ANNUAL REPORT 2021

BCA
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 2021, 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, 25 April 2022

MANAGEMENT REPORT

The financial year of 2021, like the preceding year, was punctuated by two main drivers that negatively impacted the business operations of the economic players in the country:

1. the economic recession, as a result of the negative effects caused by the decline in oil prices, which still remains the commodity that contributes most to the General State Budget;
2. the different measures taken by all governments against the COVID-19 pandemic, having triggered a significant slowdown in the world economy, with a greater impact on the service sectors.

BCA has implemented a series of preventative measures to ensure its business operations continuity, seeking to maintain its levels of profitability and simultaneously guaranteeing compliance with the measures adopted to fight this disease.

On the other hand, the improvement in the sovereign risk quality of the Angolan State according to the Moody's rating agency, which assigned the country a B3 risk rating (in 2020: Caa-1), allowed the release of financial resources intended for the setting-up of impairment provisions for the Angolan public debt portfolio held by the commercial banks. However, this relief in terms of financial resources was countered by the negative impact on public debt pegged to the US dollar, as a result of the 17% national currency appreciation against the US dollar during the 2021 financial year.

With respect to the organisation operational level, we have been resizing and widening the scope of our business activity, aligning it with the emerging of the new digital age, concentrating our investments on electronic means of payments (mobile banking, internet banking). In the last four-year period, we issued 8.527 new multi-channel contracts, rising to 12.247 active contracts by December 2021. We have been seriously committed to the massification of the use by customers of electronic cards in their transactions, both domestically and internationally. The growth in customer transactions carried out through electronic means is notorious. Concurrently, we are committed to increasing the use of automatic payment terminals (APTs) among our customers. From the 564 existing units in 2020, we will have 1.050 by the end of 2021, all of them in active mode. Simultaneously, we have been focusing on the growth of electronic teller machines (ATMs). In the last three years we have made investments of KZ 496 million in ATM batteries.

The National Bank of Angola, submitted to the Angolan financial system, the draft application to obtain regulatory and supervisory equivalence with the European Union. The Supervisory Review and Evaluation Process (SREP) consists of assessing and measuring the risks to which each credit institution is exposed, guaranteeing equal conditions and criteria. The SREP provides the regulator with a harmonised set of tools to assess the risk profile of a credit institution associated with its business models, governance and risk management, as well as capital and liquidity positions. The SREP uses two main tools:

1. ICAAP - the internal capital adequacy assessment process, which must be a centrepiece in the proper management of the institution, consists of a set of activities and processes that must be carried out by the banking financial institutions (IFBs), within a view of planning and integrated management of the sustained relationship between capital and risks. In this context, they (IFBs) should establish sound, effective and complete strategies and processes to assess and maintain, on an ongoing basis, the amounts, types and distribution of

capital commensurate and appropriate to their risk profile, based on robust internal governance;

2. ILAAP - the internal liquidity adequacy assessment process corresponds to a set of activities and processes that must be carried out by IFBs in order to ensure that the liquidity risk to which they are exposed is properly assessed and that they maintain adequate levels of liquidity.

In the last year we presented a level of equity and liquidity suitable to our risk profile. At the same time, we have demonstrated our ability to maintain our liquidity position and to ensure the sustainability of our business, and no difficulties are foreseen in meeting our financial obligations.

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 2021, the bank registered a slight decrease of its assets (3%). Interest-bearing assets increased 1%, (from 69% in 2020 to 72% in 2021). Furthermore, the following situations occured:

- A 70% 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 8%), and in "Cash and Balances at Central Banks" (which had a growth of almost 11%);
- A reduction of 5% in "Financial Assets at Fair Value through Other Comprehensive Income".

Liabilities

The 5% decrease, registered in total of liabilities, derived from the reduction of "Other Liabilities" almost 42%. The "Other Liabilities" decreased due to the reduction in "Deposits for foreign exchange operations" (almost 66%). Meanwhile, the clients "Demand deposits" increased 29%, and the clients "Term deposits" reduced in 12%. The interest-bearing liabilities were 19% of the total of liabilities (2020: 20%).

Equity

Shareholders' Equity increased very slightly (0,15%). The significant reduction of the net profit of the year 2021 (63%) was offset by the increase in "Other reserves and retained income" (34%) as a result of the Net Profit for the previous Year allocated to accumulated reserves.

Income Statement

The net income of 2021 decreased 63%, due to the losses from treasury bonds indexed to US Dollars revaluations (KZ 2,82 billions), as a consequence of Kwanza appreciation against US Dollars of 17% during 2021. The increase in "Net interest Margin" (44%) and the reverse of "Impairment losses on Financial Assets through other comprehensive income" (profits of KZ 1,8 billions) were not enough to offset the negative impact in "Operating margin" (decrease of 82%) originated by the losses from treasury bonds revaluations.

Proposal for the appropriation of the 2021 Profit

In accordance with the Angolan financial Institutions laws and BCA statutory rules, we propose that the whole after tax profit, amounting to KZ 2.495.201 thousand be appropriated as follows:

- Statutory reserves (10% of net income) – 249.520 thousand of Kwanzas;
- Dividends – 1.000.000 thousand of Kwanzas; and
- Free reserves (remaining) – 1.245.681 thousand of Kwanzas.

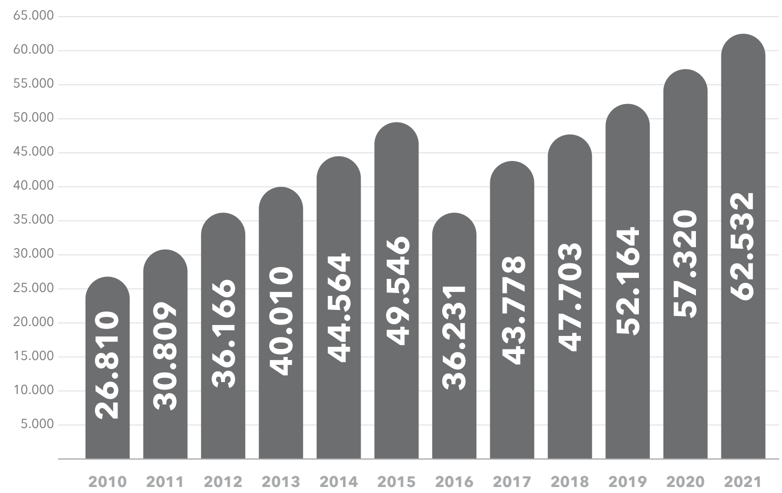
Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive Officer

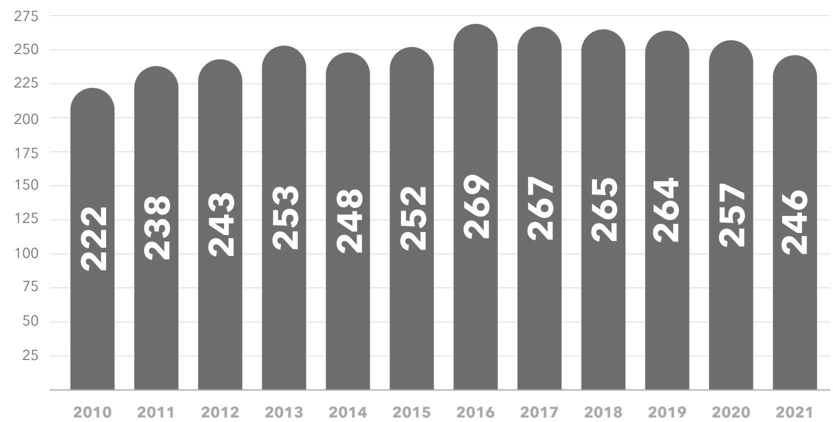
GROWTH OF BCA

Growth of BCA

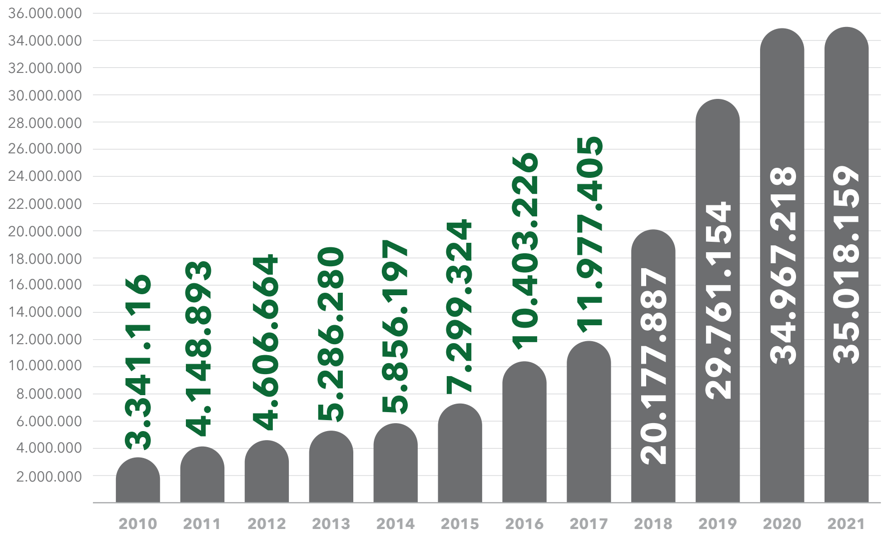
Customers



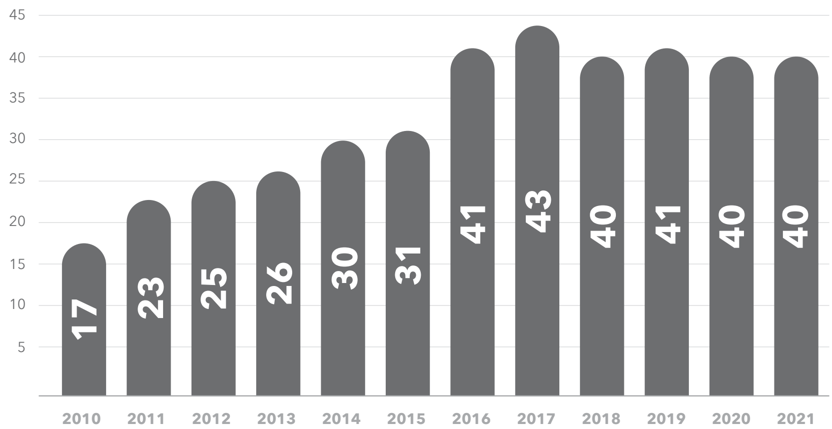
Total Employees



Equity (AKZ'000)

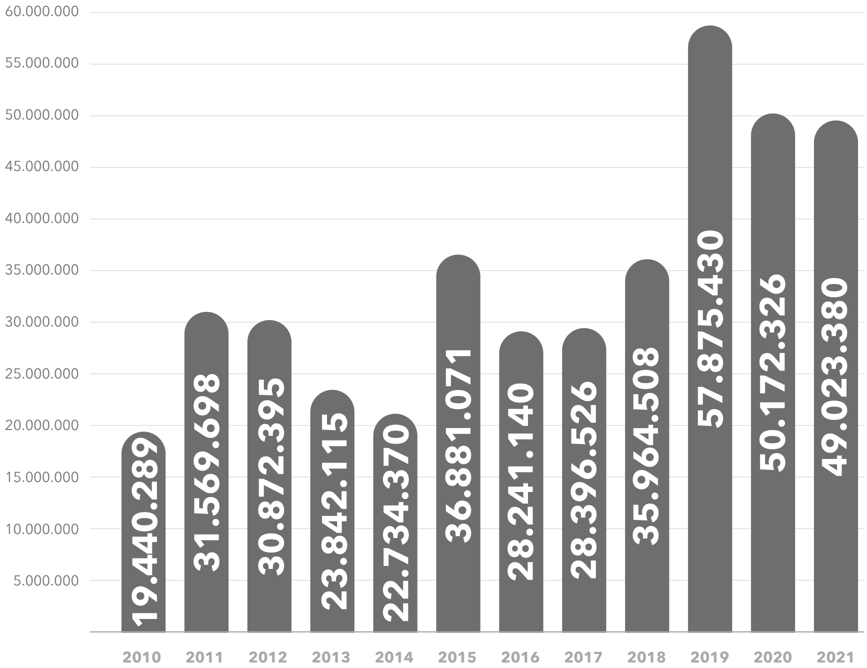


Branches

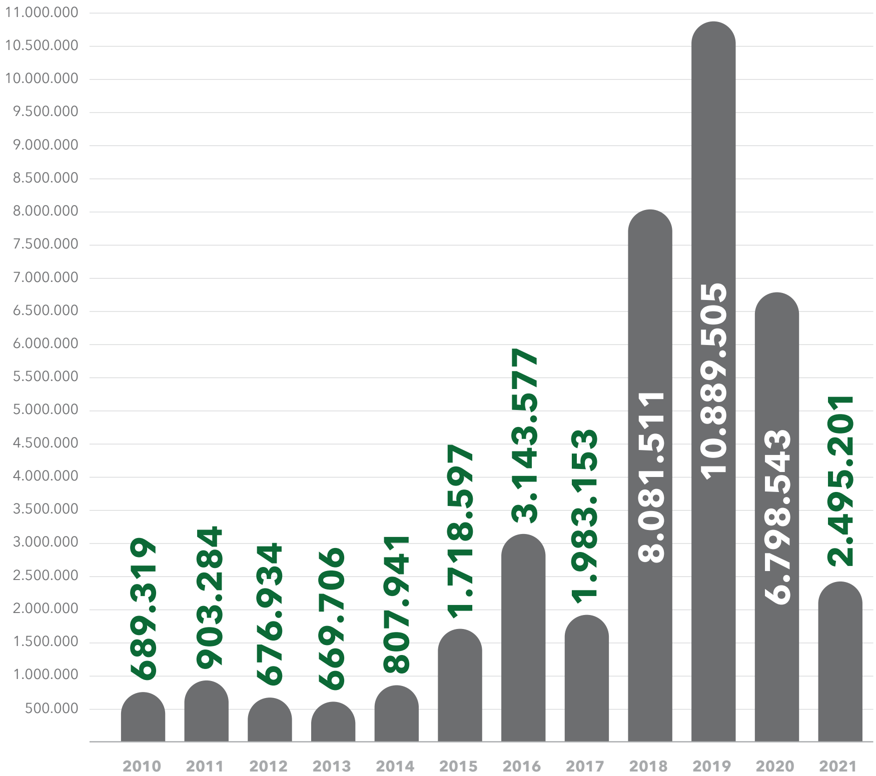


Growth of BCA

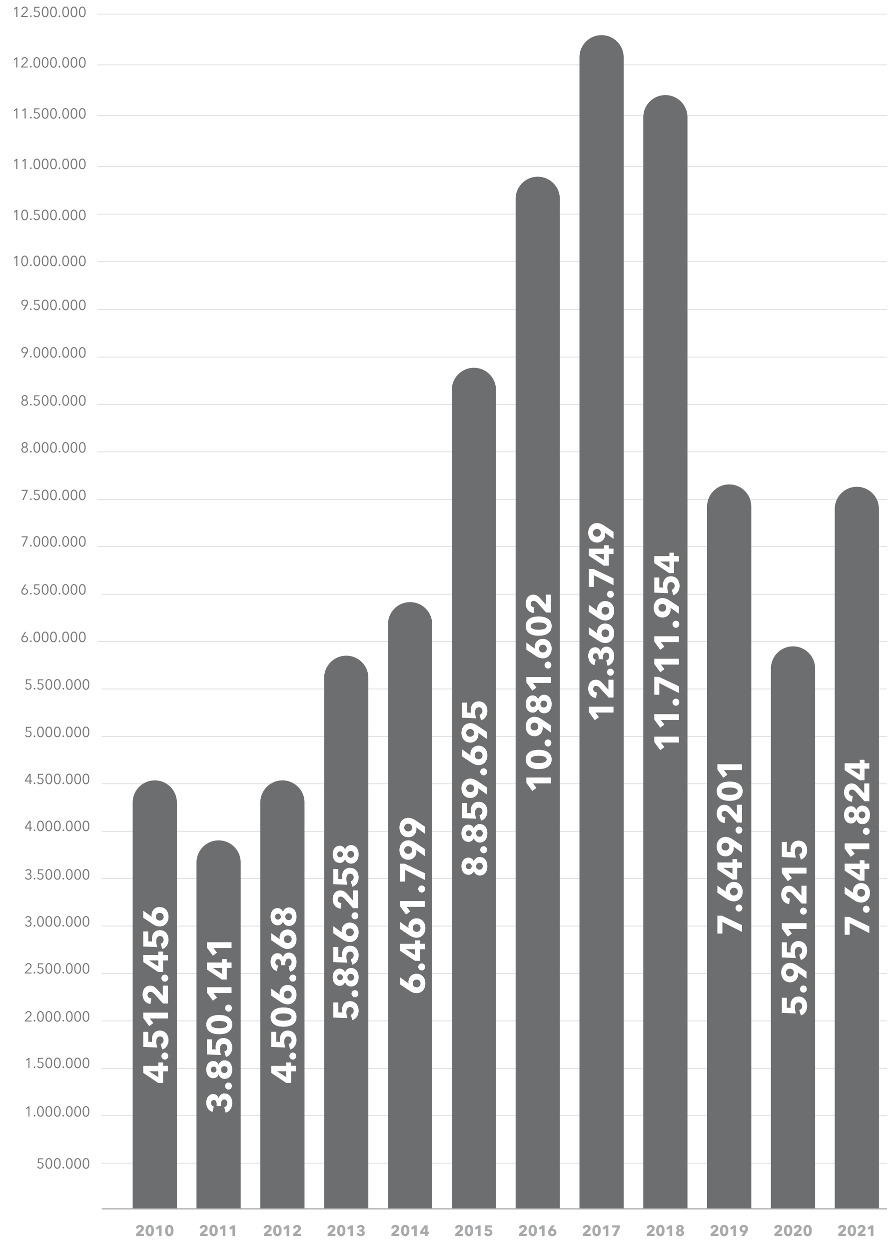
Customers Assets (AKZ'000)



Net Profit (AKZ'000)



Loans (AKZ'000)



KEY INDICATORS

	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000	2019 AKZ'000	2019 USD'000
Balance Sheet						
Total Assets	94.199.199	169.736	97.120.468	149.507	93.470.188	191.892
Loans and Advances	7.641.824	13.770	5.951.215	9.161	7.649.201	15.704
Customers Liabilities	49.023.380	88.333	50.172.326	77.236	57.875.430	118.818
Shareholders´ Equity	35.018.159	63.101	34.967.218	53.828	29.761.154	61.099
Activity						
Net Interest Margin (NIM)	8.025.068	12.973	5.554.109	9.506	4.336.244	11.483
Net Operating Margin (NOM)	10.100.35	16.328	17.376.918	29.740	17.555.323	46.489
Operating Costs (OC)	8.418.452	13.782	8.662.877	14.701	6.033.744	15.611
Operating Profit (OP)	3.431.360	5.699	7.043.831	12.468	10.889.505	29.579
Net Profit (NP)	2.495.201	4.012	6.798.543	12.090	10.889.505	29.579
NIM/NOM	79,5%	79,5%	32,0%	32,0%	24,7%	24,7%
Non Interest Margin/ NIM	25,9%	25,9%	212,9%	212,9%	305,9%	305,9%
Cost-to-Income	83,3%	83,3%	49,9%	49,9%	34,4%	34,4%
Operating Costs/Average Assets	8,9%	8,9%	8,9%	8,9%	6,5%	6,5%
Solidity						
Non-Performing Loans/ Total Loans	5,7%	5,7%	10,7%	10,7%	6,0%	6,0%
Provisions/ Non-Performing Loans	146,8%	146,8%	126,7%	126,7%	136,4%	136,4%
Return On Average Assets (ROAA)	2,6%	2,6%	7,0%	7,0%	11,7%	11,7%
Return On Equity (ROE)	7,1%	7,1%	21,0%	21,0%	43,6%	43,6%
Capital Adequacy Ratio	73,8%	73,8%	63,0%	63,0%	46,0%	46,0%
Other Tangible Assets and Intangible Assets Ratio	22,6%	22,6%	23,7%	23,7%	27,6%	27,6%
Gearing Ratio (Debts/ Equity)	175,5%	175,5%	182,0%	182,0%	239,0%	239,0%
Top 20 Loans/ Equity	13,6%	13,6%	9,7%	9,7%	69,0%	69,0%

GOVERNANCE AND MANAGEMENT STRUCTURE

Governance and Management Structure

FISCAL COUNCIL

Chairman
João Paulo Borges de Sousa

Members
Esperança Cahango e Domingos Pascoal Francisco

GENERAL ASSEMBLY

Chairman
Mário António de Sequeira e Carvalho

Deputy Chairman
José Francisco Luís António

Secretary
João Muotonguela

EXTERNAL AUDIT

Deloitte & Touche

BOARD OF DIRECTORS

Chairman (Non Executive)
Francisco da Silva Cristóvão

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

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

DISTRIBUIÇÃO DOS PELOUROS

Chief Executive Officer – Mateus Filipe Martins

Executive Committee Consultancy Office
Bo Kronkack
Adolfo Martins e Cristovão Manuel
(3 employees)

Internal Audit
Madalena Salvador Matias
(Head)
(4 employees)

Legal and Corporate Governance
Hernani Lúcio A. Cambinda
(Coordonating Manager)
(4 employees)

Infrastructure and Branch Expansion
Adolfo Martins
(Head)
(26 employees)

Human Resources
Soque Caricoco
(Deputy-Head)
(7 employees)

Retail Banking
Mário Leitão
(Coordonating Manager)
(118 employees)

International Operations
Mauro Lourenço
(Deputy-Head)
(6 employees)

Corporate Banking
Cesaltina Pinto
Head of Private and Enterprise Center
Fernando Muturi
Luanda Enterprise Center
Hermenegildo Puna
Viana Enterprise Center
(16 employees)

e-Banking Department
Marisa Ribeiro
(Deputy-Head)
(4 employees)

Central Vault
Joaquim Daniel
(Head of Department)
(6 employees)

Executive Director – Mathias Tohana Nleya

General Operations
Evanilda Marimba
(Head)
(13 employees)

Accounting
Helder Lisboa
(Head)
(5 employees)

Treasury
Bo Kronback
(Head)
(4 employees)

Forex Control and Reconciliations Department
Pedro Cristóvão
(Deputy-Head)
(3 employees)

Executive Director – Tatiana Moreira Paiva Muhongo

Risk Management
Madalena Arsénio Saituma
(Head)
(7 employees)

