BCS

YOUR PRIVATE BANK

ANNUAL REPORT 2020

BANCA PRIVADA E CORPORATIVA

Edifício Garden Towers - Torre B, Piso 15
Complexo Comandante Gika, Luanda
ANGOLA

INDEX

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01

PRESENTATION OF BCS

1.1 JOINT MESSAGE

IMPACT OF THE COVID-19 PANDEMIC ON THE ECONOMY

The year 2020 was marked by the global crisis, which presented major challenges in terms of public health and international economic life.

The Angolan economy reported a contraction of 5.18% in GDP in 2020, associated with a fall in the performance of the transport and storage services sector resulting from the restrictions imposed to contain the pandemic.

The Angolan executive issued clear guidelines and objectives to protect the health of the population in light of the risk of contagion from the Covid-19 pandemic. Likewise, the National Bank of Angola produced a package of stimulus measures for companies and private individuals which sought to mitigate the negative impact of the pandemic on the business sector and households.

BCS – Banco de Crédito do Sul, SA (hereinafter referred to as the "Bank", "Banco BCS" or "Institution") is proud to have actively participated in the support for the national economy, in particular through financial support, authorising moratoria on interest and capital payments for credit transactions involving companies and private individuals, and joining government initiatives to support the productive sector through subsidised bank loans.

Despite the challenging and exceptional operating environment, BCS fostered new strategies, with an emphasis on the management of human capital and information technology to minimise the negative effects caused by the pandemic crisis, thus maintaining the level of service to customers and good financial and reputational performance.

The measures adopted allowed BCS to general net earnings of over 9 billion kwanzas, maintaining its solvency ratio at 43.8%.

Return on equity (ROE) and return on assets (ROA) stood at 24.48% and 9.43%, respectively.

The agility that characterises the principles that guide our employees' conduct ensured adaptation to the new scenario and strengthened ties with our customers and partners.

INNOVATION, DYNAMISM AND SOLIDITY

In this difficult pandemic context, in addition to the measures mentioned above, BCS has managed to stay faithful to its drive for innovation, investing in streamlined financial solutions that enable it to ensure an improved experience for customers when acquiring its products and services.

We celebrated our fifth anniversary with the launch of a new *internet* and *mobile* Banking solution that offers greater autonomy and practicality to its users.

STRATEGIC PLAN FOR THE NEXT 5 YEARS

IMF data point to a gradual recovery of the economy, beginning in 2021 with a forecast growth of 0.4%. The pandemic is expected to continue to affect economic conditions.

Considering the success achieved in implementing the strategic plan set out for the period 2015-2020 and the expected challenges, in particular the effects of the pandemic, the Bank has established a robust and consistent Strategic and Business Plan taking into account the vision of shareholders and directors for the period 2021 to 2025, based on the following five strategic fronts:

1. Strengthening the positioning in Private and Corporate Banking;

2. Promoting business growth by focusing on customer loyalty and value creation;

3. Focusing on Human Capital as a pillar for the future;

4. Monitoring regulatory developments and the effectiveness of internal control and compliance;

5. Accelerating the digital transformation and placing innovation at the centre of the business;

We remain committed to the growth of the economy of Angola, its entrepreneurs and its citizenry.

Finally, we should like to express our thanks to all Employees for their dedicated contributions, sense of mission and team spirit, which have led the Bank on a fast track to success, and to our Customers, Shareholders, Regulators and Partners for the support and trust they have shown us.

Maria do Céu Figueira
Chair of the Board of Directors

Rafael Arcanjo Kapose
Chief Executive Officer

02

YOUR
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BCS BANK

2.1

ABOUT THE BANK

BCS - Banco de Crédito do Sul, SA (hereinafter referred to as the "Bank", "BCS Bank" or the "Institution") started operating in 2015 and, since then, has sought to become a flagship company in the Angolan financial sector, with particular focus on its activities in the ***Private and Corporate*** segments.

In 2020, the Bank continues to gain market share and increase its customer base, as a result of providing a service that seeks excellence and offering a wide range of financial products and services appropriate to the respective customer profiles.

The Bank currently has five business centres to serve customers, with the opening of a new centre at the planning stage, in accordance with the Bank's policy of expanding across the country. Also noteworthy is the expansion of the facilities in the Headquarters Building to keep up with the growth of the activity.

In its annual ***"Global Banking & Finance Awards"*** in 2019, the prestigious British magazine ***"The European"*** singled out BCS for three international awards for ***"Best Private Bank in Angola"*** (in 2017, 2018 and 2019) and two for ***"Best Corporate Bank in Angola"*** (in 2018 and 2019).

The main focus of the Bank's operations is its customers and partners, and its employees represent the main driving force behind the achievement and maintenance of its current position of prestige. Accordingly, in order to achieve maximum potential in the management of the capacities of its human capital, particular attention is paid to training, motivation, performance, talent management, benefits, internal social responsibility, and occupational health and safety.

In parallel, the Bank remains committed to a proactive and consistent process of development, improving the experience of its customers by providing alternative channels, new features and services adapted to present needs.

2.2

CORPORATE STRUCTURE

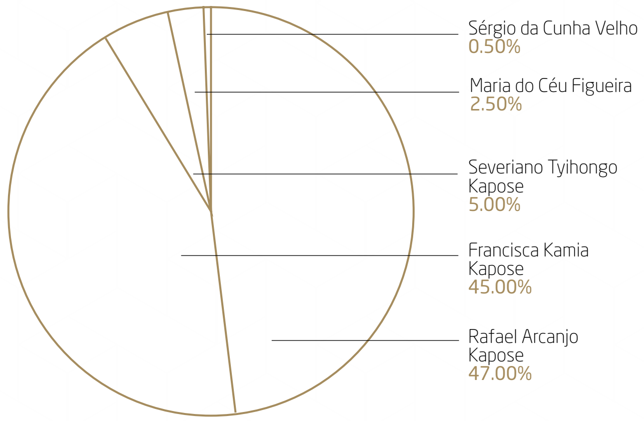
The Bank was incorporated in 2015 with a share capital of tAOA 2 500 000, represented by 2.5 million shares, each with a par value of AOA 1 000, fully subscribed and paid up in cash.

In March 2016, the BNA approved a capital increase of AOA 6 000 000 by means of the issue of 3 500 000 shares with a par value of AOA 1 000, subscribed proportionally by the shareholders, an increase that had been approved by the General Meeting on 1 October 2015.

On 30 October 2017, it was decided at the General Meeting to proceed with a capital increase in an amount of tAOA 4 000 000, raising the Bank's share capital to tAOA 10 000 000. The aforementioned increase was paid up by the shareholders in March 2018 and was authorised by the BNA on 11 June 2018.

Finally, an increase in the Bank's share capital by means of the incorporation of reserves in an amount of tAOA 7 000 000 was approved at the General Meeting of Shareholders held on 30 July 2019, the Bank's share capital thus rising to tAOA 17 000 000.

The Bank's shareholder structure as of 31 December 2020 is as follows:



It should be noted that, as of 31 December 2020, the Bank does not hold own shares and there are no differential voting right shares.

2.3 VISION, MISSION AND VALUES

VISION

To be a leading brand in the financial system through differentiation, solidity and excellence in the services provided.

MISSION

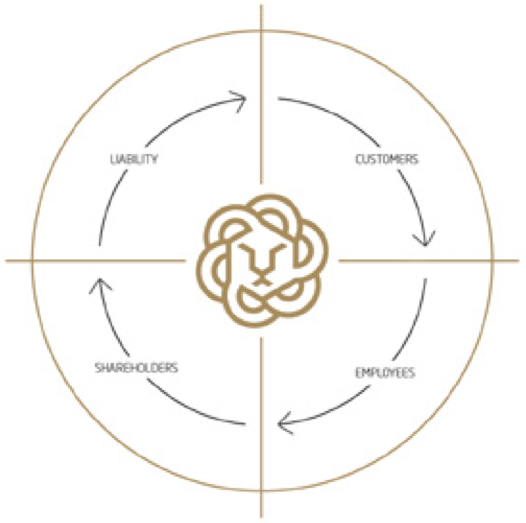
To create value for customers, shareholders and employees through a range of simplified financial solutions, seeking to operate in the market as an institution recognised for its excellence, efficiency, consistency and innovation.

BCS' DNA

RESPONSIBILITY
WE BELIEVE IN OUR COUNTRY
BCS wishes to create value through a set of rules and procedures that respect international standards of Compliance, actively contributing towards the economic and social development of Angola.

SHAREHOLDERS
FOCUS ON THE PROFITABILITY AND SUSTAINABILITY OF THE PROJECT
BCS wishes to generate results that allow the satisfaction of the interests of our shareholders, developing activities oriented towards profitability, prudence in terms of risk and efficiency in the appropriation of earnings.

ADN BCS



Together we are creating our history

CUSTOMERS
EXCLUSIVITY IS OUR PRIMARY ADVANTAGE
Being different is our primary advantage. The Bank places a high value on the relationship with Customers, who are its greatest asset. Personalisation, close ties, attention, knowledge and professionalism underpin the provision of excellent services, which are perceived as distinctive and unique.
It is this relationship that allows the construction of relationships of trust with Customers, consolidating their loyalty and a lasting partnership.

EMPLOYEES
WE ARE PROUD TO WORK FOR BCS
BCS professionals are competent, proactive and dedicated, capable of offering a better service to Customers and thus guaranteeing the sustainability and development of the business.

2.4 STRATEGY

The Bank's strategic positioning in the Private and Corporate segments, exercising the activity of Universal Banking, which consists of the strategic lines of Commercial Banking, Transactional Banking and Investment Banking, has allowed robust growth and a modern commercial approach.

Both involve strict fulfilment of national and international standards and recommendations in terms of rules and principles of compliance relating to tackling money laundering and terrorist financing.

The credit risk assessment policy implemented by the Bank has been effectively enhancing improved financing conditions, thus providing risk assessments appropriate to customer operations and safer and more attractive conditions for transactions.

Banco BCS continues to focus on brand development, focusing on the quality of human capital and the quality of application systems and control tools. This focus is implemented through investments that allow it to maintain its position as the partner of choice for investors, savers, businesspeople and foreign financial partners, while at the same time playing the role of catalyst for economic growth.

During the 2020 financial year, the Bank approved a business plan for the 2021-2025 five-year period. Essentially, the Bank aims to consolidate its positioning in the core segments (Private and Corporate), seeking to enhance the experience provided to its customers by providing alternative channels, innovative features, products and services, and new business centres.

Segments and business areas

Banco BCS is committed to fostering the trust of its customers and other partners, taking as its main distinctive strategic feature the provision of services characterised by excellence and permanent orientation towards the needs of the ***Private and Corporate*** segments.

***PRIVATE* SEGMENT**
One of the main tasks attributed to the Bank unit in charge of managing the ***Private*** segment is collaboration with Management and other business units in the definition of the global commercial strategy, at all times basing its actions on identifying, acquiring and maintaining dedicated relationships with the customers that fall into that segment, and also those with high potential.

Knowledge of all customers and the context in which they operate allows BCS to remain close to customers, meet their specific needs and provide the best advice for the management of their assets through the creation of savings and investment products that preserve and create value.

The existing commercial network has been designed so that, in this segment, the service is provided through centres (business units) and complementary channels (***internet banking and mobile banking***), offering investment solutions that meet customers' specific requirements. BCS seeks to ensure all situations where security and operational secrecy are required, as well as access to dedicated employees with an appropriate background and knowledge to monitor and satisfy all the needs of customers in the segment.

***CORPORATE* SEGMENT**
The unit in charge of managing the ***Corporate*** segment guarantees the personalised and dedicated monitoring of companies and potential customers with a corporate profile, whose turnover falls within the category of customers of the segment, as defined in the fee structure. Additionally, one of its key functions is to cooperate with Management and other business units in defining the overall commercial strategy.

BCS pays special attention to financial advice, holding private meetings with companies and providing them with solutions appropriate to their specific needs through teams specialising in ***Trade Finance, Corporate Finance*** and ***Project Finance***, and their respective managers.

The Bank follows monitoring and prospecting best practice to bring to fruition its commitment to those who invest, with the aim of successfully implementing each project, building strategic partnerships and value synergies.

2.5

EXPECTATIONS FOR 2021

The onset of the COVID-19 pandemic significantly changed economic activity in 2020 and in the first quarter of 2021.

According to International Monetary Fund ("IMF") forecasts, the year 2021 is expected to be a year of recovery for the world economy and emerging economies. Although economic recovery is likewise expected in Angola, this will be below the average of the world economy and insufficient to recover from the downturn witnessed in 2020 and previous years.

Additionally, the drop in investment in oil exploration, combined with the expectation that prices will remain low compared to Angola's more prosperous years, make, more than ever, a reduction in the dependence of the Angolan economy on the oil sector one of the cornerstones of the macroeconomic management measures implemented.

Accordingly, the domestic economic situation will remain challenging both in terms of the financial system and from a macroeconomic perspective.

Conversely, on a more optimistic note, the National Bank of Angola (BNA) has been promoting a series of initiatives that afford greater stability to the financial system. In particular, over recent years inflation has stabilised (even though, in 2020, the targets were not reached due to the measures necessary to stimulate the economy) and, in the last months of 2020 and first months of 2021, exchange rates resulting from exchange rate policies have stabilised. The regulator is likewise in the process of achieving equivalence in supervision, which is essential to attract foreign investment, and consequently, medium and long-term economic growth.

For 2021, the bank will continue to take as its main objective the maintenance of the quality of services provided to its customers and prudent and careful management of its balance sheet, in order to achieve the sustainability necessary to protect its depositors. Simultaneously, it will continue to pursue the goal of increasing the extension of credit, thus contributing to economic growth in Angola. Similarly, the goal of acquiring liquidity will be bolstered for the next year, in particular through the acquisition of new customers.

Investment in staff training and bolstering close ties with customers will remain crucial. The Bank will likewise bolster its investment in digital channels, so as to offer solutions appropriate to their needs and adapted to the growing demands of the market.

Thus, the commitment and dedication that have made BCS a partner in supporting society in the development of the national economy will remain unchanged.

03

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ECONOMIC ENVIRONMENT

3.1

INTERNATIONAL ECONOMY

THE YEAR 2020

The year 2020 was inevitably marked by the pandemic and by its harmful effects, in particular the high cost in terms of human lives, economic recession and a worsening of social inequality.

According to data from the ***World Economic Outlook*** published in April 2021 by the International Monetary Fund ("IMF"), negative global growth of 3.3% was estimated for the year 2020.

After a significant drop in economic activity during the second quarter of 2020, a period in which the global economy was subject to a general lockdown to contain the pandemic, economic activity gradually picked up as restrictions were lifted. However, a rapid increase in cases in the third quarter and the fear of a second wave forced a backtracking in the opening up of economies, which contributed towards a slowdown in the ongoing recovery process. With the exception of China, for most economies, growth in 2020 was below the level observed before the pandemic.

Nevertheless, the prompt actions of States in responding to the pandemic, whether through economic, fiscal and social policies, or through adaptation to new forms of work, has made it possible to mitigate the medium-term impacts of the pandemic to a large extent. According to IMF data (World Economic Outlook, April 2021), the allocation of resources to economic and social support policies contributed around 6% to global growth in 2020, suggesting that without these measures, the contraction in 2020 would have been three times more pronounced than that observed. The data presented in the aforementioned study shows that, in the US economy, government support and the relaxation of monetary policy were decisive for the progressive recovery of the economy, despite the growing trend of contagion. Also in the Eurozone, government financial support, recovery programmes and measures to increase liquidity contributed towards a less severe contraction of the economy below that forecast for 2020.

The decline in GDP was more significant in countries dependent on certain sectors particularly affected by the pandemic, such as tourism in Greece, Iceland, Portugal and Turkey. Additionally, economic activity in Korea contracted as a result of a drop in exports. In Japan, the negative growth estimated in 2020 was accompanied by a significant increase in unemployment.

Among emerging economies, the growth of the Chinese economy by 2.3% is a particular highlight, sustained by public investment after the period of lockdown, the expansionist policy of the Central Bank, which facilitated access to liquidity, and the significant growth of exports, which in 2020 accounted for around 33.5% of total exports from emerging economies.

On the other hand, a contraction was estimated in the other economies of this group, due to numerous factors, including difficulty in controlling the pandemic and the fragility of health systems, as was the case in Mexico, Indonesia or Malaysia, dependence on the tourism sector, in the case of Thailand and the Caribbean, and external financing, including remittances, in the case of Bangladesh, the Philippines and Egypt.

In oil-exporting countries, the situation worsened with the sharp decline in the price of oil on the international market due to the sudden drop in demand. In non-oil exporting countries, such as Brazil, Peru and Argentina, the recovery of the industrial sector from the second half of 2020 mitigated the drop in annual growth, but the economy remained vulnerable to the developments of the pandemic. The case of India is also noteworthy, with a sharp fall in growth due to a significant drop in consumption and a collapse in investment, which was accentuated by the high levels of inflation observed in 2020.

PROSPECTS FOR 2021

For 2021, according to the ***World Economic Outlook*** (April 2021), robust growth of the world economy of 6% is forecast, much higher than that estimated for 2020, with an economic recovery in line with the efforts made since 2020 to contain the pandemic and mitigate its negative impact on the functioning of the different sectors of activity.

TOTAL LIABILITIES AND EQUITY		Forecasts		Difference over WEO January 2021 Update[1]		Difference over October 2020 WEO[1]	
	2020	2021	2022	2021	2022	2021	2022
GLOBAL PRODUCTION	-3.3	6.0	4.4	0.5	0.2	0.8	0.2
Developed Economies	-4.7	5.1	3.6	0.8	0.5	1.2	0.7
United States	-3.5	6.4	3.5	1.3	1.0	3.3	0.6
Eurozone	-6.6	4.4	3.8	0.2	0.2	-0.8	0.7
Germany	-4.9	3.6	3.4	0.1	0.3	-0.6	0.3
France	-8.2	5.8	4.2	0.3	0.1	-0.2	1.3
Italy	-8.9	4.2	3.6	1.2	0.0	-1.0	1.0
Spain	-11.0	6.4	4.7	0.5	0.0	-0.8	0.2
Japan	-4.8	3.3	2.5	0.2	0.1	1.0	0.8
United Kingdom	-9.9	5.3	5.1	0.8	0.1	-0.6	1.9
Canada	-5.4	5.0	4.7	1.4	0.6	-0.2	1.3
Other Developed Economies[2]	-2.1	4.4	3.4	0.8	0.3	0.8	0.3
Emerging Markets and Developing Economies	-2.2	6.7	5.0	0.4	0.0	0.7	-0.1
Emerging and Developing Economies Asia	-1.0	8.6	6.0	0.3	0.1	0.6	-0.3
China	2.3	8.4	5.6	0.3	0.0	0.2	-0.2
India[3]	-8.0	12.5	6.9	1.0	0.1	3.7	-1.1
ASEAN-5[4]	-3.4	4.9	6.1	-0.3	0.1	-1.3	0.4
Emerging and Developing Economies Europe	-2.0	4.4	3.9	0.4	0.0	0.5	0.5
Russia	-3.1	3.8	3.8	0.8	-0.1	1.0	1.5
Latin America and the Caribbean	-7.0	4.6	3.1	0.5	0.2	1.0	0.4
Brazil	-4.1	3.7	2.6	0.1	0.0	0.9	0.3
Mexico	-8.2	5.0	3.0	0.7	0.5	1.5	0.7
Middle East and Central Asia	-2.9	3.7	3.8	0.7	-0.4	0.7	-0.2
Saudi Arabia	-4.1	2.9	4.0	0.3	0.0	-0.2	0.6
Sub-Saharan Africa	-1.9	3.4	4.0	0.2	0.1	0.3	0.0
Nigeria	2.5	2.3	1.0	-0.2	0.8	-0.2	
South Africa	-7.0	3.1	2.0	0.3	0.6	0.1	0.5
Memorandum							
Global Growth Based on Market Exchange Rates	-3.6	5.8	4.1	0.7	0.3	1.0	0.3
European Union[5]	-6.1	4.4	3.9	0.3	0.2	-0.6	0.6
Middle East and North Africa	-3.4	4.0	3.7	0.9	-0.5	0.8	-0.2
Emerging Markets and Middle income countries	-2.4	6.9	5.0	0.5	0.0	0.8	0.0
Low-income Developing Countries	0.0	4.3	5.2	-0.8	-0.3	-0.6	-0.3

Source: International Monetary Fund (*World Economic Outlook*, April 2021)

Expectations point to a more favourable future. However, it is uncertain when the current situation will end. If, on the one hand, vaccination plans are being carried out all over the world, on the other, the appearance of new variants of the virus raises some uncertainty regarding control of the pandemic. International co-operation in the coming years will be crucial, not only to prevent further contagion and the spread of variants between regions, but mainly to ensure the supply of vaccines globally, particularly to emerging and developing economies.

Despite the global growth forecast over the next few years, sharp divergences in growth between different economies are expected, with the pace of vaccination and the capacity of states to provide economic and social support as determining factors for economic recovery.

COMMERCE

Globally, the volume of trade in goods suffered a sharp drop of 8.5% in 2020, according to IMF data (***World Economic Outlook***, April 2021). However, the annual trend does not reflect the recovery witnessed with effect from the second half of 2020. With the recovery of economic activity, there was significant growth in imports of goods (excluding oil) in advanced economies, which corresponded to around one third of the volume of trade in the second quarter of 2020. The increase in worldwide demand for medical equipment and electronic equipment for adapting to remote work and distance learning, as well as the recovery of the industrial sector, particularly the automobile sector, contributed towards this growth.

In line with the expected economic recovery, for 2021, the IMF forecasts sharp growth in world trade of 8.4%, mainly due to the increase in trade in goods. On the other hand, moderate growth in trade in services is estimated, mainly due to controls and restrictions on cross-border movements, which hinder the smooth functioning of operations such as transport and tourism, but also because of a generalised restraint in demand, reflecting the climate of insecurity against the current backdrop.

OIL MARKET AND *COMMODITIES*

Between February and April 2020, the international price of oil, represented by the average prices of Brent, Dubai Fateh and West Texas Intermediate, suffered a drastic fall of over 60% (***World Economic Outlook***, April 2021).

Two factors essentially contributed to this decline in price. On the one hand, the imposition of measures to contain the pandemic and the imposition of a general lockdown caused a sudden decline in demand, leading to an excessive increase in stocks. On the other hand, tensions between oil producing countries intensified, culminating in a price struggle. In March 2020, following Russia's refusal to agree to a production cut proposed by the Organisation of Petroleum Exporting Countries ("OPEC"), OPEC member country Saudi Arabia announced a substantial increase in production that entailed a sudden decline in the world price with substantial losses for producers, especially countries with less flexible cost structures, such as Russia. At the end of April 2020, with OPEC reaching an agreement with other major producers, including Russia, fixed levels of daily barrel production were established until 2022, in an effort to control the fall in world prices through production cuts.

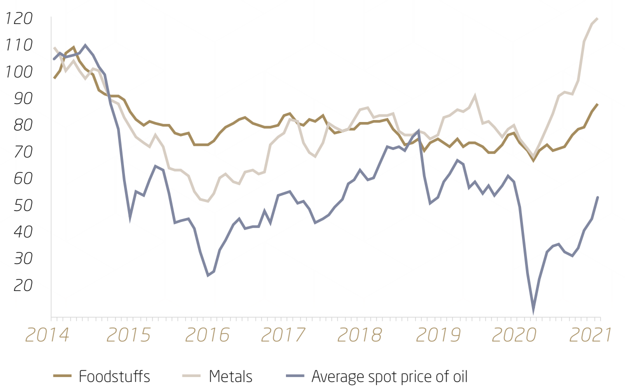
The rapid increase in contagion in the last quarter of 2020 and the fear of further restrictions negatively impacted the price of oil. However, market expectations improved following the emergence of vaccines and following the economic recovery in the Asia region, which spurred a price hike towards the end of the period.

At the end of the year 2020, the international price stood at USD 41.29, 32.7% lower than the price observed in 2019.

According to the IMF forecast for 2021 included in the ***World Economic Outlook*** (April 2021), the economic recovery should trigger an increase in demand for oil, supporting the expected 41.7% increase in the price per barrel. However, there remains the risk of a sudden drop in oil prices should supply-side tensions escalate again. In the medium term, the price is projected to stabilise at around USD 50.7 in 2025, below the average of the last 5 years (USD 53.3).

With regard to food, a price increase of 20% is estimated, from USD 75 in 2020 to USD 90 in 2021, but the most drastic rise will be in the price of metals, from USD 70 to USD 120, which corresponds to an increase 60% compared to 2020. The rapid recovery of the Chinese economy in 2020 contributed greatly to this forecast, as it accounts for almost half of the world's demand for the metal (***World Economic Outlook***, April 2021). However, the risk of a sudden drop in the price of the metal persists, taking into account a new wave of the pandemic, the sustainability of China's growth and shifts in its diplomatic relationship with the US.

COMMODITY PRICE



Source: International Monetary Fund (*World Economic Outlook*, April 2021)

MONEY AND FOREIGN EXCHANGE MARKET

In 2020, according to the ***World Economic Outlook*** (April 2021), there was a high degree of volatility in the financial markets arising from concerns regarding the control of COVID-19, intensified by the fall in oil prices and the conflicts between producers. However, counter-cyclical economic policies have largely contributed to improving risk sentiment, thus avoiding a potential collapse of the financial markets. Additionally, recent developments in the field of vaccines against COVID-19 positively impacted the financial sector, which presents a more robust growth compared to that observed in the real sector of the economy.

Equity markets had already been showing some volatility since mid-2018, which was accentuated in early 2020 with the global spread of the virus. In terms of returns, most advanced economies recovered, reaching levels equivalent to or higher than those witnessed before the crash. In emerging countries, the trend is towards recovery, although marked divergences between countries are evident.

Growing concerns regarding slower market growth have contributed to considerable declines in sovereign bond yields - which in some cases have become negative. The recent rise seen in the case of the US and the UK reflects an anticipated economic recovery vis-à-vis the forecast.

US credit spreads in the Eurozone soared in reaction to events in early 2020, and have since gradually narrowed, returning in April 2021 to the level seen prior to the market crash.

