS publications.

The amended definition of materiality therefore states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

Adopting this amendment has not resulted in any material changes to the financial statements.

c) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

On 26 September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7. The amendments modify certain specific hedge accounting requirements to alleviate the potential effects of the uncertainty arising from the IBOR reform. The amendments also require companies to provide additional information to investors about their hedging relationships, which are directly affected by those uncertainties.

The amendments provide exceptions allowing entities to apply the hedge accounting requirements assuming that the interest rate benchmark on which the hedged risk or the hedged cash flows of the hedged item or the cash flows of the hedging instrument are based is not altered as a result of the IBOR reform. The proposed exceptions apply only to hedge accounting requirements and the amendments do not provide relief from any other consequences arising from the interest rate benchmark reform.

The amendments are limited in scope. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, then discontinuation of hedge accounting is still required.

Furthermore, the amendments clarify that if an entity designates IBOR-based cash flows as the hedged item in a cash flow hedge, the entity must not assume, for the purpose of measuring hedge ineffectiveness, that the expected replacement of the interest rate benchmark with an alternative reference rate will result in zero cash flow after the replacement. When applying a present value technique, the hedge gain or loss should be measured using the IBOR-based cash flows, discounted at a market discount rate that reflects market participants' expectations of the uncertainty resulting from the reform.

The amendments are mandatory for all hedging relationships to which the exceptions apply.

The amendments are effective for annual periods beginning on or after 1 January 2020. The amendments are applied retrospectively to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies the amendments and to the gain or loss recognised in other comprehensive income that existed at the beginning of the reporting period in which the entity first applies the amendments (i.e. even if the reporting period is not an annual period).

Adopting this amendment has not resulted in any material changes to the financial statements.

d) Definition of business (amendments to IFRS 3 Business Combination)

On 22 October 2018, the IASB issued amendments to its definition of business.

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include at least one input and a substantive process that together contribute significantly to the ability to create outputs. They also clarify that a set of activities and assets may qualify as a business without including all the inputs and processes needed to create outputs, or including its own outputs, replacing the term "ability to create outputs" by "ability to contribute to creating outputs".

It is no longer necessary to assess whether market participants are able to replace missing inputs or processes (e.g. by integrating the acquired activities and assets) and continue to produce outputs. The amendments concentrate on whether the acquired inputs and acquired substantive processes together contribute significantly to the ability to create outputs.

The amendments apply to transactions whose acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020, with earlier application permitted. Where entities apply the amendments in advance, they must disclose that fact.

Adopting this amendment has not resulted in any material changes to the financial statements.

32.2. Recently issued accounting standards and interpretations that have come into force but that the Bank has decided not to apply early in the preparation of its financial statements

a) Covid 19 – Rent concessions: Amendment to IFRS 16

Where certain conditions apply, the amendment allows lessees, as a practical expedient, not to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees applying the practical expedient should account for these rent concessions as if they were not lease modifications, so that, for example, the amount of rent forgiven on or before 30 June 2021 is recognised in profit or loss in the same year in which the concession is granted, rather than being allocated over the duration of the contract, as would be the case if the practical expedient were not permitted.

The amendment is effective for annual periods beginning on or after 1 June 2020. Early application is permitted.

b) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

In August 2020, the IASB issued the Phase 2 Interest Rate Benchmark Reform, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance contracts and IFRS 16 Leases.

The objective of the amendments is to assist entities with providing useful information to users of financial statements and to support preparers in applying IFRS standards when changes are made to contractual cash flows or hedging relationships, as a result of the transition from an IBOR benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform (IBOR reform).

The amendments are the result of the second phase of the IASB project that deals with the accounting implications of the IBOR reform, which originated the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on 26 September 2019. They complement the first phase of the project, which dealt with pre-replacement accounting implications of the IBOR reform and were issued by the IASB in 2019.

The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2021, with earlier application permitted.

c) Extension of temporary exemption from application of IFRS 9 (amendments to IFRS 4)

The IASB issued "Extension of the Temporary Exemption from Applying IFRS 9 (amendments to IFRS 4)" on 25 June 2020.