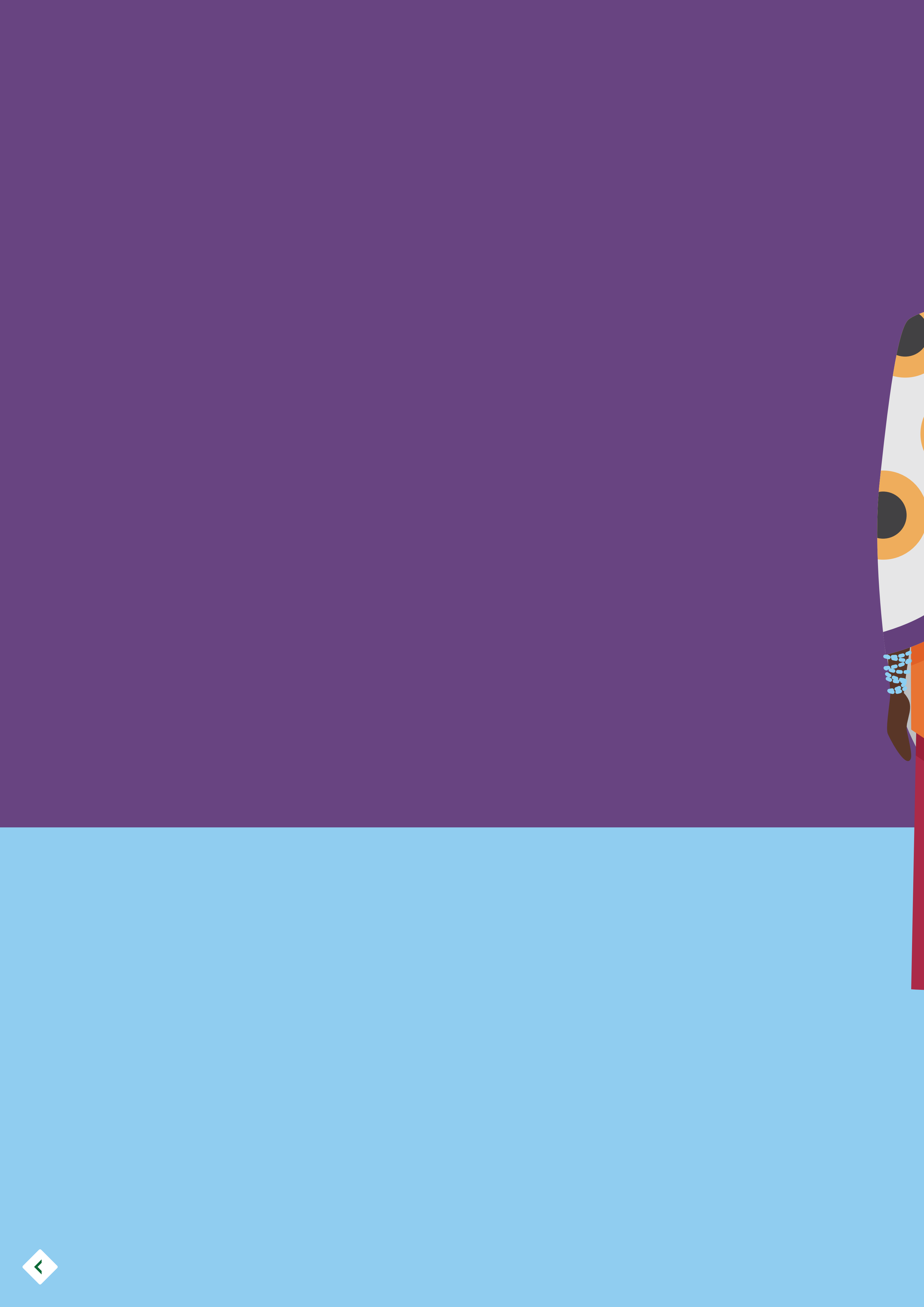
Compliance Officer
Simão Barbosa
(Deputy-Head)
(9 employees)

IT
Fernando Chimuco
(Head)
(11 employees)

Marketing And Corporate Social Responsibilities
Leonor Cadete
(Executive Assistant)
(1 employee)

SUBCOMMITTEES OF THE EXECUTIVE OFFICE

(CMC) MANAGEMENT COMMITTEE
EXECUTIVE CREDIT AND INVESTMENT COMMITTEE
ASSETS AND LIABILITIES COMMITTEE (ALCO)
LOAN RECOVERY COMMITTEE
BRANCH EXPANSION STEERING COMMITTEE



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 bank supervision is performed by a Supervisory Board and by the External Auditor certified by the National Bank of Angola.

The Board of Directors is the body in charge of the Bank's management and in this capacity intends that good corporate governance mechanisms continue to be complied and continuously improved at BCA.

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) – Human resources; 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.

In addition to the committees and commissions referred to above, the Bank has an internal organisation chart, and policies and processes within the scope of corporate governance and the internal control system have also been approved and implemented, namely the following:

i. Procedures manuals for all Departments, which ensure partition of duties in the execution of daily;

ii. Fixed Assets Policies;

iii. BCA's Balance Sheet Control Policy;

iv. Resources and Supplies Manual and Policy;

v. Employee Benefits Policy;

vi. Leases Policy;

vii. Conflict of Interest Prevention, Identification and Management Policy;

viii. Confidentiality, Privileged Information and Conflicts of Interest Policy;

ix. Prevention and combat of bribery and corruption Policy;

x. Stakeholders Transactions Policy;

xi. Corporate Bodies Remuneration Policy;

xii. BCA Staff and Management Remuneration Policy;

xiii. Regulation of Performance Assessment Process;

xiv. Employee Financial Benefits Policy;

xv. Code of Conduct;

xvi. Trading Room Code of Conduct

MACROECONOMIC OVERVIEW

Macroeconomic Overview

GLOBAL ECONOMY

On a positive note, FY2021 can be defined by the strong recovery of the world economies, as a direct result of the constructive impact that was achieved by the implementation of monetary and fiscal stimulus measures. On the other hand, the COVID-19 vaccination programmes and the gradual lifting of curbs implemented by governments in 2020, accelerated the overall recovery of the economies, experiencing a worldwide growth of 5.9

Region	GDP Real Growth (%)				
	2017	2018	2019	2020	2021*
Global	3,8	3,6	2,8	-3,1	5,9
Advanced economies	2,5	2,3	1,7	-4,5	5,2
Euro Area	2,6	1,9	1,5	-6,3	5,0
Emerging markets and developing economies	4,8	4,6	3,7	-2,1	6,4

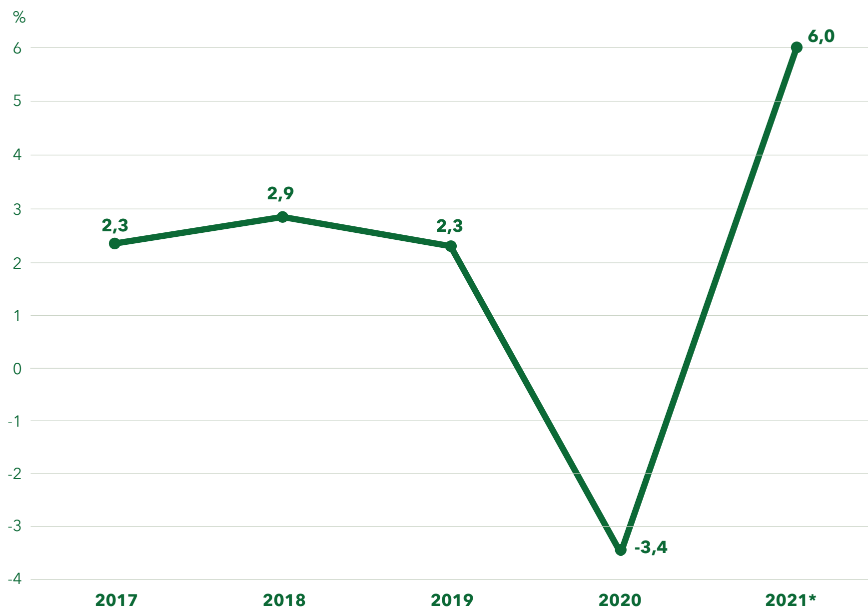
Source: IMF

* Forecasts of the World Economic Outlook October 2021.

United States of America

The USA's economic recovery was very strong, with GDP growing by 6.0% mainly due to several economic stimulus packages and the investment of billions of USD.

USA GDP real growth (%)



Source: IMF

* Forecasts of the World Economic Outlook October 2021

The labour market, which has suffered acutely in 2020 with rising unemployment, has improved in 2021 having retreated to unemployment levels comparable to those before the pandemic.

USA Unemployment rate				
2017	2018	2019	2020	2021*
4,4	3,9	3,7	8,1	5,4

Source: IMF

* Forecasts of the World Economic Outlook October 2021

In 2021, the weakest link in the USA economy was inflation:

- On the one hand, the FED has implemented a very expansionist monetary policy for years and, with the stimulus packages implemented, the demand for goods and services has remained high;
- On the other hand, supply chain bottlenecks have resulted in a decrease in production and a smaller supply of goods, thus causing disruptions in logistics and an increase in prices.

Due to these two main drivers' inflation has soared to levels only seen in the last century.

USA Inflation - end of period				
2017	2018	2019	2020	2021*
2,2	1,9	2,1	1,6	5,1

Source: IMF

* Forecasts of the World Economic Outlook October 2021

Euro Area

All of the euro area economies had a positive growth rate in FY2021, albeit with a wide gap between the highest and lowest rate. The leading euro area economy, Germany, had a rather moderate growth of 3.1%, while the other big economies - France, Italy and Spain - had increases of 6.3%, 5.8% and 5.7%, respectively. Ireland's economy has held its top position with a stunning 13.0% GDP growth.

Euro Area GDP growth (%)

Country	2017	2018	2019	2020	2021*
Ireland	8.9	9.0	4.9	5.9	13.0
Lithuania	4.3	3.9	4.3	-0.9	4.7
Luxembourg	1.8	3.1	-1.3	5.5	-5,2
Finland	3.2	1.1	1.3	-2.9	3.0
Estonia	5.8	4.1	4.1	-3.0	8.5
Latvia	3.3	4.0	2.0	-3.6	4.5
Netherlands	2.9	2.4	2.0	-3.8	3.8
Germany	2.7	1.1	1.1	-4.6	3.1
Cyprus	5.2	5.2	3.1	-5.1	4.8
Slovak Republic	3.0	3.7	2.5	-4.8	4.4
Slovenia	4.8	4.4	3.3	-4.2	6.3
Belgium	1.6	1.8	1.8	-6.3	5.6
Austria	2.4	2.6	1.4	-6.2	3.9
Malta	11.0	6.1	5.7	-8.3	5.7
Portugal	3.5	2.8	2.7	-8.4	4.4
France	2.4	1.8	1.8	-8.0	6.3
Greece	1.3	1.6	1.9	-8.2	6.5
Italy	1.7	0.9	0.3	-8.9	5.8
Spain	3.0	2.3	2.1	-10.8	5.7
Eurozone	**2.6**	**1.9**	**1.5**	**-6.3**	**5.0**

Source: IMF

* Forecasts of the World Economic Outlook October 2021

The strong recovery of the labour market in the USA was not mirrored in the Eurozone.

The overall Eurozone unemployment rate was 8.0%, a slight increase compared to the previous year.

Greece remains at the top of the list.

The countries with more weight in the Eurozone economy did not manage to lower their unemployment rates.

Unemployment rate (%)					
Country	**2017**	**2018**	**2019**	**2020**	**2021***
Greece	21.5	19.3	17.3	16.4	15.8
Spain	17.2	15.3	14.1	15.5	15.4
Italy	11.3	10.7	10.0	9.3	10.3
Lithuania	7.1	6.1	6.3	8.5	6.5
France	9.4	9.0	8.4	8.0	8.1
Latvia	8.7	7.4	6.3	8.1	7.7
Finland	8.8	7.4	6.7	7.8	7.8
Cyprus	11.1	8.4	7.1	7.6	7.5
Estonia	5.8	5.4	4.4	6.8	6.5
Portugal	9.2	7.2	6.6	7.0	6.9
Slovak Republic	8.1	6.5	5.8	6.7	6.8
Luxembourg	5.8	5.1	5.4	6.3	5.6
Ireland	6.7	5.8	5.0	5.8	7.8
Belgium	7.1	6.0	5.4	5.6	6.3
Austria	5.9	5.2	4.8	5.4	6.4
Slovenia	6.6	5.2	4.5	5.0	4.5
Malta	4.0	3.7	3.6	4.3	3.6
Germany	3.8	3.4	3.2	3.8	3.7
Netherlands	4.9	3.8	3.4	3.8	3.6
Eurozone	**9.1**	**8.2**	**7.6**	**7.9**	**8.0**

Source: IMF

* Forecasts of the World Economic Outlook October 2021

The euro area's inflation has risen to 2. 9% in 2021, up from minus 0. 3% in the previous year.

The world' global supply bottleneck drivers were the same as those experienced in the euro area.

It is noteworthy that the largest economy in the euro area, Germany, had an inflation rate of 4.0%, well above the euro area average.

Euro Area Inflation – end of period (%)

Country	2017	2018	2019	2020	2021*
Estonia	3.8	3.3	1.8	-0.9	7.0
Latvia	2.2	2.5	2.1	-0.5	5.0
Germany	1.5	1.8	1.5	-0.7	4.0
Slovak Rep.	2.0	1.9	3.2	1.6	3.5
Ireland	0.5	0.7	1.1	-1.0	3.2
Portugal	1.6	0.6	0.4	-0.3	3.1
Lithuania	3.8	1.8	2.7	-0.1	3.0
Belgium	2.1	2.2	0.9	0.4	3.0
Austria	2.3	1.7	1.8	1.0	2.9
France	1.2	1.9	1.6	-0.1	2.9
Spain	1.1	1.2	0.8	-0.5	2.5
Finland	0.5	1.3	1.1	0.2	2.2
Slovenia	1.7	1.4	1.9	-1.1	2.2
Cyprus	-0.4	1.0	0.7	-0.8	2.0
Netherlands	1.2	1.8	2.7	0.9	1.8
Italy	1.0	1.2	0.5	-0.3	1.7
Malta	1.3	1.2	1.3	0.2	1.6
Greece	1.0	0.6	1.1	-2.4	1.3
Luxembourg	1.5	1.8	1.8	-0.4	1.3
Eurozone	**1.3**	**1.5**	**1.3**	**-0.3**	**2.9**

Source: IMF

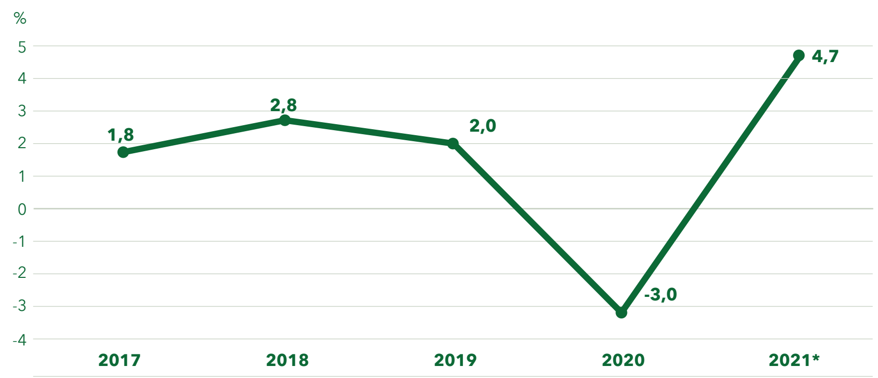
* Forecasts of the World Economic Outlook October 2021.

Russia

Russia was on the right track with a 4.7% GDP growth.

Unfortunately, the war against Ukraine will reverse its economy's growth trajectory. The sanctions and the isolation it will experience in 2022 can only result in a pullback of its economic indicators in the near future.

Russia GDP real growth (%)



Source: IMF

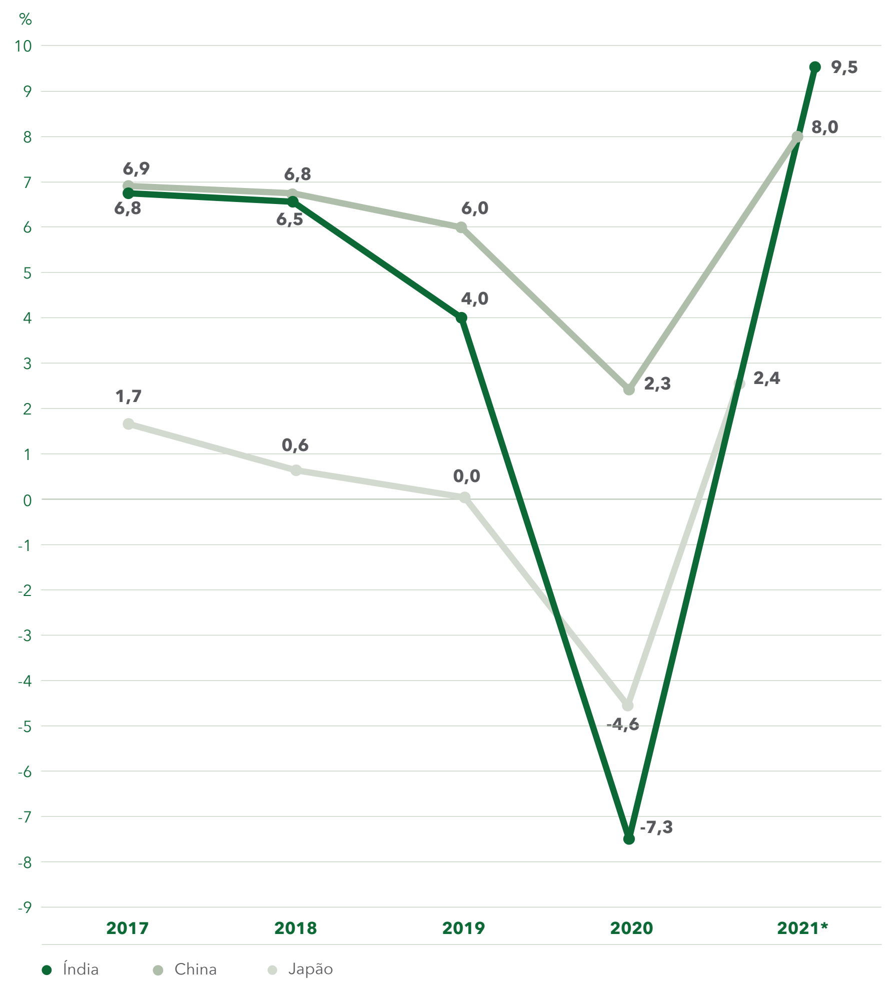
* Forecasts of the World Economic Outlook October 2021

Asia

India showed a strong recovery, with a GDP growth of 9.5% in 2021, up from a negative 7.3% in the previous year.

China also recovered, but the severe restrictive measures against the spread of COVID-19 that it kept in place, did not allow manufacturing to reach the expected production levels and logistical bottlenecks also caused lower-than-expected growth.

Asia GDP real growth (%)



Source: IMF

* Forecasts of the World Economic Outlook October 2021

Finally, in Asia we have Japan which has experienced major problems in several areas, such as its demographics, inflation and budget deficit, thus resulting in it experiencing moderate growth in the year of 2021.

South America

South America managed to experience a recovery in the same direction as the rest of the world, with Chile and Peru standing out, having achieved double-digit GDP growth.

Brazil, which is the largest economy in this geographical region, grew by 5.2% in 2021.

South America GDP real growth (%)

Country	2017	2018	2019	2020	2021*
Chile	3.1	3.3	3.9	-1.5	11.0
Peru	1.3	1.8	1.4	-4.1	10.0
Dominican Republic	1.2	3.7	1.0	-5.8	9.5
Colombia	4.7	7.0	5.1	-6.7	7.6
Argentina	1.4	2.6	3.3	-6.8	7.5
Mexico	2.4	1.3	0.0	-7.8	6.2
Guatemala	2.1	2.2	-0.2	-8.3	5.5
Brasil	2.8	-2.6	-2.1	-9.9	5.2
Ecuador	2.5	4.0	2.2	-11.0	2.8

Source: IMF

* Forecasts of the World Economic Outlook October 2021

Sub-Saharan Africa

The largest economies in sub-Saharan Africa, as in previous years, remain Nigeria, South Africa and Kenya.

The combined GDP of these countries makes up more than half the value of the area's GDP.

Angola, which ranked third in 2018, fell to sixth place in 2021.

Sub-Saharan Africa Nominal GDP in billion USD					
Country	**2017**	**2018**	**2019**	**2020**	**2021***
Nigeria	376	422	448	429	480
South Africa	381	405	388	335	415
Kenya	82	92	100	102	109
Ethiopia	77	80	93	97	93
Ghana	60	67	68	68	75
Tanzania	53	57	61	64	69
Angola	122	101	85	58	70
Côte d'Ivoire	52	58	59	61	69
Democratic Rep. of Congo	38	47	50	49	55

Source: FMI

* Forecasts of the World Economic Outlook October 2021

In terms of real GDP growth, Ethiopia, DRC and Ivory Coast top the list. Unfortunately, Angola is the leastgrowing country in the continental area according to IMF forecasts in 2021.

Sub-Saharan Africa GDP real growth (%)					
País	**2017**	**2018**	**2019**	**2020**	**2021***
Nigeria	11.3	4.9	4.3	5.4	6.3
South Africa	3.0	3.3	2.2	2.5	1.8
Kenya	8.4	6.1	4.6	5.9	5.4
Ethiopia	10.6	11.4	8.7	9.9	10.3
Ghana	7.8	14.2	8.5	7.2	2.9
Tanzania	6.4	7.9	5.1	6.8	6.7
Angola	-0.2	-2.0	-0.7	-5.6	0.7
Côte d'Ivoire	2.0	-4.9	10.9	9.3	8.8
Democratic Rep. of Congo	7.1	6.9	7.1	8.5	9.5
Sub-Saharan Africa	**3.0**	**3.3**	**3.1**	**-1.7**	**3.7**

Source: IMF

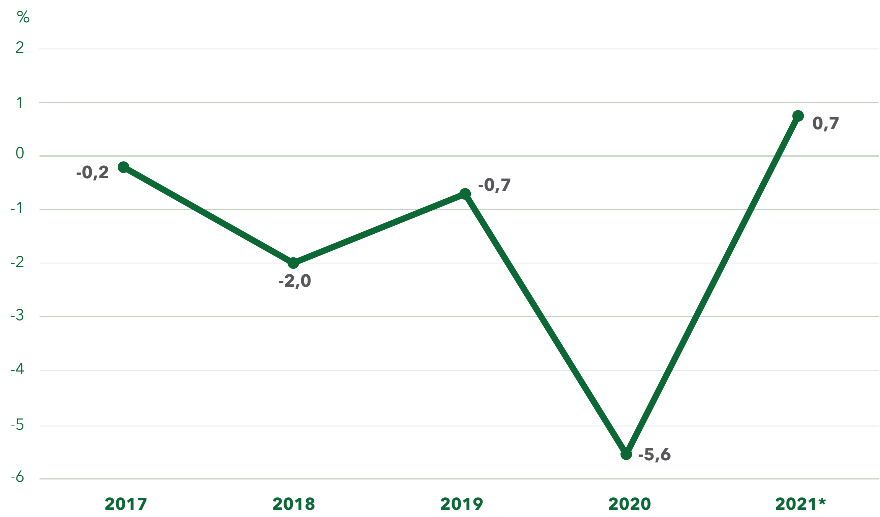
* Forecasts of the World Economic Outlook October 2021

ANGOLAN ECONOMY

With the fading of the pandemic, the increase in the price of oil and the visible, albeit timid, results of the government's macroeconomic and fiscal policies, Angola showed signs of emerging from the economic recession that had already lasted half a decade.