Currency movements have accompanied the positive shift in risk sentiment. IMF data (***World Economic Outlook***, April 2021) show currency devaluations between April 2020 and October 2020 in countries with greater difficulties in controlling the pandemic or with more vulnerable external positions, such as Argentina, Brazil, Peru and Turkey. Subsequently, between October 2020 and April 2021, in a trend, the currencies of emerging economies and exporting countries appreciated. The devaluation of the US dollar followed that of the Japanese yen between April 2020 and April 2021, while the euro appreciated from April to October 2020 and depreciated slightly between October 2020 and April 2021.

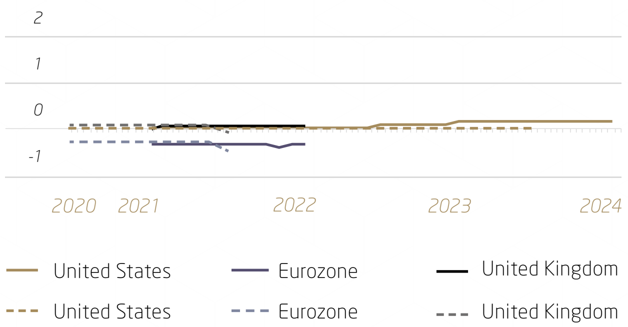
In early 2020, worsening risk sentiment led to a series of cuts in Central Bank rates and liquidity support from several institutions, with several Central Banks activating bilateral swap lines to improve access to international liquidity between jurisdictions. In the US, Eurozone and Japan, programmes for 2021 were announced for economic recovery and to increase liquidity. While interest rates are expected to remain at low levels in the Eurozone, in the US, given a faster-than-expected recovery, the Central Bank took steps to normalise monetary policy by increasing long-term rates.

With regard to emerging economies, central banks sought to accommodate the impact of the pandemic by cutting interest rates, financing and asset purchases. The decline in interest rates was partly due to a decline in returns on low-risk assets resulting from the reduction in central bank rates.

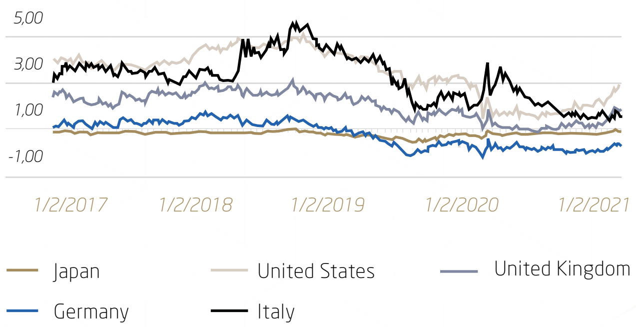
Assuming the maintenance of interest rates at most central banks in 2021, and considering the effectiveness of the programmes announced, the financial climate will remain stable. However, in economies with less capacity to monitor inflation, there is a tendency to return to restrictive monetary policies. It is also expected that the rapid development of the US will continue to contribute towards the recovery of the emerging economies.

DEVELOPED ECONOMIES: MONEY AND FINANCIAL MARKET CONDITIONS *(PERCENT, UNLESS NOTED OTHERWISE)*

INTEREST RATE POLICY EXPECTATIONS
(DASHED LINES REFER TO THE OCTOBER 2020 WEO)

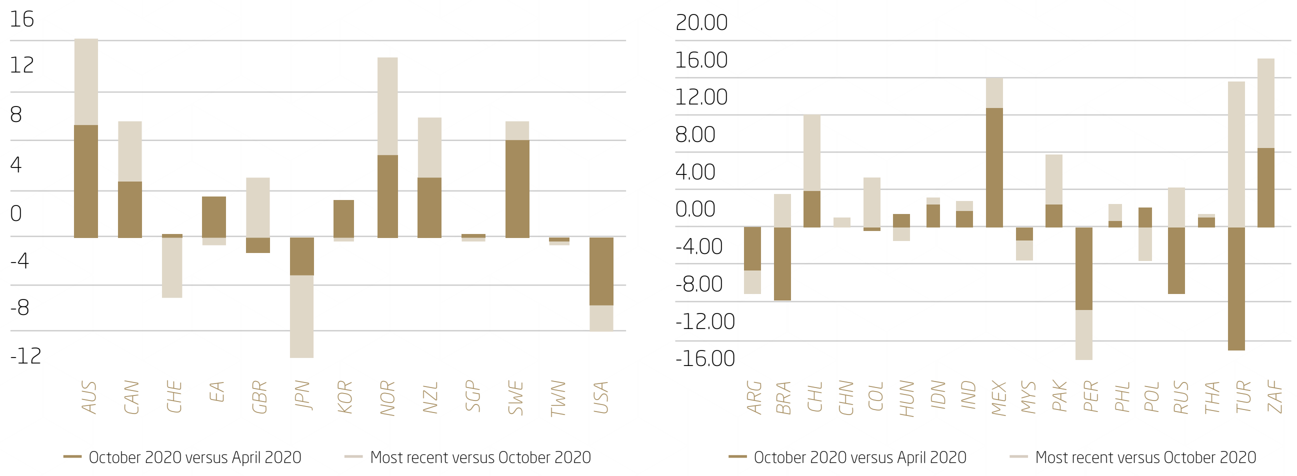


10-YEAR PUBLIC DEBT BOND YIELDS



Source: International Monetary Fund (World Economic Outlook, April 2021)

CHANGES IN THE REAL EFFECTIVE EXCHANGE RATE, APRIL 2020 - MARCH 2021 *(PERCENTAGE)*



Source: International Monetary Fund (World Economic Outlook, April 2021)

INFLATION

According to the ***World Economic Outlook*** (April 2021), it is predicted that, after a temporary effect on inflation from rising prices, inflation will return to the long-term average rate. Thus, a significant increase in estimated average inflation is forecast, from 0.7% in 2020 to 1.6% in 2021, approaching the 1.9% projection estimated in the medium term.

In the US, the average annual inflation rate is expected to increase significantly from 1.2% in 2020 to around 2.4% in 2021 and 2022, stabilising in the medium term at 2.2%, slightly above the target set recently by the Central Bank (2%).

In Japan, the average annual inflation rate is expected to rise significantly from 0% to 0.7% between 2020-2022, but still below the medium-term expected value of 1%.

In the Eurozone, the average annual inflation rate is projected to rise from 0.3% in 2020 to 1.4% in 2021, but a slight decrease is forecast to 1.2% estimated in 2022.

Finally, in emerging and developing markets (excluding Venezuela), the average annual rate of inflation is expected to gradually decline from 5.1% in 2020 to 4.9% in 2021, approaching the medium-term estimate of 3.8%.

3.2

ANGOLAN ECONOMY

Data from the Economic Climate Indicator (ICE) published by the National Institute of Statistics (INE) in February 2021 for the fourth quarter of 2020, show that the Angolan economic situation remains unfavourable, despite the fact that most of the sectors that comprise the indicator show a slight improvement over the previous quarter. Overall, companies identified greater limitations on the regular functioning of the activity, which supports a negative shift in the indicator compared to the same period of the previous year.

Despite initially forecasting a gradual recovery of economic activity for Angola in 2020, the pandemic has drastically changed prospects, with the IMF estimating a 4% retraction in GDP, according to data from the World Economic Outlook for April 2021.

The pandemic has led to a deterioration in the economic circumstances of the country, which were already vulnerable, and put on hold the long-awaited growth of the economy, which has contracted over the last 4 years. This retraction observed in 2020 is essentially attributable to the sharp fall in oil prices and quantities produced and to the worsening of external and budget deficits. Additionally, restrictions on the regular functioning of economic activity within the scope of measures to contain contagions caused significant declines in the construction and mining sectors.

IMF data point to a gradual recovery of the economy, beginning in 2021 with a forecast growth of 0.4%. For 2022, stronger growth is expected, of 2.4%, with further growth expected over the medium term.

According to the INE, the Communication and Transport sectors were the most affected this quarter. The study data point out as the main challenges to the functioning of the activity in the Communication sector insufficient demand and greater financial difficulties than in 2019. Likewise, in the Transport sector, insufficient demand and financial difficulties, as well as difficulties in obtaining bank loans and excessive bureaucracy, were the biggest obstacles to the performance of the sector. Additionally, the deterioration of the indicator is also due to the pessimistic outlook for production and exports in the Mining sector and the expected negative trend in employment in the Manufacturing Industry sector.

On the other hand, the Commerce, Construction and Tourism sectors reported positive growth in this quarter. Regarding the Commerce sector, the indicator grew significantly, standing above the average at the end of 2020. In the Construction and Tourism sectors, companies identified fewer limitations on activity compared to 2019 and an improvement in employment prospects.

GROSS DOMESTIC PRODUCT

In 2020, the decline of around 32.7% in the price of oil on the international market, together with the challenges underlying the current situation, negatively impacted economic activity in Angola, with a contraction of 4% in 2020 compared to the same period of the previous year - according to IMF data presented in the World Economic Outlook of April 2021.

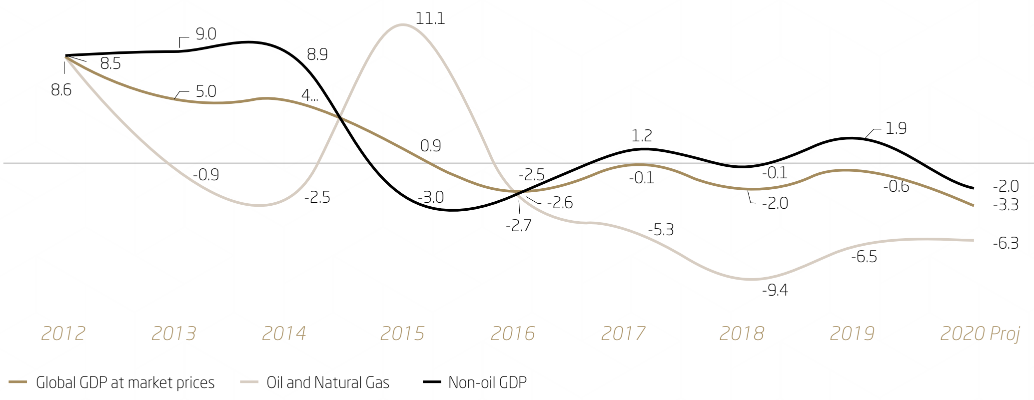
In the report on Angola no. 21/17 published by the IMF in January 2021, the data show that the 4% contraction in real GDP in 2020 results from a significant drop in the oil sector of 6.3%, and a less accentuated fall in the non-oil sector, of 2.9%. Despite this contraction, in nominal terms, the non-oil sector now represents 75.3% of GDP, reflecting the investment made in this sector to the detriment of the oil sector, the contribution of which towards nominal GDP fell from 30% to 25%.

The global situation resulting from the dissemination of Covid-19 constituted an additional obstacle to the growth of the Angolan economy. According to data from the BNA Statistical Bulletin of December 2020, only in the second quarter of 2020 did the Angolan economy report negative growth of 8.8%, which was mainly due to an 81.3% drop in the performance of the transport and storage services sector directly linked to the restrictions imposed to contain the pandemic. The 35.9% and 24.5% falls witnessed in the construction and mining sectors also contributed towards this result.

The 2021 State Budget ("OGE") (October 2020) estimated a real GDP growth rate of 0.3%, 450 basis points lower than that projected in the 2020 OGE, which was mostly due to the 2.1% growth forecast in non-oil GDP. Additionally, assuming the downward trend in oil and gas production observed in previous periods, a drop of 6.2% compared to the same period of the previous year is forecast.

The IMF projection presented in the ***World Economic Outlook*** (April 2021) points to progressive growth of Angolan GDP in real terms, with an increase of 0.4% forecast in 2021, 2.4% in 2022, culminating in estimated growth of 3.7% in 2026.

GDP GROWTH RATES (%)



Source: OGE 2021 Background Report

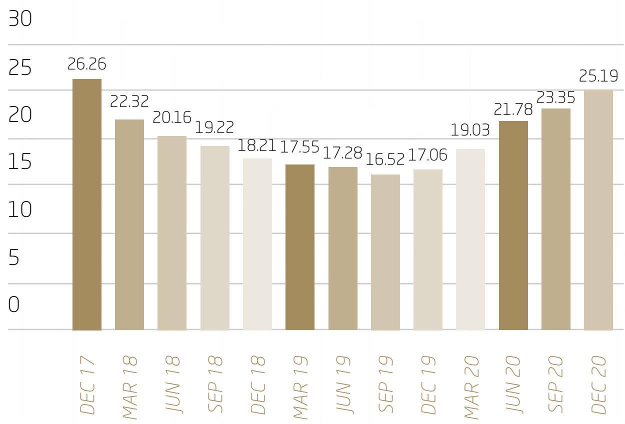
INFLATION

In 2018, the national inflation rate fell to 18%, and in 2019, to around 17%, this deceleration being essentially due to the adoption of macroeconomic stabilisation measures included in the Interim Plan in 2017 and in the Macroeconomic Stabilisation Plan for the year 2018.

According to BNA data presented in the December 2020 Statistical Bulletin, although the forecast pointed to a further decrease in the rate, in 2020 there was an increase in the annual inflation rate in all quarters, which stood at around 25% at the end of the year. This result should be observed in light of the challenges imposed by the pandemic, which required a temporary interruption in the BNA policy of liquidity control followed since 2017, as mentioned above.

Once the restrictive monetary policy is resumed, the IMF forecast in the ***World Economic Outlook*** for April 2021 points to an average annual inflation rate in 2021 of around 22.3%, and subsequently estimates a rate reduction from 2022, before stabilising at around 5.8% in 2025.

YOY INFLATION



Source: National Bank of Angola (December 2020 Statistical Bulletin)

COMMODITIES

In the energy ***commodities*** market, there was a great deal of volatility in the price of oil, which ran parallel to the development of the pandemic during the course of 2020.

According to the BNA October 2020 Monthly Economic Bulletin, the biggest monthly falls in the international price of Brent and West Texas Intermediate, and also at national level in the price of Angolan Crudes, occurred between March and April, a period marked by a significant fall in the consumption of this commodity, leading to an excessive increase in stocks. The progressive lifting of restrictions from May 2020 was reflected in an increase in the price of the ***commodity***. The imposition of further restrictions in order to contain the rapid increase in contagion negatively impacted the price of oil in the last quarter of 2020, albeit less markedly.

The most recent data from the IMF presented in Angola Report no. 21/17 (January 2021) show that, at the end of the year 2020, the price of a barrel of oil in Angola was USD 39.6.

Compared to 2019, the unit price of a barrel of oil in Angola fell from USD 65 to USD 39.6, which corresponds to a decline of 39% - according to data from Angola Report no. 21/17 (January 2021). For 2021, the IMF forecasts an increase in this price to USD 46.2, corresponding to 16% growth.

According to IMF data from Angola Report no. 21/17 of January 2021, daily production in Angola was 1 399 million barrels, around 6% lower than the daily amount produced in 2019 (1 493 million barrels).

Given that oil production in Angola has been declining over recent years, 2021 is not expected to be the year in which this trend changes. The IMF forecast points to a production value close to 1 313 million barrels per day for the next 3 years (Angola Report no. 21/17, January 2021).

	Dec 16	Dec 17	Dec 18	Jan 19	Feb 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20
USD/EUR exchange rate	0.951	0.833	0.88	0.876	0.881	0.891	0.902	0.907	0.912	0.914	0.901	0.889	0.849	0.837	0.853	0.859
Oil Price (USD/barrel)																
Brent Price	54.89	64.08	57.67	57.67	64.43	65.17	63.67	55.48	33.73	26.63	32.41	40.77	43.22	45.02	41.87	41.52
WTI price	52.11	57.94	48.98	51.55	54.98	59.8	57.53	50.54	30.45	16.7	28.8	38.31	40.77	42.39	37.82	39.55
Price of Angolan Crudes	52.68	65.11	56.33	59.52	63.73	68.56	63.7	54.88	29.21	18.31	24.77	39.63	43.79	45.33	40.69	39.57
Gold Price (USD/ounce)	1 157.4	1 309.3	1 250.4	1 291.8	1 320.1	1 523.1	1 560.7	1 566.7	1 583.4	1 694.2	1 736.9	1 800.5	1 962.8	1 970.5	1 887.5	1 879.9
FAO Index	95.08	96.41	92.21	93.25	93.97	100.95	102.52	99.4	95.11	92.43	90.99	93.08	93.96	95.9	97.93	100.9

Source: National Bank of Angola (October 2020 Monthly Economic Bulletin)

FOREIGN TRADE AND INTERNATIONAL RESERVES

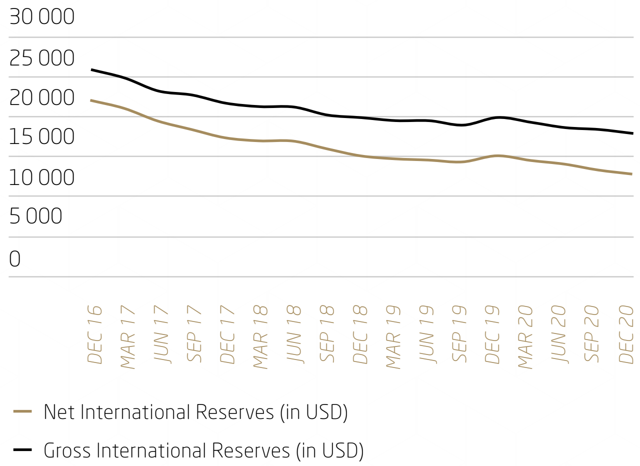
According to the BNA December 2020 Statistical Bulletin, the balance of the goods account stood at MUSD 8 208 at the end of 2020, approximately 60.2% down on the balance as of December 2019.

In terms of exports of goods, there was a 56% decrease in the value of exports compared to 2019. It is noteworthy that, despite the disinvestment carried out in recent years, in 2020, the oil sector constituted 96% of the value of exports. Thus, both the decline in the price of a barrel of oil worldwide and the decrease in production in the oil sector in 2020 negatively impacted the balance of the goods account, with the value of exports related to the oil sector falling by approximately 57% compared to 2019. While the contribution of the diamond sector remained at 3.5%, the contribution of the value of exports from other sectors increased from 0.4% to 0.6%. Regarding imports, the value of imported goods decreased by approximately 51% compared to 2019.

As a result of falling exports and falling imports, the foreign trade coverage ratio decreased from 246% to 219%.

Data from the December 2020 Statistical Bulletin point to a reduction in gross international reserves and net international reserves during 2020, in line with the trend observed in recent years. The negative shift in terms of gross international reserves and imports resulted in a slight increase in the coverage of imports in 2020 from 9.3 to 12.5 months.

MOVEMENT IN INTERNATIONAL RESERVES



Source: National Bank of Angola (December 2020 Monthly Statistical Bulletin)

EXCHANGE POLICY

The year 2018 was marked by a change to a floating exchange rate system (exchange rates fixed according to the buying and selling prices in foreign exchange auctions), compared to the previous fixed exchange rate system (exchange rates set administratively), which caused a significant devaluation of the Kwanza.

During the year 2020, the BNA introduced the Bloomberg electronic platform (FXGO) into foreign currency exchanges, specifically, it began to carry out its currency auctions on the platform and ordered commercial banks to record indicative exchange rates in all transactions carried out with its customers having a value of more than 50 thousand dollars. Thus, as of June 2020, the reference exchange rate for the market began to be calculated based on records entered on the platform instead of the reference rate of the BNA, which was only based on sales through auctions.

In the most recent report on the Trends in the Foreign Exchange Market in 2020 (February 2021), the BNA highlighted the positive contribution of the reforms adopted in the foreign exchange area, with a deceleration in the depreciation of the real exchange rate to around USD/AOA 650 from November 2020 to the end of the year.

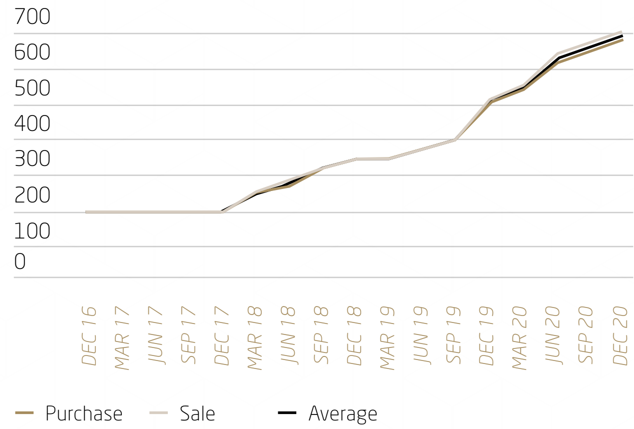
Additionally, despite some volatility throughout the year 2020, the differential between the formal and informal USD/AOAO exchange rate fell from 19% to around 14%, and the differential between the formal and informal EUR/AOAO exchange rate dropped from 14% to about 7%, according to data from the BNA (Trends in the Foreign Exchange Market in 2020, February 2021).

MARKET	USD		EUR	
	Dec 19	Dec 20	Dec 19	Dec 20
Informal	601,000	759,000	644,000	873,000
Secondary	507,000	664,600	563,000	818,000
DIFFERENTIAL	19%	14%	14%	7%

With regard to the secondary market, there was also a deceleration in the depreciation of the national currency, albeit less significant than that registered in the primary market - according to data from the BNA Statistical Bulletin of December 2020.

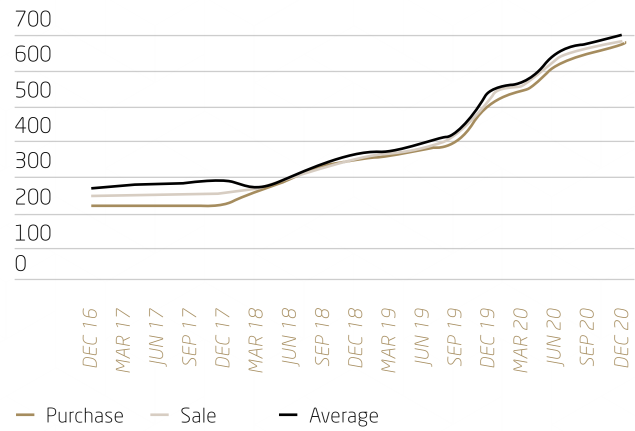
MOVEMENT IN PRIMARY MARKET EXCHANGE RATE

KZ/USD



MOVEMENT IN SECONDARY MARKET EXCHANGE RATE

KZ/USD



Source: National Bank of Angola (December 2020 Statistical Bulletin)

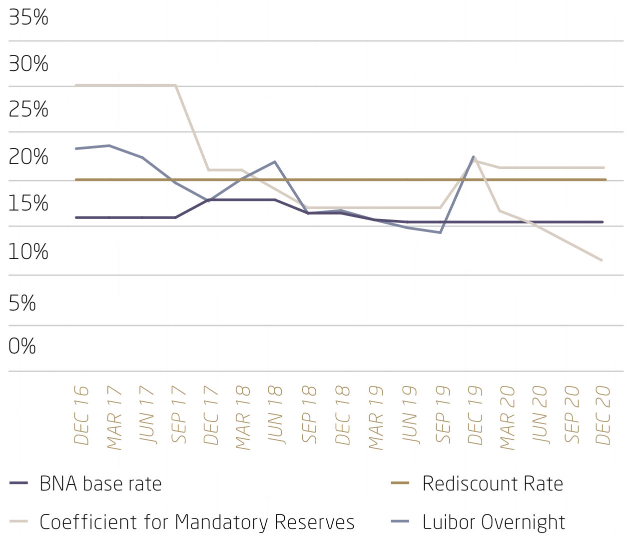
MONETARY POLICY

In 2017 and 2018, the National Bank of Angola made substantial changes to monetary policy, removing the possibility of setting up reserves by means of Treasury Bonds and thus eliminating collateral. By increasing the compulsory minimum reserves ratio, levels of liquidity in the economy immediately decreased.

Additionally, the BNA implemented concrete measures related to the organisation of the foreign exchange market, democratising access and eliminating invisible barriers. Only in this way was it possible, in 2018/2019, to reduce the exchange rate gap between the formal and informal markets, through the depreciation of the official exchange rate, without, however, generating negative effects on inflation.

In order to mitigate the impacts on the financial market resulting from the pandemic, particularly the drastic drop in oil prices, the BNA implemented measures to ease access to liquidity, including maintaining the BNA rate at 15.5% and maintaining the interest rate of the Standing Deposit Facility at 0%, reducing the interest rate of the standing deposit facility with a term of seven days from 10% to 7%, and maintaining the Required Reserves coefficients for local and foreign currency at 22% and 15%, respectively. With these measures, the BNA temporarily suspended its restrictive monetary policy, having subsequently resumed control of developing liquidity since the end of 2017.

POLICY RATES



Source: National Bank of Angola (December 2020 Statistical Bulletin)

COVID-19 PANDEMIC

Given the current economic situation, as in other countries, the Angolan Government decreed measures to support the economy that aim to mitigate the negative impact of the pandemic on the corporate sector and on the economic circumstances of households. Likewise, the National Bank of Angola promptly defined measures with the objective of mitigating the impacts of the pandemic, in particular the following:

- Relaxation of Deadlines for the Fulfilment of Credit Obligations;
- Provision of a line for the purchase of Non-Readjustable Treasury Bonds to small and medium-sized companies; and
- De-bureaucratisation of licensing procedures for importing essential goods.

In 2020, BCS suspended the payment of interest and/or capital on credit operations covered by public and private moratoria for three customers. This measure covers a total of tAOA 79 828 of suspended interest.

3.3

REGULATORY AMENDMENTS

JANUARY 2020

Instruction 01/2020, of 10 January
Deadline for the Execution of Foreign Currency Sales Transactions and Associated Foreign Exchange Transactions.

Notice 01/2020, of 09 January
Amendment to the Wording of Article 5 of Notice 05/18, of 17 July.

Notice 02/2020, of 09 January
Rules and Procedures for the Execution of Foreign Exchange Current Invisible Operations by Legal Persons.

CIRCULAR LETTER 01/DCC/2020
Notice 12/2019 - Rules and procedures for the execution of foreign exchange operations by natural persons.