The objective of the amendments is to extend the expiry date of the temporary exemption from applying IFRS 9 by two years (i.e. from 2021 to 2023) in order to maintain the alignment between the effective dates of IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts.

32.3. Standards, amendments and interpretations issued but not yet effective for the Bank

a) References to the Conceptual Framework (amendments to IFRS 3)

In May 2020, the IASB issued "References to the Conceptual Framework", amending IFRS 3 Business Concentration.

The amendments update IFRS 3, replacing the reference to an old version of the Conceptual Framework with a reference to the latest version, which was issued in March 2018.

The amendments must be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Early application is permitted if, at the same time or before, an entity also applies all other amendments made by "Amendments to References to the Conceptual Framework in IFRS Standards", issued in March 2018.

b) Tangible fixed assets - Proceeds before intended use, amendments to IAS 16 Tangible fixed assets

In May 2020, the IAS issued "Property, plant and equipment - Proceeds before intended use", which amended IAS 16 Property, plant and equipment.

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, the company must recognise such sales proceeds in profit or loss.

The amendments must be applied retrospectively for annual periods beginning on or after 1 January 2022, with early application permitted.

c) Onerous Contracts - Cost of fulfilling a contract

In May 2020, the IASB issued "Onerous Contracts - Cost of fulfilling a contract", which amended IAS 37 Provisions, contingent liabilities and contingent assets.

The amendments clarify the requirements for assessing whether the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

The amendments must be applied for annual periods beginning on or after 1 January 2022, with early application permitted.

d) Annual improvements – 2018-2020 Cycle

On 14 May 2020, the IASB issued "Annual Improvements to IFRS Standards 2018-2020", containing the following amendments to IFRSs:

(a) permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs;

(b) clarifies that the fees to be included when an entity applies the '10 per cent' test include only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9).

(c) removes the potential confusion regarding the treatment of lease incentives under IFRS 16 Leases that might arise because of Illustrative Example 13 in that standard; and

(d) removes the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The amendments must be applied for annual periods beginning on or after 1 January 2022, with early application permitted.

e) Clarification of the requirements for classifying liabilities as current or non-current (amendments to IAS 1 - Presentation of financial statements)

On 23 January 2020, the IASB issued an amendment to IAS 1, Presentation of Financial Statements, to clarify how to classify debt and other liabilities as current or non-current.

The amendments clarify one of the criteria under IAS 1 for classifying a liability as non-current, namely, the requirement that an entity have the right to defer settlement of liabilities for at least 12 months after the reporting period.

The amendments are intended to:

a. clarify that the classification must be based on rights that are in existence at the end of the reporting period;

b. clarify that the classification is unaffected by management's intentions or expectations as to whether the entity will exercise its right to defer settlement;

c. clarify how loan conditions affect the classification; and

d. clarify the requirements for classifying liabilities that an entity will settle, or may settle, through issuance of its own equity instruments.

This amendment is effective for periods beginning on or after 1 January 2023.

f) IFRS 17 – Insurance contracts

On 18 May 2017, the IASB issued a standard replacing IFRS 4 and completely reforming the treatment of insurance contracts. The standard makes significant changes to the way the performance of insurance contracts is measured and presented, with various impacts also on the financial position. The standard is to be applied for annual periods beginning on or after 1 January 2023.

33. ACRONYMS AND ABBREVIATIONS

ABANC	Angolan Banks Association (in portuguese: Associação Angolana de Bancos)
AKZ	Kwanza
AKZ'000	Thousand of Kwanzas
ALCO	Assets and Liabilities Committee
AML	Anti Money Laundery
BCA	Angolan Commercial Bank (in portuguese: Banco Comercial Angolano, S.A.)
BNA	National Bank of Angola (in portuguese: Banco Nacional de Angola)
CB	Central Bank
BT	Treasury Bills
CA	Board of Directors
CE	Executive Committee
CFT	Combating of Financial Terrorism
CMC	Central Management Committee
DO	Demand Deposits
DP	Term Deposits
ECL	Expected Credit Loss
EMIS	Interbank Service Company (in portuguese: Empresa Interbancária de Serviços)
FATCA	Foreign Account Tax Compliance Act
FPR	Regulatory owned funds
FV	Fair Value
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profits and loss
IFRIC	Internacional Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
MINFIN	Ministry of Finance
Obrig.	Bonds
O.C.I	Other Credit Institutions
OCI	Other comprehensive income
Op	Operations
OT	Treasury Bonds
Rec	Resources
USD	United States Dollars
USD'000	Thousand of US Dollars