The country's economy has thus returned to economic growth, with a rate of 0.1% according to IMF forecasts.

GDP real growth (%)



Source: IMF

* Forecasts World Economic Outlook April 2022

Crude Oil

In 2021, the average price of the country's main export product and traditionally the largest contributor to GDP and tax revenues, improved by 57% with respect to the price in 2020.

This meant a 61% increase in petroleum tax revenue in 2021, even though the amount of barrels exported fell by 13% due to investment limitations in the sector.

Average crude oil price per barrel & crude oil export

Year	Average crude oil price per barrel - USD	Variation	Export - million of barrels	Variation
2017	52,03	29%	596	-6%
2018	70,34	35%	537	-10%
2019	62,61	-11%	497	-7%
2020	42,60	-32%	472	-5%
2021	66,99	57%	413	-13%

Source: Ministry of Finance

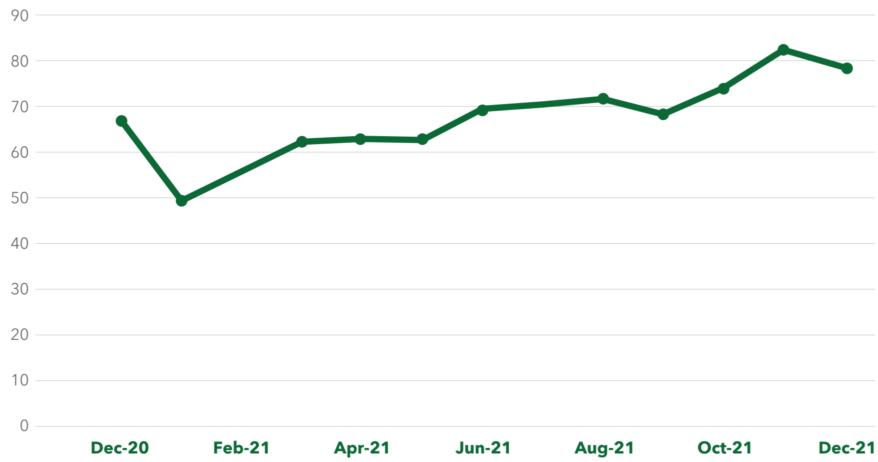
Macroeconomic Overview

Throughout FY2021, crude oil tended to trade upwards largely due to the upturn in economic activity with the easing of the adverse effects and restrictions imposed by the COVID-19 pandemic.

January saw the lowest price in the fluctuation and was the only month in which crude oil traded, on average, below USD 50.00/barrel.

December saw oil's highest peak, with the average price above USD 82.00.

Average Oil Price Per Barrel



Exchange rate

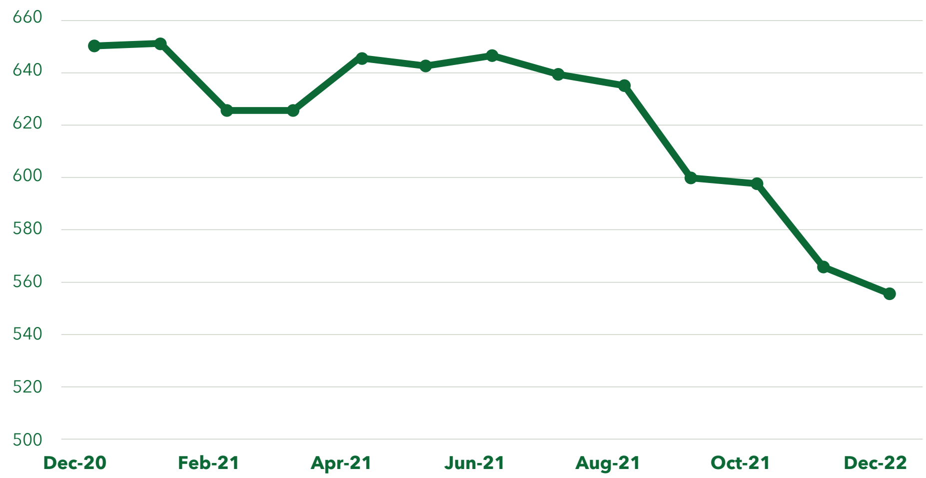
With the improvement in crude oil revenues, the foreign exchange authority had more currencies to sell and to intervene in the foreign exchange market when necessary.

The year started with an exchange rate of AOA 649.60 per USD and dropped further until it reached AOA 554.98 per USD in December 2021.

The BNA continued its exchange market opening policy, and in October 2021, allowed companies in the Aviation and Insurance sectors to buy or sell foreign currencies directly through the Bloomberg Trading Platform.

Thus, it widens the pool of currency sellers in the exchange market to also include MINFIN, the BNA, oil and diamond companies and the Aviation and Insurance Sectors, which improves supply and consequently puts downward pressure on the price, as can be seen in the adjacent chart.

Exchange Rate USD/AOA 2021



In January 2021, the strengthening of the national currency led the Kwanza to gain 15% against the US dollar, rising from 650 in 2020 to 555 at the end of 2021.

Exchange rate USD/AOA - Primary Market - end of the year					
	2017	2018	2019	2020	2021
Exchange rate USD/AOA	166,749	310,158	487,098	649,604	554,981
Annual variation	0%	86%	57%	33%	-15%

Source: BNA

Net International Reserves

After falling to USD 8.8 billion in 2020, net International Reserves improved by 12% in 2021 to USD 9.9 billion, a strong indication of oil price upturn.

BNA announced that in order to comply with international standards, concerning International Reserves processing and aiming for reserves comparability between different countries, over the next few years the position of international reserves will only consider BNA's foreign assets, excluding for this purpose the National Treasury and Commercial Banks' resources in foreign currency at BNA, in the calculation of international reserves. Furthermore, the publication of net international reserves on all platforms, reports, and other publications under BNA's responsibility will be discontinued.

Net International Reserves (million USD)					
	2017	2018	2019	2020	2021
Net Int. Reserves	13.587	10.646	11.712	8.767	9.861
Annual variation	-35%	-22%	10%	-25%	12%

Source: BNA (*) Preliminary data

Macroeconomic Overview

Inflation

Supply-side constraints on essential goods caused inflation to reverse the trend from 2019 and at the peak of the pandemic, meaning 2020, prices rose unstoppably, and as a consequence there was an eight-percentage point higher inflation in 2020 vs 2019.

With the central bank's monetary policy focused on price stability, the pace of price rises has slowed, with the FY2021 showing an annual inflation rate five percentage points up versus FY2020 inflation rate. Nonetheless, the 30.43% variation in the city of Luanda CPI, remains a very elevated number that forces one to go back to 2016 to see an inflation rate with such high levels.

Annual inflation in % (end of period)					
Type of inflation	2017	2018	2019	2020	2021
Consumer prices	26,26	18,21	17,06	25,19	30,43

Source: INE

Banknotes and coins in circulation

The BNA's effort to contain inflation is clearly visible in the evolution of the currency in circulation.

Banknotes and coins in circulation billions AOA					
Year	2017	2018	2019	2020	2021
Banknotes and coins in circulation	528	498	540	549	569
Annual variation	4%	-6%	8%	2%	2%

Source: BNA (*) Preliminary data

The Central Bank kept a tight rein on the banknotes and coins in public possession and prevented inflation from being higher than that recorded at the end of the year.

This tight control has also considerably decreased the great influence that the parallel exchange market had been having in recent years, making it almost unnoticeable.

Interest rates

The year ended with 6- and 12-month Treasury Bills paying 14% and 17% respectively.

T-bills yields					
Maturity	2017	2018	2019	2020	2021
TB 3 M	16,15%	13,60%	n/a	19,35%	n/a
TB 6 M	20,25%	17,06%	12,00%	20,50%	13,98%
TB 12 M	23,90%	19,05%	14,68%	21,00%	16,99%

Source: BNA

Although much of the first quarter of 2021 saw Treasury Bills rates almost equal to those of the previous year, these dropped to the December level, as shown in the adjacent table.

The 3-month Treasury Bills traded poorly, ending March 2021 with a rate of 19.38%.

The mandatory minimum reserves provision in national currency remained unchanged with a 22% coefficient.

The mandatory minimum reserves in foreign currency reserves in foreign currency, which previously had a 17% coefficient, fulfilled only in foreign currency and 2% fulfilled in national currency, it was established a one-off 22% coefficient matching it with the coefficient for reserves in national currency.

BNA Reference rates

	2017	2018	2019	2020	2021
BNA reference rate	18,00%	16,50%	15,50%	15,50%	20,00%
Overnight lending facility	20,00%	16,50%	15,50%	15,50%	25,00%
Overnight deposit facility	0,00%	0,00%	0,00%	0,00%	0,00%
Deposit facility 7 days	0,00%	0,00%	10,00%	7,00%	15,00%
Rediscount rate	20,00%	20,00%	20,00%	20,00%	20,00%
Coefficient of Reserves in local currency	21,00%	17,00%	22,00%	22,00%	22,00%
Coefficient of Reserves in foreign currency	15,00%	15,00%	15,00%	15,00%	22,00%

Source: BNA

Monetary aggregates

In pursuance of it' s policy for price stability in the economy, the BNA continues to tighten monetary aggregates. As shown in the table below, M1 contracted by 10%, M2 and M3 each fell by 9% when compared with the figures recorded in FY 2020.

Monetary Aggregates in million AOA						
	2017	2018	2019	2020	2021*	Δ % 20/21
Currency outside depository corporations	418.736	373.035	418.993	404.595	401.789	-1%
Demand deposits in national currency	2.406.398	2.408.565	2.773.605	3.269.836	3.229.953	-1%
Demand deposits in foreign currency	907.029	1.305.246	1.732.977	2.669.431	2.088.673	-22%
M1	3.732.163	4.086.845	4.925.575	6.343.861	5.720.415	-10%
Term deposits in national currency	1.695.933	1.458.826	1.646.926	2.166.097	2.269.597	5%
Term deposits in foreign currency	1.089.603	2.298.936	3.627.906	4.187.778	3.523.235	-16%
M2 = (M1 + Quasi-Money)	6.517.699	7.844.607	10.200.407	12.697.737	11.513.247	-9%
Other deposit like instruments	4.029	9.384	4.746	4,746	5.066	7%
M3 = (M2 + Other deposit like instruments)	6.521.728	7.853.991	10.205.153	12.702.483	11.518.313	-9%
Demand and term deposits in foreign currency	2.000.601	3.608.818	5.360.883	6.857.208	5.611.908	-18%
Degree of dollarisation in the economy (3)	33%	48%	55%	56%	51%	

Source: BNA

As a result of the Kwanza's strengthening, market players reduced their foreign currency deposits by converting them into local currency deposits and other deposit-like financial instruments.

Lending to the Economy

The lending to the economy expanded by only 4% between 2020 and 2021.

Central Bank statistics on the "distribution of loans by business sector (CAE VER 2)" show that trade and loans and advances to customers (private individuals) account for 40% of total financing.

The real sector of the economy is still seen as the poor relative of the lending industry when its weight is compared with other sectors.

Lending to the economy in billion kwanzas - balance at the end of the period					
	2017	2018	2019	2020	2021
Lending	3.617	4.159	4.930	4.602	4.797
Variation	0%	15%	19%	-7%	4%

Source: BNA.

Despite the agriculture, livestock farming, hunting, forestry and fishing sectors have received more AOA 23.4 billion than in 2020, the weight of this group added to the extractive and manufacturing industries represents less than 20% of the total financing to the economy in 2021, which will continue to pose various challenges to the economy in terms of national output, employment, inflation and other variables.

The small increase in lending to the agricultural sector in 2021, is mainly due to BNA Notice number 10/2020 which "forced" the commercial banks to provide loans to the sector at almost ¼ of the market rate.

State General Budget

The state general budget for 2021 estimated revenue at AOA 8,105 billion and expenditure at AOA 9,087 billion, forecasting a deficit of AOA 982 billion.

The state budget forecasting was based on a price of USD 39.0 of crude oil per barrel and an average daily output of 1 million, 220 thousand and/or 400 barrels of crude oil per day.

State General Budget (billion AOA)										
	2017*		2018*		2019		2020		2021	
Revenue from oil sector	2.009	57%	3.715	63%	3.953	60%	2.952	48%	4.059	50%
Revenue from other sectors	1.194	34%	1.693	29%	2.122	32%	2.329	38%	3.428	42%
Other sources of revenue	340	10%	452	8%	473	7%	845	14%	617	8%
Total revenue	3.543		5.860		6.547		6.125		8.105	
Total expenses	4.823		5.319		6.336		7.393		9.087	
Surplus / Deficit	-1.280		541		211		-1.268		-982	

Source: Ministry of Finance

* Budget implemented

On the one hand, the quantity of crude oil exported was 8% below the 2021 planned output, but on the other hand, the average price per barrel in 2021 was 72% above the price taken into account in the 2021 State General Budget forecasts, which means that the country had nearly doubled the oil tax revenues projected for FY2021.

Government Debt

According to the Ministry of Finance, direct government debt is AOA 36.758 billion in 2021, of which 29% is domestic debt and 71% foreign debt. In total, direct debt has decreased by 11% and represents in 2021 80% of Gross Domestic Production against the 2020 ratio which stood at 122% of GDP.

Direct Government Debt in billions of AOA			
	2020	2021	Var %
Direct Government Debt	41.278	36.758	-11%
Domestic Debt	11.612	10.786	-7%
Foreign Debt	29.666	25.972	-12%

Source: Ministry of Finance / UGD

GDP	33.756	46.144	37%
Debt/GDP	122%	80%	

GDP source: IMF

Balance of Trade (BoT)

The high oil price impact in 2021 is clearly noticeable in the goods account, where the balance rose by 91%, despite the fact that imports of goods increased by 24%. The diamond industry has contributed with a 45% increase in the value of its exports. The services account, traditionally a loss-making account, recorded a 26% higher deficit in 2021 than in 2020. With these movements, the Current Account had a positive balance almost ten times greater than the balance recorded in 2020. In 2021, crude oil and its derivatives accounted for 95% of total exports of goods.

Balance of Trade (BOT) in million USD					
	2017	2018	2019	2020	2021
Goods	**20.150**	**24.960**	**20.599**	**11.394**	**21.787**
Exports f.o.b	**34.613**	**40.758**	**34.726**	**20.937**	**33.581**
Oil and oil derivatives	33.312	39.409	33.365	19.584	31.838
Diamond sector	1.130	1.152	1.215	1.070	1.550
Other sectors	171	197	146	283	194
Imports	**14.463**	**15.798**	**14.127**	**9.543**	**11.795**
Consumer goods	11.100	10.926	9.639	7.160	8.866
Capital goods	3.363	4.872	4.488	2.383	2.929
Services	-12.809	-9.458	-7.718	-5.536	-6.958
Credit	**985**	**631**	**455**	**67**	**86**
Debit	**13.793**	**10.090**	**8.172**	**5.603**	**7.044**
Primary income	-7.506	-7.830	-7.516	-4.924	-5.784
Secondary income	-469	-269	-227	-63	-646
Current account	-633	7.403	5.137	872	8.398

Source: BNA

Angola's Sovereign Rating

Following the recovery of the drivers that in 2020 led to the deterioration of Angola's sovereign credit quality, namely the low oil price and high sovereign debt, the rating agencies S&P, Moody's and Fitch in September 2021 reassessed Angola's credit risk, generally highlighting the improvement of the sovereign credit profile, with the increase in oil prices, the structural upgrade of sovereign debt management and of public finances, as well as the improvement and strengthening of governance regarding the quality of the institutions.

Angola's Sovereign Rate (Long-term)				
Rating Firm	2020		2021	
	Rating	Month	Rating	Month
S & P	CCC+	march/20	CCC+	set-2021
Fitch	CCC	sept/20	CCC	set-2021
Moody´s	Caa1	sept/20	B3	set-2021

Source: S&P, Fitch e Moody's

At the end of the assessment, MINFIN reported that Standard & Poor's and Fitch maintained their ratings of Angola's sovereign risk at CCC+ and CCC- respectively, but Moody's made a positive assessment of Angola's sovereign risk rating by upgrading the rating from Caa1 to B3, maintaining a stable outlook.

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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 - ATM (79)

POS (1.050)

FINANCIAL STATEMENTS

Financial Statements

Balance Sheet as at 31 December 2021 and 2020					
Captions	**Notes**	**2021 AKZ'000**	**2021 USD'000**	**2020 AKZ'000**	**2020 USD'000**
Assets					
Cash and Balances at Central Banks	3	14.507.059	26.140	13.034.193	20.065
Balances at other Credit Institutions	4	2.013.541	3.628	6.697.106	10.310
Placements with C. Banks and other Credit Institutions	5	16.440.558	29.624	15.193.583	23.389
Financial Assets at FV through OCI	6	43.929.522	79.155	46.040.228	70.874
Loans and advances	7	7.641.824	13.770	5.951.215	9.161
Other Tangible Assets	8	7.111.922	12.815	7.464.165	11.490
Intangible Assets	8	831.702	1.499	722.884	1.113
Deferred Taxes Receivable	9	-	-	629.356	969
Other Assets	10	1.723.071	3.105	1.387.738	2.136
Total Assets		**94.199.199**	**169.736**	**97.120.468**	**149.507**
Liabilities					
Deposits from other Credit Institutions	11	325.877	587	287.750	443
Deposits from clients					
a) demand	12	34.186.054	61.599	26.504.583	40.801
b) term	12	11.021.613	19.859	12.461.224	19.183
Provisions	13	131.774	237	110.290	170
IncomeTaxes	14	571.544	1.030	742.834	1.144
Deferred taxes payable	15	158.369	285	-	-
Other Liabilities	16	12.785.809	23.038	22.046.569	33.938
Total Liabilities		**59.181.040**	**106.635**	**62.153.250**	**95.679**
Equity					
Capital					
- Capital	17	7.500.000	48.071	7.500.000	48.071
Revaluation reserves	17.1	5.636	10	1.984.640	3.055
Other reserves and retained income	17.1	25.017.322	45.078	18.684.035	28.762
Foreign currency translation reserve	17.1	-	(34.070)	-	(38.150)
Retained income for the year	17.1	2.495.201	4.012	6.798.543	12.090
Total Equity		**35.018.159**	**63.101**	**34.967.218**	**53.828**
Total Liabilities and Equity		**94.199.199**	**169.736**	**97.120.468**	**149.507**
OFF BALANCE SHEET ITEMS					
Guarantees issued	29	342.933	618	460.000	708
Letters of credit	29	2.761.031	4.975	8.059.730	12.407
Undrawn commitments	29	5.204.114	9.377	6.081.949	9.363
Guarantees received	29	(33.003.907)	(59.469)	(28.665.713)	(44.128)
Custodial assets	29	(20.888.893)	(37.639)	(27.358.172)	(42.116)

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

Income Statement for the Year Ended 31 December 2021 and 2020

Captions	Notes	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Interest and Other Similar Income	20	8.597.314	13.898	6.230.988	10.665
Interest and Other Similar Expenses	21	(572.246)	(925)	(676.879)	(1.159)
Net Interest Margin		**8.025.068**	**12.973**	**5.554.109**	**9.506**
Fee and Commission Income	22	2.746.655	4.440	2.755.861	4.717
Fee and Commission Expenses	23	(454.287)	(734)	(413.638)	(709)
Results of Financial Operations	24	254.608	412	13.812.776	23.641
Other Operating Expenses	25	(471.692)	(763)	(4.332.190)	(7.415)
		2.075.284	**3.355**	**11.822.809**	**20.234**
Operating Margin		**10.100.352**	**16.328**	**17.376.918**	**29.740**
Salaries and Other Payroll Expenses	26	(3.789.018)	(6.125)	(4.671.737)	(7.996)
Third Parties Supplies	27	(3.691.962)	(5.968)	(3.261.428)	(5.582)
Depreciation and Amortisation	8	(937.472)	(1.689)	(729.713)	(1.123)
Net Provisions	13	(57.010)	(103)	-	-
Impairment Losses on loans[1]	7/13	(28.356)	(51)	332	1
Impairment Losses on FATOCI[2]	6	1.840.765	3.317	(1.650.709)	(2.541)
Impairment Losses on Other Fin. Assets[3]	5	(4.092)	(7)	(2.220)	(2)
Impairment Losses on Other Assets[4]	10	(1.847)	(3)	(17.612)	(29)
		(6.668.992)	**(10.629)**	**(10.333.087)**	**(17.272)**
Income before Taxes		**3.431.360**	**5.699**	**7.043.831**	**12.468**
Income taxes					
- Current	14	(571.544)	(1.030)	(742.834)	(1.144)
- Deferred	9/15	(364.615)	(657)	497.546	766
Net Income for the Year		**2.495.201**	**4.012**	**6.798.543**	**12.090**
Earnings per share (AKZ'000)	28				
- Basic		0,13		0,36	
- Diluted		0,13		0,36	

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

[1] Impairment losses on loans and advances for clients, net of reversals and recoveries;
[2] Impairment losses on financial assets through other comprehensive income, net of reversals and recoveries – securities;
[3] Impairment losses on other financial assets, net of reversals and recoveries;
[4] Impairment losses on other assets, net of reversals and recoveries

Statement of Comprehensive Income
for the Year Ended 31 December 2021 and 2020

Captions	Notes	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Net Profit		**2.495.201**	**4.012**	**6.798.543**	**12.090**
Other Comprehensive Income					
Items that may be reclassified to Income Statement					
Change in the Fair Value of Financial Assets through other Comprehensive Income	6	(212.675)	(383)	(484.900)	(746)
Tax Effect		74.436	134	169.715	261
Transfer to income of impairment recognised in the year ended	6	(1.840.765)	(3.317)	1.650.709	2.541
Income not included in the Income Statement	**17.1**	**(1.979.004)**	**(3.566)**	**1.335.524**	**2.056**
Comprehensive Income for the Year		**516.197**	**446**	**8.134.067**	**14.146**

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

Statement of Changes in Shareholders 'Equity for the Year Ended 31 December 2021 and 2020

thousand in Kwanzas	Share Capital	Fair Value Adjustment Reserves	Statutory Reserves	Free Reserves	Retained Income	Profit of the Year	Total of Equity
Balance at 31-12-2019	**7.500.000**	**654.529**	**2.090.638**	**8.626.482**	**-**	**10.889.505**	**29.761.154**
Appropriation 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**
Appropriation of 2020 retained income	-	-	679.855	6.118.688	(465.256)	(6.798.543)	32.290
Fair Value Adjustments	-	(138.239)	-	-	-	-	(138.239)
Impairment losses on Fin. Assets through OCI	-	(1.840.765)	-	-	-	-	(1.840.765)
Profit for the year 2021	-	-	-	-	-	2.495.201	2.495.201
Balance at 31-12-2021	**7.500.000**	**5.636**	**3.859.443**	**21.623.135**	**(465.256)**	**2.495.201**	**35.018.159**

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

Caption	Statement of Cash Flows for the Year Ended 31 December 2021 and 2020		
	Notes	2021 AKZ'000	2020 AKZ'000
Profit before Tax		3.431.360	7.043.831
Add:			
Depreciations	8	937.472	729.713
Provision for Potential Responsibilities	5/10/13	65.949	(6.150)
Impairment Losses on Fin. Assets (excluding loans)	6	(1.840.765)	1.676.692
Impairment Losses on Loans	7	28.356	(332)
Less:			
Dividends Paid	17.1	-	(2.922.590)
Tax Paid	15	(2.749.931)	(2.133.954)
Cash Flows from Operating Activities		**(127.559)**	**4.387.210**
Decrease (increase) in loans and advances	7	(1.576.428)	1.517.891
Decrease (increase) in other assets	10	(337.180)	4.168.224
Increase in deposits from other banks	11	38.127	214.455
Decrease (increase) in other liabilities	16	(7.731.605)	1.653.118
		(9.734.645)	**11.940.898**
Investing Activities			
Purchase of tangible and intangible assets	8	(927.400)	(995.526)
Purchase of trading and investment securities	6	2.453.491	(6.359.283)
Placements with central Banks and other banks	5	(1.244.005)	(3.188.545)
		282.086	**(10.540.384)**
Financing Activities			
Demand deposits	11	7.681.471	(4.035.577)
Term deposits	12	(1.439.611)	(167.279)
		6.241.860	**(4.202.856)**
Decrease in cash and cash equivalents		(3.210.699)	(2.802.342)
Opening balance of cash and cash equivalents		19.732.396	22.534.738
Closing balance of cash and cash equivalents		**16.521.697**	**19.732.396**
Cash and Equivalents comprises:			
Cash and Balances at Central Banks	3	14.507.059	13.034.193
Balances at other Credit Institutions	4	2.014.638	6.698.203
Closing balance of cash and cash equivalents		**16.521.697**	**19.732.396**

The accompanying notes form an integral part of these financial statements;
The amounts presented in United States Dollars are submitted for reading purposes.