Law 1/2020
Law for the Protection of Victims, Witnesses and Defendants Cooperating in Criminal Procedures.

Law 2/2020
Video Surveillance Law.

Law 5/2020, of 27 January
Anti-Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction Act.

FEBRUARY 2020

Directive 01/DSB/DRO/2020, of 14 February
Disposal of Property Acquired under Pledge for Payment of Credit.

Notice 03/2020, of 28 February
Financial Institutions' Fixed Assets Limit.

Notice 04/2020, of 28 February
Credit Risk and Information Centre.

Notice 05/2020, of 28 February
Information Duties under the Marketing of Dual Deposits and Indexed Deposits.

MARCH 2020

Law 7/2020
Authorisation granted to the National Bank of Angola to issue and put into circulation a new family of Kwanza notes.

Law 9/2020
Amendment to the Securities Code.

Law 11/2020
Cellular Identification or Location and Electronic Surveillance.

Notice 06/2020, of 10 March
Extension of Credit to Qualifying Interest Holders.

Instruction 02/2020, of 30 March
Procedures for the Sale of Foreign Currency by Companies in the Oil Sector - Foreign Exchange Operations in the Interbank Market.

Instruction 03/2020, of 30 March
Reference exchange rate.

Instruction 04/2020, of 30 March
Relaxation of Deadlines for Fulfilment of Credit Obligations.

Directive 02/DSB/2020, of 27 March
Temporary Change in the Deadlines for Reporting Information via the Financial Institutions Portal (FIP).

Instruction 05/2020, of 30 March
Temporary Exemption from Limits by Payment Instrument on the import of foodstuffs, medicine and biosafety material.

APRIL 2020

Notice 07/2020, of 2 April
Expansion of Banking Services.

Notice 08/2020, of 2 April
Cyber Security Policy and Adoption of Cloud Computing.

Notice 09/2020, of 3 April
Authorisation for the Constitution of Banking Financial Institutions.

Notice 10/2020, of 3 April
Granting of Loans to the Real Sector of the Economy - Terms and Conditions.

Instruction 06/2020, of 6 April
Line for purchasing Treasury Bonds.

CIRCULAR LETTER 02/DCC/2020, 18 April
Settlement of Letters of Credit.

Instruction 07/2020, of 20 April
Extension of Credit.

Notice 11/2020, of 21 April
Requirements and Procedures for the Special Registration of Financial Institutions.
- Authorisation for the Performance of Duties of Members of the Governing Bodies.

CIRCULAR LETTER 01/DCF/2020, 23 April
Licensing of Financial Products and Services.

Notice 12/2020, of 27 April
Simplified Bank Accounts.

Instruction 08/2020, of 28 April
Simplified Bank Accounts
- Setting Limits for Opening and Operation.

MAY 2020

Directive 02/DSB/DRO/2020, of 8 May
Guide on Recommendations for Management of Non-Productive and Restructured Exposures and Assets Executed as Pledge for Payment.

Instruction 09/2020, of 11 May
Line for Purchase of Treasury Bonds Established by Instruction 06/2020, of 6 April.

Directive 03/DSB/DRO/2020, of 28 May
Temporary Change in the Deadlines for Reporting Information via the Financial Institutions Portal (FIP).

Notice 14/20
Anti-Money Laundering and Terrorist Financing Rules.

JUNE 2020

Instruction 10/2020, of 29 May
Cyber Security Incident Reporting.

Instruction 11/2020, of 29 May
Annual Prize for Contributions from Financial Institutions Participating in the Deposit Guarantee Fund in Angola.

Notice 13/2020, of 29 May
Exchange Regime Applicable to the Diamond Sector.

Circular Letter 01/DMA/2020
Explanatory Note on Foreign Exchange Position.

Directive 01/DMA/2020, of 12 June
Registration of Foreign Currency Purchase and Sale Transactions on the FXGO Platform.

Directive 02/DMA/2020, of 17 June
Purchase and Sale of Foreign Currency at Currency Auctions and on the FXGO Platform.

Notice 14/2020, of 22 June
Anti-Money Laundering and Terrorist Financing Rules.

Notice 15/2020, of 22 June
Fee Structure for Financial Services and Products and Its Disclosure.

Directive 03/DMA/2020, of 26 June
Indicative Purchase and Sale Exchange Rates submitted by Banking Financial Institutions on Bloomberg's FXGO Platform (AOA - BGN).

Executive Decree 186-20
Update of foreign documents.

JULY 2020

Instruction 12/2020, of 6 July
Fee Structure.

Notice 16/2020, of 10 July
New "Series 2020" Kwanza Family.

Directive 04/DSP/DIF/2020 of 16 June
Statistical Information for Mobile Payment Services.

Instruction 13/2020, of 17 July
Operation of the Credit Risk Information Centre.

AUGUST 2020

Notice 17/2020, of 3 August
Rules and Procedures for Conducting Foreign Exchange Transactions by Natural Persons.

Instruction 14/2020, of 4 August
Custody Fee Applicable to Commercial Banks' Excess Reserves Deposited at the National Bank of Angola.

Notice 18/2020, of 4 August
Financial System
- Adequacy of the Minimum Share Capital and Regulatory Own Funds of Non-Banking Financial Institutions
- Amendment of the wording of Article 2 (1) of Notice 8/2018, of 29 November.

CIRCULAR LETTER 002/DCC/2020, 18 August
Procedures for validation and execution of current invisible contracts.

Notice 19/2020, of 4 August
Credit Guarantee Fund - Operating Rules.

Notice 20/2020, of 5 August
Credit Guarantee Societies - Operating Rules.

SEPTEMBER 2020

Instruction 15/2020, of 22 September
Financial System
- Conversion of Home Loans Granted to Individuals into Foreign Currency.

OCTOBER 2020

Instruction 16/2020, of 2 October
Monetary Policy
- Required Reserves

Directive 04/DMA/2020, of 6 October
Monetary Policy
- Requirements for the Calculation of and Compliance with Required Reserves

Instruction 17/2020, of 15 October
Exchange Policy
- Limits on Foreign Exchange Operations for Importing Goods.

Notice 21/2020, of 26 October
Financial System
- Deferral of the Recognition of Impairments for Public Debt Securities of the Republic of Angola recorded in the Balance Sheets of Banking Financial Institutions

CIRCULAR LETTER 003/GAC/2020, 26 October
Issuance of Statements of Financial Liabilities

Directive 01/DSB/2020 of 30 October
Property Appraisal

NOVEMBER 2020

Instruction 01/2020, of 10 January
Deadline for the Execution of Foreign Currency Sales Transactions and Associated Foreign Exchange Transactions

Instruction 18/2020, of 6 November
Financial System
- Metallic Coin Deposit Operations at the National Bank of Angola.

Directive 05/DIF/DRO/2020, of 16 November
Statistical Information Report on Banking Agents

Notice 22/2020, of 27 November
Forward Rates.

DECEMBER 2020

Instruction 19/2020, of 9 December
Value limits on transactions carried out in payment systems

Instruction 20/2020, of 9 December
- Anti-Money Laundering, Terrorist Financing and Proliferation Report
- Risk Assessment
- Computer Tools and Applications

Instruction 21/2020, of 23 December
Deadline for Compliance with Notice 10/2020, of 3 April

Notice 23/2020, of 29 December
- Rules and Procedures for Receipts and Transfers Abroad Ordered by State Agencies

YOUR
PRIVATE
BANK

04

DEVELOPMENT OF THE BUSINESS

4.1

KEY INDICATORS

AOA'000

BALANCE SHEET	2020	2019	%
Total Assets	99 231 249	106 797 820	-7.1%
Customer loans (net)	17 588 175	11 733 670	49.9%
Customer funds	40 340 342	64 500 708	-37.5%
Equity	38 199 736	33 847 021	12.9%
EARNINGS			
Net interest income	4 651 133	4 464 694	4.2%
Non-interest revenue	18 974 712	22 423 208	-15.4%
Proceeds from banking activity	23 625 845	26 887 902	-12.1%
Structural costs	(9 866 851)	(6 931 113)	42.4%
Operating income	13 443 759	19 502 677	-31.1%
Net earnings for the year	9 352 715	14 647 353	-36.1%
PROFITABILITY			
Return on assets (ROA)	9.4%	13.7%	-31.3%
Return on equity (ROE)	24.5%	43.3%	-43.4%
Cost-to-Income ratio	41.8%	25.8%	62.0%
Total assets/Employee	793 850	912 802	-13.0%
Transformation ratio	43.6%	18.2%	139.7%
Regulatory own funds	38 195 458	33 835 579	12.9%
Solvency ratio	43.8%	38.0%	15.2%
QUALITY OF CUSTOMER LOANS			
Non-performing loans/Total credit	5.3%	4.2%	25.1%
Coverage of non-performing loans by impairment	94.9%	103.2%	-8.1%
Coverage of loans by impairment	5.0%	4.4%	15.0%
BRANCHES AND EMPLOYEES			
Number of branches	5	5	0.0%
Number of employees	125	117	6.8%

In a year marked by the Covid-19 Pandemic, which had devastating impacts on the world economy, and in particular in Angola, due to the drop in oil prices, in 2020, the Bank's performance was above expectations. In 2020, Banco BCS reported even more robust solvency indicators than in 2019, and a return on capital of 24.5%, in line with the inflation figures for the year.

We highlight the movement of the key business indicators:

Number of Customers
3 361
+19.7%
over 2019

Customer Funds
tAOA 40 340 342
-37.5%
over 2019

Assets
tAOA 99 231 249
-7.1%
over 2019

Customer Loans
tAOA 17 588 175
+49.9%
over 2019

Proceeds from Banking Activity
tAOA 23 625 845
-12.1%
over 2019

Net Earnings for the Year
tAOA 9 352 715
-36.1%
over 2019

Regulatory Own Funds
tAOA 38 195 458
+13.1%
over 2019

Regulatory Solvency Ratio
43.8%
1620 bp
over 2019

4.2

THE BANK CLOSER TO ITS CUSTOMERS

As of 31 December 2020, the Bank had a Large Corporate Business Centre in the Garden Tower Building and four other centres located in Talatona, Alvalade, Largo do Ambiente and in the city of Lubango.

In 2021, Banco BCS intends to continue the expansion and consolidation of the brand in the national and international market, driven by the opening of another business centre.

WHERE TO FIND US

Large Corporate Centre - Central Services

Edifício Garden Towers, Torre B, Piso 15
Complexo Comandante Gika
Luanda
(+244) 225 300 135

Private and Corporate Centre - INGOMBOTA

Edifício Torre Ambiente
Rua Major Kanhangulo N11, R/C
Ingombota-Luanda
(+244) 225 300 804

Private and Corporate Centre - ALVALADE

Edifício Torre Gika, Torre A, Loja B, Pisos 0-1
Av. Comandante Gika, Bairro Alvalade
Alvalade-Luanda
(+244) 225 300 804

Private and Corporate Centre - TALATONA

Condomínio Comercial, Brisas de Talatona
Via S8, Sector Talatona, Luanda Sul
Talatona-Luanda
(+244) 225 300 133

Private and Corporate Centre - LUBANGO

Edifício Arco-íris,
Av. Nossa Senhora do Monte, Bairro Comercial
Lubango-Huíla
(+244) 225 300 131/2

4.3

SUSTAINABLE BALANCE SHEET

AOA'000

	2020	2019	Change	Change %
NET ASSETS				
Cash balances	32 611 244	46 290 879	(13 679 635)	-29.6%
Investments in Banking Financial Institutions	9 917 536	13 637 176	(3 719 640)	-27.3%
Customer loans	17 588 175	11 733 670	5 854 505	49.9%
Investments in securities	21 178 449	23 946 616	(2 768 167)	-11.6%
Other tangible and intangible assets	10 458 803	10 506 931	(48 128)	-0.5%
Other assets	7 477 042	682 548	6 794 494	995.5%
TOTAL ASSETS	99 231 249	106 797 820	(7 566 571)	-7.1%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Funds from Banking Financial Institutions	5 158 598	76 702	5 081 896	6625.5%
Customer funds	40 340 342	64 500 708	(24 160 366)	-37.5%
Provisions	137 441	734 307	(596 866)	-81.3%
Other liabilities	15 395 132	7 639 082	7 756 050	101.5%
Equity	38 199 736	33 847 021	4 352 715	12.9%
TOTAL LIABILITIES AND EQUITY	99 231 249	106 797 820	(7 566 571)	-7.1%

The Bank's Balance Sheet decreased by 7% compared to the previous year, corresponding to a loss of tAOA 7 566 571 in assets in the year 2020. On the one hand, this contraction in assets reflects the economic deterioration in Angola, caused mainly by the sharp drop in oil prices and the worsening of the external and budget deficits, which made it difficult to attract liquidity (decrease of tAOA 19 078 470). However, it also reflects the prudent management of the Bank, namely in the robust risk practices that guarantee the Bank a sustainable balance sheet in the medium and long term.

In terms of the Bank's assets, there was a negative change in cash of tAOA 13 679 635, fundamentally explained by the decrease in required reserves stemming from the decrease in deposits.

The headings investments in credit institutions and in securities and financial holdings showed an insignificant decrease, which is a result of the Bank's normal activity and investment decisions.

On the other hand, the heading customer loans increased by 50% to represent 18% of total assets. Maintaining robust risk analysis practices, the Bank opted to increase the extension of credit in order to support the economy in a period in which this type of instrument is essential to stimulate economic activity.

The headings "Other Assets" and "Other Liabilities" showed increases in the year 2020, but these result from foreign exchange operations in progress and adjustments in 2021.

Finally, the incorporation of 2019 results contributed to the growth in equity of 12.9%, strengthening the Bank's solvency.

As of 31 December 2020 and 2019, the Bank did not report any debts to the State or Social Security.

INVESTMENTS IN SECURITIES

AOA'000

	2020	2019	Change	Change %
Treasury Bills	472 206	-	472 206	100.0%
Domestic currency bonds	14 143 491	5 790 514	8 352 977	144.3%
Domestic currency bonds indexed to the USD	6 494 549	18 087 899	(11 593 350)	-64.1%
Financial holdings	68 203	68 203	-	0.0%
TOTAL	21 178 449	23 946 616	(2 768 167)	-11.6%

In view of the strong exchange devaluation witnessed in 2020 and in previous years, and given the prospects of greater exchange rate stability, the Bank changed its investment policy in 2020, in particular revising investment in Bonds indexed to the USD to Domestic Currency Bonds, which allowed an increase in the profitability of net interest income and a reduction in exchange rate exposure.

The Bank holds a stake in EMIS – Empresa Interbancária de Serviços, SARL which, in 2020, was transferred to the heading financial assets at fair value through other comprehensive income.

CUSTOMER LOANS

AOA'000

	2020	2019	Change	Change %
Customer loans	18 516 124	12 268 150	6 247 974	50.9%
Loans to companies	17 587 668	11 526 903	6 060 765	52.6%
Loans to private individuals	928 456	741 247	187 209	25.3%
Credit impairment	(927 949)	(534 480)	(393 469)	73.6%
TOTAL NET CREDIT	17 588 175	11 733 670	5 854 505	49.9%
Guarantees and import documentary credits (off-balance sheet)	9 407 231	66 334 815	(56 927 584)	-85.8%
Provision for guarantees and import documentary credits	(137 441)	(734 307)	596 866	-81.3%
TOTAL NET OFF-BALANCE SHEET EXPOSURE	9 269 790	65 600 508	(56 330 718)	-85.9%

Contrary to previous periods, the value of documentary credits as of 31 December 2020 fell by 85.8% compared to the same period of the previous year, which demonstrates the Bank's efforts to diversify its operational activities.

During 2020, direct credit increased by 51%, and continues to be composed mainly of loans to companies (corporate segment). Also noteworthy is the positive shift in the transformation ratio from 18.2% to 44.1%, which demonstrates the aforementioned effort of the Bank in supporting the national economy.

As a result of a strict risk management policy in relation to the extension of credit, the Bank has low levels of default in the portfolio, with only 5.3% of loans being classified as non-performing.

Customer loan operations are denominated in domestic currency.

CUSTOMER FUNDS

AOA'000

	2020	2019	Change	Change %
DEMAND DEPOSITS OF RESIDENTS	31 180 854	58 652 944	(27 472 090)	-46.8%
In domestic currency	23 702 293	56 492 646	(32 790 353)	-58.0%
Companies	20 641 887	53 446 532	(32 804 645)	-61.4%
Private individuals	3 060 406	3 046 114	14 292	0.5%
In foreign currency	7 478 561	2 160 298	5 318 263	246.2%
Companies	7 408 092	2 152 834	5 255 258	244.1%
Private individuals	70 469	7 464	63 005	844.1%
Demand Deposits of Non-residents	421 653	151 645	270 008	178.1%
In domestic currency	421 653	151 645	270 008	178.1%
Private individuals	421 653	151 645	270 008	178.1%
TOTAL DEMAND DEPOSITS	31 602 507	58 804 589	(27 202 082)	-46.3%
TIME DEPOSITS OF RESIDENTS	8 284 530	5 437 405	2 847 125	52.4%
In domestic currency	6 110 490	3 348 991	2 761 499	82.5%
Companies	3 575 215	1 549 489	2 025 726	130.7%
Private individuals	2 535 275	1 799 502	735 773	40.9%
Indexed to USD	2 174 040	2 088 414	85 626	4.1%
Companies	1 478 028	1 146 559	331 469	28.9%
Private individuals	696 012	941 855	(245 843)	-26.1%
Time Deposits of Non-residents	30 219	60 459	(30 240)	-50.0%
In domestic currency	30 219	60 459	(30 240)	-50.0%
Indexed to USD	-	-	-	0.0%
TOTAL TERM DEPOSITS	8 314 749	5 497 864	2 816 885	51.2%
INTEREST PAYABLE	423 086	198 255		
TOTAL	40 340 342	64 302 453	(24 385 197)	-37.9%

During 2020, the amount in customer funds was lower compared to 2019, with negative growth of 38% in the period analysed, which is essentially due to a contraction in funds from companies denominated in domestic currency of tAOA 32 790 353 (which corresponds to a decrease of 61% compared to 2019).

Despite this, the Term Deposits portfolio expanded 51% compared to 2019 to represent 21% of the total portfolio. This result is in line with the Bank's strategic plan for the year 2020 and guarantees the Bank greater stability in medium and long-term financing.

As of 31 December 2020, the Bank's customer funds are mostly demand deposits from companies and are denominated in domestic currency.

EQUITY

AOA'000

	2020	2019	Change	Change %
Share capital	17 000 000	17 000 000	-	0.0%
Other reserves and retained earnings	11 847 021	2 199 668	9 647 353	438.6%
Net earnings for the year	9 352 715	14 647 353	(5 294 638)	-36.1%
TOTAL	38 199 736	33 847 021	4 352 715	12.9%

The trend in the Bank's equity continues to be one of growth, which contributes to bolstering the Bank's solvency. The 12.9% increase in 2020 is supported by the incorporation of the results of the previous year.

4.4

ROBUST SOLVENCY

The calculation of the solvency ratio is based on the following regulatory legislation of the National Bank of Angola:

- Notice 02/2016: establishes the risk categories considered in the calculation of the regulatory solvency ratio and defines the methodology for calculating regulatory own funds;
- Notice 09/2016: establishes prudential limits for large exposures;
- Instruction 12/2016, of 8 August: defines the calculation method and regulatory own funds requirement for credit risk and counterparty credit risk;
- Instruction 14/2016, of 8 August: defines the calculation method and the regulatory own funds requirement for market risk and counterparty credit risk in the trading book;
- Instruction 16/2016, of 8 August: defines the calculation method and the regulatory own funds requirement for operational risk.

AOA'000

	2020	2019
Regulatory own funds	38 195 458	33 835 579
Credit risk	3 752 818	3 301 975
Market risk	1 216 924	2 741 778
Operational risk	3 756 945	2 858 597
SOLVENCY RATIO	43.8%	38.0%

The Bank continues to present a regulatory solvency ratio well above the minimum required by the regulator (10%), which demonstrates the strength of its assets and its significant capitalisation against risk.

With the incorporation of earnings for the year, the Bank's solvency ratio increased from 38.0% to 43.8%, and no dividends were distributed with the earnings of this year.

4.5

RESULTS IMPACTED BY THE UNFAVOURABLE ECONOMIC SITUATION

AOA'000

	2020	2019	Change	Change %
Interest and similar income	5 996 694	5 930 245	66 449	1.1%
Interest and similar charges	(1 345 561)	(1 465 551)	119 990	-8.2%
NET INTEREST INCOME	4 651 133	4 464 694	186 439	4.2%
Income from services and fees	4 337 281	8 083 051	(3 745 770)	-46.3%
Expenses from services and fees	(282 030)	(5 620)	(276 410)	4918.3%
Profit or loss from investments at amortised cost	(5 464)	539 666	(545 130)	-101.0%
Foreign exchange gains and losses	15 327 466	14 356 483	970 983	6.8%
Gains and losses on sale of other assets	1 300	213	1 087	510.3%
Other operating profit or loss	(403 841)	(550 585)	146 744	-26.7%
PROCEEDS FROM BANKING ACTIVITY	23 625 845	26 887 902	(3 262 057)	-12.1%
Structural costs	(9 866 851)	(6 931 113)	(2 935 738)	42.4%
OPERATING INCOME	13 758 994	19 956 789	(6 197 795)	-31.1%
Impairment and net provisions	(315 235)	(454 112)	138 877	-30.6%
EARNINGS BEFORE TAX	13 443 759	19 502 677	(6 058 918)	-31.1%
Current Tax	(3 755 868)	(5 007 063)	1 251 195	-25.0%
Deferred Tax	(335 176)	151 739	(486 915)	-320.9%
NET EARNINGS FOR THE YEAR	9 352 715	14 647 353	(5 294 638)	-36.1%

Following the decrease in activity in Angola, the Bank reported a reduction in earnings before tax and in net earnings for the year (tAOA 6 058 918 and tAOA 5 294 638, respectively).

In 2020, net interest income increased by around 4% compared to 2019 due to the 1.1% increase in interest and similar income, and an 8.2% reduction in interest and similar charges.

The 46.3% negative growth in income from services and fees reflects the lower number of letters of credit opened in 2020 as a result of the slowdown in economic activity in Angola caused by the Covid-19 pandemic, and aggravated by the decrease in the price of oil in the international market.

Foreign exchange gains and losses remain substantial and result from the increase in the Bank's activity in relation to services provided in the purchase and sale of foreign currency.

NET INTEREST INCOME

AOA'000

	2020	2019	Change	Change %
INTEREST AND SIMILAR INCOME	5 996 694	5 930 245	66 449	1.1%
From customer loans	2 685 408	2 104 046	581 362	27.6%
From investments in Banking Financial Institutions	757 121	1 020 129	(263 008)	-25.8%
From investments in securities	2 554 165	2 806 070	(251 905)	-9.0%
INTEREST AND SIMILAR CHARGES	(1 345 561)	(1 465 551)	119 990	-8.2%
From customer funds	(1 042 951)	(1 290 929)	247 978	-19.2%
From rights of use	(302 610)	(174 622)	(127 988)	73.3%
NET INTEREST INCOME	4 651 133	4 464 694	186 439	4.2%

Net interest income remained relatively unchanged in 2020, but is expected to increase in 2021 as a result of the above-mentioned Treasury Bond investment strategy.

Interest on customer funds fell compared to 2019, essentially due to a decrease in the absolute value of deposits taken.

PROFITABILITY RATIOS

AOA'000

PROFITABILITY AND SOLVENCY	2020	2019	Change %
Return on assets (ROA)	9.4%	13.7%	-31.3%
Return on equity (ROE)	24.5%	43.3%	-43.4%
Cost-to-Income ratio	41.8%	25.8%	62.0%
Total assets/Employee	793 850	912 802	-13.0%

In 2020, the Bank continued to report high profitability ratios for the sector, with a return on equity of 24.5% and a return on total assets of 9.4%.

The decrease in the ratios observed in 2020 is due to the drop in economic activity in Angola, which resulted in a reduction in the Bank's earnings. In the case of ROE, this also results from an increase in equity.

As a result of the upward trend in inflation observed in 2020, the Bank reported a 42.4% increase in structural costs in the same year, which was reflected in a rise in the ***cost-to-income*** ratio to 41.8%. Despite this increase, the ratio remains below the market average.