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REPORT AND OPINION OF THE FISCAL COUNCIL

REPORT AND OPINION OF THE FISCAL COUNCIL

Dear Shareholders,
In accordance with Angolan law and regulations, the Fiscal Council is required to issue a report on its supervisory duties and issue an opinion on the Financial Statements of Banco Comercial Angolano, S.A. (BCA) for the year ended 31 December 2020.

The Fiscal Council continuously monitored the evolution of the Bank's activity and verified the regularity of its accounting records, as well as the respective documentation. Within the scope of its powers, the Fiscal Council is pleased to acknowledge that it has always counted on the collaboration of the Executive Committee (EXCO), in providing the information it considered necessary to perform its duties accordingly.

The financial statements were subject to a full audit by the Bank's external auditors, whose qualified opinion is that, except for the possible effect of the standard qualification with regard to the application of International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies, the financial statements present fairly, in all materially relevant aspects, the financial position of BCA as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Having analysed the Bank's financial statements and considered the report of the External Auditor, it is the opinion of the Fiscal Council that the General Meeting should approve the Management Report and the Financial Statement for the year ended 31 December 2020.

The Fiscal Council, 21 April 2021.

João Paulo Borges de Sousa
(Chairman of the Fiscal Conucil)

Esperança Cahango
(Member)

Manuel Pascoal Francisco
(Member)

BCA

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INDEPENDENT AUDITOR'S REPORT

KPMG

INDEPENDENT AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Shareholders of
Banco Comercial Angolano, S.A.

Introduction

1. We have audited the accompanying financial statements of **Banco Comercial Angolano, S.A.** (the Bank), which comprise the balance sheet as of 31 December 2020 (showing total assets of AOA 97,120,468 thousand and a total equity of AOA 34,967,218 thousand, including a profit for the year of AOA 6,798,543 thousand), and the income statement by nature, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the accompanying notes to the financial statements.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with the Technical Standards of the Angolan Institute of Accountants and Statutory Auditors (Ordem dos Contabilistas e Peritos Contabilistas de Angola). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

   An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. As described in Note 2.1. of the Notes to the financial statements, Banco Nacional de Angola (BNA) and Associação Angolana de Bancos (ABANC) expressed an interpretation stating that the conditions required to classify the Angolan economy as a hyperinflationary economy, in accordance with IAS 29 – Financial Reporting in Hyperinflationary Economies for the years then ended 31 December 2018 and 2017 were are not entirely met. Consequently, the Management of the Bank decided not to apply that Standard to its financial statements during the period considered in hyperinflation.

   As at 31 December 2018, the accumulated inflation rate for the last three years was over 100%. This is an objective quantitative condition that leads us to consider that, in addition to other conditions set in IAS 29, the functional currency of the Bank's financial statements as at 31 December 2018 corresponded to the currency of a hyperinflationary economy. In 2019, as the criteria defined in the standard were no longer met, Angola ceased to be considered a hyperinflationary economy, a situation that remains at 31 December 2020.

   Considering this premise and in accordance with the provisions of that Standard, the Bank has not booked the adjustments that would be necessary, namely its application for the years 2017 and 2018, the period covered by the hyperinflation, with the respective impact on the opening balances for 2020. However, we have not obtained sufficient information to enable us to quantify the effects of this situation on the Bank's financial statements as at 31 December 2020, which we deem to be material.

KPMG

Qualified Opinion

7. In our opinion, except for the effects of the subject described in paragraph 6 of "Basis for Qualified Opinion", the financial statements mentioned in paragraph 1 above present fairly, in all material respects, the financial position of Banco Comercial Angolano, S.A., as at 31 December 2020 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Luanda, 20 April 2021

KPMG Angola – Audit, Tax, Advisory, S.A.
Represented by
Maria Inês Rebelo Filipe
Expert Accountant ("Perito Contabilista") (License no. 20140081)

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