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 2021, 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 2021 and 2020.

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 2021 and 2020. 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 2021.

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 2021 were approved by the Board of Directors at 25 April 2022 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 2.3.16.

Currency of presentation

The financial statements for the years ended 31 December 2021 and 2020, 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 (KZ). 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 KZ/USD exchange rates used in the preparation of this financial statement were as follows:

Year ended on	Average Rate	Closing Rate
31.12.20	584,252	649,604
31.12.21	618,590	554,981

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.

The financial information in the financial statements and the attached Appendix presented in United States dollars is submitted for reading purposes only. Consequently, it was converted based on the criteria described above, and should not be interpreted as representing that the amounts in kwanzas have been, could have been or may come to be converted into United States dollars. Additionally, these amounts are unaudited.

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 closing rates of the main foreign currencies used in the Bank dealings are:

Currencies	31-12-2021	31-12-2020
Dollars (USD)	554,981	649,604
European Union currency (EUR)	629,015	798,429

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 the 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 information to demonstrate that a more lagging default criterion is more appropriate."* The 90 days past due criterion was used to identify a client in default. Nevertheless, based on its individual credit 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.

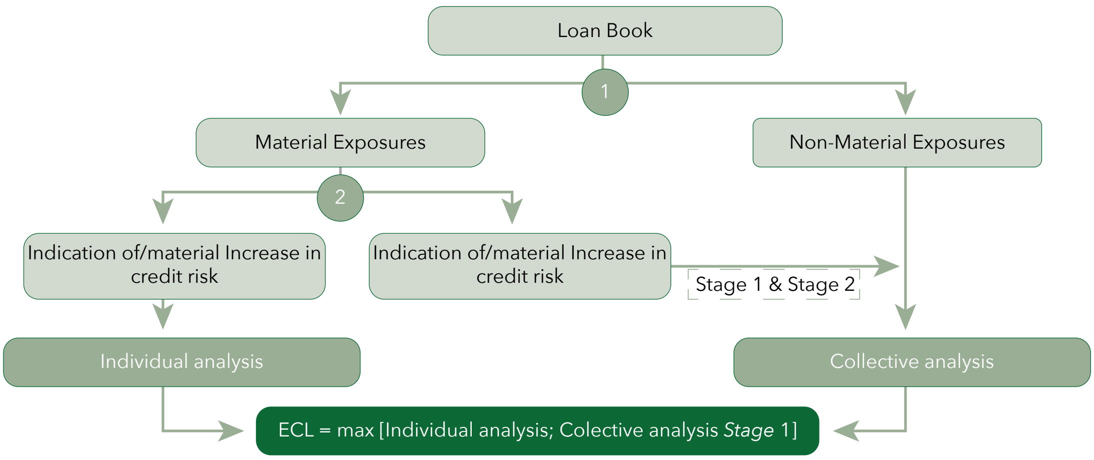
Under the ECL approach, assets subject to impairment must be classified into one of the following categories (stages), depending on changes in credit risk since initial recognition of the asset, and no longer on its credit risk at the reporting date:

- 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.

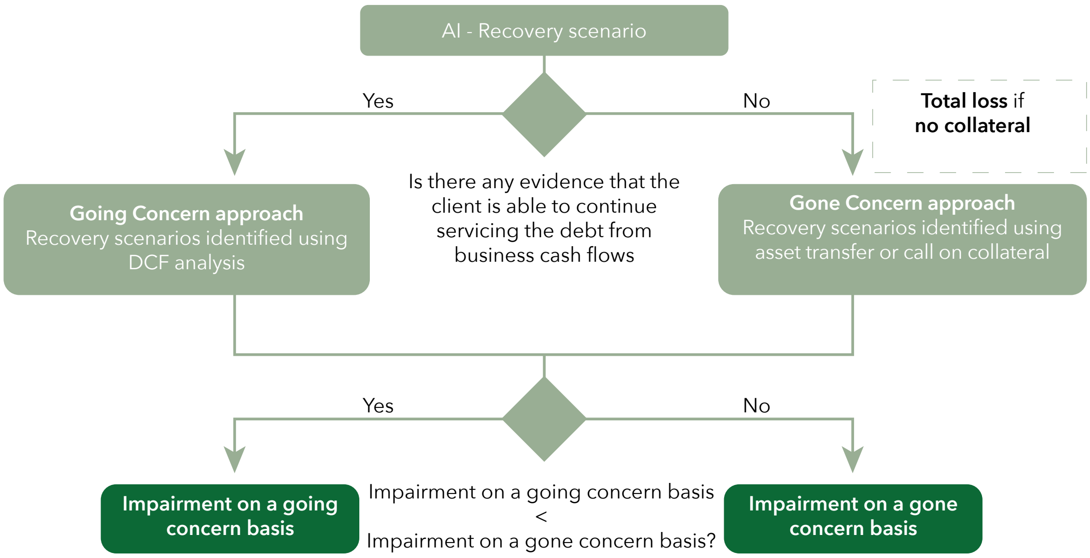
Staging analysis involves reviewing the stage to which each debtor is automatically allocated by the Bank's impairment model, based on the client's characteristics and the credit relationship with him and on the financial information available and the information provided by CIRC.

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 products
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	protocols
		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:

<table>
<tr><th>Stage</th><th>ECL calculation</th><th>Inputs | Risk factors</th></tr>
<tr><td>Stage 1
No indication of significant increase in credit risk</td><td>ECL12m = EAD x PD12m x LGD</td><td rowspan="3">• EAD = Exposure at default at the reporting date
• LGD = Estimated loss if the segment defaults
• PD12m = probability of default on the loan in the next 12 months
• PD lifetime = Probability of default on the loan up to maturity</td></tr>
<tr><td>Stage 2
Credit risk has significantly increased but is not impaired</td><td>ECL lifetime = EAD x PD lifetime x LGD</td></tr>
<tr><td>Stage 3
Impaired</td><td>ECL lifetime = EAD x LGD</td></tr>
</table>

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) ndividually 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.

2.3.1.1.6. Calculation of impairment losses on trading and investment securities portfolio

2.3.1.1.6.1. Significant increase in credit risk

The criterion for measuring the significant increase in credit risk for financial assets other than credit is always based on reasonable and sustainable qualitative and quantitative information available to the Bank. All reasonable and reliable information on macroeconomic and macro-fiscal indicators, as well as the evolution of the sovereign or issuer's rating, for example, are used to assess the existence or not of a significant increase in credit risk. The impairment losses correspond to the expected losses in case of default in a 12-month period, for stage 1 assets, and to the expected losses considering the probability of occurrence of a default event at any moment during the life of the financial instrument (until its maturity), for stage 2 and 3 assets. An asset is classified in stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition.

2.3.1.1.6.2. Assumptions for the calculation of impairments

2.3.1.1.6.2.1. Government bonds

a) Foreign currency

For the calculation of impairment losses on government bonds in foreign currency, the ECL (Expected Credit Losses) is obtained as the sum of the product of PD's (Probability of Default), LGD's (Losses Given Default) and EAD (Exposure At Default). Both PD's and LGD's are sourced from Reuters Dealing, Bloomberg or the monthly reports of rating agencies such as Moody's, Fitch and S&P. In these sources, LGD's are not explicit. They are obtained as the opposite of the recovery rate (1-Weighted Recovery Rates=LGD). The PD used for public debt instruments in foreign currency is the Issuer-Weighted Cumulative Default Rate for States with a B rating, taken from Moody's Report.

b) Local currency

A market benchmark is used as a tool for risk analysis and assessment. Information is obtained from at least three Angolan banks on the level of impairment they attribute to Angolan Government debt instruments. In the absence of this information, it is used the premise displayed in a) the Issuer Weighted Cumulative Default Rate for States with Moody's Ba rating.

2.3.1.1.6.2.2. Corporate Debt Securities

Historical data of instruments admitted to trading on BODIVA will be used to estimate PDs and LGDs for the corporate debt. While this information is not available, the best result obtained among the following options will be used: the risk premium between treasury bills and the corporate credit rate and the market benchmark.

2.3.1.1.6.2.3. Liquid Assets and Placements

a) Foreign currency

For liquid assets and investments in foreign currency, the PD calculation basis will be the financial institution rating where the amounts are deposited or invested. In the absence of a rating, the market benchmark used by institutions within the financial sector is applied.

b) Local currency

For investments in local currency and for those institutions with ratings, the 12-month PD is applied in duodecimal form and weighted with the EAD, followed by the corresponding assessment of its material relevance. For institutions without ratings, PDs result from the application of a risk premium to sovereign debt PDs.

2.3.1.1.6.3. Methodology for impaiments losses calculation

2.3.1.1.6.3.1. Government bonds

The EAD is calculated instrument by instrument, based on the financial statements. On the information exposed is applied the relevant percentage of the product curve of PD and LGD at the corresponding maturity. The sum of these weightings represents the impairment for the instrument in the calculation period.

2.3.1.1.6.3.2. Liquid Assets and Placements

a) Foreign currency

The ratings of the institutions where the liquid assets in foreign currency are deposited and/or applied are matched with the respective PDs (in duodecimal form) and these are reflected on the EADs, resulting in the impairment of these assets.

b) Local currency

The PDs corresponding to the ratings are multiplied by the LGDs and reflected on the EADs. The sum of the products of these represents the impairment in these instruments.

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 2021 and 2020 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. Fees and commissions 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 Income Tax Code enacted by Law 19/14 of 22 October), the Bank's income for the year is taxed at the rate of 35% (Income tax rate for banks, previously 30%). Income 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 2017 to 2021

Property Tax

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).

Under Article 4(1)(a) of the VAT Act, the Bank, as a taxable person registered with the Large Taxpayers Office, is subject to the general VAT regime enshrined in the VAT Code.

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 are exempt 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 Income 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 date in 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.

Stamp Duty

Stamp Duty is generally levied on all acts, contracts, documents, securities, operations and other acts provided for in the table attached to the Stamp Duty Code, or in special laws, occurring within the national territory.

According to the Stamp Duty Code, approved by Presidential Legislative Decree no. 3/14, of 21 October, the Bank is responsible for the payment of Stamp Duty due by its clients in most banking operations, such as financing and collection of interest on financing, and the Bank shall proceed to pay the tax, in accordance with the rates set out in the Stamp Duty Table.

Corporate Tax

In accordance with the provisions of Article 67 of Law 19/14 of 22 October, amended by Law 26/20 of 20 July, the provision of services of any nature provided by taxpayers with effective location or permanent commercial office in Angola are subject to taxation by tax withholding at a rate of 6.5%.

On the other hand, in accordance with the provisions of articles 71 and following articles of Law no. 19/14, of 22 October, amended by Law no. 26/20, of 20 July, the provision of services of any nature provided by taxpayers without head office, effective location or permanent commercial office in Angola, which carry out service provision activities of any nature without effective location or permanent commercial office in Angola, are subject to the payment of Corporate Tax and the imposition of a withholding tax rate of 15%.

In the case of payments for services made to institutions with offices in Portugal and in the United Arab Emirates, there is the possibility of applying Double Taxation Agreements ("DTA") and, as such, it may be possible to apply a lower withholding tax rate (5%), provided the necessary formalities are fulfilled.

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 28) 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 loan 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 2021 and 2020, had the following composition:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Cash				
- Local currency	3.156.548	5.688	2.535.408	3.903
Foreign currency	1.852.430	3.338	2.258.640	3.477
	5.008.978	**9.026**	**4.794.048**	**7.380**
Balances at the Central Bank of Angola (BNA)				
- Local currency	8.209.779	14.793	7.470.689	11.500
- Foreign currency	1.288.302	2.321	769.456	1.185
	9.498.081	**17.114**	**8.240.145**	**12.685**
	14.507.059	**26.140**	**13.034.193**	**20.065**

Balances at the Central Bank of Angola (BNA) is made up of deposits (in local currency and in foreign currency) intended to assure compliance with the minimum statutory reserves requirements and free reserves.

Directive 05/DMA/2021, of 05 May, which complements Instruction no. 02/2021, of 10 February, establishes the mandatory minimum reserves coefficient in local currency at 22%, which are fully complied with by the balances of deposits in domestic currency held at the National Bank of Angola. Directive 07/DMA/2021, of 6 July, set the coefficient for compliance with the compulsory reserves in foreign currency at 22%, which can be met up to 50% with securities belonging to the bank own portfolio, relating to the special issue of 10 December 2015, and the remainder with balances of deposits in foreign currency made with the BNA. On the other hand, Instruction 02/2021 offers the possibility of deducting from the amount due in national currency, the entire updated balance of credits value granted to the real economy, as defined in Notice 10/2020.

The balance of Deposits at the Central Bank on 31 December 2021, both in local and foreign currency, are aimed at meeting the requirements of mandatory reserves, and are also usable for the weekly purchases of foreign currency and are not remunerated.

4. BALANCES AT OTHER CREDIT INSTITUTIONS

This item, at 31 December 2021 and 2020, had the following composition:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
NOSTRO accounts	2.004.738	3.612	6.698.203	10.312
Pending Operations	9.900	18	-	-
	2.014.638	**3.630**	**6.698.203**	**10.312**
Impairment	(1.097)	(2)	(1.097)	(2)
	2.013.541	**3.628**	**6.697.106**	**10.310**

The 9.900 thousand of Kwanzas recorded in Pending Operations in 2021 refer to the amounts regarding the clearing system managed by EMIS.

NOSTRO accounts had the following breakdown:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
First Rand Bank	891.907	1.607	324.291	499
Natixis Banques Populaires	70.247	127	1.854.940	2.856
BYBLOS Bank	3.321	6	74.493	115
BPI - Portugal	645.169	1.162	1.093.822	1.684
Atlântico Europa - Portugal	45.913	83	52.044	80
BCP - Portugal	43.672	78	2.486.266	3.828
AKTIF Bank – Turkey	38.217	69	146.833	226
ACCESS Bank UK Limited	266.292	480	665.514	1.024
	2.004.738	**3.612**	**6.698.203**	**10.312**

The movement of impairment losses on Balances at Other Credit Instituitions during 2021, was:

AKZ'000	2021	2020
Opening balance	**1.097**	**1.097**
Reinforcements	-	-
Deductions	-	-
Impairment losses for the year	-	-
Closing balance	**1.097**	**1.097**

5. PLACEMENTS WITH CENTRAL BANK AND OTHER CREDIT INSTITUTIONS

This item, at 31 December 2021 and 2020, had the following composition:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Placements with local Banks				
- Capital	11.802.574	21.267	6.202.951	9.549
- Accrual interests	197.204	355	17.156	26
	11.999.778	**21.622**	**6.220.107**	**9.575**
Placements with foreign Banks				
- Capital	4.439.848	8.000	8.964.535	13.800
- Accrual interests	7.994	14	11.911	18
	4.447.842	**8.014**	**8.976.446**	**13.818**
(-) Accumulated impairment losses	(7.062)	(12)	(2.970)	(4)
	16.440.558	**29.624**	**15.193.583**	**23.389**

The residual maturities profile, at 31 December 2021 and 2020, was as follows:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Up to 3 days	1.059.079	1.908	-	-
4 to 15 days	800.689	1.443	7.599.560	11.699
16 to 30 days	773.467	1.394	649.760	1.000
31 to 45 days	6.398.181	11.529	2.599.654	4.002
More than 45 days	7.409.142	13.350	4.344.609	6.688
	16.440.558	**29.624**	**15.193.583**	**23.389**

The interest rate of placements at 31 December 2021 was as follows:

- AKZ – 16,28% (2020: 4,25%);
- USD – 0,78% (2020: 0,65%).

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 2021 is shown below:

Captions	2021 AKZ'000	2020 AKZ'000
Opening balance for the current year	**2.970**	**750**
Reinforcements	22.807	4.369
Deductions	(18.715)	(2.149)
Impairment losses for the year	4.092	2.220
Closing balance	**7.062**	**2.970**

The increase in impairment losses results from the increase in the Bank's exposure to AKTIF Bank (Turkey), since the investments in this bank increased from USD 3.80 million on 31 December 2020 to USD 5.00 million on 31 December 2021.

It should also be noted that the rating attributed by the Moody's rating agency of the country of residence of the AKTIF Bank counterparty, Turkey, is B1.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On the 31 December 2021 and 2020, 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

Captions	2021					
AKZ'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury bills – LCY	9.977.610	-	(607.617)	92.076	-	9.462.069
Treasury bonds – LCY:						
- Indexed to USD	4.844.058	6.439.301	(202.192)	(169.055)	258.775	11.170.887
- Non adjustable	19.120.700	-	(1.015.682)	(519.218)	1.118.676	18.704.476
- MINFIN[5]	183.500	-	(1.025)	(3.624)	666	179.517
Treasury bonds – FCY:						
- RR[6]	763.165	2.366.928	-	7.677	9.004	3.146.774
- EUROBONDs	1.249.958	(139.996)	48.710	2.869	14.352	1.175.893
Shares at EMIS (AKZ)[7]	89.906	-	-	-	-	89.906
	36.228.897	**8.666.233**	**(1.777.806)**	**(589.275)**	**1.401.473**	**43.929.522**

Captions	2021					
USD'000	Buying Costs	Capital Revaluation	Premium/ Discount	Fair Value Reserve	Deferred Profits	Balance
Treasury bills – LCY	17.959	-	(1.095)	166	-	17.050
Treasury bonds – LCY:						
- Indexed to USD	8.728	11.603	(364)	(304)	466	20.129
- Non adjustable	34.453	-	(1.830)	(936)	2.016	33.703
- MINFIN[5]	331	-	(2)	(7)	1	323
Treasury bonds – FCY:						
- RR[6]	5.640	-	-	14	16	5.670
- EUROBONDs	2.000	-	88	5	26	2.119
Shares at EMIS (AKZ)[7]	161	-	-	-	-	161
	69.292	**11.603**	**(3.203)**	**(1.062)**	**2.525**	**79.155**

[5]MINFIN are bonds issued specifically by the Ministry of Finance for debt settlement (overdue);
[6]USD Treasury Bonds are used for compliance with the weekly statutory reserves with the BNA;
[7]For the valuation of BCA's shareholding in EMIS, the Bank considers the equity method to be the best approach to fair value.

Captions	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:						
- RR	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**

During the year of 2021, the Bank sold to the market through BODIVA USD indexed treasury bonds in the amount of AKZ 4.58 billions (corresponding to 6,283 units).

Captions	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:	19.931	20.803	(924)	935	862	41.607
- Indexed to USD	15.642	-	(1.596)	(1.215)	860	13.691
- Non adjustable	565	-	(6)	(59)	2	502
- MINFIN						
Treasury bonds – FCY:						
- RR[6]	5.640	-	-	84	16	5.740
Shares at EMIS (AKZ)	151	-	-	-	-	151
	51.734	**20.803**	**(2.823)**	**(580)**	**1.740**	**70.874**

The Bank uses Level 1 and Level 2 data in assessing the fair value of the investment securities portfolio at each measurement date.

Level 1 data – for investment securities in local currency and quoted on BODIVA, unadjusted BODIVA prices are used. For EUROBONDs, unadjusted prices taken directly from Reuters are used;

Level 2 data – for investment securities either in local currency or in foreign currency, without the last available price on BODIVA or whose last available price on this market is from a distant time from the measurement date, the Bank uses a yield curve that considers only yields observable at or close to the measurement date.

Level 3 data – fair value is based on inputs that are unobservable in active markets, using techniques and assumptions that market players would use to value the same instruments, including assumptions about inherent risks, the valuation technique used and the inputs used. In the specific case of EMIS, the bank considers the equity method to be the best approach to the fair value of the asset in question.

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

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

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Stage 1	43.929.522	79.155	33.597.335	51.719
Stage 2	-	-	12.442.893	19.155
	43.929.522	**79.155**	**46.040.228**	**70.874**

The securities that in 2020 were classified as stage 2 fell out of this category in 2021 because most of them matured in 2021 and the remainder moved to stage 1 in line with the improvement in Angola's sovereign credit risk quality, which, according to Moody's, rose from Caa1 in 2020 to B3 in 2021.