05

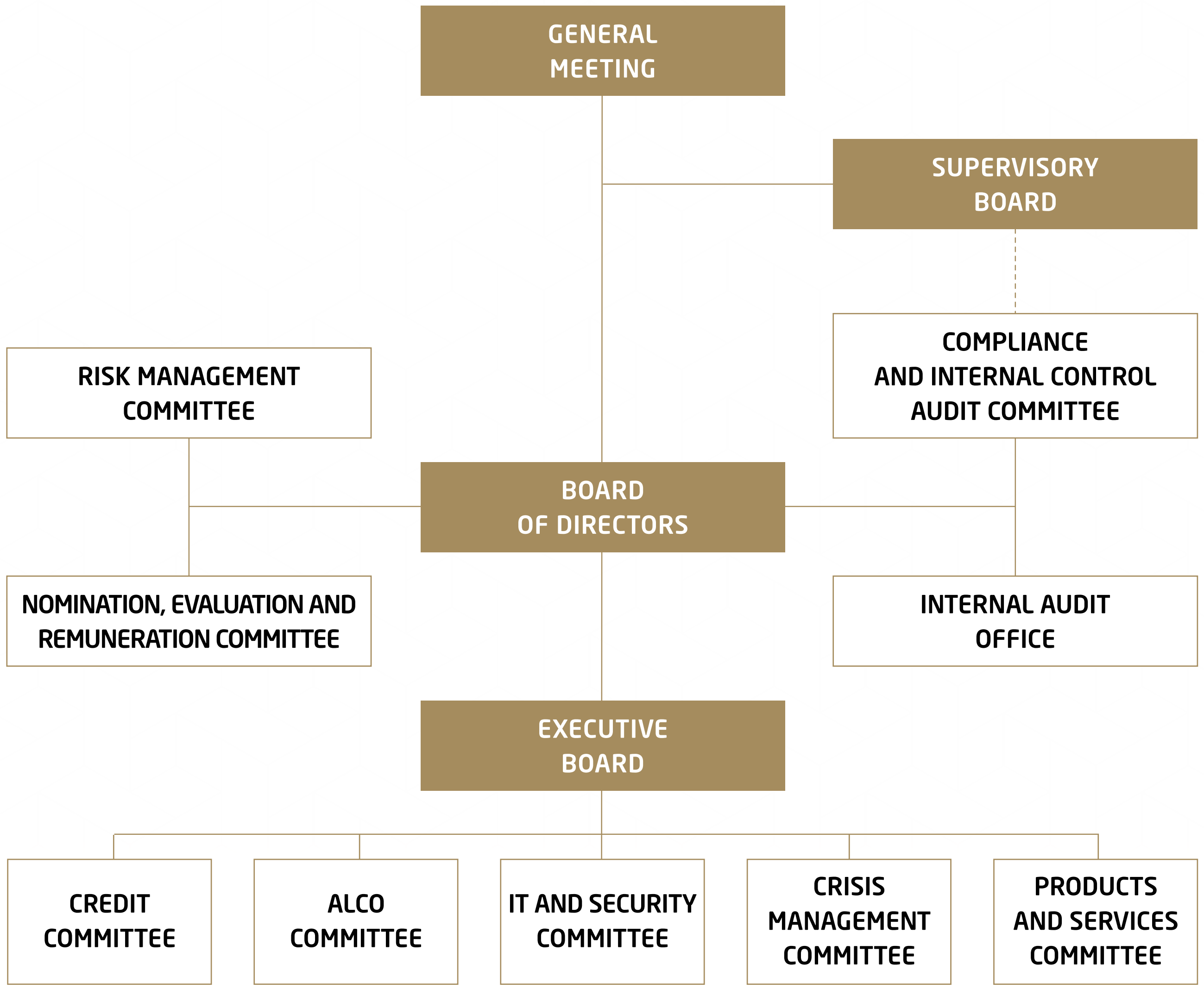
YOUR
PRIVATE
BANK

GOVERNANCE MODEL

5.1

FRAMEWORK

The Bank's governance model is established in its Charter and complies with the requirements of the Financial Institutions Act (Law 12/2015, of 17 June) as well as the regulations of the National Bank of Angola (BNA). Of course, it has been adapted to the nature and complexity of the Bank's activities.



The model responds to the main regulatory requirements, especially the definition of an adequate internal control system, and in particular in relation to in its key functions, as defined in Notice 01/2013, Notice 02/2013 and more recently, in Instruction 07/2018 of the National Bank of Angola:

- Risk Management Function;
- Internal Auditing Function;
- Compliance Function; and
- Exchange Control Function.

Additionally, the Bank has a series of formalised and properly implemented processes and policies that govern the decision-making process, as well as the treatment of various interests and relationships with stakeholders, including shareholders, customers, employees and the wider community.

The Bank's corporate governance policies are designed to ensure the independence of the Board of Directors and its ability to effectively oversee the Bank's management.

The response to regulatory requirements and best market practices, ensuring the transparency and effectiveness of the controls introduced, has been put in place via the following initiatives:

- Institution of Standing Committees of the Board of Directors;
- Definition of the Corporate Governance Code;
- Formal adoption of policies and manuals for the control function;
- Formal adoption of policies and processes related to the Prevention of Conflicts of Interest and related parties;
- Review of the Employees' Code of Conduct; and
- Implementation of technological solutions that support risk management.

Annually, a corporate governance report is prepared in compliance with the provisions of Article 23 of the aforementioned Notice. That article establishes the obligation of each institution subject to BNA supervision, under the terms and conditions set forth in Law 12/2015, of 17 June, (the Financial Institutions Act), to prepare an annual report on the corporate governance structure.

5.2

CORPORATE BODIES

All members of the Corporate Bodies have the technical competence, professional experience and moral standing to perform their respective duties. They are bound by strict confidentiality duties and are subject to rules to prevent situations of conflict of interests.

General Meeting

Chairman of the Board of the General Meeting
Francisca Kâmia Kapose

Secretary
Severiano Tyihongo Kapose

This Body consists of shareholders with voting rights and meets annually, in ordinary session, on or before 31 March of each year. Notices for extraordinary meetings may be issued by resolution of the Management Board or Supervisory Board, or in writing, by one or more shareholders owning shares corresponding to the legally required minimum.

The General Meeting is responsible for:

- Reviewing the management report and accounts for the year, including the Balance Sheet and the Statement of Income, as well as deciding on the allocation of surplus for the year;
- Electing the members of the Board of the General Meeting, the Board of Directors and the Supervisory Board;
- Electing the Evaluation and Remuneration Committee;
- Deliberating on any changes to the Bank's charter;
- Deliberating on any increase, reduction or reintegration of share capital;
- Deliberating on the creation of preference shares;
- Deliberating on the merger, demerger or transformation of the company;
- Deliberating on the winding-up and/or liquidation of the company;
- Deliberating on the acquisition of own shares and debentures;
- Deliberating on the acquisition and restitution of supplementary capital;
- Carrying out a general appraisal of the management and supervision of the company;
- Deliberating on matters that do not fall under the remit of the other corporate bodies.

The resolutions of the General Meeting shall be adopted by an absolute majority of the votes present, except where the resolutions require a qualified majority of the votes. It should be noted that, since the Bank only issues ordinary shares, all shareholders have voting rights.

Board of Directors

Chair of the Board of Directors:
Maria do Céu Figueira

Chief Executive Officer:
Rafael Arcanjo Kapose

Executive Directors:
Divaldo Pereira dos Santos
Pedro Miguel Botelho
Maria do Carmo Bernardo
Sebastião João Manuel

Non-Executive Directors:
Cristina Van-Dúnem

The Board of Directors assumes the executive functions of the Institution, focusing its attention on issues related to corporate governance, management strategy and mitigation of the various risks to which the Bank is exposed. Accordingly, implementation and supervision of the day-to-day management of the Company at the level of its directly subordinated structures is becoming increasingly strong and robust, with all the management powers necessary or appropriate for the exercise of the banking activity being established in accordance with and to the extent determined by the law.

Meetings of the Board of Directors are held at least monthly and whenever called by the Chair or at least two directors.

The Board of Directors, within the scope of its powers and subordinated to the action plans and the annual budget, has broad management powers to carry out the Bank's day-to-day activity, and the exercise of those powers is the subject of permanent monitoring by the Supervisory Board.

During 2020, the Board of Directors also received support from the Internal Audit Office, a body that is linked to the Board of Directors and is responsible for assessing the adequacy of internal control, the effectiveness of risk management and corporate governance processes and the reporting of events and transactions, with a view to preparing the financial statements.

The executive members of the Board of Directors play an active role in the day-to-day management of the Bank's business, having under their responsibility one or more specific business areas, according to their respective backgrounds and individual specialisations, notwithstanding certain members focusing to a greater or lesser extent on a given area.

MARIA DO CÉU FIGUEIRA
CHAIR OF THE BOARD OF DIRECTORS
AUDIT OFFICE

RAFAEL KAPOSE
CHIEF EXECUTIVE OFFICER
FINANCIAL DIVISION
HUMAN RESOURCES DIVISION
ASSETS, SECURITY AND LOGISTICS DIVISION

DIVALDO SANTOS
EXECUTIVE DIRECTOR
LEGAL AND LITIGATION OFFICE
INFORMATION TECHNOLOGY DIVISION
ORGANISATION AND QUALITY OFFICE
ACCOUNTING DIVISION

PEDRO BOTELHO
EXECUTIVE DIRECTOR
LARGE CORPORATE DIVISION
MARKETING AND COMMUNICATION OFFICE
ELECTRONIC BANKING DIVISION

MARIA DO CARMO BERNARDO
EXECUTIVE DIRECTOR
PRIVATE AND CORPORATE DIVISION
OPERATIONS DIVISION
TRADE FINANCE DIVISION

SEBASTIÃO JOÃO MANUEL
EXECUTIVE DIRECTOR
COMPLIANCE AND INTERNAL CONTROL OFFICE
RISK OFFICE
EXCHANGE CONTROL OFFICE

Maria do Céu Figueira

Chair of the Board of Directors

Maria do Céu Figueira has been Chair of the Board of Directors since Banco BCS began operations. With a career of over 25 years in banking, starting at Banco Santander in Portugal, as a manager, in 2000, she became Corporate Commercial Director. From 2005 to 2007, she assumed the position of Central Director at Banco Santander in Angola and was responsible for the establishment, segmentation and coordination of the Commercial Division. From 2007 to 2012, she was Chair of the Executive Board of BANC – Banco Angolano de Negócios e Comércio. She has a Degree in Law from the Catholic University of Portugal.

Rafael Arcanjo Kapose

Chief Executive Officer

Rafael Arcanjo Kapose has been Chief Executive Officer of Banco BCS since September 2020. He started his professional career in 2011 at the STI Group, holding the position of Director for the Financial and International Business area, and was in charge of the group's branch in Dubai. In August 2015, he joined Banco BCS' staff, acting as Advisor to the Board of Directors until his appointment as Executive Director. He currently holds the position of Chief Executive Officer of the Board of Directors. He holds a degree in Business Management from the *American University in Dubai* 2011, a Master's degree in International Business from the *Hult International Business School* Dubai and London 2015, and an Executive Master's degree in Banking Management from the Catholic University in Porto.

Divaldo Pereira dos Santos

Executive Director

Divaldo Pereira dos Santos has been an Executive Director of Banco BCS since March 2015. He has had a career in banking for over 14 years, starting in 2005 at BFA as an Internal Auditor, a position he held until 2007. In 2007, he joined Banco Angolano de Negócios e Comercio, performing duties in the Financial Division and rising to the position of Deputy Director in 2010, a position he held until 2014. He studied Economics at the Catholic University of Angola, and has a degree in Financial Markets from *Porto Business School.*

Pedro Miguel Botelho

Executive Director

Pedro Miguel Botelho has been an Executive Director of Banco BCS since February 2019, although he has been on the Bank's staff as an Adviser to the Board since February 2017. He has had a career spanning more than 20 years in banking, starting in 1991 at BCP-Banco Comercial Português as Corporate Accounts Manager, moving in 1996 to BANIF- Banco Internacional do Funchal, as Senior Corporate Accounts Manager, and after as Business Centre Director at the same institution. In 2015, he took the position of Commercial Director at Banco Valor. He holds a degree in Business Management from the University of Minho in Braga, Portugal.

Maria do Carmo Bernardo

Executive Administrator

Maria do Carmo Bastos Corte Real Bernardo has been an Executive Director of Banco BCS since July 2020. She has had a career spanning over 27 years in Banking, starting in 1993 at Banco de Comércio e Indústria as a technician in the Financial and International Relations Division, becoming an Executive Director at that same institution in 2006. During this 26 years at BCI, she took a three-year break, from 2003 to 2006, in which she was head of the Public Debt Department of the National Treasury Directorate at the Ministry of Finance, having participated as a member of various Working Groups and Committees related to national debt sustainability. She holds a degree in Economics from the Faculty of Economics in Zagreb. She has postgraduate qualifications in Business Management from the Faculty of Administrative, Commercial, Accounting and Economic Sciences at UNIMES, Santos, Brazil, and completed the Advanced Management Program at the Kellogg School of Management in Chicago and at the Catholic University in Lisbon.

Sebastião João Manuel

Executive Director

Sebastião João Manuel has been Executive Director of Banco BCS since July 2020. He has had a career of more than 20 years in Banking, starting in 1996 at BPC-Banco de Poupança e Crédito, SA as a Banking Operations Technician and becoming an Executive Director at the same institution. From 2018 to 2019, he was Executive Director of Banco Yetu. He holds a degree in Business Management from Universidade Agostinho Neto, Angola and a postgraduate degree in Business Management from the University Institute of Lisbon and Indeg Business School, Lisbon.

Cristina Van-Dúnem

Non-Executive Director

Cristina Van-Dúnem has been a Non-Executive Director of Banco BCS since March 2019. She has more than 29 years of experience in the banking sector, having started her career in 1990, at the National Bank of Angola, as an Exchange Control Analyst, becoming Deputy Governor at the same institution. Among the duties performed at National Bank of Angola, she participated in the formulation of policies related to the banking sector, in the definition of rules and regulations and monitored their respective implementation. In 2016, she was Chair of the Board of Directors of Banco de Poupança e Crédito, and in 2017, Consultant to the Governor of the National Bank of Angola. She holds a degree in Economics from Universidade Agostinho Neto, Luanda and a Master's in Business Administration and Management from the *Keller Graduate School of Management of the DeVry University*, New York.

Supervisory Board

Chair of the Supervisory Board
Miguel Cristóvão Tyimbonde

Members
Lúcio Alberto Pires
Fernando Pontes Pereira

The composition of the Supervisory Board is governed by the provisions of Article 433 of the Commercial Companies Act and by the Bank's Charter and is composed of a Chair and two permanent members.

The Supervisory Board meets quarterly and whenever requested by its Chair, by the majority of its members or by the Chair of the Board of Directors, to supervise the Bank's Management, verify the accuracy of the Financial Statements and the regularity of the accounting books and records.

Remuneration of the Corporate Bodies

The structure and policy of remuneration of the members of the Corporate Bodies falls under the remit of the Bank's shareholders, who are responsible for defining the fixed income, as well as the perks and bonuses that they will receive. The shareholders chosen to define the remuneration policy, forming the Evaluation and Remuneration Committee, shall not be members of any of the Corporate Bodies of Banco BCS.

The remuneration of the members of the Board of the General Meeting and the Supervisory Board may not include a variable component, as a result of which they may only receive fixed remuneration and perks.

Only Members of the Board of Directors are allowed to receive variable remuneration, and in the case of non-executive Members, it must not be directly related to the Institution's results.

In 2020, the total value of remuneration of the Governing Bodies amounted to tAOA 3 287 456, 15% up on the same period of 2019, which had been set at tAOA 2 853 988.

External Auditor

PricewaterhouseCoopers (Angola)
- Sociedade de Revisores Oficiais de Contas, Lda.

In accordance with regulatory requirements, the External Auditor is appointed by the Board of Directors for periods of 4 years. The Bank's External Auditor is PricewaterhouseCoopers (Angola) - Sociedade de Revisores Oficiais de Contas, Lda, which was appointed in 2019. The rules governing the provision of services by the External Auditor are laid down in National Bank of Angola Notice 04/2013.

The main function of the external auditors is to assess and issue an opinion on the financial statements of Banco BCS.

The Bank believes that its current External Auditors have the readiness, knowledge, experience and competence necessary and sufficient for the full performance of their duties.

5.3

COMMITTEES OF THE BOARD OF DIRECTORS

Bearing in mind the relevance of the various matters to be supervised by the Board of Directors, as well as the risks associated with banking activity, the Board of Directors has set up three specialised committees:

RISK COMMITTEE

This is responsible for monitoring and supervising global exposure to the risks inherent to Banco BCS' activities, in particular liquidity risks, market risk (interest rate, exchange rate, credit, and other materially relevant risks), as well as operational risk. In addition to the non-executive members, this committee comprises the executive directors responsible for the control and financial areas. The person in charge of the Risk Office is permanently invited to sit on said committee.

AUDIT, COMPLIANCE AND INTERNAL CONTROL COMMITTEE

This is responsible for monitoring the preparation and disclosure of financial information, internal audit and compliance activities, transactions with related parties and the effectiveness of the internal control system.

This committee exclusively comprises non-executive members of the Board of Directors, and may include from 3 to 5 members appointed by the Board of Directors, which also designates its chair.

The Audit, Compliance and Internal Control Committee is also responsible for supervising the activities of the external auditor and for ensuring the adequacy and compliance of the accounting policies, criteria and practices adopted by the Bank.

EVALUATION AND REMUNERATION COMMITTEE

This is responsible for establishing the remuneration policies and processes for the different types of employee, with the exception of members of the Corporate Bodies, taking into account the institution's long-term objectives and vision, considering the different business segments and the level of risk.

These committees have operating rules that are defined in their statutes. These committees of the Board of Directors are made up of members of the management and those in charge of the following areas:

	RISK COMMITTEE	NOMINATION, EVALUATION AND REMUNERATION COMMITTEE	AUDIT, COMPLIANCE AND INTERNAL CONTROL COMMITTEE
MARIA DO CÉU FIGUEIRA	Member	Chair of the Committee	Member
CRISTINA VAN-DÚNEM	Chair of the Committee	Member	Chair of the Committee
RAFAEL KAPOSE	Member	Member	
DIVALDO SANTOS		Member	
PEDRO BOTELHO	Member		
MARIA DO CARMO BERNARDO			
SEBASTIÃO JOÃO MANUEL	Member		
MIGUEL CRISTOVÃO*			Member

*Member of the Supervisory Board

5.4

COMMITTEES OF THE EXECUTIVE BOARD

Bearing in mind the relevance of the various matters to be supervised by the Executive Board, as well as the risks associated with banking activity, the Executive Board has set up five specialised committees:

CREDIT COMMITTEE

Responsible for analysing and making decisions regarding On/Off Balance and impairment credit proposals, for the institution's Credit, Collections and Credit Recovery policies, and for defining Credit Decision-Making Responsibilities. The Credit Committee is also responsible for analysing, issuing opinions and deliberating on credit operations within the limits of the Decision-Making Responsibilities. In addition to the executive members, the Private and Corporate Commercial Divisions and the person in charge of the Risk Office have a permanent seat at the fortnightly meetings.

PRODUCTS, SERVICES AND BUSINESS COMMITTEE

Responsible for approving products and services and following up on them, which includes the management of occurrences and the control of reputational risk. An analysis of the development of the business also falls under the remit of this committee. The meetings are held on a monthly basis and are regularly attended by the Private and Corporate Commercial Divisions, the Bank Division and a representative of the Compliance Office.

ALCO COMMITTEE

Responsible for managing structural market and liquidity risk, establishing contingency plans, promoting liquidity strategies and deciding on strategic positions in order to optimise net interest income and return on equity. Every month, the Committee meets with the Chief Financial Officer, the Large and Corporate Commercial Divisions and the Compliance Office.

IT AND SECURITY COMMITTEE

Responsible for evaluating and approving Information Technology (IT) strategy proposals and initiatives to mitigate risks. This Committee also monitors the IT strategic plan, cybersecurity risk and data governance. The Technologies Division, the Assets, Security and Logistics Division and the Risk Division, as well as the Compliance Office, have permanent seats at the biannual meetings.

CRISIS MANAGEMENT COMMITTEE

Responsible for monitoring and controlling the management of events of any nature, be they financial, operational, reputational, etc., which may lead to a severe deterioration in the Bank's levels of liquidity and solvency or which may compromise performance of its activity. The Committee meets every six months, with the participation of the Technologies Division, the Assets and Logistics Division, the Risk Division, the Human Resources Division and the Organisation and Quality Office.

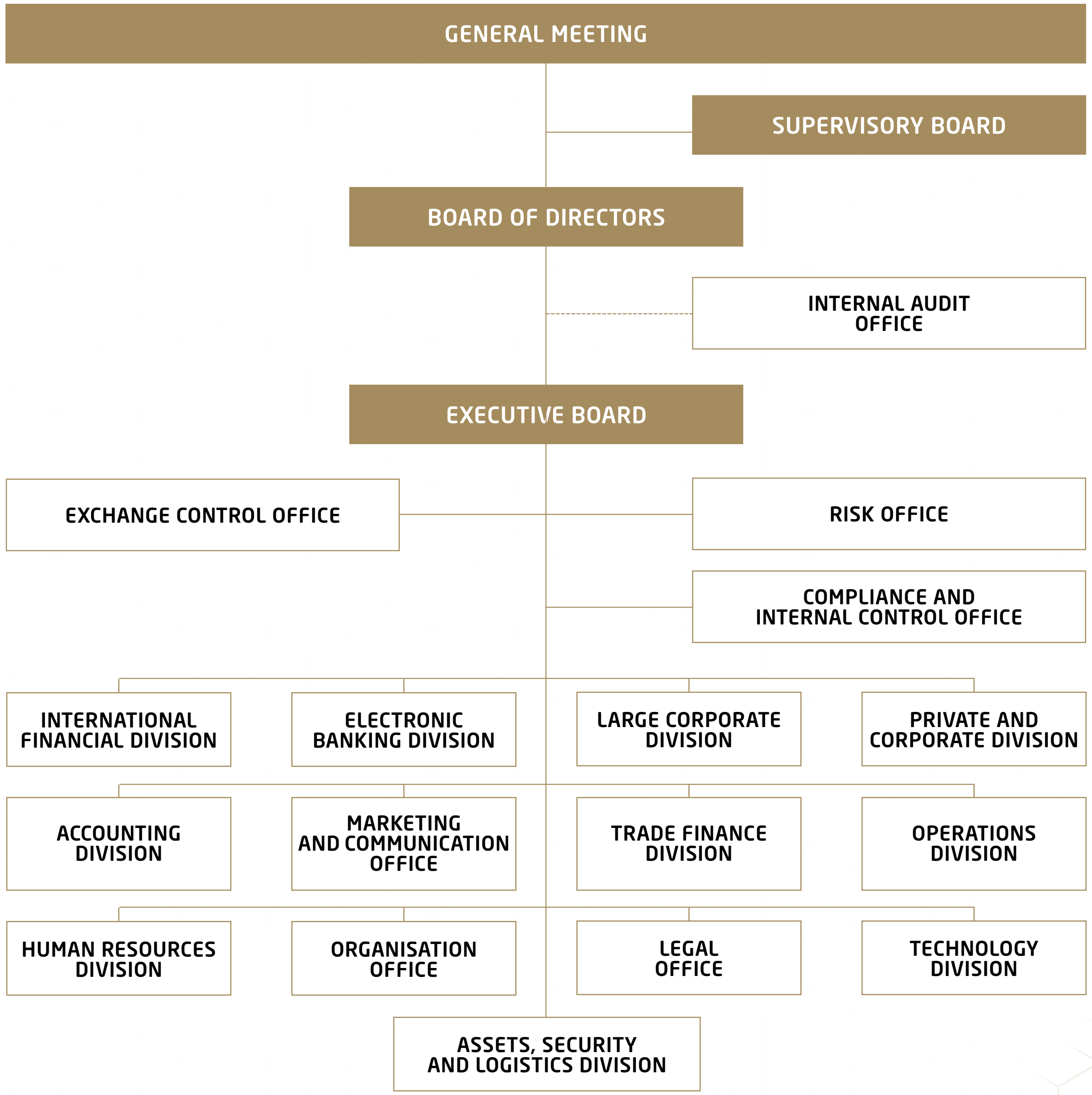
The ALCO Committee, the Products, Services and Business Committee and the Information Technology and Security Committee were approved in October 2020, however their effective implementation will take place in the first quarter of 2021.

These committees have operating rules that are defined in their statutes. The Committees of the Executive Board are made up of Members of the management and those responsible for the following areas:

	CREDIT COMMITTEE	PRODUCTS, SERVICES AND BUSINESS COMMITTEE	ALCO COMMITTEE	IT AND SECURITY COMMITTEE	CRISIS MANAGEMENT COMMITTEE
RAFAEL KAPOSE	Committee Chair	Member	Committee Chair	Member	Member
DIVALDO SANTOS	Member			Committee Chair	Committee Chair
PEDRO BOTELHO	Member	Committee Chair	Member		
MARIA DO CARMO BERNARDO	Member	Member			
SEBASTIÃO JOÃO MANUEL	Member	Member	Member	Member	Member

5.5

ORGANIZATIONAL CHART AND STRUCTURE UNITS



Business Areas

LCD and PCD

Large Corporate and Private and Corporate Divisions

The Commercial Divisions' mission is to coordinate and implement commercial policies for the Bank's customers, through the creation of new commercial solutions and opportunities. The operation of these divisions aims to ensure the maximisation of their profitability in an environment of risk appropriate to the established risk management policies and the quality of the services provided.

IFD

International Finance Division

The Financial Division's mission involves planning, executing and supervising financial operations with the aim of ensuring the Bank's financial balance through an approach that seeks the optimisation and profitability of capital and resources, ensuring the maximisation of its spread. The management of counterparties also falls under the remit of the IFD.

Support Areas

ACD

Accounting Division

The Accounting Division's mission is to produce, process and develop the financial information stemming from the Bank's activity from an accounting, prudential, statistical and financial reporting perspective, thus ensuring compliance with the legal and fiscal requirements associated with the accounting of operations.

HRD

Human Resources Division

The mission of the Human Resources Division is to develop the various activities related to the management of human resources, namely training, performance appraisal, occupational health and safety, social security, labour relations, career management and compensation policy. This Division also has the mission of promoting and disseminating Banco BCS' culture and values.

ITD

Information Technology Division

The Information Technology Division seeks to ensure that information systems and technologies meet the Bank's requirements, in line with its strategy, and to incorporate best market practices, in order to maximise their effectiveness, efficiency and security through specialised teams and appropriate planning and control tools.

ASLD

Assets, Security and Logistics Division

The mission of the Assets, Security and Logistics Division is to develop the management of administrative support activities, in particular with regard to purchasing, security, assets, logistics and fleet management, with a view to optimising resources.

LLO

Legal and Litigation Office

The Legal and Litigation Office's mission is to coordinate and supervise the technical/legal activities arising from the Bank's business. It provides legal advice to the Bank and represents it in legal proceedings.

OQO

Organisation and Quality Office

The Organisation, Processes and Quality Office is responsible for developing procedures manuals to ensure process homogeneity and efficiency, in particular with regard to maximising customer satisfaction, operational risk mitigation and cost management efficiency, while identifying opportunities for improvement. This enables the optimisation of organisational solutions and information systems at the procedural level.

EBD

Electronic Banking Division

The Electronic Banking Division is responsible for processing and monitoring digital channels and electronic products in general. The scope of this Division is to ensure the processing of transactions under the various payment methods and to promote a constant search for solutions that enable greater effectiveness and efficiency of services, as well as to implement appropriate mechanisms of information and control
customer transactionality.

MCO

Marketing and Communication Office

The *Marketing* and Communication Office's mission is to support and guide activities related to the banking business, based on the objectives defined by the Bank's Executive Board. This Office is responsible for developing and implementing the marketing strategy, ensuring internal and external communication with the bank's *stakeholders*.

TFD

Trade Finance Division

The *Trade Finance* Division is responsible for managing import/export documentary credits and import/export documentary collections. This Division is also responsible for managing the issuance and management of bank guarantees abroad, the issuance and management of *standby letters of credit* and the management of import/export factoring.

OPD

Operations Division

The mission of the Operations Division is to provide *back-office* services to the other Divisions through operational support for the Bank's activity. This Department ensures the analysis, processing and control of system operations and the validation of supporting documents with regard to Credit Processing, Payments and Cards and *Trade Finance*.

Control and Internal Audit Areas

RIO

Risk Office

The Risk Office's mission is the combined management of the risks inherent to the Bank's operations. The Office is responsible for defining the risk management policies, analysing, evaluating and monitoring the various risks to which the Bank is exposed, as well as analysing the credit risk of operations and coordinating credit recovery procedures.

ECO

Exchange Control Office

The Exchange Control Office's goal is to monitor all regulations concerning foreign exchange transactions via the BNA, ensuring that adequate control systems are in place to comply with prevailing laws, and updating them where necessary. It is responsible for verifying the framework of foreign exchange operations in accordance with the provisions of Law 05/2020 (Anti-Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction Act) and for ensuring foreign exchange compliance in relation to operations not subject to licensing, as well as guaranteeing the legitimacy and correct constitution of all licensing application processes or registration of operations with the BNA, ensuring their correct and timely execution. It reports all information of a foreign exchange nature to the BNA and represents the Bank with this institution in all foreign exchange matters.

IAO

Internal Audit Office

The Internal Audit Office seeks to provide an assessment of the operational risk involved in the Bank's activity by taking a systematic and disciplined approach and through independent and objective intervention. Additionally, an integral part of the Office's mission is to ensure the adequacy of control and governance procedures, ensuring risk management, promoting effective governance processes and the quality of processes associated with the Bank's products and services.

CICO

Compliance and Internal Control Office

The Compliance and Internal Control Office is responsible for coordinating Compliance risk management, contributing to the implementation of a culture of excellence through compliance with laws, regulations, codes of conduct and best banking practice. The Office aims to foster compliance by the Bank and its Employees with applicable regulations through independent intervention with all organisational units. In this regard, coordination of the implementation of procedures for the prevention of money laundering and terrorist financing is particularly important. At the same time, the Office is responsible for the Bank's entire Internal Control System.

5.6

POLICIES AND PROCESSES

SEGREGATION OF DUTIES

Banco BCS pursues the segregation of duties in order to avoid possible situations of conflict of interests. All business units and employees with a relevant position are scrutinised, identifying areas where conflicts of interest may occur. In this way, it is possible to define a set of procedures that allow the monitoring and minimisation of the impacts of these possible conflicts, the fundamental objective of which is to enhance the effectiveness of the internal control system.

Bearing in mind that there are still co-opted business units, the Bank continues to develop the best mechanisms to ensure the segregation of duties and the mitigation of risks, especially those with the greatest impact on the business.

CONFLICTS OF INTEREST

The Management Board of Banco BCS gives special attention to situations of possible conflicts of interest, insofar as they may render unfeasible the achievement of the objectives defined for each financial year. Accordingly, the Bank has defined a range of procedures to mitigate these situations, which are duly reflected in the Conflict of Interest Prevention Policy:

- Prohibition on employees intervening in appraisal and decision-making regarding operations or processes in which they themselves, their spouses or persons with whom they live in a civil partnership, relatives or the like in the first degree have a direct or indirect interest, or likewise, companies or others who have a direct or indirect interest;

- Obligation of all employees to inform the Bank, in writing, of any conflicts of duties/interests that may compromise the scope and effects of the rules of conduct in force in the Institution;

- Prohibition on members of the Governing Bodies/Employees occupying positions with potential conflicts of interest in other companies;

- Obligation of all members of the Management Board to disclose any matter that originates or may give rise to conflicts of interest, refraining from participating in decision-making processes;

- Prohibition on the granting of loans to any Bank employee in contravention of normal market conditions, notwithstanding the special conditions that may be defined in internal rules for loans to employees;

- The resolution of conflicts must strictly respect the legal, regulatory and contractual rules governing conflicts within the Institution.

TRANSACTIONS WITH RELATED PARTIES

The Bank has a centralised computer application in order to maintain an up-to-date list of entities considered as related parties, with alerts being generated where transactions occur between them and/or with other entities. Along with this process, the Policy for Related Party Transactions was approved by the Board of Directors, in conjunction with the Compliance and Internal Control Office, in 2017, and revised in 2019, with a view to improving control and ensuring full compliance with the legal requirements of the Regulator in these matters. In 2020, the Conflict of Interests Policy was updated.

Accordingly, as described in Chapter 1, Article 2 (19) of Law 12/2015 - Financial Institutions Act, of 17 June, and in International Accounting Standard 24 (IAS 24) related entities are those where the Bank exerts, directly or indirectly, a significant influence over their management and financial policy, and those entities that exert significant influence over management of the Bank.

In light of this legal consideration, the Bank adopts supervisory best practice, under which it triggers a process of analysis and classification of related parties through the analysis of documentation that may reveal relationships or transactions with entities that are classified as related parties.

After confirmation of the existence of related parties or transactions with related parties, in view of potential conflicts of interest in these situations, the Bank seeks to ensure that all decisions that may confer an undue benefit to any one of these entities or persons connected to them are taken absolutely fairly, respecting the interests of the Bank.

The Bank regularly updates the list of related parties and implements a procedure under which all transactions with entities identified as related parties must be approved by the Board of Directors and the Supervisory Board.

In view of the constant challenge that these entities represent with regard to the rules of transparency and the like, it is the intention of Banco BCS to continue to reinforce the control measures already implemented and to improve the mitigation of the risks involving these entities.

The total amounts of assets, liabilities, earnings and off-balance sheet liabilities related to transactions carried out with related parties are presented in the notes to the financial statements in the "Balances and transactions with related entities" section of the Annual Report.

REMUNERATION

It is the responsibility of the Human Resources Committee to establish the remuneration policies and processes for the different types of employee, taking into account the objectives and long-term vision of the Institution and the different business segments and levels of risk. The remuneration policies:

- Take into account the different functions and their importance in relation to the Institution's long-term solvency commitments;

- Guarantee the principle of proportionality between the different remunerations;

- For cases where variable remunerations are attributed, take into account the balance between the agreed fixed component and the variable component;

- For cases where variable remunerations are attributed, ensure that the payment of the variable component or remuneration is sustainable and complies with the strategy and financial position of Banco BCS.

In addition to the processes described above, the Bank has formally adopted an Evaluation, Remuneration and Appointment Policy, which clearly describes policies, processes for evaluating, appointing and hiring new staff and provides a summary of working guidelines, procedures and processes.

The Evaluation, Remuneration and Appointment Policy defines the following as fundamental principles of the remuneration structure:

- The alignment of remuneration with the interests of the Shareholders and with the sustained profitability of the Bank, taking into account the risks and cost of capital;

- The incentive to maximise the existence of sustainable employment and the performance of the organisation;

- The creation of mechanisms to attract and retain the best employees;

- The creation of a fair "calibration" of remunerations, according to each Division/Office and levels of responsibility;

- The creation of a simple and transparent remuneration system;

- Compliance with regulations and requirements internal and external to the Bank.

The Board of Directors assumes primary responsibility for the appointment or removal of those responsible for Executive or Management positions.

The remuneration of the Corporate Bodies falls under the remit of the Shareholders of the Bank.

5.7

INFORMATION AND COMMUNICATION TECHNOLOGIES

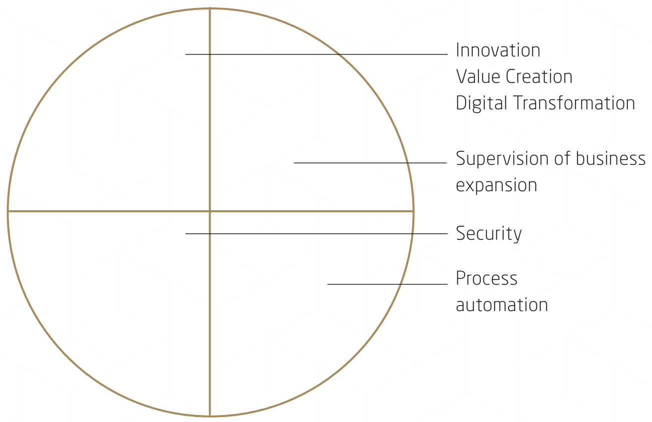
The mission of the Information Technology Division (ITD) is to ensure that, in line with the Bank's strategy, information systems and technologies meet requirements and incorporate best market practice in order to maximise their effectiveness, efficiency and security through specialised teams and appropriate planning and control tools.

Through access control and the encryption of information, the Bank guarantees the security and privacy of the information contained in its databases, a fact reinforced by the security and risk mitigation policies in force since the Bank began operating.

In coordination with the Human Resources Division and the Internal Audit Office, the Information Technology Division periodically analyses access to the Bank's information systems in order to ensure alignment with the policy of controlling and restricting Employees' access to information.

Banco BCS has invested heavily in technological systems, since it considers that it is a strategic area for modernisation and risk control. Additionally, it is committed to launching new technological development projects and optimising processes and procedures in order to achieve the objective of optimising and continuously improving the quality of the service provided to customers.

BCS' AREA OF FOCUS IN 2020



During 2020, the activities pursued focused on improving controls and security and restructuring infrastructure, in particular:

- The implementation of new services, the restructuring of Net Banking with the integration of new functionalities and the modernisation of Internet and Mobile Banking platforms, providing them with tools that will allow access to a wide range of services;
- The implementation of Microsoft 365 licensing;
- The implementation of a security platform with two-factor authentication, where a second layer of security is introduced for accessing Banco BCS applications;
- A change in the infrastructure of the Data Processing Centre (DPC) at the Headquarters to the new Centre, with substantial improvements based on the best organisational, security, energy and cooling practices in order to ensure business continuity with reduced failures or interruptions;
- Improvements in the provision of services related to the Banking application, namely the implementation of integrated statements and the implementation of an integrated and automated management module for handling SADC-RTGS messages;
- The integration of the functionality for handling documentary collections into the Foreign Currency *Workflow*;
- Restructuring of the *Helpdesk* control processes, with the creation of service levels for response to requests (SLA), service catalogues and *Templates*;
- *Windows* 10 operating system update for workstations;

In 2021, BCS intends to:

- Strengthen the involvement of Customers, ensuring personalisation of relationships;
- Improve its range of digital services, aiming to improve the image of and implement new services for the *Net Banking* platform that meet the needs and expectations of customers, with a focus on innovations in best security practices within BCS' network;
- Implement management solutions for our commercial managers to offer better services to our customers;
- Complete the implementation of an application to support Human Resources Management activities;
- Implement technological support and automation of controls and alarms for Internal Control functions;
- Improve methodologies for Cybersecurity Risk Management, with the implementation of cyber risk management solutions;
- Improve processes and routines for monitoring and assessing the technological risk management process and implement the controls identified for their mitigation.

The focus on Information and Communication Technologies will involve the creation and implementation of new applications that support the Bank's different divisions, making tasks more autonomous and faster, with modern and more efficient security mechanisms.

5.8

HUMAN RESOURCES

The Human Resources Division forms a strategic part of Banco BCS and since its inception, it has actively contributed to the Bank's development, focusing on identifying and retaining key employees and ensuring that the best professionals in the market are hired.

Employees are the reason for the existence and success of the Bank, which seeks to implement policies that help in the development of the best employees. This includes motivating them and stimulating their performance with regular training and participation in seminars that contribute significantly to their technical and behavioural competences in each area, in order to maintain the quality of service.

In 2020, Banco BCS organised various training sessions aimed at providing its human resources with greater knowledge in matters related to the business, as well as in the areas of internal control, compliance and risk management. Also noteworthy is the increase in the number of employees, ensuring the hiring of qualified staff to continue to improve the service provided by the Bank.

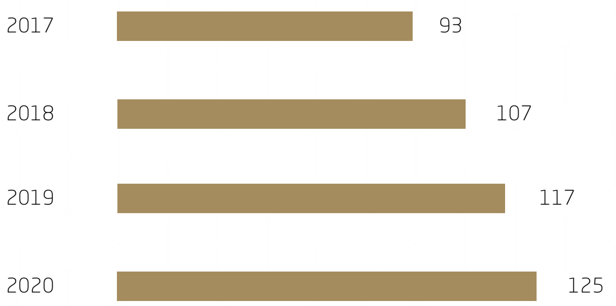
As of 31 December 2020, the Bank had 125 employees, of which 55 were allocated to business areas, 59 to operational and accounting support areas and 11 to control areas. This growth is in line with a comprehensive training plan.

As a *Private and Corporate* Bank, the organisation intends to continue investing in the advancement of its people through the hiring of competent technical staff to strengthen the internal structure and the internal control system. The hiring of these staff members equips the Bank with the capacity to respond to the challenges that the market poses, such as:

- Increased speed in international operations;
- Heightened security by mitigating information leakage;
- The development of new customer-oriented services;
- Consolidation of Internal Auditing.

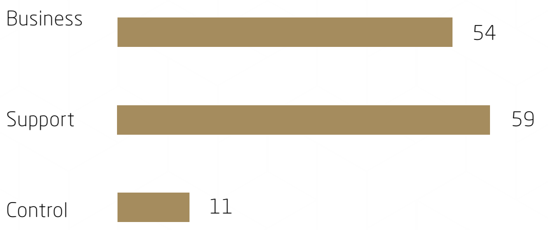
GROWTH IN STAFF NUMBERS

Compared to the previous year, the number of permanent employees in 2020 increased by 6.8%, in line with the growth of the business.



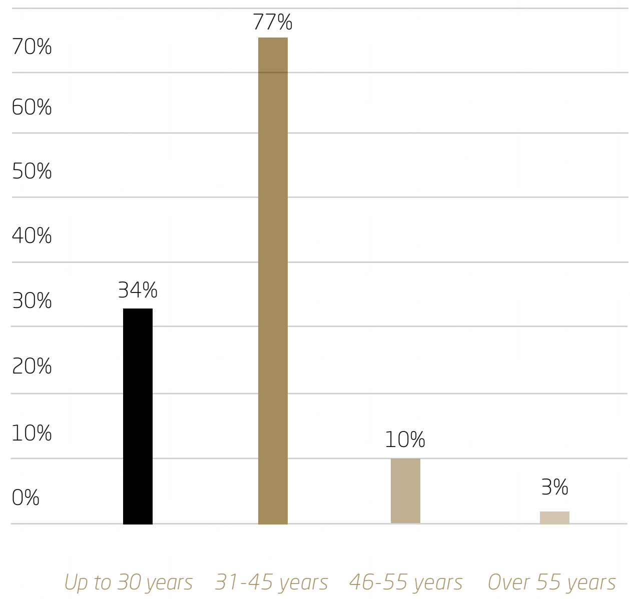
DISTRIBUTION OF EMPLOYEES BY FUNCTION

In terms of the distribution of employees by business, control and support roles, they predominantly belong to the support and business areas, which account for around 47% and 44% of the Bank's total employees, respectively.



EMPLOYEES' AGE STRUCTURE

Banco BCS' age structure consists mainly of Employees over the age of 30, who represent 67% of the total, with the average age being 33 years.

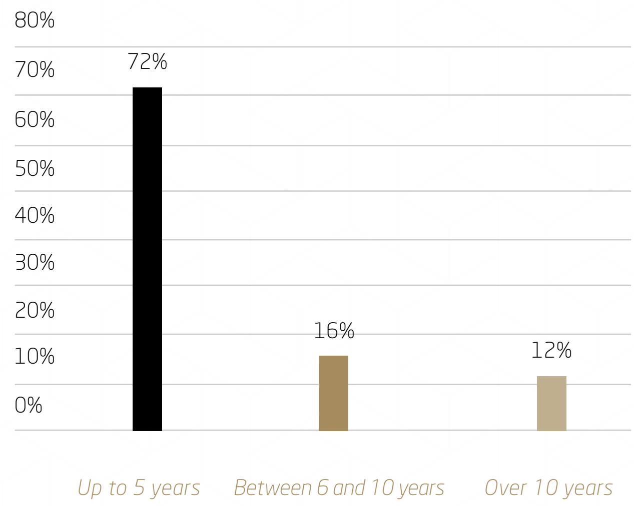


DISTRIBUTION OF EMPLOYEES BY GENDER

In terms of gender, the distribution is almost equal, with males representing 51% of employees and females, 49%.

DISTRIBUTION OF EMPLOYEES BY EXPERIENCE IN THE SECTOR

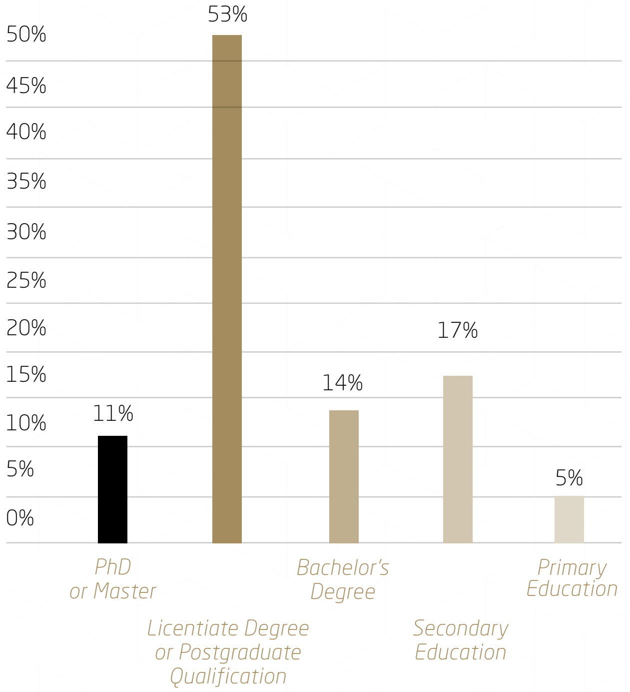
Banco BCS has a philosophy of *on-the-job* training based on the seniority of its managerial staff with over 10 years' experience in the banking sector (12% of total employees), thus providing more junior employees with the opportunity to absorb their knowledge.



Career management at BCS prioritises internal recruitment as a way of promoting vertical, horizontal and diagonal progression, which is taken as a strategic and decisive factor for motivating and retaining human resources.

STRUCTURE BY ACADEMIC DEGREE

In terms of levels of education, as of 31 December 2020, 11% of the Bank's employees held a Doctorate or Master's Degree, 53% held a Licentiate Degree or Postgraduate qualification, 14%, a Bachelor's Degree or were attending university, 17% secondary education and 5% had completed primary education.



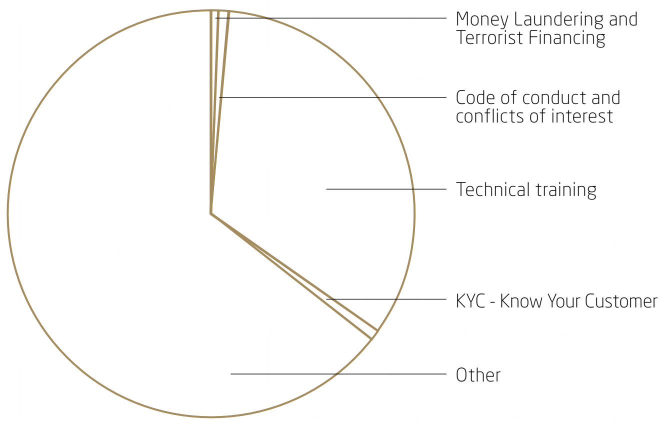
TRAINING POLICY

The Bank invests in the development of all its employees and, for this purpose, it develops an annual training plan according to the training needs of each Division/Office and the training indicated by the Board of Directors, in order to prevent potential risks that may arise and with a view to maintaining a distinctive and excellent level of service.

In the current year, the Compliance and Internal Control Office, in conjunction with the Human Resources Division, provided training for employees regarding the interpretation of the rules defined in the standards concerning:

- Code of conduct;
- Ethics and the duty of confidentiality;
- Conflict of interests;
- Anti-Money Laundering and Terrorist Financing.

Technical training courses and inductions into the Banco BCS culture were conducted, with a total of 294 hours and 30 minutes of training provided, 22 of which were provided by bodies external to the organisation and 4 were on-the-job training sessions using Bank employees.



Whenever an Employee joins the Bank, there is a set of mandatory training sessions, namely in relation to: Money Laundering and Terrorist Financing, Code of Conduct and Conflicts of Interest, and BCS Ethics and Culture.

In 2021, the Bank will continue to prioritise its training policy, developing training initiatives aimed at adding value and improving the quality of the services provided.

YOUR
PRIVATE
BANK

06

RISK MANAGEMENT

6.1

RISK MANAGEMENT

Risk management has become increasingly important in the day-to-day operations of financial institutions, a consequence, on the one hand, of an increase in regulatory requirements implemented by the Supervisory Authority (BNA) and, on the other, a gradual recognition by the institutions, including Banco BCS, of the advantages that methodical, rigorous and disciplined risk management can bring to the institutions in terms of improving their soundness and profitability.

These advantages essentially stem from the existence of greater control and monitoring of information regarding the institution's activities, which allows for an increased capacity to respond and take decisions with respect to possible market changes.

Thus, the BNA has published a very broad set of standards and regulations that focus on Risk Management (New Regulatory Risk Package), with special focus on Capital Management and Solvency and additional reporting and disclosure requirements, which aim essentially at the constitution of a new Risk Management and Control framework, with a view to providing alignment with international best practice and reinforcing the robustness of the financial system as a key sector for the economic and social development of Angola.

The Bank has invested significantly in risk management, establishing a set of principles, strategies, policies and procedures to ensure an efficient and profitable performance of the business, with a view to maintaining, on an ongoing basis, an adequate relationship between its equity and the activity developed. The main activities include the definition and periodic revision of a Risk Management Policy, a Risk Appetite Policy, an Investment Policy and Definition of Counterparty Limits, and investment in risk management support and process automation tools related to risk management and reporting, in accordance with the requirements of the BNA regulations.

The Risk Office acts as the area responsible for the risk management function, and is responsible for the development of practices that allow the identification, quantification, control, monitoring and reporting of the different relevant types of risk inherent to the Bank's activity, specifically financial and non-financial risks, with the aim of protecting capital and maintaining the Bank's solvency.

6.2

RISK MANAGEMENT MODEL

The Bank prepared its risk strategy, which defined the qualitative principles and quantitative limits for the management of the different risks arising from its activity, presenting the risk appetite framework.

The risk strategy presents a set of objectives for the types of risk considered material for the Bank and includes a series of objective indicators, namely credit portfolio quality indicators, cost of risk, capital requirements, structure and level of liquidity and limits and rules for market and operational risk.

Risk monitoring and management in each of the areas is based on the risk profile defined annually by the Bank's Board of Directors, with the support of the Risk Office, in order to ensure that the established levels of appetite are met during the course of the Bank's operations.

In defining risk management processes, the Bank adopts tools and methodologies that enable it to identify, assess, address, monitor and report risk both from an individual and an integrated perspective, ensuring a comprehensive overview of the risks to which the Bank is exposed and understanding and assessing in advance the potential impacts they may have on the Institution's solvency and liquidity.

6.3

RISK GOVERNANCE MODEL

Governance of the risk management function should ensure appropriate and efficient decision-making and effective control of risks, ensuring that they are managed according to the level of risk appetite defined by the Board of Directors and those in charge of the units.

Thus, the Risk Office is in charge of the design, development, monitoring and updating of risk management models that allow the proper identification, assessment and control of the risks associated with the Bank's activity, in order to ensure that they remain at levels consistent with the approved risk profile and degree of risk tolerance (risk appetite). Additionally, it must report directly to the Risk Committee and the Board of Directors, maintaining interactions with the Audit, Compliance and Internal Control Committee, in order to define and implement internal controls for risks. The risk management function is based on the following tasks:

- Identifying current and emerging risks;
- Developing risk assessment and measurement systems;
- Suggesting and establishing policies, practices, controls or other risk management mechanisms;
- Developing "tolerance limits" for processes that require approval by the Board of Directors;
- Monitoring existing risks and controls, limits, policies or established practices; and
- Reporting the results of risk monitoring to the Risk Management Committee, with the knowledge of the Board of Directors and the Audit, Compliance and Internal Control Committee, the latter where the report contains information related to internal controls.

However, responsibility for the risk management function does not entirely lie with the members of that Office. The business areas, namely the Divisions and other Offices, have a significant role to play in the risk management function, and may and should be called upon to help identify risks, enforce the practices established for risk mitigation and assist in the monitoring process. Better than anyone else, these operatives perceive and assess the risks that are associated with their activities and know that any failure on their part will certainly influence the efficiency of risk management.

Additionally, in line with the objective of enhancing the governance of Banco BCS, Committees of the Board of Directors and Committees of the Executive Board have been established so as to separate decision-making units that participate in business functions from others that participate in risk control.

During 2020, the Bank made improvements with respect to its Risk Governance Model, with a view to implementing 3 Committees during 2021, namely the ALCO, Security and IT and Products, Services and Business Committees. In 2020, the Bank also implemented a Crisis Management Committee, given the global situation of the COVID-19 pandemic and the need to make adjustments to the business and structure during this period.

6.4

DEFINITION OF THE RISK PROFILE AND DEGREE OF RISK TOLERANCE

According to National Bank of Angola Notice 07/2016 on Risk Governance, "Institutions must adequately consider risk appetite in their risk management strategies, policies and processes, which must be aligned with the capacity to take risks and the Institution's global strategy."

Proper consideration of risk appetite requires full identification of the risks to which an institution is exposed and the definition of limits in relation to the identified exposure, taking into account all types and levels of risk considered acceptable in the context of the business strategy, so that the activity is safeguarded from unexpected events that may affect its solvency, liquidity or profitability.