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:

2021 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	92.076	(32.226)	59.850
Treasury bonds in AKZ			
- Indexed to USD	(169.055)	59.169	(109.886)
- Non adjustable	(519.218)	181.726	(337.492)
- MINFIN	(3.624)	1.268	(2.356)
Treasury bonds in USD			
- RR	7.677	(2.687)	4.990
EUROBONDs	2.869	(1.004)	1.865
	(589.275)	**206.246**	**(383.029)**

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			
- RR	54.786	(19.175)	35.611
	(376.601)	**131.810**	**(244.791)**

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

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Treasury bills				
Up to 6 months	7.898.622	14.233	5.420.326	8.344
From 6 months to 1 year	1.563.447	2.817	544.880	839
	9.462.069	**17.050**	**5.965.206**	**9.183**
Treasury bonds:				
Up to 6 months	4.648.195	8.375	11.477.677	17.669
From 6 months to 1 year	24.390.182	43.948	238.420	367
From 1 year to 3 years	4.163.277	7.502	27.576.696	42.451
More than 3 years	1.175.893	2.119	683.900	1.053
	34.377.547	**61.944**	**39.976.693**	**61.540**
Shares at EMIS:				
Unlimited term	89.906	161	98.329	151
	89.906	**161**	**98.329**	**151**
	43.929.522	**79.155**	**46.040.228**	**70.874**

The average interest rates are displayed below:

Captions	2021	2020
	%	%
Treasury bills	18,33	18,12
Treasury bonds indexed to USD	5,00	6,38
Treasury bonds – non adjustable	15,67	15,63
Treasury bonds – MINFIN	8,25	8,13
Treasury bonds in USD – RR	5,00	5,00
Treasury bonds in USD – EUROBONDs	9,50	-

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 2021 is shown below:

Captions	2021 AKZ'000	2020 AKZ'000
Opening balance for the current year	**2.229.429**	**578.720**
Reinforcements	584.559	1.650.709
Deductions	(2.425.324)	-
Impairment losses for the year	(1.840.765)	1.650.709
Exchange rate changes and others	1	-
Closing balance	**388.665**	**2.229.429**

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.

During 2021, an opposite market movement took place. The country's credit risk level improved, moving to B3. As a result, the estimated probability of default for the one-year period was reduced to 2,473%, which led the Bank to write-off AKZ 2.425.324 thousand of impairments.

7. LOANS AND ADVANCES

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Internal Loan				
- Loans	4.832.628	8.708	3.858.480	5.940
- Overdrafts	419.212	755	282.681	435
- Credit Cards	66.965	121	96.315	148
- Other loans	2.500.305	4.505	1.741.439	2.681
Non performing Loans and Interest	473.743	854	639.131	984
Accrued interest				
- Overdrafts	2.274	4	830	1
- Loans and other loans	41.992	76	141.815	218
	8.337.119	15.023	6.760.691	10.407
Impairment losses on loans	(695.295)	(1.253)	(809.476)	(1.246)
	7.641.824	**13.770**	**5.951.215**	**9.161**

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 2021 and 2020 the bank major customer represented 30,09% and 22,37% of the loan portfolio, respectively. The total of the top twenty customers represented in those dates 56,86% and 50,19% of the loan portfolio, respectively.

At 31 December 2021 and 2020 the loans granted to the bank shareholders or to companies managed by them was 126.733 thousand Kwanzas and 135.910 thousand Kwanzas, respectively. Note 30 analyses in detail the transactions held with the bank shareholders or to companies managed by them. The note 30 analyses in detail the transactions with related parties.

At 31 December 2021, the annual average loans interest rate (excluding the advances) was 22,57%, (2020: 22,37%) for loans conceded in local currency – 12,42% (2020: 12,52%) 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 2021 and 2020, the maturity profile of loans and advances was:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Loans and advances in foreign currency:				
Up to 1 year	67.105	121	78.521	121
More than 5 years	74.315	134	151.739	234
	141.420	**255**	**230.260**	**355**
Loans and advances in local currency				
Up to 1 year	3.881.011	6.994	3.578.358	5.508
1 year to 5 years	3.378.065	6.087	2.027.346	3.121
More than 5 years	515.137	928	641.216	987
Advances	421.486	759	283.511	436
	8.195.699	14.768	6.530.431	10.052
	8.337.119	**15.023**	**6.760.691**	**10.407**

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

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 2021 and 2020, bad debts have been deducted from the assets by use of Impairment losses on loans, which were rated at stage 3, amounting to 190.712 thousand of Kwanzas and 134 thousand of Kwanzas and 134 thousand of Kwanzas, respectively.

2021
Loans and Advances to Clients

			Non performing loans and advances				
AKZ'000	Performing off-balance	Performing in-balance	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Total
Without impairment	-	**2.532.030**	-	-	-	-	**2.532.030**
With impairment analysed on individual basis	-	-	-	-	-	-	-
- Loans and interests	-	-	-	-	-	193.321	193.321
- Impairment	-	-	-	-	-	(193.321)	(193.321)
With impairment analysed on collective basis	**8.274.049**	**5.066.775**	**42.498**	**521**	-	-	**13.383.843**
- Loans and interests	8.308.078	5.331.346	56.386	8.130	47.070	168.836	13.919.846
- Impairment	(34.029)	(264.571)	(13.888)	(7.609)	(47.070)	(168.836)	(536.003)
	8.274.049	**7.598.805**	**42.498**	**521**	-	-	**15.915.873**

In 2021 there was a change in the methodology for calculating impairment for the loans portfolio: only loans analysed individually in stage 3 determine impairment in individual analysis. If the individual analysis results in stage 1 or stage 2, the loans are impaired using the collective model.

The maturing on-balance sheet exposures without impairments correspond to loans whose real guarantees provided fully cover of the financial exposure.

2020 Loans and Advances to Clients								
			Non performing loans and advances					
AKZ'000	Performing off-balance	Performing in-balance	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**

The composition of the performing Loans and Advances without signs of impairment, at 31 December 2021 and 31 December 2020 was as follows:

2021 Loans And Advances					
	Maturity Profile for Performing Loans and Advances				
AKZ'000	Up to 30 Days	30 to 90 Days	30 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment on an individual basis analysis	-	-	-	-	-
Without Impairment on a collective basis analysis	547.348	2.483.805	24.144	4.803.079	7.863.376
	547.348	**2.483.805**	**24.144**	**4.803.079**	**7.863.376**

2020 Loans And Advances					
	Maturity Profile for Performing Loans and Advances				
AKZ'000	Up to 30 Days	30 to 90 Days	30 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**

The composition of non performing Loans and Advances with impairment signs, at 31 December 2021 and 31 December 2020 was as follows:

2021 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	80.414	-	-	112.907	193.321
With Impairment on a collective basis analysis	161.512	3.033	4.894	110.983	280.422
	241.926	**3.033**	**4.894**	**223.890**	**473.743**

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**

The analysis of loans and advances exposures and the related impairment, composed by segment, in 2021 was:

	Loans Exposures - 2021 AKZ'000			Impairment - 2021 AKZ'000		
Segment	Total	Performing Loans	Non Performing Loans	Total	Performing Loans	Non Performing Loans
Car loans	4.174	-	4.174	4.174	-	4.174
Consumer credit	482.305	275.790	206.515	208.484	11.039	197.445
Pre-Approved loans	9.261	-	9.261	9.261	-	9.261
Employees loans	780.719	779.977	742	31.906	31.448	458
Enterprises protocol	2.659.903	2.493.563	166.340	169.748	37.073	132.675
Overdrafts / advances	421.790	419.493	2.297	97.949	95.652	2.297
Corporate loans	3.912.002	3.827.588	84.414	138.153	53.739	84.414
Credit Cards	66.965	66.965	-	35.620	35.620	-
	8.337.119	**7.863.376**	**473.743**	**695.295**	**264.571**	**430.724**

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

	Loans Exposures - 2020 AKZ'000			Impairment - 2020 AKZ'000		
Segment	Total	Performing Loans	Non Performing Loans	Total	Performing Loans	Non Performing Loans
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 exposure by segment and by stage for the year ended 31 December 2021, was:

Stage 1

AKZ'000

Segmento	Total Exposure	Total Loans and Advances in stage 1	Of which healed	Of which restructured
Car loans	4.174	-	-	-
Consumer credit	482.305	267.007	-	-
Pre-Approved loans	9.261	-	-	-
Employees loans	780.719	742.080	-	-
Enterprises protocol	2.659.903	2.435.082	5.231	-
Overdrafts/advances	421.790	419.491	27.172	-
Corporate loans	3.912.002	3.827.588	-	-
Credit Cards	66.965	66.965	-	-
	8.337.119	**7.758.213**	**32.403**	**-**

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	-	-	-	-
Consumer credit	8.783	-	-	-
Pre-Approved loans	-	-	-	-
Employees loans	37.897	-	-	-
Enterprises protocol	58.481	2.367	-	-
Overdrafts/advances	2	-	-	-
Corporate loans	-	-	-	-
Credit Cards	-	-	-	-
	105.163	**2.367**	**-**	**-**

Stage 3				
AKZ'000				
Segment	Total Loans and advances in stage 3	Of which healed	Of which restructured	Of which acquired or originated through impairment losses on loans and advances
Car loans	4.174	-	-	-
Consumer credit	206.515	-	-	-
Pre-Approved loans	9.261	-	-	-
Employees loans	742	-	-	-
Enterprises protocol	166.340	-	-	-
Overdrafts/advances	2.297	-	-	-
Corporate loans	84.414	-	-	-
Credit Cards	-	-	-	-
	473.743	**-**	**-**	**-**

The impairment losses by segment and by stage for the year ended 31 December 2021, was

AKZ'000				
Segment	Total Impairment losses	Stage 1	Stage 2	Stage 3
Car loans	4.174	-	-	4.174
Consumer credit	208.484	7.902	3.137	197.445
Pre-Approved loans	9.261	-	-	9.261
Employees loans	31.906	12.500	18.948	458
Enterprises protocol	169.748	32.294	4.779	132.675
Overdrafts/advances	97.949	95.652	-	2.297
Corporate loans	138.153	53.739	-	84.414
Credit Cards	35.620	35.551	69	-
	695.295	**237.638**	**26.933**	**430.724**

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 in 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 in stage 3	Of which healed	Of which 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**

Exposures by segment and by gap of days of delay – 2021

AKZ'000 Segment	Total Exposure	2021 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	4.174	-	-	-	-	-	-
Consumer credit	482.305	267.007	-	-	3.689	5.094	-
Pre-Approved loans	9.261	-	-	-	-	-	-
Employees loans	780.719	742.080	-	-	-	37.897	-
Enterprises protocol	2.659.903	2.435.082	-	-	52.803	5.678	-
Overdrafts/advances	421.790	419.491	-	-	2	-	-
Corporate loans	3.912.002	3.827.588	-	-	-	-	-
Credit Cards	66.965	66.965	-	-	-	-	-
	8.337.119	**7.758.213**	**-**	**-**	**56.494**	**48.669**	**-**

AKZ'000 Segment	2021 Loans and advances exposures with impairment losses (stage 3) < = 30 Days	> 30 Days and < = 90 Days	> 90 Day
Car loans	-	-	4.174
Consumer credit	6.213	98	200.204
Pre-Approved loans	-	-	9.261
Employees loans	-	-	742
Enterprises protocol	17.458	8.032	140.850
Overdrafts/advances	2.297	-	-
Corporate loans	-	-	84.414
Credit Cards	-	-	-
	25.968	**8.130**	**439.645**

Impairment by segment, and by gap of days of delay 2021

AKZ'000		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)		
Segment	Total Impairment	< = 30 Days	< = 30 Days	> 30 Days and < = 90 Days	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days
Car loans	4.174	-	-	-	-	-	4.174
Consumer credit	208.484	7.902	602	2.535	3.306	98	194.041
Pre-Approved loans	9.261	-	-	-	-	-	9.261
Employees loans	31.906	12.500	-	18.948	-	-	458
Enterprises protocol	169.748	34.924	1.972	177	7.872	1.932	122.871
Overdrafts / advances	97.949	95.652	-	-	2.297	-	-
Corporate loans	138.153	53.739	-	-	-	-	84.414
Credit Cards	35.620	35.551	69	-	-	-	-
	695.295	**240.268**	**2.643**	**21.660**	**13.475**	**2.030**	**415.219**

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

AKZ'000	2020						
		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)		
Segment	Total Exposure	< = 30 Days	> 30 Days and < = 90 Days	> 90 Days	< = 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**	**-**

AKZ'000	2020		
	Loans and advances exposures with impairment losses (stage 3)		
Segment	< = 30 Days	> 30 Days and < = 90 Days	> 90 Day
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

AKZ'000		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)	
Segment	Total Impairment	< = 30 Days	> 30 Days and < = 90 Days	< = 30 Days	> 30 Dias e < = 90 Dias	> 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**

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)**
2016 and previous year	4	4.174	4.174
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
	4	**4.174**	**4.174**

Consumer Loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2016 and previous year	37	139.719	138.134
2017	6	3.267	1.601
2018	10	9.422	674
2019	13	128.836	56.195
2020	38	83.325	8.127
2021	55	117.736	3.753
	159	**482.305**	**208.484**

Pre-approved loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2016 and previous year	10	9.261	9.261
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
	10	**9.261**	**9.261**

Employees loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2016 and previous year	1	5.565	97
2017	18	8.612	547
2018	31	33.779	586
2019	59	543.352	26.407
2020	47	151.877	3.578
2021	10	37.534	691
	166	**780.719**	**31.906**

Enterprises protocol			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2016 and previous year	512	73.563	72.906
2017	365	147.682	23.081
2018	308	256.537	21.444
2019	250	318.472	9.082
2020	257	605.887	12.362
2021	596	1.257.763	30.873
	2.288	**2.659.903**	**169.748**

Overdrafts/advances			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2016 and previous year	2.641	40.509	75.790
2017	176	7.754	2.528
2018	109	1.453	253
2019	202	1.215	226
2020	126	21.698	4.049
2021	42	349.161	15.103
	3.296	**421.790**	**97.949**

Corporate loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2016 and previous year	3	84.414	84.414
2017	-	-	-
2018	-	-	-
2019	1	6.216	194
2020	5	11.578	1.232
2021	29	3.809.794	52.313
	38	**3.912.002**	**138.153**

Credit Cards			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2016 and previous years	77	16.975	11.089
2017	83	15.272	14.197
2018	21	6.688	2.919
2019	30	16.667	4.369
2020	11	4.302	1.221
2021	33	7.061	1.825
	255	**66.965**	**35.620**

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 2021:

2021	Car Loans		Consumer loans	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	112.907	112.907
Collective assessment	4.174	4.174	369.398	95.577
	4.174	**4.174**	**482.305**	**208.484**

2021	Pre-approved loans		Employees loans	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	9.261	9.261	780.719	31.906
	9.261	**9.261**	**780.719**	**31.906**

2021	Enterprises Protocol		Overdrafts/advances	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	2.659.903	169.748	421.790	97.949
	2.659.903	**169.748**	**421.790**	**97.949**

2021	Corporate loans		Credit Cards	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	80.414	80.414	-	-
Collective assessment	3.831.588	57.739	66.965	35.620
	3.912.002	**138.153**	**66.965**	**35.620**

2021	Total	
AKZ'000	Total exposure	Impairment
Individual assessment	193.321	193.321
Collective assessment	8.143.798	501.974
	8.337.119	**695.295**

b) 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**

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) at 31 December 2021:

2021	Trade		Electricity	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	80.414	80.414	-	-
Collective assessment	354.295	68.948	1	5.626
	434.709	**149.362**	**1**	**5.626**

2021	Particulars		Services	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	112.907	112.907
Collective assessment	2.793.843	29.272	4.023.824	347.721
	2.793.843	**29.272**	**4.136.731**	**460.628**

2021	Public Sector		Transportation	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	40.167	1.869	3	-
	40.167	**1.869**	**3**	**-**

2021	Industry		Education	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	931.663	48.536	2	2
	931.663	**48.536**	**2**	**2**

2021	Total	
AKZ'000	Total Exposure	Impairment
Individual assessment	193.321	193.321
Collective assessment	8.143.798	501.974
	8.337.119	**695.295**

b) at 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**

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:

2021	Angola	
AKZ'000	Total exposure	Impairment
Individual assessment	193.321	193.321
Collective assessment	8.143.798	501.974
	8.337.119	**695.295**

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**

"In 2021 there were no restructured loans executed. The restructured loans in 2020, 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**

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

AKZ'000	2021	2020
Opening balance of restructured loans (gross of impairment)	**2.501**	**5.247**
Restructured loans in the period	-	2.501
Accrued interests of restructured loans portfolio	-	-
Partial or total settlement of restructured loans	(2.501)	(5.247)
Loans reclassified from "restructured" to "normal"	-	-
Others	-	-
Closing balance of restructured loans (gross of impairment)	**-**	**2.501**

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:

2021								
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 & < 100	-	-	-	-	-	-	-	-
> = 100 & < 500	-	-	-	-	-	-	-	-
> = 500 & < 1000	-	-	-	-	-	-	-	-
> = 1000 & < 2000	-	-	-	-	-	-	-	-
> = 2000 & < 5000	-	-	-	-	-	-	-	-
> = 5000	1	13.200	1	9.810.820	4	126.066	1	127.067
	1	**13.200**	**1**	**9.810.820**	**4**	**126.066**	**1**	**127.067**

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 & < 100	-	-	-	-	-	-	-	-
> = 100 & < 500	-	-	-	-	-	-	-	-
> = 500 & < 1000	-	-	-	-	-	-	-	-
> = 1000 & < 2000	-	-	-	-	-	-	-	-
> = 2000 & < 5000	-	-	1	3.000	-	-	-	-
> = 5000	1	13.200	1	3.369.682	-	-	-	-
	1	**13.200**	**2**	**3.372.682**	**-**	**-**	**-**	**-**

The significant variation from 2020 to 2021 in the fair value of real guarantees in the corporate segment was due to the increase in the balances of deposits and securities that a client pledged as collateral for loans granted to him.

The below figures display the amounts of lending, by lending ratio, at 31 December 2021 and 2020:

2021						
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**	**1**	**4.115.974**	**-**	**84.414**	**234.667**
With no guarantees Associated	-	-	1.663.391	-	4.000	154.253
< 50%	-	1	2.452.583	-	-	-
> = 50% & <75%	-	-	-	-	-	-
> = 75% & <100%	-	-	-	-	-	-
> = 100%	1	-	-	-	80.414	80.414
Housing:	**4**	**1**	**725.804**	**37.897**	**742**	**494.656**
With no guarantees Associated	-	-	632.945	1.935	742	465.457
< 50%	1	1	28.914	-	-	4.858
> = 50% & <75%	-	-	-	-	-	-
> = 75% & <100%	3	-	63.945	35.962	-	24.341
> = 100%	-	-	-	-	-	-
	5	**2**	**4.841.778**	**37.897**	**85.156**	**729.323**

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	735.802	-	88.543	171.092
< 50%	-	-	-	-	-	-
> = 50% & <75%	-	2	1.514.387	-	-	-
> = 75% & <100%	-	-	-	-	-	-
> = 100%	1	-	-	-	80.414	80.414
Housing:	**-**	**-**	**-**	**-**	**-**	**-**
With no guarantees Associated	-	n.a	-	-	-	-
< 50%	-	-	-	-	-	-
> = 50% & <75%	-	-	-	-	-	-
> = 75% & <100%	-	-	-	-	-	-
> = 100%	-	-	-	-	-	-
	1	**2**	**2.250.189**	**-**	**168.957**	**251.506**

The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2021, was as follows:

2021				
Segment		**Low risk grade**		
Risk grade-BNA	**aaa/1**	**aa+/2**	**aa/3**	
AKZ'000	**A**	**B**	**C**	**Subtotal**
Car Loans	-	-	-	-
Consumer Credit	-	232.175	42.465	274.640
Pre-approved Loans	-	-	-	-
Employees Loans	-	742.080	37.897	779.977
Enterprises Protocol	-	2.527.830	12.514	2.540.344
Overdrafts/Advances	-	358.850	6	358.856
Corporate Loans	2.508.681	1.318.907	-	3.827.588
Credit Cards	40.367	26.598	-	66.965
	2.549.048	**5.206.440**	**92.882**	**7.848.370**

2021				
Segment		**Medium risk grade**		
Risk grade-BNA	**bbb+/6**	**bbb/7**	**bbb-/8**	
AKZ'000	**D**	**D**	**D**	**Subtotal**
Car Loans	-	-	-	-
Consumer Credit	21.238	-	-	295.878
Pre-approved Loans	-	-	-	-
Employees Loans	742	-	-	780.719
Enterprises Protocol	941	-	-	2.541.285
Overdrafts/Advances	6	-	-	358.862
Corporate Loans	-	-	-	3.827.588
Credit Cards	-	-	-	66.965
	22.927	**-**	**-**	**7.871.297**

2021				
Segment		**High risk grade**		
Risk grade-BNA	**ccc+/10**	**ccc/11**	**ccc-/12**	
AKZ'000	**E**	**F**	**G**	**General Total**
Car Loans	-	-	4.174	4.174
Consumer Credit	-	-	186.427	482.305
Pre-approved Loans	-	-	9.261	9.261
Employees Loans	-	-	-	780.719
Enterprises Protocol	10.011	3.742	104.865	2.659.903
Overdrafts/Advances	17.799	87	45.042	421.790
Corporate Loans	-	-	84.414	3.912.002
Credit Cards	-	-	-	66.965
	27.810	**3.829**	**434.183**	**8.337.119**

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 risk factors associated to the model of impairment by segment, for 2021 and 2020 were:

	2021				2020			
	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	80,91%	35,08%	100,00%	86,26%	34,69%	35,08%	100,00%	84,52%
Enterprises protocol	4,36%	20,02%	100,00%	57,14%	4,24%	26,25%	100,00%	39,60%
Credit Cards	35,08%	-	-	53,21%	35,08%	-	-	53,21%
Employees loans	4,54%	-	100,00%	36,83%	4,45%	-	100,00%	36,83%
Consumer credit	5,59%	58,52%	100,00%	63,71%	4,63%	32,71%	100,00%	72,78%
Car loans	-	-	100,00%	100,00%	-	-	100,00%	93,99%
Corporate loans	11,85%	-	100,00%	37,21%	10,49%	-	100,00%	41,79%
Pre-Approved loans	-	-	100,00%	100,00%	-	-	100,00%	100,00%

The movement on impairments during the year of 2021 was:

AKZ'000	2021	2020
Opening balance - current year	**809.476**	**629.381**
Reinforcements	361.570	199.860
Deductions	(297.633)	(104.727)
Impairment losses for the year	63.937	95.133
Used	(142.541)	(3.652)
Exchange rate changes and others	(35.577)	88.614
Closing balance - current year	**695.295**	**809.476**

The sum of impairment losses on loans and advances for the year of 2021 amounting to 63.937 thousand of Kwanzas (2020: AKZ 95.133 thousand), and impairment losses on letters of credit, which in 2021 was a negative amount of 35.581 thousand of Kwanzas (2020: a negative amount of 95.465 thousand of Kwanzas), disclosed in "note 13 - Provisions", equates to 28.356 thousand of Kwanzas (2020: 332 thousand of Kwanzas), as presented in the income statement.

The usages are essentially made up of three housing loans write-offs, the net impact of which is 142.598 thousand of Kwanzas.