As a basic element for the success of the activity, Banco BCS considered it essential to implement and preserve appropriate risk management, which takes the form of defining the Bank's risk appetite and implementing strategies and policies aimed at achieving its objectives, taking into account that same appetite. In other words, ensuring that exposure to risk remains within predefined limits and is subject to appropriate and continuous supervision.

Thus, in response to current regulatory requirements, and as an integral part of BCS' approach to risk management, the Risk Appetite Policy was developed, which embodies the RAF - Risk Appetite Framework and supports the Bank's Risk Appetite Statement (RAS).

The Risk Appetite Policy presents a model that defines the maximum exposure to risk to which the Bank is willing to be subjected in decision-making, taking account of the outlined business strategy and the expectations of shareholders, customers, employees, strategic partners and the regulator. This thus maintains a balance between risk and profitability, and ensures that the Bank's financial position remains sound and profitable.

The risk appetite model was defined with the main objective of ensuring that the RAF is kept up to date and reflects any changes in the Bank's strategic priorities or risk management objectives. To this end, the model is composed of a series of phases to ensure the correct assessment of risk appetite, namely:

1 DEFINITION OF THE RISK APPETITE	2 INTEGRATION OF THE RISK APPETITE	3 MONITORING AND REPORTING OF THE RISK APPETITE	4 REVIEW OF THE RISK APPETITE
Defining strategic and business objectives; Allocating risk appetite through a structure of metrics and limits; Drafting a risk appetite statement.	Planning the strategy and budget; Supporting decision-making; Breaking down limits at the operational level; Implementing risk management policies and standards; Communicating the risk culture.	Tracking and managing the limits framework; Carrying out periodic and casuistic monitoring.	Reviewing annually; Reviewing "outside the loop".

In this context, the role of the Management Board is central to the design, implementation and monitoring of the Policy, in particular as regards the definition of risk appetite and its alignment with the strategy, capital and liquidity management and remuneration practices of the Bank.

Periodic monitoring of risk appetite is a responsibility of the Risk Office in conjunction with the Risk Committee, allowing the monitoring of the matching of the Bank's risk profile to its objectives and business strategy, suggesting the development of action plans.

The line of governance and reporting defined by the Bank under the definition of risk appetite and the degree of tolerance is as follows:

RISK OFFICE	Developing and proposing the Risk Appetite Policy; Proposing risk appetite metrics and limits; Monitoring and reporting to the Risk Committee; Defining corrective measures in the event of an attenuation in risk appetite and reporting to the Credit Committee.
RISK COMMITTEE	Validating risk appetite - metrics and limits; Validating the Risk Appetite Policy; Solving any points of conflict between risk and business.
BOARD OF DIRECTORS	Linking risk and business strategy; Approval of the Risk Appetite Policy; Approval of Risk Appetite metrics and limits; Analysis of the main cases of attenuation of the limits and respective *follow-up*.

6.5

KEY RISKS

Risk corresponds to anything that may have an impact on the capital structure of the Institution, and may give rise to foreseeable or unforeseeable events. Banco BCS has categorised risks into three types: financial risks, non-financial risks and other risks.

FINANCIAL RISKS

Financial risks are directly related to the Institution's assets and liabilities and are those that assume greater prominence, being those that normally consume more time for reflection due to their impact on the capital structure.

CREDIT RISK

MARKET RISK

LIQUIDITY RISK

These risks are mitigated, in a first stage, by all the Bank's Divisions and Offices, namely in the execution of the controls provided for in the different processes.

In a second stage, the Bank controls financial risks through limits established by the Board of Directors and the BNA, the monitoring of which is carried out by the Risk Office and the Risk Committee. The main limits (internal and external) are related to financial risks.

CREDIT RISK

Credit risk is considered to be one of the most significant risks involved in the activity of financial institutions. This takes the form of losses and uncertainty regarding future returns generated by the credit portfolio, due to the possibility of default by borrowers (and their guarantors, if any), an issuer of a security or the counterparty of a contract.

The Bank's credit decision is centralised on the Risk Committee, ensuring permanent monitoring of the process of extending credit.

EXTENSION OF CREDIT

The process of extending credit begins in the commercial area, where the commercial analysis is carried out, and is then sent to the risk management function, in order to analyse the operations, associated guarantees and the impact of the new credit on the different regulatory ratios defined by the regulator. After issuing the opinion of the Commercial and Corporate Division and the Risk Office, the file is submitted to the Risk Committee, where a decision is taken.

The Risk Committee is formed by the members of the Board of Directors, as well as the Director of the Risk Office.

Credit operations are classified in increasing order of risk, in accordance with prevailing internal standards:

Level	Type of risk
Level A	Minimal risk
Level B	Very low risk
Level C	Low risk
Level D	Moderate risk
Level E	High risk
Level F	Very high risk
Level G	Maximum risk

MONITORING

The follow-up of the credit granted starts immediately after it is extended and continues until full repayment, in order to ensure compliance.

The Bank carries out a continuous analysis of the credit portfolio in terms of compliance, degree of concentration, exposure classes and impairments. This continuous analysis is carried out both at the level of the Commercial Division and at the level of the risk management function.

Below are the metrics that are currently defined in the risk appetite statement in relation to credit risk, which are monitored monthly by the Risk Office and reported to the Board of Directors and the Risk Committee.

Credit risk stress tests are also carried out periodically and are reported to the Management Body and the Regulator.

KEY INDICATORS	TYPE OF INDICATOR	TOLERANCE	LIMIT
Credit at risk [% credit overdue for more than 30 days]	Internal	<20.0%	<30.0%
Coverage of credit at risk [Impairment of credit at risk/credit at risk]	Internal	>15.0%	>10.0%
Credit in *default* [Credit overdue for more than 90 days]	Internal	<5.0%	<10.0%
Coverage of credit in *default* [Impairment of Credit in *default*/Credit in *default*]	Internal	>75.0%	>50.0%
Coverage of *ON-Balance* credit [Impairment/Total Gross Lending]	Internal	>2.0%	>1.5%
Coverage of *OFF-Balance* credit [Impairment of guarantees/Guarantees provided]	Internal	>0.5%	>0.3%

ANALYSIS OF IMPAIRMENT AND ASSESSMENT OF CREDIT RISK

Through the Risk Office, Banco BCS individually analyses significant loans in the portfolio of credit extended to customers, guarantees, import documentary credits and irrevocable commitments, estimating the recoverable value and, consequently, the impairment associated with the loans concerned.

For non-individually significant customers, the impairment amount is determined according to the impairment model that has been formally adopted and reported to the National Bank of Angola. In order to determine the collective impairment rate, considering that no statistically representative historical data are available regarding the behaviour of the transactions that would enable the reliable calculation of the risk factors (Probability of Default (PD) and Loss Given Default (LGD)), the Bank performed comparative market analysis through the analysis of the average impairments established by the Banks whose impairment model is implemented and it was considered that the operations may be comparable with those of Banco BCS. Additionally, in order to comply with the requirements of International Financial Reporting Standard 9 (IFRS 9), the Bank analysed the remaining financial assets, developing scenarios to estimate possible future losses.

The impairment value corresponds to the difference between the balance sheet value of a given operation and the recoverable amount. In other words, it corresponds to the portion that the Bank estimates it may not receive.

When determining impairment losses on an individual basis, consideration is given to factors such as the existence of delays in the repayment of instalments (non-performing loans), the customer's economic and financial situation and ability to generate income to cover service of the debt, the associated collateral credit and the possible existence of privileged creditors, the deterioration of the customer's rating, and other factors that allow the Bank to assess the customers' risk of default and the recoverable amount, taking into account their assets.

Where the Bank concludes from the analysis carried out that there are no indications of individual impairment, collective impairment is attributed to the operation.

LIQUIDITY RISK

Liquidity risk may be defined as the inability of an institution to meet its financial obligations at maturity dates, as a result of financial institutions' difficulties in managing changes in sources of financing or an inability to recognise changes in market conditions affecting the ability of the institution to liquidate the assets in a timely manner and with a minimum loss of value.

The Bank has defined a range of strategies and policies focusing on the prudent and appropriate management of liquidity risk. These policies refer to the processes of identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating liquidity risk.

In the process of defining these policies, Banco BCS took into account the regulatory guidelines issued by domestic and foreign supervisory bodies, and in particular the requirements produced by the Basel Committee in this regard. Following good governance practices, the Bank's liquidity risk management policies aim to build a solid liquidity management framework, assessing and monitoring the Bank's behaviour in the most varied stress scenarios.

The policies determine and guide Banco BCS with regard to:

- Linkage between the risk appetite accepted by the Bank and liquidity control tasks;
- Formulation of daily and short-, long- and medium-term liquidity controls;
- The efficiency of the system that identifies, aggregates, monitors and controls the risks of exposure and the need for funds (effective management of collateral positions); and
- Compilation of the Bank's liquidity reporting rules.
- On a daily basis, the Financial Division produces a report for the Board of Directors containing information on the evolution of the Bank's liquidity position.

Additionally, the Risk Office prepares periodic reports for the Board of Directors and the Risk Committee concerning the Bank's financing and liquidity position. These reports include:

- The size, composition and performance of assets and liquidity reserves;
- Developments in market prices;
- The evolution of exchange rates, maturities and distribution of instruments;
- The indicators that measure the levels of exposure to liquidity risk (transformation ratio, for example); and
- The results of stress tests.

Below are the metrics that are currently defined in the risk appetite statement in relation to liquidity risk, which are monitored monthly by the Risk Office and reported to the Board of Directors and the Risk Committee.

KEY INDICATORS	TYPE OF INDICATOR	TOLERANCE	LIMIT
Transformation Ratio All Currencies (CL) [Gross lending / Deposits]	Internal	<50.0%	<70.0%
Transformation Ratio in FC (Gross lending) [Gross lending in FC / Deposits in FC]	Internal	>50.0%	>70.0%
Transformation Ratio in DC (Gross Lending) [Gross lending in DC / Deposits in DC]	Internal	<50.0%	<70.0%
TOP 10 Deposits Concentration [TOP 10 Deposits / Total Deposits]	Internal	<55.0%	<65.0%
Liquidity Ratio (1)	Regulatory	>2.0%	>1.0%
Liquidity Ratio in DC (1)	Regulatory	>2.0%	>1.0%
Liquidity Ratio in FC (1)	Regulatory	>3.0%	>1.5%
Observation Ratio (2)	Regulatory	>2.0%	>1.0%
Observation Ratio in DC (2)	Regulatory	>2.0%	>1.0%
Observation Ratio in FC (2)	Regulatory	>3.0%	>1.5%

MARKET RISK

Market risk is identified as the likelihood of negative impacts on results or capital due to unfavourable movements in the market price of trading book instruments, caused by stock price fluctuations, commodity prices, interest rates or exchange rates. Thus, in view of the Bank's activity, market risk may be broken down into currency risk and interest rate risk.

The monitoring of this type of risk is the responsibility of the Financial Division, under the supervision of the Risk Office.

INTEREST RATE RISK

Interest rate risk corresponds to the probability of negative impacts on the Bank's capital or results due to changes in interest rates.

EXCHANGE RISK

Exchange rate risk corresponds to the probability of negative impacts on the Bank's capital or results due to adverse fluctuations in exchange rates.

On a daily basis, the Financial Division produces a report for the Board of Directors containing information on the Bank's financial position, and analyses are performed by currency and interest rate benchmarks. Likewise, regular analyses are prepared by the Financial Division concerning the impact on the variation in the fair value of balance sheet financial instruments.

Additionally, the Risk Office prepares periodic reports for the Board of Directors and the Risk Management Committee concerning the Bank's positions concerning foreign currency and benchmarks. In particular, these reports present the monitoring of the metrics defined in the Bank's risk appetite, which are presented below:

KEY INDICATORS	TYPE OF INDICATOR	TOLERANCE	LIMIT
Impact of interest rate on net position	Regulatory	<15.0%	<20.0%
Impact of interest rate on net interest income	Internal	<15.0%	<20.0%
Net foreign exchange exposure without indexes	Internal	<15.0%	<20.0%
Net foreign exchange exposure with indexes	Internal	<30.0%	<40.0%
Foreign Exchange Position	Regulatory	>1.5%	>2.5%

NON-FINANCIAL RISKS

Non-financial risks do not have an impact directly related to the Bank's structure and can have external origins (social, political or economic phenomena) or internal origins (human resources, technologies, procedures and others).

BUSINESS/STRATEGY RISK

REPUTATION RISK

COUNTRY RISK

OPERATIONAL RISK

LEGAL/COMPLIANCE RISK

BUSINESS/STRATEGY RISK

Business risk is the risk arising from inappropriate strategic decisions, poor implementation of decisions or an inability to respond to changes in the environment or changes in the business environment of the Institution.

REPUTATION RISK

Reputation risk refers to the risk stemming from the perception of the Bank's image by customers, counterparties, shareholders, supervisors and public opinion in general. Usually, the potential impact of reputation risk stems from the occurrence of other risks.

Banco BCS has a policy of constantly conveying its vision, mission and valueswith its stakeholders, and forges close relationships with them.

The Management Board monitors and evaluates situations that could compromise the Bank's reputation and the necessary steps are taken to resolve them.

COUNTRY RISK

Country risk is associated with specific changes or disturbances of a political, economic or financial nature in the places where counterparties operate, which may in some way hinder full performance of contracts.

OPERATIONAL RISK

Operational risk is the risk arising from the inadequacy of internal processes, people or systems, the possibility of internal and external fraud, as well as external events.

For the management of operational risk, the Bank adopts duly formalised principles and practices, specifically the segregation of duties, with an updated and duly formalised regulatory framework that includes a code of conduct available to all Bank employees.

Operational risk is managed by the three lines of defence.

Day-to-day responsibility for the management of operational risk lies with the first line of defence and, since all the Bank's processes have a person in charge, he or she must continuously assess and report any operational risk events.

The risk management function is the second line of defence. Carried out by the Risk Office, it must periodically analyse the reported operational risk events, as well as assess compliance with the metrics defined in the risk appetite, namely:

KEY INDICATORS	TYPE OF INDICATOR	TOLERANCE	LIMIT
No. of serious complaints	Internal	<1	<2
Total number of complaints	Internal	>15	>25
Non-operating losses and operating errors/Banking Product	Internal	<1.5%	<5.0%

The risk management function is also responsible for periodically carrying out stress tests, duly reported to the management body and the regulator.

The third line of defence falls under the remit of the Internal Audit function, which includes in its annual planning tasks that enable compliance with the controls of the first and second lines of defence to be assessed.

The Bank has invested in the implementation of technological solutions that enable not only the mitigation of operational risk, but also its continuous assessment.

In 2020, the Bank adopted the operational risk event management module (OREM) in the application to support the risk management function - SIRIS - which incorporates two complementary components, namely the Operational risk events log and Operational risk event management.

In 2021, the Bank is going to train all employees and start logging the Bank's operational risk events in order to build its real risk matrix according to the events that occurred.

BUSINESS CONTINUITY MANAGEMENT

Business continuity management includes the business continuity plan and the technological recovery plan. During the year 2020, the Bank reviewed the policies and procedures in order to align them with the new requirements of the Regulator and best international practices.

With the most recent relational developments with COVID-19, business continuity management will continue to deserve special attention during the year 2021, with the Bank aiming to stay abreast of the best practices in the sector.

LEGAL/*COMPLIANCE* RISK

Legal risk corresponds to the risk arising from violations or breaches of laws, rules, contracts, prescribed practices or ethical standards.

The Bank regularly reviews its internal regulations in order to meet the requirements of the regulator and best international practice, and to ensure that the conduct of its employees is guided by the highest ethical principles.

In particular, the Bank has been regularly improving policies and procedures concerning conflicts of interest and related parties, and on matters of money laundering and terrorist financing (AML/TF).

On this last subject (AML/TF), the Bank has also made investments in technological solutions that allow this risk to be mitigated and the risk of customers, correspondent Banks and transactions to be evaluated and monitored.

OTHER RISKS

Specific risk, the negative impact of which results in major instability for the entire financial system, nationally or worldwide.

SYSTEMIC RISK

CONTAGION RISK

SOLVENCY RISK

SYSTEMIC RISK

Systemic risk arises from the disruption of the financial system, which could have serious negative consequences for the internal market and the real economy. Systemic risk stems from a negative external factor that affects the financial system.

CONTAGION RISK

Contagion risk is a verifiable effect that occurs when one Bank's problems contaminate another or other Banks, and is caused by a high degree of interrelationship between them.

SOLVENCY RISK

Solvency risk corresponds to the possibility of the Institution failing to survive due to its inability to cover, with the available capital, the losses generated by the other risks.

MONITORING SOLVENCY RISK

The Bank has established metrics in its risk appetite policy to keep track of solvency risk, namely:

KEY INDICATORS	TYPE OF INDICATOR	TOLERANCE	LIMIT
Solvency Ratio [ROF / ROF Requirements *10]	Regulatory	>23.0%	>10.0%
Base Solvability Ratio [Base ROF / ROF Requirements *10]	Regulatory	>21.5%	>8.5%
"Restricted" Solvency Ratio [Base ROF / ROF Requirements *10]	Regulatory	>20.0%	>7.0%
Leverage Ratio [Own Funds at Book Value / Total Assets]	Internal	>8.0%	>3.0%

6.6

RISK MONITORING ENTITIES

RISK OFFICE

Bearing in mind the developments that have taken place over recent years in the financial system and the lessons learned from the international crisis, there has been an increase in attention and concern on the part of supervisory authorities and market agents regarding risk management by financial institutions.

In this regard, at the beginning of 2016, the BNA published a raft of Notices, Instructions and Directives that established a wide range of requirements concerning the calculation of the solvency ratio, own funds and own funds requirements, as well as the provision of the respective information.

Additionally, in 2017, it published two regulations, Instruction 17/2017 and Instruction 03/2017, that regulate the requirement to provide information regarding prudential limits for large exposures and the performance of stress tests by financial institutions.

In 2018, the BNA published a regulation granting an extension of the deadline for the transition from IAS 39 to IFRS 9, this extension being until 31 December 2018, as well as an extension of the deadline for submitting stress tests until 31 January 2019. Also in November 2018, the BNA sent a notice to all financial institutions in order to update the calculation formulas for Regulatory Own Funds.

Particularly through the regulations mentioned in the two preceding paragraphs, the BNA promoted a systematisation of the basic principles that should guide the implementation of a risk management system, including the component of calculating the regulatory solvency ratio and carrying out stress tests, following the concepts recognised and accepted internationally and, in particular, some of the recommendations issued by the Basel Committee on Banking Supervision (BCBS).

In this context, the implementation of these requirements must be carried out in a manner consistent with the expectations of the supervisory authorities, bearing in mind the specificities of each institution, in order to ensure an appropriate internalisation of changes in the organisation's structure and culture. This constitutes a critical factor in deriving value from the new management rules and minimising the associated regulatory cost.

In 2020, the National Bank of Angola began a project of national significance dedicated to reforming the regulations and procedures for prudential supervision, with a view to aligning them with the highest international standards in accordance with the Basel Core Principles on Banking Supervision.

European Regulations and Directives provide that certain exposures of entities outside the European Union (EU) may benefit from the treatment applied to the exposures of EU countries to determine capital requirements. This treatment is applicable to central governments or entities located in countries with the status of "Equivalent Supervision".

The granting of the status of "Equivalent Supervision" is the responsibility of the European Commission (EC) and depends on proof that Angolan prudential supervision is based on regulations and processes equivalent to those practised in Europe. The assessment process is conducted by the European Banking Authority (EBA).

As a result of this project, it is expected that, in 2021, the National Bank of Angola will issue a regulatory package with a significant impact on the risk management of Angolan financial institutions.

Banco BCS is already in the process of implementing activities to respond to the regulatory requirements. During the 2021 financial year, the review and development of the applications is planned in order to respond to the foreseeable regulatory changes arising from the BNA equivalent supervision process.

COMPLIANCE AND INTERNAL CONTROL OFFICE

During 2020, the Compliance and Internal Control Office kept its focus on compliance risk management activities, in order to comply with prevailing laws and regulations applicable to the sector.

In terms of National Bank of Angola regulations, as a result of the current macroeconomic environment, during the course of 2020 we saw the issue of various regulations for immediate implementation, which required an effort to ensure their dissemination and the monitoring of their effective implementation.

BCS is one of the three Angolan banks participating in the Real Time Gross Settlement (RTGS) system in the SADC area, which has involved the need to perform Due Diligence on other banks in order to establish Correspondent Banking and key exchange relationships with them. To ensure the success of this process, the Compliance and Internal Control Office participated in this challenge and successfully exchanged keys and relationships of correspondence with other Banking Financial Institutions in the region.

BCS continued its investment in strengthening its anti-money laundering and terrorist financing tools, having migrated during the course of 2019 to the latest version of the AML solution used at the Bank, which reduced the likelihood of the Bank being used as a vehicle for the circulation of illicit funds in 2020 compared to previous years.

With regard to the FATCA, it should be noted that the Angolan State has entered into an agreement with the authorities of the United States of America. By means of Presidential Decree 62/16, of 29 August 2016, Angolan banks and other subject entities were "officially" obliged to identify the American persons/US persons (whether natural or legal) in their customer portfolios, and make the necessary reports to the AGT - Administração Geral Tributária (General Tax Administration - the body in charge of centralising all information reported by Angolan institutions and reporting the information on a consolidated basis to the Internal Revenue Service (IRS) - the IRS being an agency of the Department of the Treasury of the United States of America).

In 2020, BCS submitted the FATCA report within the established deadlines and according to the eligibility criteria for the accounts to be reported, acting in compliance with this reporting obligation.

The Compliance and Internal Control Office fulfilled its other reporting obligations, both to the FIU (Financial Information Unit) under the terms of DSO (Declarations of Suspicious Operations), Declarations of Cash Transactions and, in terms of IDDP - Individual Declaration on Designated Persons, according to the situations.

In terms of Reporting, the Bank submitted a Money Laundering and Terrorist Financing Self-Assessment Questionnaire during June 2020, in accordance with Directive 01-DRO-DSI-2015. BCS also submitted a Self-Assessment Questionnaire to the Capital Market Commission (CMC), the Bank being in conformance with Instruction 012/CMC/11 - 17.

INTERNAL AUDIT OFFICE

The Internal Audit Office ("IAO") performs the function of internal auditing independently, with the goal of carrying out a continuous and critical assessment of the Bank's operations with a view to suggesting improvements, adding value, strengthening the Bank's governance mechanism and ensuring the effective functioning of the internal control system.

The IAO is responsible for ensuring periodic reviews of the activities of the different areas, in order to safeguard the integrity and security of the Bank's assets. Its actions are mainly aimed at assessing whether the activity carried out by the Bank is being conducted in accordance with the principles and instructions defined by the Global Internal Institute of Auditors (IIA) and the Board of Directors.

The Internal Audit Office has established quarterly risk-based activity plans in order to determine priority activities, which include the following:

- Conducting face-to-face audits of the Central Services (Structural Units of the Bank) and Customer Service Centres;
- Conducting remote audits;
- Executing daily monitoring tasks, ensuring more efficient and effective preventive control mechanisms;
- Defining training plans for employee specialisation.

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07

PROPOSED APPROPRIATION OF EARNINGS

7.1

PROPOSED APPROPRIATION OF EARNINGS

At the General Meeting, the Board of Directors presented its proposal for the appropriation of net profit for the year 2020, in a total amount of tAOA 9 352 715.

A total of tAOA 8 417 444 will be transferred to retained earnings and tAOA 935 272 to legal and statutory reserves.

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08

FINANCIAL STATEMENTS

8.1

BALANCE SHEET AS OF 31 DECEMBER 2020 AND 2019

AKZ'000

	NOTES	31/12/20	31/12/19
Cash and cash balances at central banks	4	16 385 465	26 578 448
Cash balances at other credit institutions	5	16 225 779	19 712 431
Investments at central banks and other credit institutions	6	9 917 536	13 637 176
Financial assets at fair value through other comprehensive income	7	68 203	68 203
Investments at amortised cost	8	21 110 246	23 878 413
Customer loans	9	17 588 175	11 733 670
Other tangible assets	10	10 355 839	10 429 550
Intangible assets	10	102 964	77 381
Current tax assets	11	235 116	211 788
Deferred tax assets	11	43 876	-
Other assets	12	7 198 050	470 760
TOTAL ASSETS		99 231 249	106 797 820
Funds from central banks and other credit institutions	13	5 158 598	76 702
Customer funds and other loans	14	40 340 342	64 500 708
Provisions	15	137 441	734 307
Current tax liabilities	11	3 755 868	5 007 063
Deferred tax liabilities	11	402 846	-
Other liabilities	16	11 236 418	2 632 019
TOTAL LIABILITIES		61 031 513	72 950 799
Share Capital	17	17 000 000	17 000 000
Other reserves and retained earnings	17	11 847 021	2 199 668
Net earnings for the year	17	9 352 715	14 647 353
TOTAL EQUITY		38 199 736	33 847 021
TOTAL LIABILITIES AND EQUITY		99 231 249	106 797 820

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

8.2

STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

AKZ'000

	NOTES	31-12-2020	31-12-2019
Interest and similar income	18	5 996 694	5 930 245
Interest and similar charges	18	(1 345 561)	(1 465 551)
NET INTEREST INCOME		4 651 133	4 464 694
Income from services and fees	19	4 337 281	8 083 051
Expenses from services and fees	19	(282 030)	(5 620)
Profit or loss from investments at amortised cost	20	(5 464)	539 666
Foreign exchange gains and losses	21	15 327 466	14 356 483
Gains and losses on sale of other assets		1 300	213
Other operating profit or loss	22	(403 841)	(550 585)
PROCEEDS FROM BANKING ACTIVITY		23 625 845	26 887 902
Payroll expenses	23	(5 646 280)	(4 431 319)
Third-party supplies and services	24	(2 973 629)	(1 655 535)
Depreciation and amortisation for the year	10	(1 246 942)	(844 259)
Impairment on customer loans net of reversals and recoveries	15	301 718	96 732
Impairment on other financial assets net of reversals and recoveries	15	(616 953)	(550 844)
EARNINGS BEFORE TAX FROM CONTINUING OPERATIONS		13 443 759	19 502 677
Income taxes			
Current	11	(3 755 868)	(5 007 063)
Deferred	11	(335 176)	151 739
NET INCOME		9 352 715	14 647 353
Items that will not be reclassified as income		-	-
Items that may be reclassified as income		-	-
COMPREHENSIVE NET INCOME		9 352 715	14 647 353

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

8.3

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

AKZ'000

	NOTE	EQUITY	LEGAL RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL	NET EARNINGS FOR THE YEAR	TOTAL EQUITY
BALANCE AT 01 JANUARY 2019		10 000 000	283 950	-	1 317 086	1 601 036	11 598 633	23 199 669
Appropriation of net income for the year 2018								
Transfer to legal reserves	17	-	1 366 050	-	-	1 366 050	(1 366 050)	-
Transfer to other reserves	17	-	-	-	-	-	-	-
Transfer to retained earnings	17	-	-	-	6 232 582	6 232 582	(6 232 582)	-
Distribution of dividends	17	-	-	-	-	-	(4 000 000)	(4 000 000)
Increase in share capital	17	7 000 000	(7 000 000)	-	-	(7 000 000)	-	-
Comprehensive income for the year	17	-	-	-	-	-	14 647 353	14 647 353
BALANCE AS OF 31 DECEMBER 2019		17 000 000	(5 350 000)	-	7 549 668	2 199 668	14 647 353	33 847 021
Appropriation of net income for the year 2019						-		-
Transfer to legal reserves	17	-	1 464 735	-	-	1 464 735	(1 464 735)	-
Transfer to other reserves	17	-	-	-	-	-	-	-
Transfer to retained earnings	17	-	-	-	8 182 618	8 182 618	(8 182 618)	-
Distribution of dividends	17	-	-	-	-	-	(5 000 000)	(5 000 000)
Increase in share capital	17	-	-	-	-	-	-	-
Comprehensive income for the year	17	-	-	-	-	-	9 352 715	9 352 715
BALANCE AS OF 31 DECEMBER 2020		17 000 000	(3 885 265)	-	15 732 286	11 847 021	9 352 715	38 199 736

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

8.4

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

AKZ'000

	31-12-2020	31-12-2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest, commissions and other similar income received	10 071 164	14 357 998
Interest, commissions and other similar expenses paid	(1 204 505)	(1 668 608)
Payments to employees and suppliers	(8 182 562)	(5 752 372)
Other income	(408 005)	(10 706)
CASH FLOWS BEFORE CHANGES TO OPERATING ASSETS AND LIABILITIES	276 092	6 926 312
(INCREASES) / DECREASES IN OPERATING ASSETS:		
Investments at central banks and other credit institutions	4 416 609	(13 558 899)
Investments at amortised cost	4 265 525	2 511 675
Customer loans	(5 663 236)	(4 107 229)
Other assets	334 369	(5 287)
NET FLOW FROM OPERATING ASSETS	3 353 267	(15 159 740)
(INCREASES) / DECREASES IN OPERATING LIABILITIES:		
Funds from central banks and other credit institutions	5 107 364	41 066
Customer funds and other loans	(22 096 359)	33 967 463
Other liabilities	(284 997)	(34 219)
NET FLOW FROM OPERATING LIABILITIES	(17 273 992)	33 974 310
Net cash generated by operating activities before income taxes	(13 644 633)	25 740 883
Income taxes paid	(952 727)	(4 533 528)
NET CASH GENERATED BY OPERATING ACTIVITIES	(14 597 360)	21 207 355
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Acquisitions and other tangible assets, net of divestitures	(307 386)	(3 497 643)
Acquisitions of intangible assets, net of divestitures	(82 519)	(73 767)
NET CASH FROM INVESTMENT ACTIVITIES	(389 905)	(3 571 410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increases / (Decreases) in equity	-	-
Distribution of dividends	(5 000 000)	(3 232 583)
NET CASH FROM FINANCING ACTIVITIES	(5 000 000)	(6 232 582)
Changes in cash and cash equivalents	(19 987 265)	14 403 362
Cash and cash equivalents at the beginning of the year	46 321 939	24 256 825
Effects of exchange variation on cash and cash equivalents	6 305 910	7 661 752
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	32 640 584	46 321 939

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

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09

NOTES TO THE FINANCIAL STATEMENTS

1

INTRODUCTORY NOTE

BCS – Banco de Crédito do Sul, SA (hereinafter also referred to as "BCS" or the "Bank") was constituted by Public Deed on 20 May 2015, following notification, on 23 March 2015, of the National Bank of Angola, which authorised its incorporation. The Bank started operating 21 October 2015.

The Bank engages in the acquisition of third-party funds, in the form of deposits or otherwise, which, together with its own funds, it uses in lending activity, deposits with the National Bank of Angola, investments in banking financial institutions, the acquisition of securities and other assets, for which it is duly authorised. The Bank also provides other banking services and carries out various kinds of foreign currency transaction.

As of 31 December 2020, the Bank has a service desk at its Central Services Building (Edifício *Garden Towers*, Torre B, Piso 15, Complexo Comandante Gika, Luanda) and four branches based in the districts of Talatona, Alvalade, Ingombotas and in the city of Lubango.

2

BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. BASES OF PRESENTATION

The Bank's financial statements were prepared on the basis of the going concern principle, in accordance with the principles enshrined in the International Financial Reporting Standards ("IFRS"), pursuant to Notice 6/2016 of the National Bank of Angola, of 16 May 2016. The IFRS include accounting standards issued by the *International Accounting Standards Board* (IASB) and interpretations issued by the *International Financial Reporting Interpretation Committee* (IFRIC).

The accounting policies are consistent with those used in the preparation of the financial statements for the previous year.

As of 31 December 2020 and 2019, the Bank's financial statements are stated in thousands of Kwanzas, with assets and liabilities denominated in other currencies being converted into domestic currency, based on the average indicative exchange rate published by the National Bank of Angola at those dates (see Note 2.2).

The preparation of financial statements in conformity with the IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors considered reasonable under the circumstances, and form the basis for judgments regarding the value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues that require a higher degree of judgment or complexity, or where assumptions and estimates are considered significant, are presented in Note 3.

2.2. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted into the functional currency (Kwanza) at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate in effect at the balance sheet date. Exchange differences resulting from the conversion are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and recorded at historical cost are converted into the functional currency at the exchange rate in force at the transaction date. Non-monetary assets and liabilities recorded at fair value are converted into the functional currency at the exchange rate in force at the date at which the fair value is determined and recognised through profit and loss, with the exception of those recognised at fair value through other comprehensive income, the difference being recorded as a contra entry to reserves.

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

	31-12-2020	31-12-2019
1 USD	AOA 649.911	AOA 482 227
1 EUR	AOA 796.726	AOA 540 817

On the date of contracting, purchases and sales of foreign currency in cash and in instalments are immediately recorded in the spot or forward exchange position, whose content and revaluation criteria are as follows:

SPOT FOREIGN EXCHANGE POSITION:
The spot foreign exchange position in each currency is given by the net balance of the assets and liabilities in that currency, as well as the cash transactions awaiting settlement and the forward transactions maturing in the two subsequent business days. The spot foreign exchange position is revalued daily based on the average exchange rate published by the BNA on that date, giving rise to changes in the foreign exchange position account (domestic currency) through profit and loss.

FOREIGN EXCHANGE FORWARD POSITION:
The foreign exchange forward position in each currency corresponds to the net balance of forward transactions awaiting settlement, excluding those maturing within the next two business days. All contracts related to these operations (currency *forwards*) are revalued at market forward exchange rates or, where unavailable, through their calculation based on the interest rates

applicable to the residual term of each operation. The difference between the equivalents in Kwanzas at the applied forward revaluation rates and the equivalents at the contracted rates, which represent the cost or profit or the revaluation cost of the forward foreign exchange position, is recorded under assets or liabilities, as a contra entry to the heading "Foreign Exchange Gains and Losses".

2.3. FINANCIAL INSTRUMENTS

2.3.1. CLASSIFICATION OF FINANCIAL ASSETS

The Bank classifies its financial assets under one of the following valuation categories:

- Investments at amortised cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit and loss.

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

DEBT INSTRUMENTS

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

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

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

A) Financial assets at amortised cost

A financial asset is classified under the "Financial assets at amortised cost" category when the following conditions have been cumulatively met:

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

In addition to debt instruments managed based on a business model, the objective of which is to receive their contractual cash flows (Treasury bills, government bonds, bonds issued by companies and commercial paper), the category financial assets at amortised cost also includes "Investments at central banks and other credit institutions", "Investments at amortised cost" and "Customer Loans".

B) Financial assets at fair value through other comprehensive income

A financial asset is classified under the category "Financial assets at fair value through other comprehensive income" where the following conditions are cumulatively met:

- It is managed as a business model, the objective of which combines the receipt of contractual cash flows from financial assets and their sale, and
- The contractual conditions give rise to cash flows on specific dates, which are only payments of capital and interest on the amount of outstanding capital.

C) Financial assets at fair value through profit or loss

A financial asset is classified under the category "Financial assets at fair value through comprehensive income" where, due to the Bank's business model or due to the characteristics of its contractual cash flows, it is not appropriate to classify the financial assets under any of the above categories. On the transition date, in order to classify financial assets in this category, the Bank also took into account whether it expects to recover the book value of the asset by selling it to a third party.

Also included in this portfolio are all instruments that exhibit any of the following characteristics:

- Are originated or acquired with the aim of trading in the short term.
- Form part of a group of financial instruments identified and jointly managed for which there is evidence of recent actions with the aim of obtaining short-term gains.
- Are derivative instruments that do not meet the definition of a financial guarantee contract or have not been designated as hedging instruments.

EVALUATION OF THE BUSINESS MODEL

The business model reflects the way in which the Bank manages its assets with a view to generating cash flows. Thus, it is important to understand whether the Bank's objective only consists of receiving contractual cash flows from the assets ("*Hold to collect*"), or whether it intends to receive the contractual cash flows and cash flows resulting from the sale of the assets ("*Hold to collect and sell*"). If neither of these situations is applicable (e.g. the financial assets are held for trading), then the financial assets are classified as part of an "other" business model and recognised at fair value through profit or loss. The factors considered by the Bank in identifying the business model for a set of assets include past experience with regard to the way in which cash flows are received, how asset performance is assessed and reported to management, how risks are assessed and managed and how the directors are remunerated.

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

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

If a financial asset contains a contractual clause that may modify the schedule or the value of contractual cash flows (such as early amortisation or extension of duration clauses), the Bank determines whether or not the cash flows that will be generated during the life span of the instrument, due to the exercise of said contractual clause, are only payments of capital and interest on the amount of outstanding capital.

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

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

SPPI ASSESSMENT

Where the business model involves holding assets in order to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell those assets, the Bank assesses whether or not the cash flows of the financial instrument correspond only to payments of principal and interest on the capital outstanding (the solely payments of principal and interest, or "SPPI" test).

In this assessment, the Bank considers whether or not the contractual cash flows are consistent with a basic loan agreement, i.e. the interest includes only considerations relating to the time value of money, credit risk, other normal credit risks and a profit margin that is consistent with a basic credit agreement. Where the contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a simple loan agreement, the financial asset is classified and measured at fair value through profit or loss.

When determining whether or not the cash flows correspond only to payments of capital and interest on capital outstanding ("SPPI" test), financial assets with embedded derivatives are considered in their entirety.

EQUITY INSTRUMENTS

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

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

2.3.2. CLASSIFICATION OF FINANCIAL LIABILITIES

A financial instrument is classified as a financial liability where there is a contractual obligation for a settlement to be made by means of money or another financial asset, regardless of its legal form.

Financial liabilities are derecognised where the underlying obligation is settled, expires or is cancelled. Non-derivative financial liabilities include resources from central banks and other credit institutions, customer funds and other loans.

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

- The financial liabilities are managed, valued and analysed internally based on their fair value;
- Derivative operations are contracted in order to establish an economic hedge for these assets or liabilities, thus ensuring consistency in the valuation of assets or liabilities and derivatives (*accounting mismatch*); or
- Financial liabilities contain embedded derivatives.

2.3.3. RECOGNITION AND INITIAL VALUATION OF FINANCIAL INSTRUMENTS

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

In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognised in profit or loss.

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

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

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

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

2.3.4. SUBSEQUENT VALUATION OF FINANCIAL INSTRUMENTS

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

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

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

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

2.3.5. REVENUES AND EXPENSES FROM FINANCIAL INSTRUMENTS

Income and expenses from financial instruments at amortised cost are recognised according to the following criteria: interest is recorded in profit or loss under the heading "Interest and similar income" and "Interest and similar charges", using the effective interest rate of the transaction on the gross book value of the transaction (except in the case of impaired assets, where the interest rate is applied to the net book value of the impairment).

The remaining changes in value will be recognised in profit or loss as income or expenses when the financial instrument is derecognised from the balance sheet under the heading "Income from investments at amortised cost", when it is reclassified, and in the case of financial assets, when impairment losses or gains occur by recovery, which are recorded under "Impairment for customer loans net of reversals and recoveries" in the case of customer loans or under "Impairment for other financial assets net of reversals and recoveries" in the case of other financial assets.

Treasury Bonds issued in domestic currency, indexed to the United States Dollar exchange rate, are subject to exchange rate adjustment. The result of the exchange rate adjustment is reflected in the statement of income for the period in which it occurs. The result of the exchange rate adjustment of the nominal value of the security is reflected under the heading "Foreign exchange gains and losses", and the result of the exchange rate adjustment of the discount and accrued interest is reflected under the heading "Net Interest Income - Interest and similar income".

Income and expenses from financial instruments at fair value through profit or loss are recognised according to the following criteria: Changes in fair value are recorded directly in profit or loss, separating the part attributable to the income from the instrument, which is recorded as interest or dividends, according to its nature, under the headings "Interest and similar income" and "Income from equity instruments", respectively, and the rest, which is recorded as income from financial operations, under the heading "Income from financial assets and liabilities measured at fair value through profit or loss".

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

Revenues and expenses from financial assets at fair value through other comprehensive income are recognised according to the following criteria: Interest or, where applicable, dividends are recognised in profit or loss as "Interest and similar income" and "Income from equity instruments", respectively. For interest, the procedure is the same as for assets at amortised cost.

Exchange rate differences are recognised in the statement of income under "Foreign exchange gains and losses", in the case of monetary financial assets, and under "other comprehensive income", in the case of non-monetary financial assets.

In the case of debt instruments, impairment losses or gains from their recovery are recognised in the statement of income under the heading "Impairment for other financial assets, net of reversals and recoveries".

The remaining changes in value are recognised in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognised in profit or loss for the year are the same as those that would have been recognised if measured at amortised cost.

When a debt instrument valued at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to profit or loss for the period. On the other hand, when a capital instrument valued at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, but rather remains under a heading of reserves.

2.3.6. RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL INSTRUMENTS

Only if the Bank decided to change its business model to the management of financial assets, would it reclassify all financial assets affected in accordance with the requirements of IFRS 9. This reclassification would be carried out prospectively, from the date of reclassification. According to IFRS 9, changes in business model are expected to occur infrequently. Financial liabilities cannot be reclassified between portfolios.

2.3.7. FAIR VALUE

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

- Average trading price on the day of calculation or, where not available, the average trading price on the previous business day;
- Net probable realisable value obtained through adoption of the internal valuation technique or model;
- Price of a similar financial instrument, taking into account, at least, payment and maturity terms, credit risk and currency or index; and
- Price defined by the National Bank of Angola.

2.3.8. MODIFICATION OF CREDITS

The Bank occasionally renegotiates or modifies contractual cash flows from customer loans. In this situation, the Bank assesses whether the new terms of the contract are substantially different from the original terms.

The Bank makes this analysis considering the following factors, among others:

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

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

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

2.3.9. DERECOGNITION THAT DOES NOT RESULT FROM A MODIFICATION

The transferred financial assets are derecognised where the associated cash flows cease to exist, are charged or disposed of to third parties and (i) the Bank transfers substantially all the risks and rewards associated with holding the asset, or (ii) the Bank neither transfers nor substantially holds all the risks and rewards associated with holding the asset, and does not have control over the asset. Gains and losses obtained on the disposal of Customer loans on a definitive basis are recorded under Other operating income. These gains or losses correspond to the difference between the fixed sale value and the book value of those assets, net of impairment losses.

The Bank participates in transactions in which it holds the contractual right to receive cash flows from assets, but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all risks and rewards.

These transactions result in the asset being derecognised if:

- There is no obligation to make payments, unless equivalent amounts of assets are received;
- The Bank is prohibited from selling or pledging the assets; and
- There is an obligation to remit any cash flow received from assets without material delays.
- The guarantees granted by the Bank (shares and bonds) through repurchase agreements and security lending and borrowing operations are not derecognised because the Bank substantially holds all risks and rewards based on the pre-established repurchase price, thus the derecognition criteria are not observed.

Financial liabilities are derecognised where the underlying obligation is settled, expires or is cancelled.

2.3.10. WRITE-OFF POLICY

The Bank writes off financial assets, in whole or in part, at the time when it concludes that there is no reasonable expectation of receipt, leading to an extreme scenario of total impairment. The indicators that demonstrate that there is no reasonable expectation of receipt are (i) winding down of the activity and (ii) cases in which the recovery depends on the receipt of collateral, but in which the value of the collateral is so low that there is no reasonable expectation of fully recovering the asset.

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

- Credits cannot have collateral attached;
- Loans must be fully closed (recorded as non-performing loans in full and with no outstanding debt);
- Credits cannot have the mark of non-performing renegotiated loans, or be involved under an active payment agreement.

2.3.11. IMPAIRMENT OF FINANCIAL ASSETS

Impairment losses are recognised for all financial assets, except for assets classified or designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income. Assets subject to impairment assessment include those belonging to the customer loan portfolio, debt instruments and investments and deposits with other credit institutions. The impairment losses are recognised through profit and loss and are subsequently reversed through profit and loss if there is a reduction in the estimated loss in a subsequent year.

Off-balance sheet items, such as financial guarantees and unused credit commitments, are also subject to impairment assessment.

At each reporting date, impairment is measured according to the three-stage model of expected credit losses:

STAGE 1 - From initial recognition and until the time at which there is a significant increase in credit risk, impairment is recognised in the amount of the expected credit losses if the default occurs in the 12 months following the reporting date.

STAGE 2 - After the significant increase in credit risk compared to the initial date of recognition of the financial asset, impairment is recognised in the amount of expected credit losses for the remaining period of the financial asset.

STAGE 3 - For financial assets considered to be credit impairment, impairment is recognised in the amount of expected credit losses for the remaining period of the financial asset.

The criteria considered to assess the significant increase in credit risk are those referred to in National Bank of Angola Instruction 08/2019.

Impairment losses are an estimate, weighted by probability, of the reductions in the value of cash flows resulting from default over the relevant timescale. For credit commitments, the expected credit loss estimates consider a part of the limit that is expected to be used over the relevant period. For financial guarantees, credit loss estimates are based on the payments expected under the guarantee contract.

The increases and decreases in the amount of impairment losses attributable to acquisitions and new originations, derecognition or maturity, and remeasurements due to changes in the expectation of loss or the transfer between stages, are recognised through profit and loss.

Impairment losses represent an unbiased estimate of expected credit losses on financial assets at the balance sheet date.

Judgment is considered in the definition of assumptions and estimates in the calculation of impairment, which may result in changes in the amount of the provision for impairment losses from period to period.

Regarding the balances of "Cash and cash equivalents at other banking financial institutions", the rating of the entity is ascertained, or where this is not available, the rating of the country where it is based.

Based on Moody's study "*Sovereign default and recovery rates*, 1983-2019" the Probability of *Default* (PD) is considered for companies in the entity's *rating* notation and the *Loss Given Default* (LGD) associated with verified sovereign default events, as indicated in the same study (60%).

Regarding the balances of "Investments at amortised cost", Angolan public debt securities in domestic currency, the risk parameters applicable to Angola's risk rating, as published in the same study, are also used.

The expected credit losses are discounted for the reporting date using the effective interest rate.

EVALUATION OF SIGNIFICANT INCREASE IN CREDIT RISK

Identifying the significant increase in credit risk requires significant judgments. The movements between Stage 1 and Stage 2 are based, whenever possible, on a comparison of the credit risk of the instrument at the reporting date with the credit risk at the time of origination.

The assessment is generally carried out at the instrument level, but it may consider information at the debtor level.

This assessment is carried out at each reporting date based on a set of indicators of a qualitative and/or quantitative non-statistical nature. Instruments with a delay of more than 30 days are generally considered to have seen a significant increase in credit risk. In 2020, the Bank supplemented its assessment of the existence of signs of a significant increase in credit risk, based on the qualitative and quantitative information available from its customers, in order to assess the effect of the COVID-19 pandemic.

DEFINITION OF *DEFAULT*

The definition of *default* was developed taking into account the risk management processes, namely the component of credit recovery, as well as best international practice in this area. The definition of *default* considers both qualitative and quantitative factors. The criteria for *default* are applied at the operation level among private customers, and at the debtor level for corporate customers. *Default* will occur when there are more than 90 days of delay and/or when it is considered less likely that there will be full fulfilment of obligations by the debtor, for example due to the existence of reduced capital or multiple restructuring of credit operations. The definition of *default* is applied consistently from period to period.

The criteria considered to classify an operation in *default* are those referred to in National Bank of Angola Instruction 08/2019.

COLLECTIVE ANALYSIS

Loans that are assessed collectively are grouped based on similar risk characteristics, taking into account the type of customer, the sector, the type of product, existing collateral, the status of delay and other relevant factors.

The collective impairment reflects: (i) the expected value of capital and interest that will not be recovered, and (ii) the impact of delays in the recovery of capital and interest (time value of money).

Given the lack of history with significantly statistical observations, the risk parameters determined are based on a *benchmark* analysis of Angolan financial institutions that have already adopted IFRS 9, and whose parameters were determined based on the experience of historical loss in comparable operations with similar characteristics of credit risk, adjusted for the current economic situation and future expectations. The time value of money is directly incorporated into the calculation of the impairment of each operation.

INDIVIDUAL ANALYSIS

The assessment of the existence of impairment losses on an individual basis is determined by analysing the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assesses, at each balance sheet date, the existence of objective evidence of impairment.

The materiality criteria indicated for the identification of individually significant economic groups by the Bank are 0.5% of the amount of Own Funds.

The global amount of exposure for each customer/economic group does not consider the application of conversion factors for off-balance sheet exposures.

In determining the impairment losses, in individual terms, the following factors are taken into account:

- The total exposure of each customer to the Bank and the existence of non-performing loans;
- The economic and financial viability of the customer's business and his ability to generate sufficient means to deal with debt service in the future;
- The existence, nature and estimated value of the collateral associated with each loan;
- The customer's assets in situations of liquidation or bankruptcy;
- The existence of privileged creditors;
- The customer's indebtedness to the financial sector;
- The amount and estimated recovery periods; and
- Other factors.

Impairment losses are calculated by comparing the present value of expected future cash flows discounted at the original effective interest rate of each contract and the book value of each loan, with the losses being recorded through profit and loss.

The book value of impaired loans is shown in the net balance of impairment losses. For loans with a variable interest rates, the discount rate used corresponds to the effective annual interest rate, applicable in the period in which the impairment was determined.

2.4. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank may carry out derivative financial instrument operations within the scope of its activity, managing its own positions based on expectations of market developments or meeting the needs of its customers.

All derivative instruments are recorded on the date of their trading at fair value and changes in fair value are recognised in profit and loss, unless they qualify as cash flow hedges or net investment in foreign operating units. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value).

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

HEDGING DERIVATIVES

The Bank decided to continue to apply the hedge accounting requirements provided for in IAS 39 at the time of first adoption of IFRS 9, as provided for in the latter standard.

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

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

A hedging relationship exists when:

- At the beginning of the relationship, there is formal documentation of the hedging;
- The hedging is expected to be highly effective;
- The effectiveness of the hedging can be reliably measured;
- The hedging is assessed on an ongoing basis and effectively determined to be highly effective over the financial reporting period; and
- Regarding the hedging of an anticipated transaction, this is highly probable and presents an exposure to changes in cash flows that could ultimately affect results.

According to IFRS 9, for the effectiveness requirement to be met:

- There must be an economic relationship between the hedged item and the hedging instrument;
- The counterparty credit risk of the hedged item or hedging instrument should not have a dominant effect on changes in value resulting from that economic relationship; and
- The hedge ratio of the hedge accounting relationship, understood as the part of the item hedged by the hedging instrument, must be the same as the hedge ratio used for management purposes.

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

FAIR VALUE HEDGE

Changes in the fair value of derivatives that are designated and that qualify as a fair value hedge are recorded in the statement of income, together with changes in the fair value of the asset, liability or group of assets and liabilities to be covered with respect to the hedged portion of the exposure. If the hedge relationship no longer meets the requirements of hedge accounting, the derivative financial instrument is transferred to the trading category and hedge accounting is subsequently discontinued (the adjustment made to the carrying amount of a hedge instrument, in which the effective interest rate method is used, is amortised through profit and loss for the period until its maturity and recognised in net interest income).

If the hedged asset or liability corresponds to a fixed income instrument, the accumulated gains or losses due to changes in the interest rate risk associated with the hedging item up to the date of the hedge discontinuation are amortised through profit or loss over the remaining period of the hedged item.

CASH FLOW HEDGE

Changes in the fair value of derivatives, which qualify for cash flow hedges, are recognised in equity - cash flow reserves - in the effective part of the hedge relationships. Changes in the fair value of the ineffective portion of hedge relationships are recognised through profit and loss, at the time at which they occur.

The amounts accumulated in equity are reclassified to profit and loss for the year in the periods in which the hedged item affects results.

When the hedging instrument is derecognised, or when the hedge relationship no longer meets the hedge accounting requirements or is revoked, the hedge relationship is discontinued prospectively. Accordingly, changes in fair value accumulated in equity up to the date of the discontinuation of the hedge may be:

- Deferred for the remaining term of the hedged instrument; or
- Recognised immediately in profit and loss for the year, where the instrument hedged has been terminated.