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

	2021			
AKZ'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance - current year	**253.742**	**22.255**	**603.034**	**879.031**
Impairment losses on loans				
Originated or acquired financial assets	154.246	2.383	19.957	176.586
Derecognised financial assets	(139.307)	(547)	(150.252)	(290.106)
Stage Transfers:				
Stage 1	-	17.038	(5.562)	11.476
Stage 2	(1.290)	-	48.470	47.180
Stage 3	26.154	(13.122)	-	13.032
Write-offs	-	-	(60.711)	(60.711)
Exchange rate changes and other movements	(21.878)	(1.074)	(24.212)	(47.164)
Closing balance - current year	**271.667**	**26.933**	**430.724**	**729.324**
Recovery of claims	-	-	-	-

AKZ'000	Stage 1	Stage 2	Stage 3	Total
		2020		
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)
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	-	-	-	-

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

Loans and Advances					
	2021				2020
AKZ'000	Stage 1	Stage 2	Stage 3	Total	Total
Loans and advances to clients at amortised cost before impairment					
Performing loans and advances	7.758.213	53.689	22.888	**7.834.790**	6.101.121
Loans and interest overdue for up to 30 days	-	2.804	3.080	**5.884**	52.954
Loans and interest overdue for more than 30 days	-	48.670	447.775	**496.445**	606.616
Impairment losses	(237.638)	(26.933)	(430.724)	**(695.295)**	(809.476)
	7.520.575	**78.230**	**43.019**	**7.641.824**	**5.951.215**
Commitments for Credit					
High Risk	-	-	-	**-**	-
Medium Risk	-	-	-	**-**	-
Medium-Low Risk	7.964.458	687	-	**7.965.145**	14.141.679
Low Risk	-	-	-	**-**	-
Impairment losses	(26.563)	(69)	-	**(26.632)**	(57.373)
	7.937.895	**618**	**-**	**7.938.513**	**14.084.306**
Financial Guarantees Provided					
High Risk	-	-	-	**-**	-
Medium Risk	342.933	-	-	**342.933**	460.000
Medium-Low Risk	-	-	-	**-**	-
Low Risk	-	-	-	**-**	-
Impairment losses	(7.397)	-	-	**(7.397)**	(12.182)
	335.536	**-**	**-**	**335.536**	**447.818**

Loans and Advances					
	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**

8. OTHER TANGIBLE ASSETS AND INTANGIBLE ASSETS

2021 Other Tangible Assets					
AKZ'000	Opening balance	Increases	Transfers	Write-off	Closing balance
Cost					
Buildings	4.962.968	19.053	266.512	-	5.248.533
Right-to-use Assets	605.575	-	-	(298.109)	307.466
Equipment	2.594.825	178.249	76.555	-	2.849.629
Work in rented properties	2.162.577	-	24.201	-	2.186.778
Capital WIP	459.026	373.062	(367.268)	(13.434)	451.386
	10.784.971	**570.364**	**-**	**(311.543)**	**11.043.792**
Depreciation					
Buildings	(914.653)	(204.061)	-	-	(1.118.714)
Right-to-use Assets	(165.226)	(42.982)	-	79.146	(129.062)
Equipment	(1.484.281)	(340.048)	-	-	(1.824.329)
Work in rented properties	(756.646)	(103.119)	-	-	(859.765)
	(3.320.806)	**(690.210)**	**-**	**79.146**	**(3.931.870)**
Net					
Buildings	4.048.315	(185.008)	266.512	-	4.129.819
Right-to-use Assets	440.349	(42.982)	-	(218.963)	178.404
Equipment	1.110.544	(161.799)	76.555	-	1.025.300
Work in rented properties	1.405.931	(103.119)	24.201	-	1.327.013
Capital WIP	459.026	373.062	(367.268)	(13.434)	451.386
	7.464.165	**(119.846)**	**-**	**(232.397)**	**7.111.922**

Transfers are made up of items of other tangible assets previously held in progress, which have passed to the state of business use. Increases essentially comprise the construction of premises where ATMs acquired during the 2021 financial year were installed. Write-offs arise from the termination of some lease contracts (rental) that were previously treated under IFRS 16.

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**

2021 Intangible Assets				
AKZ'000	Opening Balance	Increases	Transfers	Closing Balance
Cost				
Software	195.920	27.344	765.590	988.854
Other intangible assets	55.628	12.018	-	67.646
Capital WIP	569.138	317.674	(765.590)	120.266
	820.686	**357.036**	**-**	**1.176.766**
Depreciation				
Software	(47.714)	(239.428)	-	(287.142)
Other intangible assets	(50.088)	(7.834)	-	(57.922)
	(97.802)	**(247.262)**	**-**	**(345.064)**
Net				
Software	148.206	(212.084)	765.990	701.712
Other intangible assets	5.540	4.184	-	9.724
Capital WIP	569.138	317.674	(765.990)	120.266
	722.884	**109.774**	**-**	**831.702**

The transfers comprise the expenses incurred in the acquisition and installation of the most up-to-date version of the computer system used by the Bank (Banka 3G of AS-400).

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**

Depreciations for the year are composed of:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Other tangible assets	647.228	1.167	623.516	960
Intangible assets	247.262	445	23.471	36
Right-to-use assets	42.982	77	82.726	127
	937.472	**1.689**	**729.713**	**1.123**

Costs incurred for the occupation of airport spaces are not part of the right-to-use assets. The increase recorded in depreciations of intangible assets is due to the implementation of Banka 3G, the new version of the computer software in use at BCA.

9. DEFERRED TAXES RECEIVABLE

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 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%	35%	35%
Deferred taxes receivable	-	-	**629.356**	**969**

A deferred tax payable was recorded in 2021 as a result of the sum of deferred tax receivable and deferred tax payable resulting in a net liability balance, as per note 15.

10. OTHER ASSETS

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
VISA Cards	434.194	782	551.792	849
-Applied value	434.763	783	552.361	850
-Impairment	(569)	(1)	(569)	(1)
Electronic settlements	18.759	34	-	-
Customs Gains	-	-	-	-
-Revenues	50.184	90	46.484	72
-Impairmen	(50.184	(90)	(46.484)	(72)
Advance income tax	251.912	454	59.039	91
Deductible Value Added Tax	57.261	103	-	-
International School	-	-	-	-
-Investment	275.867	497	275.867	425
-Impairment	(275.867)	(497)	(275.867)	(425)
Stationary	31.740	57	28.991	45
Accruals	421.095	759	335.284	516
Health insurance	244.136	440	224.509	345
Rental and hire	53.380	96	36.313	56
-Others	123.579	223	74.462	115
Unsold vehicle licence discs	-	-	-	-
-licence acquired	9.355	17	9.355	14
-Impairment	(9.355)	(17)	(9.355)	(14)
Expense advance	5.660	10	4.619	7
Artistic Patrimony	35.772	64	35.772	55
Letters of Credit collateral	398.248	718	348.083	536
-Amount held by NOSTRO	398.248	718	349.936	539
-Impairment	-	-	(1.853)	(3)
Discount teller shortages	29	-	399	1
-Teller shortages	7.982	14	8.352	13
-Impairment	(7.953)	(14)	(7.953)	(12)
Others	68.401	124	23.759	36
	1.723.071	**3.105**	**1.387.738**	**2.136**

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 and 2021, paid in August 2019 and August 2021, in the light of the law 19/14.

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 (2020: AKZ 9.355 thousand), are held from previous years, when the Bank operated as an agent authorized by the Tax National Administration, which have not yet been cleared by this Entity. The Bank recorded 100% of impairment losses on this amount.

At 31 December 2021 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 2021.

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

The movement of impairment losses on other assets, during 2021 and 2020, was as follows:

AKZ'000	2021	2020
Opening balance - current year	**342.081**	**324.469**
Reinforcements	3.700	25.152
Deductions	(1.853)	(7.540)
Impairment losses - current year	1.847	17.612
Closing balance - current year	**343.928**	**342.081**

11. DEPOSITS FROM OTHER CREDIT INSTITUTIONS

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
From banks in the country				
- Certified cheques	37.641	68	37.951	59
- Bankers cheques	122	1	122	1
- Withholding income tax	14.122	25	4.797	7
- Cashier excesses	5.161	9	2.083	3
- SAHAM Life Insurance Collections	8.515	15	10.493	16
- STC – Credit Transfer System	50.305	91	105.860	163
- Cambridge FX dealings	29.346	53	114.544	176
-VAT refundable on interbank commissions	22.816	41	-	-
- Outstanding TPAs balances	149.353	269	-	-
- Others	8.496	15	11.900	18
	325.877	**587**	**287.750**	**443**

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

Outstanding TPAs balances are amounts pending settlement, automatically created through the integration in our computer system of files received from EMIS. The "VAT refundable on interbank commissions" is the VAT charged on interbank commissions received by the Bank (income), which is payable to other banks in our market.

12. DEPOSITS FROM CLIENTS

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Demand deposits				
- In local currency	28.500.341	51.354	21.448.827	33.018
- In foreign currency	5.685.713	10.245	5.055.756	7.783
	34.186.054	**61.599**	**26.504.583**	**40.801**
Term deposits				
- In local currency	6.084.831	10.964	3.895.177	5.996
- In foreign currency	4.936.782	8.895	8.566.047	13.187
	11.021.613	**19.859**	**12.461.224**	**19.183**
	45.207.667	**81.458**	**38.965.807**	**59.984**

On the 31 December 2021 and 2020, the major bank deposit was 13,98% and 6,28% of all deposits, respectively. The Top 20 deposits represented 60,39% and 50,57%, of all deposits, respectively.

The analysis of the residual maturity is displayed below:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Term deposits in local currency:				
Up to 3 months	866.453	1.561	2.323.453	3.577
From 3 to 6 months	1.353.042	2.438	305.450	470
From 6 to 12 months	3.741.123	6.741	1.260.173	1.940
More than 1 year	124.213	224	6.101	9
	6.084.831	**10.964**	**3.895.177**	**5.996**
Term deposits in foreign currency				
Up to 3 months	2.687.823	4.843	3.415.081	5.257
From 3 to 6 months	356.187	642	470.594	725
From 6 to 12 months	1.892.772	3.410	4.680.372	7.205
	4.936.782	**8.895**	**8.566.047**	**13.187**
	11.021.613	**19.859**	**12.461.224**	**19.183**

The average rate of return on term deposits in local currency is 7,13% (2020: 4,22%), and the average rate of return on term deposits in foreign currency is 0,09% (2020: 0,22%).

13. PROVISIONS

Captions	2021 AKZ'000	2020 AKZ'000
Opening balance	**110.290**	**205.134**
- Reinforcements	114.066	30.378
- Deductions	(92.637)	(125.843)
Provisions for the year	21.429	(95.465)
Used	-	-
Exchange rate changes and others	55	621
Closing balance	**131.774**	**110.290**

Breakdown of provisions for the year:

	2021 AKZ'000	2020 AKZ'000
Impairment losses on lettres of credit	(35.581)	(95.465)
Provisions for problable contingencies	57.010	-
Provisions for the year	**21.429**	**(95.465)**

At 31 December 2021, the provisions for the year, which represent a recovery from the previous year, are composed of:

a) impairments losses on letters of credit (off-balance sheet items) whose variation results from their reduction (Note 7); and

b) Provisions to cover any legal proceedings in progress as at 31 December 2021.

14. INCOME TAXES

The income tax reconciliation at 31 December 2021 and 2020 is presented below:

Captions	2021 AKZ'000	2020 AKZ'000
Income before tax	3.431.360	7.043.831
Non deductible costs	6.148.602	5.892.331
Tax exempt income	(7.946.980)	(10.813.780)
Taxable profit	1.632.982	2.122.382
Nominal tax rate	35%	35%
Net income tax payable	**571.544**	**742.834**
Effective tax rate	17%	11%

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 TAXES PAYABLE

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Change in fair value of Financial assets at fair value through other comprehensive income	(589.275)	(1.062)	-	-
Unrealized Exchange rates revaluations	1.113.062	2.005	-	-
Provisions	(50.184)	(90)	-	-
Impairment losses on loans	(21.121)	(38)	-	-
	452.482	**815**	**-**	**-**
Tax rate applied	35%	35%	35%	35%
Deferred taxes payable	**158.369**	**285**	**-**	**-**

The items that generated the deferred taxes payable to be recovered when the assets and liabilities related to them mature were as follows: unrealized exchange rates revaluations, provisions for customs gains collections and impairment losses on loans as they were not subject to income tax payment under Presidential Decree No. 26/20.

16. OTHER LIABILITIES

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
16.1. Suppliers	1.555.339	2.803	2.119.914	3.263
16.2. Accruals	6.389.569	11.513	7.468.332	11.497
16.3. Staff	463.069	834	275.607	424
16.4. Fiscal obligations	152.427	275	255.201	393
16.5. Deposits for foreign Exchange operations	3.815.713	6.875	11.206.519	17.252
16.6. Dividends payable	89.277	161	89.277	137
16.7. Lease liabilities	320.415	577	631.719	972
	12.785.809	**23.038**	**22.046.569**	**33.938**

16.1. The supplier's balance is mainly composed of the amounts to be paid to VISA (AKZ 624.671 thousand; 2020: AKZ 736.349 thousand), FLOSEL (AKZ 142.599 thousand; 2020: AKZ 199.957 thousand), NORAFRICA (AKZ 105.679 thousand; 2020: 123.697 thousand), for the acquisition of the Branch of "Rua da Missão" (AKZ 277.491 thousand; 2020: 324.802 thousand).

16.2. The heading "Accruals " includes the amounts payable for clinical services provided up to 2014 in the amount of AKZ 677.632 thousand (2020: AKZ 793.166 thousand) that are awaiting supporting documentation for their payment, of communications AKZ 128.858 thousand (2020: AKZ 72.611 thousand), IT services AKZ 126.491 thousand (2020: AKZ 81.541 thousand), consulting services AKZ 33.607 thousand (2020: AKZ 249.846 thousand), income tax liabilities payable by the Bank to the tax authority related to gains from revaluations of treasury bonds indexed to US dollar for the years 2018 and 2019 in the estimated amount of AKZ 4.367.301 thousand (2020: AKZ 4.433.107 thousand), surveillance and physical security services for the Bank's premises AKZ 32.550 thousand (2020: AKZ 50.285 thousand), lease payments not dealt with under IFRS 16 AKZ 150.598 thousand (AKZ 496.729 thousand), outstanding employee charges payable in 2022 AKZ 5.276 thousand (2020: AKZ 961.954 thousand) and others, whose payments had not been made, by the end of the year.

16.3. The "Staff" item is composed of the amount payable in January 2022, as employees vacation allowance.

16.4. 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 2022.

16.5. At 31 December 2021 (and 2020), the balance in "Deposits for Foreign Exchange Operations" is composed by the stand-by amounts of clients for letters of credit.

16.6. 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.

16.7. The caption "Lease Liabilities" is comprised of future lease payments discounted as at 31 December 2021, 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:

31-12-2021 Maturity Analysis – Contractual cash flows not discounted	
AKZ'000	
Less than 1 year	6.009
1 to 5 years	230.816
More than 5 years	220.235
Lease Liabilities not discounted	**457.060**
Interest to be accrued in Net Interest Margin	(136.645)
	320.415

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 2021 and 31 December 2020 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 2021, the amount of AKZ 21,62 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

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 considered 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:

2021						
		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	**41.435.424**	**4.322.668**	**23.376.127**	**16.230.727**	**85.364.946**	**85.364.946**
Cash and balances at Central Bank	14.507.059	-	-	-	14.507.059	14.507.059
Balances at O.C.I	2.013.541	-	-	-	2.013.541	2.013.541
Placements with CB and O.C.I.	16.440.558	-	-	-	16.440.558	16.440.558
Fin. assets at FV through OCI	-	4.322.668	23.376.127	16.230.727	43.929.522	43.929.522
- Bonds issued by Government	-	4.322.668	23.376.127	16.140.821	43.839.616	43.839.616
- Shares	-	-	-	89.906	89.906	89.906
Loans and advances	7.641.824	-	-	-	7.641.824	7.641.824
Other assets	832.442	-	-	-	832.442	832.442
Liabilities	**(49.348.245)**	**-**	**-**	**-**	**(49.348.245)**	**(49.348.245)**
Deposits from CB and O.C.I.	(324.864)	-	-	-	(324.864)	(324.864)
Demand deposits from clients	(34.186.054)	-	-	-	(34.186.054)	(34.186.054)
Term deposits from clients	(11.021.613)	-	-	-	(11.021.613)	(11.021.613)
Deposits for FX operations	(3.815.714)	-	-	-	(3.815.714)	(3.815.714)
	(7.912.821)	**4.322.668**	**23.376.127**	**16.230.727**	**36.016.701**	**36.016.701**

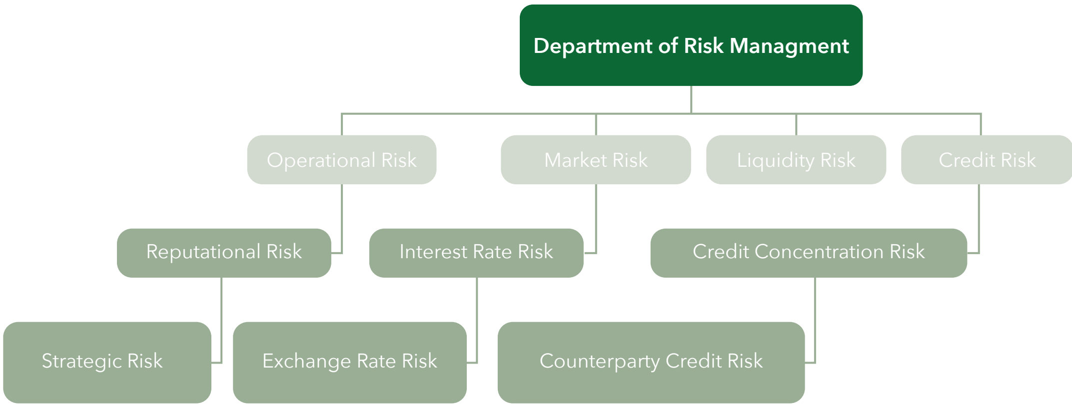
2020						
		Fair value valuation				
AKZ'000	Amortised cost	Market quotations (Level 1)	Valuation model with parameters observable in the market (Level 2)	Valuation model with parameters non observable in the market (Level 3)	Total amount in balance	Fair value
Assets	**41.775.972**	**-**	**45.941.899**	**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**

19. 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:

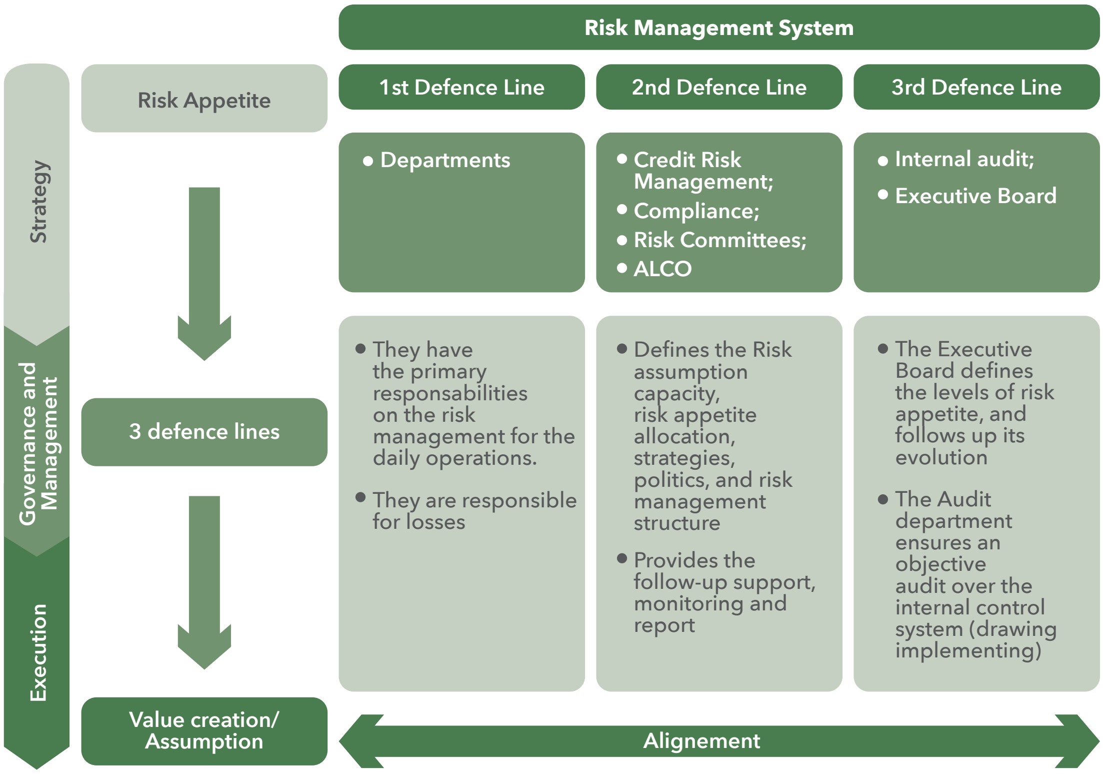


BCA's risk and ethical culture is aligned with its risk philosophy. The bank's objective is to ensure that a world-class risk management culture is sustained throughout its operations.

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:



<u>Credit and Counterparty risk</u>

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:

	2021		
AKZ'000	**Gross book value**	**Impairment**	**Net book value**
In balance	**81.110.175**	**(1.142.872)**	**79.967.303**
- Balances at Central Bank	9.498.081	-	9.498.081
- Balances at other credit institutions	2.014.638	(1.097)	2.013.541
- Placements with CB and OCI	16.447.620	(7.062)	16.440.558
- Fin. assets at FVOCI	43.929.522	(388.665)	43.540.857
- Loans and advances	8.337.119	(695.295)	7.641.824
- Other assets	883.195	(50.753)	832.442
Off balance	**7.965.145**	**(34.029)**	**7.931.116**
- Letters of credit	2.761.031	(34.029)	2.727.002
- Undrawn commitments	5.204.114	-	5.204.114
	89.075.320	**(1.176.901)**	**87.898.419**

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.

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**

The level of credit risk quality of financial assets, as at 31 December 2021 and 2020 is as follows:

2021					
AKZ'000	Internal grade of rating	In-balance values	Gross Exposure	Impairment	Net Exposure
Assets					
Balances at Central Bank	A	9.498.081	9.498.081	-	9.498.081
Balances at O.C.I.	A	2.014.638	2.014.638	(1.097)	2.013.541
Placements		16.447.620	16.447.620	(7.062)	16.440.558
- with the Central Bank	A	10.698.702	10.698.702	-	10.698.702
- With OCI	B	5.748.918	5.748.918	(7.062)	5.741.856
Fin. assets at FV through OCI		43.929.522	43.929.522	(388.665)	43.540.857
- Other bonds issuers	A	43.839.616	43.839.616	(388.665)	43.450.951
- Shares	B	89.906	89.906	-	89.906
Loans and advances		8.337.119	8.337.119	(695.295)	7.641.824
	A	2.528.445	2.528.445	(33.764)	2.494.681
	B	5.227.044	5.227.044	(150.848)	5.076.196
	C	92.882	92.882	(68.999)	23.883
	D	22.926	22.926	(14.860)	8.066
	E	27.810	27.810	(9.900)	17.910
	F	3.829	3.829	(2.328)	1.501
	G	434.183	434.183	(414.596)	19.587
Other assets		883.195	883.195	(50.753)	832.442
- VISA Cards Collateral	B	398.248	398.248	-	398.248
- Letters of Credit Collateral	B	434.763	434.763	(569)	434.194
- Custom Gains	G	50.184	50.184	(50.184)	-
		81.110.175	**81.110.175**	**(1.142.872)**	**79.967.303**

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.

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 Collateral	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**

The internal grades of risk disclosed above, comply with the classification of Instruction nº 09/2015, of BNA, regarding the approach to calculate provisions. However, this instructive is no longer applicable for prudential ratios purposes, as it has been revoked.

The sector analysis of credit risk exposure for the years ended in 31 December 2021 and 2020, was as follows:

2021							
	Loans and Advances					Impairment	
AKZ'000	Performing	Non Performing	Guarantees given	Total exposure	Relative weighting	Amount	Coverage of exposure
Institutions	**4.170.578**	**85.907**	**8.107.167**	**12.363.652**		**231.857**	
Wholesale and retail	349.071	85.638	5.583.641	6.018.350	36%	149.362	2%
Other collective, social, and personnel services	2.889.851	258	1.360.649	4.250.758	25%	28.333	1%
Construction	1	-	260.842	260.843	2%	5.626	2%
Manufacturing industry	931.652	11	902.035	1.833.698	11%	48.536	3%
Transport, warehousing, communication	3	-	-	3	0%	-	0%
Individuals	**3.692.798**	**387.836**	**340.749**	**4.477.479**		**497.467**	
Consumption	2.834.825	287.817	-	3.178.738	19%	392.007	12%
Housing	725.704	38.739	-	764.443	5%	31.586	4%
Other purposes	132.269	61.280	340.749	534.298	3%	73.874	14%
	7.863.376	**473.743**	**8.447.916**	**16.841.131**		**729.324**	

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**	

The geographical concentration of credit risk at 31 December 2021, and 2020, 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 independent 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.

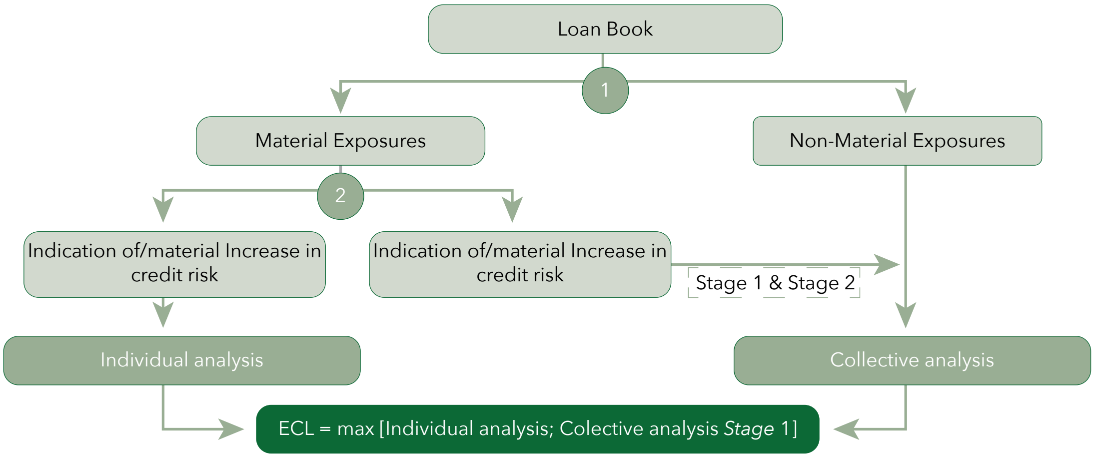
In 2018, the Impairment Loss model calculation, for the Bank's Loan Portfolio was set as defined by IFRS 9. IFRS 9, issued in July 2014 by the International Accounting Standards Board ("IASB"), replaces IAS 39, establishing new rules for classification and measurement of financial assets and liabilities. 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 was 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	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.
Stage 3	

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 Head of Risk Department 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 Board of Directors.

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 Liquidity Report - Local Currency				
Kwanza Units	**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	3.156.548.235	-	-	-
Balances with the Central Bank (including the Legal Reserves)	8.209.779.218	-	-	-
Assets elegible as guarantees in loans operations of BNA	39.184.709.136	-	-	-
Trading and investment securities	98.329.000	-	-	-
Total of Net Assets	**50.649.365.589**	**-**	**-**	**-**
B. Outgoing of cash-flows				
Demand deposits	27.707.397.746	-	-	-
Term deposits	61.886.814	244.381.772	621.022.058	1.118.779.181
Irrevocable commitments to others	-	-	-	5.547.046.915
Total of Outgoing of Cash-flows	**27.769.284.560**	**244.381.772**	**621.022.058**	**6.665.826.096**
C.Ingoing of Cash-flows				
Operations in MMI - with Central Bank	10.503.757.676	-	-	170.393.029
Operations in MMI - with other banks	10.503.757.676	-	-	1.471.468.646
Loans and advances	601.260.332	437.817.413	624.452.848	1.164.862.842
Total of Ingoing of Cash-Flows	**21.608.775.683**	**437.817.413**	**624.452.848**	**2.806.724.517**
D. Liquidity and Observations Ratios				
Total of net assets (A.)	50.600.201.089			
Total of outgoing of cash-flows (B.)	9.243.749.017	83.079.222	156.400.550	1.369.925.902
Total of ingoing of cash-flows	10.804.387.842	218.908.707	312.226.424	752.824.450
Gap (A + C - B)	**52.160.839.913**	**135.829.848**	**155.825.874**	**(617.101.452)**
Cumulative gap	**52.160.839.913**	**52.296.669.397**	**52.452.495.271**	**51.835.393.820**
Liquidity ratio (A. / (B. - min. (C ; B* 75%)))	**22**			
Observation ratios ((gap of previous band of maturity + C)/B)		**630**	**336**	**39**

Summary of Liquidity Report - All Currency				
Kwanza Units	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	5.008.977.650	-	-	-
Balances with the Central Bank (including the Legal Reserves)	9.498.081.315	-	-	-
Assets Elegible as guarantees in loans operations of BNA	43.496.830.601	-	-	-
Balances with foreigns banks	2.004.737.706	-	-	-
Trading and investment securities	98.329.000	-	-	-
Total of Net Assets	**60.106.956.272**	**-**	**-**	**-**
B. Outgoing of cash-flows				
Demand deposits	33.367.506.926	-	-	-
Term deposits	1.407.387.155	1.109.907.907	974.180.128	3.439.652.893
Irrevocable commitments to others	-	-	2.761.031.207	5.547.046.915
Total of Outgoing of Cash-flows	**34.774.894.081**	**1.109.907.907**	**3.735.211.335**	**8.986.699.807**
C. Ingoing of cash-flows				
Operations in MMI - with the Central Bank	10.503.757.676	-	-	170.393.029
Operations in MMI - with other banks	107.916	-	-	5.748.024.460
Loans and advances	601.260.332	437.817.413	624.452.848	1.164.862.842
Total of Ingoing of Cash-Flows	**11.105.125.924**	**437.817.413**	**624.452.848**	**7.083.280.331**
D. Liquidity and Observations Ratios				
Total of net assets (A.)	60.057.791.772			
Total of outgoing of cash-flows (B.)	10.822.659.859	353.555.109	749.584.677	1.615.798.133
Total of ingoing of cash-flows	10.804.387.842	218.908.707	312.226.424	752.824.450
Gap (A + C - B)	**60.039.519.755**	**(134.646.402)**	**437.358.253**	**(862.973.683)**
Cumulative gap	**60.039.519.755**	**59.904.873.352**	**59.467.515.099**	**58.604.541.417**
Liquidity ratio (A. / (B. - min. (C ; B* 75%)))	**22**			
Observation ratios ((gap of previous band of maturity + C)/B)		**170**	**80**	**37**

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 2021, were:

2021
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	**11.880.724**	**6.369.692**	**16.840.042**	**8.506.770**	**26.351.820**	**5.584.179**	**3.825.884**	**472.757**	**524.100**	**80.355.968**
Balances with Central Bank	9.498.081	-	-	-	-	-	-	-	-	9.498.081
Balances with OCI	2.013.541	-	-	-	-	-	-	-	-	2.013.541
Placements with OCI	-	3.743.220	12.144.080	553.258	-	-	-	-	-	16.440.558
- Local financial Institutions	-	2.074.351	9.925.236	-	-	-	-	-	-	11.999.587
- Foreign financial Institutions	-	1.668.869	2.218.844	553.258	-	-	-	-	-	4.440.971
Fin. Assets at FV through OCI	-	2.624.525	1.762.793	7.922.575	26.190.553	4.163.277	1.175.893	-	89.906	43.929.522
- Treasury bills	-	848.523	493.611	6.319.564	1.800.371	-	-	-	-	9.462.069
- Treasury bonds	-	1.776.002	1.269.182	1.603.011	24.390.182	4.163.277	1.175.893	-	-	34.377.547
- Shares EMIS	-	-	-	-	-	-	-	-	89.906	89.906
Loans and advances	369.102	1.947	2.534.921	30.937	161.267	1,420.902	2.649.991	472.757	-	7.641.824
Other assets	-	-	398.248	-	-	-	-	-	434.194	832.442
Liabilities	**(34.253.698)**	**(1.882.679)**	**(1.603.953)**	**(1.709.229)**	**(5.633.895)**	**(124.213)**	**-**	**-**	**(3.815.713)**	**(49.023.380)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(34.253.698)	(1.882.679)	(1.603.953)	(1.709.229)	(5.633.895)	(124.213)	-	-	-	(45.023.380)
- Demand	(34.186.054)	-	-	-	-	-	-	-	-	(34.186.054)
- Term	(67.644)	(1.882.679)	(1.603.953)	(1.709.229)	(5.633.895)	(124.213)	-	-	-	(11.021.613)
Other liabilities	-	-	-	-	-	-	-	-	(3.815.713)	(3.815.713)
Liquidity gap	**(22.372.974)**	**4.487.013**	**15.236.089**	**6.797.541**	**20.717.925**	**5.459.966**	**3.825.884**	**472.757**	**(3.291.613)**	**31.332.588**
Cumulative gap	**(22.372.974)**	**(17.885.961)**	**(2.649.872)**	**4.147.669**	**24.865.594**	**30.325.560**	**34.151.444**	**34.624.201**	**31.332.588**	**31.332.588**

In the liquidity 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**

The contractual cash flows for the capital, at 31 December 2021, were:

2021 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	**12.243.453**	**6.267.443**	**16.654.030**	**8.789.056**	**26.809.463**	**6.039.705**	**3.825.157**	**620.388**	**524.100**	**81.772.795**
Balances with Central Bank	9.498.081	-	-	-	-	-	-	-	-	9.498.081
Balances with OCI	2.013.541	-	-	-	-	-	-	-	-	2.013.541
Placements with OCI	-	3.715.510	11.971.934	554.981	-	-	-	-	-	16.242.425
- Local financial Institutions	-	2.050.567	9.752.010	-	-	-	-	-	-	11.802.577
- Foreign financial Institutions	-	1.664.943	2.219.924	554.981	-	-	-	-	-	4.439.848
Fin. Assets at FV through OCI	-	2.550.000	1.749.000	8.197.174	26.627.988	4.571.100	1.109.962	-	89.906	44.895.130
- Treasury bills	-	850.000	500.000	6.578.774	2.048.836	-	-	-	-	9.977.610
- Treasury bonds	-	1.700.000	1.249.000	1.618.400	24.579.152	4.571.100	1.109.962	-	-	34.827.614
- Shares EMIS	-	-	-	-	-	-	-	-	89.906	89.906
Loans and advances	731.831	1.933	2.534.848	36.901	181.475	1.468.605	2.715.195	620.388	-	8.291.176
Other assets	-	-	398.248	-	-	-	-	-	434.194	832.442
Liabilities	**(34.253.678)**	**(1.869.822)**	**(1.592.745)**	**(1.697.379)**	**(5.512.511)**	**(121.566)**	**-**	**-**	**(3.815.713)**	**(48.863.414)**
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(34.253.678)	(1.869.822)	(1.592.745)	(1.697.379)	(5.512.511)	(121.566)	-	-	-	(45.047.701)
- Demand	(34.186.054)	-	-	-	-	-	-	-	-	(34.186.054)
- Term	(67.624)	(1.869.822)	(1.592.745)	(1.697.379)	(5.512.511)	(121.566)	-	-	-	(10.861.647)
Other liabilities	-	-	-	-	-	-	-	-	(3.815.713)	(3.815.713)
Liquidity gap	**(22.010.225)**	**4.397.621**	**15.061.285**	**7.091.677**	**21.296.952**	**5.918.139**	**3.825.157**	**620.388**	**(3.291.613)**	**32.909.381**
Cumulative gap	**(22.010.225)**	**(17.612.604)**	**(2.551.319)**	**4.540.358**	**25.837.310**	**31.755.449**	**35.580.606**	**36.200.994**	**32.909.381**	**32.909.381**

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**

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 simulations.

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

2021						
AKZ'000	**- 20%**	**- 10%**	**- 5%**	**+ 5%**	**+ 10%**	**+ 20%**
CURRENCY						
USD Dollars	153.111	68.049	32.234	(29.164)	(55.677)	(102.074)
Euro	231.253	102.779	48.685	(44.048)	(84.092)	(154.168)
Other currencies	38.647	17.176	8.136	(7.361)	(14.053)	(25.765)
	423.011	**188.004**	**89.055**	**(80.573)**	**(153.822)**	**(282.007)**

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)**

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 levels 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 currency, 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:

2021				
	Exposure to		Items that are	
AKZ'000	Fixed interest ate	Variable interest rate	not subject to interest rate risk	Total
Assets	**67.921.998**	**-**	**12.433.970**	**80.355.968**
Balances at Central Bank	-	-	9.498.081	9.498.081
Balances at OCI	-	-	2.013.541	2.013.541
Placements with CB and OCI	16.440.558	-	-	16.440.558
- with local financial institutions	11.999.587	-	-	11.999.587
- with foreign fin. institutions	4.440.971	-	-	4.440.971
Fin. assets at FV through OCI	43.839.616	-	89.906	43.929.522
Loans and advances	7.641.824	-	-	7.641.824
Other assets	-	-	832.442	832.442
Liabilities	**(11.021.613)**	**-**	**(38.001.767)**	**(49.023.380)**
Deposits from clients	(11.021.613)	-	(34.186.054)	(45.207.667)
- Demand	-	-	(34.186.054)	(34.186.054)
- Term	(11.021.613)	-	-	(11.021.613)
Other liabilities	-	-	(3.815.713)	(3.815.713)
	56.900.385	**-**	**(25.567.797)**	**31.332.588**

2020				
	Exposure to			
AKZ'000	Fixed interest ate	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**

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 2021 and 2020, were:

2021			
AKZ'000	Average balance of capital invested in the financial year	Interest earned/paid during the financial year	Average interest rate
Investments	**138.707.010**	**8.597.314**	
- Loans and advances	7.929.296	1.774.430	22%
- Trading and investment securities	44.476.024	6.038.281	14%
Placements with CB and OCI	86.301.690	784.603	1%
Intakes	**(33.192.671)**	**(505.466)**	
- Deposits from clientes	(26.562.671)	(501.279)	2%
- Deposits from CB and OCI	(6.630.000)	(4.187)	0%
Net interest margin	**105.514.339**	**8.091.848**	

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**	

In 2021 and 2020, the placements with the Central Bank (CB) and with Other Credit Institutions (O.C.I.) had an average maturity of five days. Deposits from clients had an average maturity from six months to eight 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 2021 and 2020, was:

2021					
AKZ'000	Kwanzas	US Dollars	Euro	Other Currencies	Total
Assets	**79.474.841**	**11.556.437**	**2.996.079**	**171.842**	**94.199.199**
Cash and balances at CB	11.366.327	2.409.626	723.064	8.042	14.507.059
Balances at OCI	8.803	470.305	1.371.233	163.200	2.013.541
Placements with CB and OCI	11.992.716	4.447.842	-	-	16.440.558
Fin. assets at FV through OCI	39.617.401	4.312.121	-	-	43.929.522
Loans and advances	7.725.262	(83.457)	19	-	7.641.824
Other tangible assets	7.111.922	-	-	-	7.111.922
Intangible assets	831.702	-	-	-	831.702
Other assets	820.708	-	901.763	600	1.723.071
Liabilities	**(44.424.301)**	**(12.496.062)**	**(2.199.006)**	**(61.671)**	**(59.181.040)**
Deposits from CB and OCI	(318.185)	(1)	(2.974)	(4.717)	(325.877)
Demand deposits from clients	(28.500.341)	(5.126.959)	(554.862)	(3.892)	(34.186.054)
Term deposits from clients	(6.084.831)	(4.448.661)	(488.121)	-	(11.021.613)
Provisions	(39.179)	(92.595)	-	-	(131.774)
Income taxes	(571.544)	-	-	-	(571.544)
Deferred taxes payable	(158.369)	-	-	-	(158.369)
Other liabilities	(8.751.852)	(2.827.846)	(1.153.049)	(53.062)	(12.785.809)
	35.050.540	**(939.625)**	**797.073**	**110.171**	**35.018.159**

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**

Stress Test of financial instruments to the interest rate variations:

AKZ'000	2021					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Assets						
Loans and advances	298.033	149.017	74.508	(74.508)	(149.017)	(298.033)
Fin. Assets at FVOCI	624.234	312.117	156.058	(156.058)	(312.117)	(624.234)
Placements	52.138	26.069	13.034	(13.034)	(26.069)	(52.138)
Total of assets	**974.405**	**487.203**	**243.600**	**(243.600)**	**(487.203)**	**(974.405)**
Liabilities						
Deposits	(109.742)	(54.871)	(27.435)	27.435	54.871	109.742
Total of liabilities	**(109.742)**	**(54.871)**	**(27.435)**	**27.435**	**54.871**	**109.742**
Net effect	**864.663**	**432.332**	**216.165**	**(216.165)**	**(432.332)**	**(864.663)**

AKZ'000	2020					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
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)**

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 Owned 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-two Owned – 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	**31-12-2021**	**31-12-2020**
Regulatory Owned Funds	**34.186.458.479**	**33.757.197.099**
Risk weighted assets		
Requirements of regulatory owned funds	4.604.051.084	5.327.961.763
- Requirements of credit risk	1.993.595.892	2.441.494.874
- Requirements of market risk	71.291.153	175.938.807
- Requirements of operational risk	2.539.164.039	2.710.528.082
***Weighting of equity requirements**	**46.040.510.840**	**58.279.617.630**
RSR	**74%**	**63%**
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.

		Dec-21		Dec-20	
	Prudential Ratio		**Ratings (CAMELS)**		**Ratings (CAMELS)**
Capital adequacy	Tier-one owned funds/total assets = > 10%	36%	1	35%	1
	Debt limit 10 times (1000%)	174%	1	182%	1
	Capital adequacy ratio 10%	74%	1	63%	1
Quality of assets	Non-performing loans/ total loans < = 5%	6%	1	9%	1
	Specific provisions/ Non-performing loans > = 80%.	-	2	127%	2
	Top 20 loans/ regulatory owned funds < = 300%.	18%	1	10%	1
	Total of loans / total of assets	9%	-	6%	-
	Loans in foreign currency/ Total of loans	0,13%	-	-	-
	Fixed assets / Regulatory owned funds < 50% PF	23%	1	24%	1
Profitability	Return on assets (ROA) > 3%.	3%	1	7%	1
	Return on Equity (ROE) > 15%	7%	1	21%	1
Liquidity	Deposits concentration=top 20=<30%	60%	3	51%	3
	Liquidity ratio = >1	22	1	12	1
	Observation ratio = >1	170	1	52	1
Interest rate stress test	Economic Effect >1 Year/Regulatory owned funds<20%	1%	1	1%	1
	Economic Effect up to 1 year /Earnings Margin<20%	7%	1	14%	1
Exchange rate stress test	Long net open currency position net (5%;2020: 2,50%)	-	1	2%	1
	Short net open currency position net (5%;2020: 2,50%)	-0,03%		-	

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 2021, the Bank executed the following type of stress test:

- Sensitivity analysis;
- Scenarios analysis,

In December 2021, 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) Material 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.

20. INTEREST AND OTHER SIMILAR INCOME

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Loans & Advances to Customers	1.441.912	2.331	1.255.176	2.148
Term deposits with Banks abroad	59.304	96	80.706	138
Interbank lending	725.299	1.172	95.536	164
Other debtors and investments	332.518	538	375.246	642
Treasury Bonds and Bills Interests	4.733.843	7.652	3.777.503	6.466
Treasury Bonds Discounts	1.304.438	2.109	646.821	1.107
	8.597.314	**13.898**	**6.230.988**	**10.665**

The profit growth generated from the securities portfolio (interest and discounts), loans and interbank lending is due to the considerable increase of the bank's investment in these financial instruments throughout the financial year.

21. INTEREST AND OTHER SIMILAR EXPENSES

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Term deposits from clients	501.279	810	541.679	928
Deposits from O.C.I. in the Country	4.187	7	10.780	18
Lease Liabilities interests	66.780	108	124.420	213
	572.246	**925**	**676.879**	**1.159**

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).

22. FEE AND COMMISSION INCOME

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Withdrawal fees	98.341	159	86.589	148
From general banking services	2.638.910	4.266	2.665.125	4.562
From guarantees given by the Bank	9.404	15	4.147	7
	2.746.655	**4.440**	**2.755.861**	**4.717**

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

23. FEE AND COMMISSION EXPENSES

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Electronic settlements fees	347.004	561	325.153	557
Fees paid to Nostro banks	107.283	173	88.485	152
	454.287	**734**	**413.638**	**709**

Both "fee and commission income" and "fee and commission expenses" were calculated in accordance with the accounting policy No. 2.3.10.

24. RESULTS OF FINANCIAL OPERATIONS

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Gains from FX transactions	3.377.532	5.465	6.521.679	11.162
Losses from FX transactions	(302.198)	(489)	(2.296.015)	(3.930)
Treasury bonds revaluations	(2.820.726)	(4.564)	9.587.112	16.409
	254.608	**412**	**13.812.776**	**23.641**

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. The foreign exchange losses on the revaluations of Treasury Bonds indexed to USD dollars that occurred during 2021 resulted from the 17% appreciation of Kwanza against the US dollar during the financial year.

While, in 2020 there was a 25% devaluation of Kwanza against US dollar producing gains from revaluation of treasury bonds indexed to US dollars.

25. OTHER OPERATING EXPENSES

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Taxes and similar expenses	516.041	835	4.341.415	7.430
Regulation's Penalty	23.621	38	51.405	88
Others	(67.970)	(110)	(60.630)	(103)
	471.692	**763**	**4.332.190**	**7.415**

There are in this account taxes charged on the bank incoming fees and interest, withhold by other banks; vehicle license tax; fees paid for the use of SPTR service provided by the Central Bank, and the cost of capital gains tax withhold by other institutions to be liquidated to tax authority.

26. SALARIES AND OTHER PAYROLL EXPENSES

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Remuneration of Corporate board	**107.186**	**173**	**166.184**	**284**
- Basic salary	107.186	173	166.184	284
Remuneration of employees	**2.934.311**	**4.744**	**3.609.848**	**6.178**
- Basic salary	2.135.445	3.452	2.323.373	3.977
- Vacation allowance	316.145	511	227.550	389
- Christmas allowance	249.794	404	223.410	382
- Transport allowance	121.618	197	-	-
- Variable compensation based on performance	78.985	128	794.926	1.361
- Work Schedule exemption	15.720	25	16.252	28
- Seniority payments	7.950	13	10.007	17
- shortages allowance	7.899	13	8.960	15
- Travel expenses allowance	755	1	5.370	9
Health insurance, workplace accidents, social security	**554.883**	**897**	**541.230**	**927**
- Clinical services	347.691	562	334.730	573
- Social security	187.805	304	200.341	343
- Workplace accidents insurance	20.009	32	6.159	11
- Functional allowance	19.387	31	-	-
Others	**172.629**	**279**	**354.475**	**606**
	3.789.018	**6.125**	**4.671.737**	**7.996**

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 246 employees at 31 December 2021 (257 at 31 December 2020).

27. THIRD PARTY SUPPLIES

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
IT services	770.078	1.245	640.465	1.096
Communication costs	690.314	1.116	621.629	1.064
Stationary/Consumables	541.329	875	571.496	978
Professional services	533.881	863	255.955	438
Security Services	245.431	397	206.078	353
Marketing	229.229	371	349.528	598
Casual Labours	106.587	172	116.088	199
Repairs and maintenance	89.543	145	69.861	120
Transport for Staff and Assets	74.243	120	70.780	121
Travel and other related costs	56.772	92	51.963	89
Rentals	46.195	75	52.384	89
Water and Electricity	37.348	60	37.974	65
Staff Training	30.284	49	13.502	23
Fuel and Lubricant	16.278	26	15.269	26
Insurance	1.411	2	7.489	13
Others	223.039	360	180.967	310
	3.691.962	**5.968**	**3.261.428**	**5.582**

The costs with the "Professional services" for 2021 and 2020 were incurred in the contracting of consulting services for the implementation of procedures to control money laundering and/or financing of terrorism, the implementation of the platform for prudential reporting, the implementation of IFRS 9, tax consultancy services, external audit work, among others.

IT services refer to the costs incurred in the licenses and maintenance of several IT subsystems in use at the Bank.

In 2021 and 2020, 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.

28. EARNINGS PER SHARE

Earnings per share are calculated as follows:

AKZ'000	2021	2020
Net Profit for the year	2.495.201	6.798.543
Average number of shares	18.750.000	18.750.000
Basic earnings per Share	0,13	0,36
Diluted earnings per share	0,13	0,36

There are no preference shares in BCA share capital structure.

29. OFF BALANCE SHEETS ITEMS AND CONTINGENCIES

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Guarantees issued and other contingent liabilities				
Guarantees and sureties given	342.933	618	460.000	708
Letters of Credit issued	2.761.031	4.975	8.059.730	12.407
Undrawn commitments	5.204.114	9.377	6.081.949	9.363
	8.308.078	**14.970**	**14.601.679**	**22.478**
Responsibilities for services rendered				
Guarantees received	**33.003.907**	**59.469**	**28.665.713**	**44.128**
Custodial Assets				
Treasury bills held by clients	874.800	1.576	117.294	181
Treasury bonds held by clients	20.014.093	36.063	27.240.878	41.935
	20.888.893	**37.639**	**27.358.172**	**42.116**

The Bank provides custodial services of safeguarding of clients assets (treasury bills, treasury bonds indexed to US Dollars), amounting to AKZ 20.888.893 thousand (2020: AKZ 27.358.172 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 2021 and 2020, the Bank related Parties were the Bank shareholders and their families.

Disclosure of Balance sheet:

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Assets:				
Loans and Advances	126.733	228	135.910	209
Impairment losses	(84.454)	(152)	(87.809)	(135)
	42.279	**76**	**48.101**	**74**
Liabilities:				
Deposits				
- Demand	2.939.693	5.297	1.156.642	1.781
- Term	732.100	1.319	2.936.129	4.520
Other Liabilities	5.597	10	-	-
	3.677.390	**6.626**	**4.092.771**	**6.301**

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

Captions	2021 AKZ'000	2021 USD'000	2020 AKZ'000	2020 USD'000
Interest earned from loans and advances	2.842	5	5.219	9
Interest paid to Demand deposits	(59.442)	(96)	(115.966)	(198)
Net interest margin	**(56.600)**	**(91)**	**(110.747)**	**(189)**
Fee and commission income	6.355	10	7.530	13
Non-interest margin	6.355	10	7.530	13
Operating margin	**(50.245)**	**(81)**	**(103.217)**	**(176)**
Salaries and other payroll expenses	(338.977)	(548)	(195.291)	(334)
Loans and advances Impairment losses	3.355	5	18.846	32
	(335.622)	(543)	(176.445)	(302)
Losses before taxes	**(385.867)**	**(624)**	**(279.662)**	**(478)**
- Fiscal impact	135.054	218	97.881	168
Net Losses for the year	**(250.813)**	**(405)**	**(181.781)**	**(310)**

As at 31 December 2021, the average interest rates on transactions with related parties were 36% (2020: 36%) for loans in local currency. In 2021 and 2020 there were no loans granted in foreign currency.

The interest rates for term deposits in local currency were 13% (2020: 9%), and 0,16% (2020: 0,44%) 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. OTHER MATTERS

In March 2020 the World Health Organisation declared a pandemic resulting from the spread of the new coronavirus ("COVID-19"). This state of affairs and its evolution had and may come to have significant repercussions on the global economic landscape and, consequently, on BCA's operations, asset value and profitability.

In compliance with the rules defined by the Angolan Authorities, BCA implemented a series of measures over the course of 2020 and 2021 to ensure the continuation of its operations, including teleworking and tailoring its facilities to enable the safe execution of tasks requiring the physical presence of employees. In these circumstances, the BCA business continued to be carried on without any constraints that might hinder the activities necessary for its day-to-day functioning.

Against this backdrop, the Bank's financial statements for 2021 naturally reflect the effects arising from the Covid-19 pandemic context based on our best judgement of all the information available at the present date. With regard to loans and advances to clients, BCA's Impairment Model has not undergone relevant changes, therefore the impairment losses determined reflect the available information on clients, naturally reflecting the impacts that the pandemic may have generated on them, not being, however, this effect quantifiable.

At 31 December 2021 and 2020, BCA's financial statements balances do not include other estimates or assumptions that are affected by the pandemic situation and the uncertainty about its future evolution.

The extent and degree of severity of the future impacts generated by the pandemic are not yet determinable. However, based on all the information available at the date, BCA's Board of Directors considers that the assumption of business continuity used in the preparation of the Bank's financial statements as at 31 December 2021 remains applicable.

32. SUBSEQUENT EVENTS

The Russia/Ukraine war has triggered a series of events with an impact on multiple domains, such as political, social, economic at the international level, among which we highlight the following:

- Flow of refugees leaving Ukrainian territory, spreading to several European countries, in search of safety;
- Systematic destruction of infrastructure and economic activity on Ukrainian territory;
- The division of nations into two major blocks, the majority of which, formed primarily by Western countries that vehemently condemns Russia, which has increased sanctions of several types, imposed against Russia as a whole, hindering the export of Russian products, and the other major bloc of countries which has opted to call for dialogue between the opposing parties;
- Russia being one of the largest oil producers in the world, its involvement in this war has driven up the oil price to levels above $100 USD a barrel.

As a result, from 2022 onwards, Angola will have more revenue from the sale of oil, which will certainly serve to boost economic activity, which has been in recession since 2014, and with it, there will be an increase in banking business operations. It is expected that the country will have more resources to revitalise the economic diversification programme, and with it, more business opportunities will arise for the banking sector, since it is the main economic driver.

On the other hand, Russia and Ukraine are both major world exporters of agricultural products, especially wheat and other cereals. The two nations together are responsible for almost a third of the cereals consumed in the world, and therefore the war that opposes them will lead to a decline in the supply of cereals on the international market and consequently an increase in demand, accompanied by an increase in their respective prices. Angola is still a great importer of cereals and other food products, so the expectation of an increase in their price will always have some negative impact on the domestic market. However, it is expected that such impact will not be deemed sufficient to slow down the country's economic activity in general, and banking operations in particular.

Against this backdrop, BCA has carried out an assessment of the consequences that this situation may have on its business operations and has not identified any direct or indirect impacts on its financial statements.

The extent and degree of severity of the potential future indirect effects generated by the Russia/Ukraine war, particularly as regards the impact on the economy and on BCA clients because of effects such as price rises in different areas, are not yet determinable. Nonetheless, and considering that events are evolving daily, there may be future negative impacts on the world economy and global financial system, as well as on the evolution of the Angolan economy and particularly its financial system. Hence, there may be possible future impacts on the main accounting estimates considered by the Bank's Board of Directors in the preparation of the Bank's financial statements.

Notwithstanding, based on all the information available at the date, BCA's Board of Directors considers that the assumption of continuity of operations used in the preparation of the financial statements at 31 December 2021 remains adequate.

We are not aware of any facts or events after 31 December 2021 that justify adjustments or additional disclosure in the Notes to the financial statements.

33. ACCOUNTING STANDARDS AND RECENTLY ISSUED INTERPRETATIONS

33.1. Voluntary changes to accounting policies

During the financial year there were no voluntary changes in accounting policies, compared to those considered in the preparation of the financial information for the preceding fiscal year presented in the comparatives.

33.2. New standards and interpretations applicable to the financial year

The following standards, interpretations, amendments and revisions have mandatory application for the first time in the financial year beginning 1 January 2021:

<u>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Phase 2 of the benchmark interest rate reform (IBOR Reform)</u>

It corresponds to additional amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), concerning changes in benchmark interest rates and the impacts at the level of amendments to financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

<u>Amendment to IFRS 4 - "Insurance Contracts", deferral of IFRS 9</u>

This amendment aims to extend the exemption date from adopting IFRS 9 from 1 January 2021 to 1 January 2023, thus aligning with the date from which the adoption of IFRS 17 becomes applicable.

Amendment to IFRS 16 - Leases – "Covid 19 Related Rent Concessions beyond 30 June 2021"

This amendment seeks to extend to 30 June 2022 the application of the optional practical expedient by which lessees are exempted from reviewing whether rent concessions up to that date, typically rent suspensions or reductions, related to the "COVID-19" pandemic are contract modifications.

There were no significant effects on the Bank's financial statements arising from the adoption of these new standards, interpretations, amendments and reviews referred to above.

33.3. New standards and interpretations already issued, which will come into force in future years

The following standards, interpretations, amendments and reviews have mandatory application in forthcoming financial years:

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020

These amendments correspond to a set of updates to the various standards mentioned, namely:

- IFRS 3 - updated reference to the 2018 conceptual framework; additional requirements for analysis of liabilities under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognised in a business combination;
- IAS 16 – prohibition of deducting from the cost of a tangible asset income related to the sale of products before the asset is available for use;
- IAS 37 – clarification that a contract's compliance fees correspond to costs directly related to the contract; and
- Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41.

It is applicable for financial years beginning on or after 1 January 2022.

IFRS 17 – "Insurance Contracts"

This standard defines, for the insurance contracts within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts. It is applicable in financial years beginning on or after 1 January 2023.

Amendment to IAS 1 Standard Presentation of Financial Statements - Classification of liabilities as current and non-current

This amendment published by IASB explains the classification of liabilities as current and non-current by assessing the contractual conditions existing at the reporting date. It is applicable in financial years beginning on or after 1 January 2023.

Amendment to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Disclosures of Accounting Policies

This amendment published by IASB further explains that disclosure should be made of material accounting policies rather than significant accounting policies. It is applicable in financial years beginning on or after 1 January 2023.

Amendment to IAS 8 - Accounting policies, changes in accounting estimates and errors - Definition of accounting estimates

This amendment published by IASB changes the definition of accounting estimate for monetary amount in financial statements subject to measurement uncertainty. It is effective for financial years beginning on or after 1 January 2023.

Amendment to IAS 12 Income Taxes - Deferred Taxes

This amendment published by IASB clarifies that the exemption of initial recognition of deferred taxes does not apply in transactions that produce equal amounts of taxable and deductible temporary differences. It is applicable in financial years beginning on or after 1 January 2023.

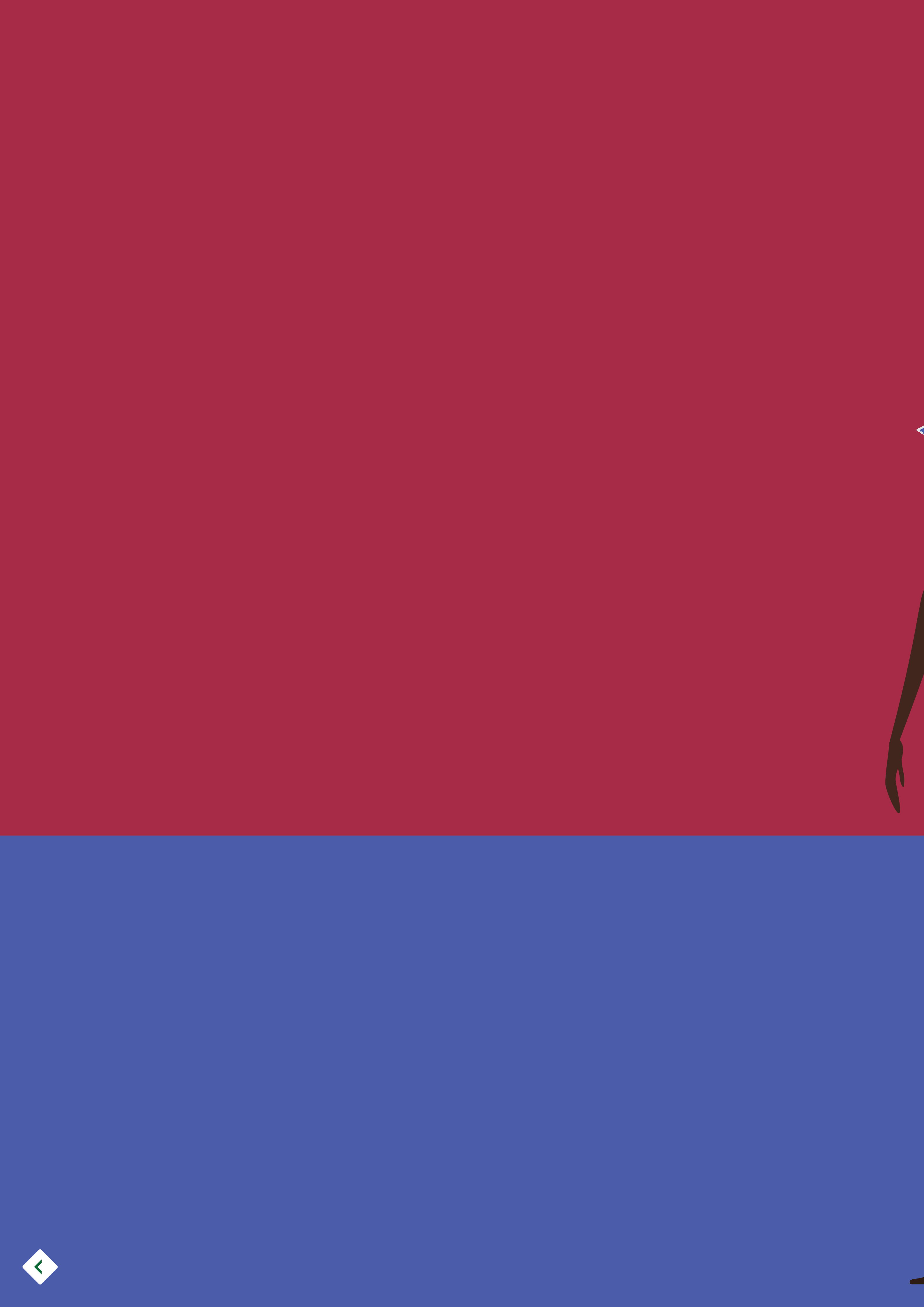
Amendment to IFRS 17 - Insurance contracts - initial application of IFRS 17 and IFRS 9 - comparative information

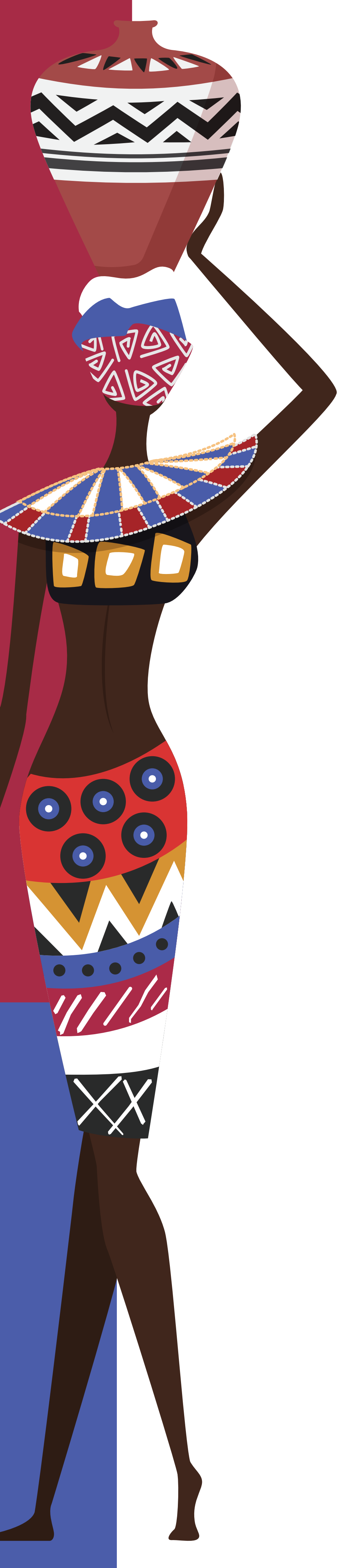
This amendment published by the IASB introduces changes on comparative information to be presented when an entity adopts both IFRS 17 and IFRS 9 at the same time. It is effective for financial years beginning on or after 1 January 2023.

The Bank does not anticipate that significant effects will be produced on its financial statements with the adoption of these new standards, interpretations, amendments and reviews referred to above.

34. 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





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 2021.

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 2021 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 2021.

The Fiscal Council, 27 April 2022.

João Paulo Borges de Sousa
(Chairman of the Fiscal Conucil)

Esperança Cahango
(Member)

Manuel Pascoal Francisco
(Member)

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte & Touche - Auditores, Lda.
Condominio da Cidade Financeira
Via S8, Bloco 4 - 5º, Talatona
Luanda, Angola

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INDEPENDENT AUDITOR'S REPORT

(Translation of a report originally issued in Portuguese – see footnote on page 3)

To the Shareholders
of Banco Comercial Angolano, S.A.

Introduction

1. We have audited the accompanying financial statements of Banco Comercial Angolano, S.A. (hereinafter also referred to as "the Bank"), which comprise the Balance Sheet as of December 31, 2021 that presents a total of 94 199 199 thousands of kwanzas and total equity of 35 018 159 thousands of kwanzas, including a net profit of 2 495 201 thousands of kwanzas, the income statement, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the corresponding notes.

Board of Directors' responsibility for the Financial Statements

2. The Board of Directors 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 that it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's 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 from the Angola Institute of 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair 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 internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

MAKING AN IMPACT THAT MATTERS since 1845

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. In accordance with the requirements set out in IAS 29 – "Financial reporting in hyperinflationary economies" ("IAS 29"), in the years ended December 31, 2017 and 2018, the functional currency of the Bank's financial statements corresponded to the currency of an hyperinflationary economy and ceased to have that classification from the year 2019 onwards, as a result, essentially, of the reduction of the inflation rate in Angola. As disclosed in Note 2.1 of the financial statements, with reference to December 31, 2017 and 2018 the National Bank of Angola ("Banco Nacional de Angola" – BNA) expressed its interpretation that not all the requirements established in IAS 29 to consider Angolan economy as an hyperinflationary economy were met. Consequently, the Bank's Board of Directors decided not to apply the requirements of IAS 29 in its financial statements, for the years ended December 31, 2017 and 2018, and also did not make the necessary adjustments in the financial statements for the years ended December 31, 2020 and 2021, with respect to the opening balances and to the adjustments that result from the application of the requirements in IAS 29 when an economy ceases to be hyperinflationary. We have not obtained sufficient information to enable us to quantify the effects of this situation on the Bank's financial statements as of December 31, 2021.

Qualified Opinion

7. In our opinion, except for the effect of the matter described in paragraph 6 of the "Basis for qualified opinion" section, the financial statements referred to in paragraph 1 above appropriately present, in all material respects, the financial position of Banco Comercial Angolano, S.A. as of December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Emphasis of a Matter

8. As disclosed in Note 31 to the financial statements, in March 2020 the spread of the disease resulting from the new coronavirus ("Covid-19") was declared a pandemic by the World Health Organization, which significantly affected the world and Angolan economies. Currently, the pandemic is still active worldwide and its evolution still reveals some uncertainty. Additionally, and as disclosed in Note 32 to the financial statements, in February 2022 military operations began in Ukraine which resulted in the imposition of sanctions, at the international level, directed to the Russian Federation and Belarus. In this context, since events are evolving on a daily basis, there may be impacts on the evolution of the world economy and financial system, as well as on the evolution of the Angolan economy and its financial system, in particular. Consequently, possible future impacts may occur and affect the main accounting estimates considered by the Board of Directors in the preparation of the Bank's financial statements, which are disclosed in Note 2.3.16 to the financial statements. Thus, the realization of the Bank's assets at their book values as of December 31, 2021 may be influenced by the evolution of the Angolan economy and by the success of its future operations. Our opinion is not modified with respect to this matter.

Deloitte.

Other matters

9. The financial statements for the year ended December 31, 2020 are presented by the Board of Directors for comparative purposes and in order to comply with the requirements for the publication of accounts. These financial statements were audited by another external auditor whose independent auditor's report dated April 20, 2021 contained a qualified audit opinion on the matter described in paragraph 6 above.

10. The financial statements of the Bank are expressed in kwanzas, which is the Bank's functional and presentation currency. The financial information in the financial statements and in the corresponding notes in United States dollars is presented only for reading convenience and was converted based on the criteria described in Note 2.1 and should not be interpreted as the representation that the amounts in kwanzas have been, could have been or may be in the future converted into United States dollars.

Luanda, April 25, 2022

Deloitte & Touche – Auditores, Limitada
Represented by José António Mendes Garcia Barata
OCPCA member number 20130163

EXPLANATION ADDED FOR TRANSLATION
(This report is a translation of a report originally issued in Portuguese. Therefore, according to Deloitte & Touche – Auditores, Limitada internal procedures, the report should not be signed. In the event of discrepancies, the Portuguese language version prevails.)

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