In the case of the discontinuation of a hedge relationship for a future transaction, the changes in the derivative's fair value recorded in equity remains recognised there until the future transaction is recognised in profit and loss. Where the transaction is no longer expected to occur, the accumulated gains or losses recorded against equity are immediately recognised in profit and loss.

As of 31 December 2020 and 2019, the Bank did not have any hedge derivatives.

2.5. OTHER TANGIBLE ASSETS

Other tangible assets are recorded at cost less the respective accumulated amortisation and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the goods and indispensable for rendering them fit for use.

Subsequent costs are recognised as a separate asset only if it is probable that future economic benefits will flow to the Bank. Maintenance and repair expenses are recognised as costs as they are incurred in accordance with the accruals principle.

Depreciation is calculated over the estimated useful lives of the assets, which corresponds to the period in which the assets are expected to be available for use. The estimated useful lives of the Bank's main classes of tangible assets are as follows:

	YEARS OF USEFUL LIFE
Premises	25
Works on leased properties	10 to 15
Equipment	
Safety equipment	8 to 15
Furniture and material	8 to 12
Interior fittings	3 to 8
Machines and tools	3 to 8
Transport equipment	4
Computer equipment	3 to 6
Other Equipment	3 to 8

In accordance with IAS 36 - Impairment of assets, when an asset has evidence of impairment, its recoverable value must be estimated, and an impairment loss must be recognised whenever the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the statement of income.

2.6. INTANGIBLE ASSETS

Intangible assets essentially correspond to software (automatic data-processing systems).

Intangible assets are recorded at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, which corresponds, on average, to a period of 3 years.

Software maintenance expenses are recorded as costs in the year in which they are incurred, and the development of computer applications by means of which future economic benefits are expected to be generated for over one year are recognised and recorded as intangible assets.

2.7. FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

Pursuant to IAS 29 - Financial reporting in hyperinflationary economies ("IAS 29"), financial institutions must, in case of hyperinflation, consider monthly the effects of changes in the purchasing power of the domestic currency, based on the application of the Consumer Price Index to capital balances, reserves and retained earnings. The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be expressed in terms of the measurement unit current at the balance sheet date. Hyperinflation is indicated by the characteristics of the economic environment of a country which includes, but is not limited to, the following situations:

- The general population prefers to keep their wealth in non-monetary assets or in relatively stable foreign currency. Amounts of domestic currency held are immediately invested to maintain purchasing power;
- The general population regards monetary amounts in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over 3 years approaches, or exceeds, 100%.

The amount resulting from the monetary restatement shall be reflected monthly in the statement of income under the account "Gain or loss on the net monetary position", as a contra entry to the increase in equity balances, except for the caption "Share Capital", which should be classified under a specific caption ("Revaluation reserves"), which can only be used for a subsequent capital increase.

As the Angolan Banking Association ("ABANC") and the National Bank of Angola ("BNA") have expressed an interpretation that not all the requirements of IAS 29 - Financial reporting in hyperinflationary economies ("IAS 29") have been fulfilled in order for the Angolan economy to be considered hyperinflationary during the years ended 31 December 2018 and 2017, the Board of Directors decided not to apply the provisions of IAS 29 to its financial statements for the years ended on those dates. In 2019 and 2020, Angola was no longer considered a hyperinflationary economy.

2.8. INCOME TAXES

Total tax on profits recorded in profit or loss includes current tax and deferred tax.

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

DEFERRED TAX
Deferred taxes correspond to the impact on tax recoverable/payable in future years resulting from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax base used in determining taxable profit. Deferred taxes are calculated based on the prevailing tax rate, or the one officially communicated at the financial reporting date, and which is estimated to be applicable on the date of realisation of the deferred tax assets or on the date of payment of the deferred tax liabilities.

Deferred tax liabilities are normally recorded for all taxable temporary differences, whereas deferred tax assets are only recognised up to the amount in which it is probable that future taxable profits will exist that will allow the use of the corresponding deductible temporary differences or the tax loss carryback. Additionally, no deferred tax assets are recorded in cases where their recoverability may be questionable due to other situations, including questions of interpretation of prevailing tax law.

CORPORATION TAX
As of 31 December 2020, the Bank is subject to Corporation Tax, being considered for tax purposes a Group A taxpayer.

The Corporation Tax Code determines that income subject to Capital Investment Tax ("IAC") shall be deducted for the purpose of determining taxable profit for Corporation Tax, and the IAC does not constitute a tax deductible cost.

Income from Treasury Bonds and Treasury Bills, issued by the Angolan State after 1 January 2013 is subject to IAC at the rate of 10% (5% in the case of debt securities admitted to trading on a regulated market and that have a maturity of three years or more) and Corporation Tax, in the case of gains or losses obtained (including any exchange rate revaluations on the capital component).

Income subject to IAC is excluded from Corporation Tax.

On 20 July 2020, Law 26/2020 was published, amending the Corporation Tax Code. This change provides for an increase in the rate of Corporation Tax levied on banking sector activities to 35%, applicable in 2020. Likewise, the reporting period for tax losses was increased to 5 years, and changes were made to the tax treatment of exchange variations and the tax deductibility of provisions, in order to determine that impairment losses on secured credits are not deductible for tax purposes, except for the unguaranteed portion.

TAX ON CAPITAL EXPENDITURE ("IAC")
The new IAC code, approved by Presidential Legislative Decree 02/2015, of 20 October, entered into force on 19 November 2014.

The IAC is generally charged on income from the Bank's financial investments. The rate varies between 5% (in the case of interest received on debt securities that are admitted to trading on a regulated market and that have a maturity of three years or more) and 10%. Without prejudice to the above, with regard to the yield of public debt securities, according to the understanding of the Tax Authorities and the National Bank of Angola addressed to the Angolan Banking Association (letter from the National Bank of Angola, dated 26 September 2013), only those arising from securities issued on or after 1 January 2013 are subject to this tax.

On 1 August 2013, the BNA began the process of automating the withholding of Tax on Capital Expenditure, in accordance with the provisions of Presidential Legislative Decree 05/11, of 30 December.

After 1 January 2015, IAC ceased to be a payment on account of Corporation Tax, the respective income being excluded from taxation under Corporation Tax. In general, IAC is levied on the yields of the bonds identified above, and is withheld at source by the Bank. For these reasons, the Bank considers that, under the IFRS, the conditions for considering IAC as an income tax are met.

VALUE ADDED TAX ("VAT")
Law 07/19 introduced VAT, which has been in force since 1 October 2019, revoking the Consumption Tax (IC) Regulation and introducing significant amendments to the Stamp Duty Code (IS), which enunciates that customs operations, financing operations, insurance operations and reinsurance operations that are subject to VAT shall be exempt of IS. IS on receipts is also revoked.

14% VAT RATE
The established VAT regime has some particularities, such as the captivity system. Under this system, the Bank acts as a captive agent for 50% of the VAT paid by its suppliers, with some exceptions.

With regard to the services provided, the Bank is obliged to settle VAT on fees charged to customers and is exempt from paying VAT on some of the transactions, such as interest.

Because it simultaneously carries out taxed and non-taxable transactions that give it the right of deduction and exempt transactions that restrict this right, the Bank may only deduct the VAT incurred upstream with the acquisition of goods and services in proportion to the transactions that confer that right.

The Bank is also required to comply with billing rules under the Legal Arrangements for Invoices and Equivalent Documents (RJFDE), in force since April 2019. In this context, the Bank issues generic invoices through *software* certified by the AGT.

PROPERTY TAX
Property Tax is levied on the asset value of the properties used for the Bank's normal activity, in accordance with the following conditions: *(i)* properties with an equity value of less than 5 000 tAKZ shall apply at a rate of 0.1%, *(ii)* properties with an equity value between 5,000 tAKZ and 6,000 tAKZ, a fixed Property Tax amount of 5 tAKZ must be paid or *(iii)* properties with an equity value greater than 6,000 tAKZ must be applied at a rate of 0.5%.

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

2.9. PROVISIONS AND CONTINGENCIES

A provision is recognised where there is a present obligation (legal or constructive) resulting from past events for which the future expenditure of resources is likely and can be reliably determined. The amount of the provision corresponds to the best estimate of the amount to be disbursed to settle the liability at the balance sheet date.

If the future expenditure of resources is unlikely, it is a contingent liability, and these will be disclosed in accordance with the requirements of IAS 37 - "Provisions, contingent liabilities and contingent assets".

Provisions are reviewed at the end of each reporting period and adjusted to reflect best estimates, and are reversed through profit and loss in proportion to the payments that are unlikely. Provisions are derecognised through their use for the obligations for which they were initially constituted or in cases where they are no longer observed.

2.10. RECOGNITION OF INTEREST

Profit or loss relating to interest on financial assets and liabilities measured at amortised cost are recognised under the headings interest and similar income or interest and similar charges (net interest income), using the effective interest rate method. Interest at the effective rate of financial assets available for sale is also recognised under net interest income, as well as financial assets and liabilities at fair value through profit or loss.

The effective interest rate corresponds to the rate that discounts estimated future payments or receipts over the expected life of the financial instrument (or, where appropriate, for a shorter period) to the net present balance sheet value of the financial asset or liability.

For the determination of the effective interest rate, the Bank estimates future cash flows taking into account all contractual terms of the financial instrument (for example, prepayment options), disregarding any impairment losses. The calculation includes commissions paid or received which are considered to be an integral part of the effective interest rate, transaction costs and all premiums or discounts directly related to the transaction, except for financial assets and liabilities at fair value through profit or loss.

In the case of financial assets or groups of similar financial assets for which impairment losses have been recognised, the interest recognised in profit or loss is determined based on the interest rate used to discount future cash flows in the measurement of the impairment loss.

Interest income recognised in profit or loss associated with contracts classified as being at Stage 1 or 2 is calculated by applying the effective interest rate of each contract to its gross balance sheet value, which corresponds to its amortised cost, before deduction of the respective impairment. For financial assets included in Stage 3, interest is recognised in profit or loss based on its book value net of impairment.

Interest is recognised on a prospective basis, i.e. for financial assets that enter Stage 3, interest is recognised on the amortised cost (net of impairment) in subsequent years.

For derivative financial instruments, with the exception of those that are classified as interest rate risk hedging instruments, the interest component is not autonomous from changes in its fair value, and is classified as Profit or loss from assets and liabilities measured at fair value through profit or loss. For interest rate risk hedging derivatives associated with financial assets or financial liabilities recognised under the *Fair Value Option* category, the interest component is recognised under interest and similar income or under interest and similar charges (net interest income).

2.11. RECOGNITION OF DIVIDENDS

Dividends (income from equity instruments) are recognised through profit or loss when the right to receive them is attributed.

2.12. RECOGNITION OF INCOME FROM SERVICES AND FEES

Income from services and fees is recognised in accordance with the following criteria:

- When it is obtained as services are rendered, it is recognised in profit or loss over the period to which it relates;
- When it results from a provision of services, recognition occurs when that service has been completed;
- When it forms an integral part of the effective interest rate of a financial instrument, income from services and fees is recorded under net interest income.

2.13. FIDUCIARY ACTIVITIES

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

2.14. RESULTS FROM FINANCIAL OPERATIONS

Results from financial operations includes gains and losses generated by financial assets and liabilities at fair value through profit or loss, including embedded derivatives and dividends associated with these portfolios.

These results also include gains on the sale of financial assets at fair value through other comprehensive income and financial assets at amortised cost. Changes in the fair value of hedging derivatives and hedged instruments, where applicable to fair value hedge relationships, are also recognised here.

2.15. EARNINGS PER SHARE

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

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

If the earnings per share are changed as a result of shares being issued at a premium or discount, or another event that changes the potential number of ordinary shares or changes in accounting policies, the calculation of earnings per share for all periods presented is adjusted retrospectively.

2.16. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the amounts recorded in the balance sheet with a maturity of less than three months from the balance sheet date, which include "Cash and deposits at Central Banks" and "Cash balances at other credit institutions".

2.17. FINANCIAL GUARANTEES AND COMMITMENTS

Financial guarantees are contracts that oblige the Bank to make specific payments in order to reimburse the holder for a loss incurred as a result of a debtor's failure to pay.

Commitments are firm commitments with the aim of providing loans under predetermined conditions.

Liabilities arising from financial guarantees or commitments given to provide a loan at an interest rate below market value are initially recognised at fair value, with the initial fair value being amortised over the useful life of the guarantee or commitment. Subsequently, the liability is recorded at the higher of the written down value and the present value of any payment expected to be settled.

2.18. ASSETS ASSIGNED WITH REPURCHASE AGREEMENT AND SECURITIES LENDING

Securities sold under repurchase agreements (*repos*) for a fixed price or for a price that equals the sale price plus interest inherent to the term of the transaction are not derecognised from the balance sheet. The corresponding liability is recorded in amounts payable to other credit institutions or customers, as appropriate. The difference between the purchase price and the repurchase value is treated as interest, and is deferred over the life of the agreement, using the effective rate method.

Securities purchased with a reverse sale and repurchase agreement (*reverse repos*) at a fixed price or at a price that equals the purchase price plus interest inherent to the term of the transaction are not recognised in the balance sheet, the purchase value being recorded as loans to others credit institutions or customers, as appropriate. The difference between the purchase price and the resale value is treated as interest and is deferred over the life of the agreement, using the effective rate method.

Securities transferred through loan agreements are not recognised in the balance sheet, being classified and valued in accordance with the accounting policy referred to in Note 2.3. Securities received through loan agreements are not recognised in the balance sheet.

2.19. ASSETS RECEIVED DUE TO CREDIT RECOVERY

The Bank classifies properties held for credit recovery under the heading Non-current assets held for sale where there is an expectation of sale within a maximum period of one year, and under the heading Other assets where this period has passed. The properties are initially measured at the lower of the fair value less selling costs and the book value of the credit existing on the date the pledge was made or the judicial forced sale of the property.

The valuations of these properties are carried out according to one of the following methodologies, applied according to the specific situation of the property:

A) MARKET METHOD
The Market Comparison Criterion refers to transaction values for properties similar and comparable to the property under study obtained through market research carried out in the area.

B) INCOME METHOD
This method aims to estimate the value of the property based on the capitalisation of its net income, updated to the present time, using the discounted cash flow method.

C) COST METHOD
The Cost Method is a criterion that breaks down the value of property into its fundamental components: the value of the urban land and the value of its urban status; construction value; and value of indirect costs.

The valuations carried out are conducted by independent entities specialised in this type of service. The appraisal reports are analysed internally to assess the suitability of the processes, comparing the sale values with the revalued values of the properties.

3

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS USED IN PREPARING THE FINANCIAL STATEMENTS

The International Financial Reporting Standards define a set of accounting treatments under which the Board of Directors makes judgments and the necessary estimates to decide which accounting treatment is most appropriate.

The critical accounting estimates and judgments used in applying the accounting principles presented in this Note are intended to facilitate understanding regarding their application and how it affects the results reported by the Bank, and the related disclosures, also considering the context of uncertainty resulting from the impact of the COVID-19 pandemic. A description of the critical accounting policies used by the Bank is presented in Note 2 to the financial statements.

With respect to the results disclosed by the Bank, since in many situations there are alternatives to the accounting treatment used, if the Bank opted for another treatment, the results could be different. The Board of Directors considers that the choices made are appropriate and that the financial statements present fairly and appropriately the Bank's financial position and the results of its operations in all material respects.

3.1. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of contractual cash flow characteristics to determine whether they correspond solely to capital payments and interest on capital outstanding) and the definition of the business model, for managing these cash flows.

The Bank determines the business model by considering how the groups of financial assets are managed together to achieve a specific business objective.

This valuation requires judgment, as, among others, the following aspects need to be considered: how the performance of the assets is assessed, the risks that affect the performance of the assets and how those risks are managed, and the form of remuneration of asset managers.

The Bank monitors financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised prior to maturity, to understand the reasons underlying their disposal and to determine whether they are consistent with the objective of the business model defined for those assets.

This monitoring forms part of the Bank's ongoing assessment of the business model of the financial assets remaining in its portfolio to determine whether it is appropriate and, if not, whether there has been a change in the business model, and therefore a prospective change in the classification of these financial assets (Notes 7, 8 and 9).

3.2. FAIR VALUE OF FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE

Fair value is based on quoted market prices, where available, and in the absence of market prices, it is determined based on the use of the prices of recent, similar transactions carried out under market conditions, or based on assessment methodologies built on future discounted cash flows, taking into account market conditions, time value, the profitability curve and volatility factors. These methodologies may require the use of assumptions or judgments in the estimation of fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a given model could result in financial results different from those reported in Note 7.

3.3. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS AT AMORTISED COST

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

SIGNIFICANT INCREASE IN CREDIT RISK

Impairment losses correspond to losses expected in the event of default within a 12-month time frame for assets in stage 1 of impairment, and losses expected taking into account the probability of a default event occurring at some point up to the maturity date of the financial instrument for the assets in stages 2 and 3.

An asset is classified as stage 2 whenever there has been a significant increase in the respective credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank considers reasonable and sustainable qualitative and quantitative information.

LOSS GIVEN DEFAULT

This corresponds to an estimate of the loss in a scenario of default. It is based on the difference between the contractual cash flows and those the Bank expects to receive through cash flows managed by the customer's business or credit collateral. Among other things, the calculation of the estimated loss due to default is based on the different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of collateral associated with the credit operations.

Considering that no statistically representative historical data were available regarding the behaviour of transactions that would allow reliable calculation of the risk factors (Probability of Default (PD) and Loss Given Default (LGD)), the Bank conducts comparative market analysis to determine the impairment rates associated with the customer loan portfolio on each reference date. Alternative methodologies and the assessment of other assumptions and estimates could result in levels different from the impairment losses recognised and presented in Notes 6, 8 and 9.

3.4. TAXES ON PROFITS

In order to determine the overall amount of taxes on profits, it was necessary to make certain interpretations and estimates. There are various transactions and calculations for which the determination of the final amount of tax payable is uncertain during the ordinary course of business.

As of 31 December 2020 and 2019, the Corporation Tax was determined based on the tax legislation in force for taxpayers classified in Group A for tax purposes.

The Bank's Board of Directors reflected in the Financial Statements of 31 December 2020 its interpretation and amendments resulting from the entry into force of Law 26/2020 regarding the tax treatment of exchange rate variations and impairment losses for guaranteed credits.

Other interpretations and estimates could result in a different level of tax on current and deferred profits recognised in the period and presented in Note 11.

The Tax Authorities may review the Bank's calculation of the taxable amount within a period of five years. Therefore, corrections to the tax base are possible, mainly resulting from differences in the interpretation of tax legislation, which by its probability, the Board of Directors considers will not have a material effect in terms of the financial statements.

4

CASH AND CASH BALANCES AT CENTRAL BANKS

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
CASH	1 818 984	2 238 163
Notes and coins in domestic currency	1 008 440	848 360
Notes and coins in foreign currency		
In Euros (EUR)	700 764	1 379 275
In Namibian Dollars (NAD)	133	
In US Dollars (USD)	109 315	10 498
South African Rand (ZAR)	332	30
DEMAND DEPOSITS WITH THE NATIONAL BANK OF ANGOLA	14 566 481	24 340 285
In domestic currency	12 674 733	23 921 475
In Euros (EUR)	1 891 748	418 810
In US Dollars (USD)	-	-
TOTAL	16 385 465	26 578 448

Demand deposits at the BNA in domestic and foreign currency are intended to comply with the provisions in force regarding the maintenance of mandatory reserves and are not remunerated.

As of 31 December 2020, the mandatory reserves are calculated in accordance with the provisions of BNA Instruction 16/2020, of 06 October 2020, and BNA Directive 04/2020, of 06 October 2020.

As of 31 December 2019, the mandatory reserves are calculated in accordance with the provisions of BNA Instruction 17/2019, of 24 October 2019, and BNA Directive 08/2019, of 24 October 2019.

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

With regard to mandatory reserves in domestic currency, BNA Directive 04/2020 provides that balances in deposit accounts in foreign and domestic currency opened at the National Bank of Angola in the name of each banking financial institution are eligible. For the fulfilment of mandatory foreign currency reserves, the following assets are eligible:

- Balances of deposit accounts in foreign and domestic currency opened at the National Bank of Angola in the name of each banking financial institution; and
- Treasury Bonds in foreign currency belonging to the own portfolio registered with SIGMA and issued from 2015, up to 80% of the effective enforceable amount.

In order to comply with the required minimum reserves, the following are also eligible:

- 80% of the assets representing the value of credit disbursements in domestic currency, granted on the date of publication of the aforementioned Directive, to projects in the agriculture, livestock, forestry and fisheries sectors, provided that they have a residual maturity greater than or equal to 24 months;
- 100% of loans granted in accordance with Article 6 of Notice 10/2020, of 01 April, on the Granting of Loans to the Real Sector of the Economy, whatever the residual maturity.

5

CASH BALANCES AT OTHER CREDIT INSTITUTIONS

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
Cash balances at Other Credit Institutions Abroad	16 209 059	19 682 309
In Euros (EUR)	4 025 887	13 229 635
In US Dollars (USD)	11 745 850	6 211 112
In United Arab Emirates Dollars (AED)	237 964	241 562
South African Rand (ZAR)	199 358	241 562
Impairment for Cash and Cash Equivalents in CIU (Note 15)	(29 349)	(31 060)
Cheques receivable	-	59 630
Other	46 060	1 552
TOTAL	16 225 779	19 712 431

As of 31 December 2020 and 2019, demand deposits held with other credit institutions were not remunerated. As of 31 December 2020, tAOA 972 464 of demand deposits were collateralising import documentary credit operations (2019: tAOA 1 420 031).

6

INVESTMENTS AT CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This item corresponds to short-term investments in the interbank money market and may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
INVESTMENTS IN CREDIT INSTITUTIONS IN THE COUNTRY	9 935 900	13 776 600
Interest accrued	38 114	78 277
Impairment losses (Note 15)	(56 478)	(217 701)
TOTAL	9 917 536	13 637 176

7

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The balance as of 31 December 2020 and 2019 refers entirely to the 0.9% interest in EMIS - Empresa Interbancária de Serviços, SARL (EMIS), in an amount of 68 203 tAOA, based on the amendments resulting from the 2018 shareholders' agreement. EMIS was established in Angola to manage electronic means of payment and complementary services.

Following the 27th General Meeting of EMIS, held on 20 May 2016, at which the Bank's adhesion to the EMIS articles of association was approved, a 1.97% stake in EMIS' capital was acquired from the shareholder the National Bank of Angola.

IFRS 9 provides for alternatives to classify and measure the Bank's stake in EMIS, as it is a capital instrument and, therefore, equity instruments do not fall within the scope of SPPI, given that the cash flows generated do not correspond solely to capital and interest. Given this fact, equity instruments would be classified and measured at fair value through profit or loss. However, IFRS 9 allows an alternative, under which the Bank may irrevocably and upon initial recognition choose to classify and measure equity instruments at fair value through other comprehensive income. Based on this alternative, the Bank chose to recognise this interest at acquisition cost, thus considering that amount as an approximately reasonable and prudent reflection of the fair value of the equity instrument concerned.

8

INVESTMENTS AT AMORTISED COST

This heading may be broken down as follows:

AKZ'000

2020	AVERAGE INTEREST RATE	ACQUISITION COST	EXCHANGE RATE ADJUSTMENT	SUBTOTAL	INCOME RECEIVABLE	GROSS VALUE	IMPAIRMENT	BALANCE SHEET VALUE
Treasury Bills	0%	462 695	-	462 695	17 671	480 366	(8 160)	472 206
Treasury Bonds in Domestic Currency	15%	14 888 839	-	14 888 839	358 205	15 247 044	(1 103 553)	14 143 491
Treasury Bonds in Domestic Currency indexed to the USD	6%	5 423 027	1 131 218	6 554 245	11 878	6 566 123	(71 574)	6 494 549
TOTAL		20 774 561	1 131 218	21 905 779	387 754	22 293 533	(1 183 287)	21 110 246

AKZ'000

2019	AVERAGE INTEREST RATE	ACQUISITION COST	EXCHANGE RATE ADJUSTMENT	SUBTOTAL	INCOME RECEIVABLE	GROSS VALUE	IMPAIRMENT	BALANCE SHEET VALUE
Treasury Bonds in Domestic Currency	12%	5 820 662	-	5 820 662	62 302	5 882 964	(92 450)	5 790 514
Treasury Bonds in Domestic Currency indexed to the USD	7%	9 988 338	8 174 554	18 162 892	213 747	18 376 639	(288 740)	18 087 899
TOTAL		15 809 000	8 174 554	23 983 554	276 049	24 259 603	(381 190)	23 878 413

In the years 2020 and 2019, there was an increase in the balance of "Treasury bonds in domestic currency indexed to the USD", which results from the devaluation of the Kwanza against the United States Dollar observed during the year, and investments in new bonds made by the Bank during the year.

As of 31 December 2020 and 2019, securities in the portfolio, excluding income receivable, had the following structure, in accordance with the residual maturity:

AKZ'000

	31-12-2020	31-12-2019
From 1 to 3 years	9 981 154	1 662 283
From 3 to 5 years	2 805 835	14 845 061
Over 5 years	8 323 257	7 371 069
TOTAL	21 110 246	23 878 413

Note 29 presents the impairment requirements provided for in IFRS 9, analysed according to stage 1, 2 and 3.

The fair value and the breakdown by the fair value hierarchy of the investment portfolio at amortised cost in accordance with IFRS 13 is presented in Note 28.

9

CUSTOMER LOANS

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
MATURING CREDIT	17 225 539	11 685 124
Medium and long-term loans	13 060 600	7 859 821
Pledged current accounts	4 055 000	3 825 174
Overdrafts on demand deposits	3	129
Credit cards	109 936	-
NON-PERFORMING LOANS	977 981	517 784
Medium and long-term loans	963 064	52 301
Pledged current accounts	-	14 905
Overdrafts on demand deposits	14 917	450 578
Credit cards	-	-
TOTAL CREDIT GRANTED	18 203 520	12 202 908
INTEREST RECEIVABLE	345 396	93 286
COMMISSIONS ASSOCIATED WITH AMORTISED COST	(32 792)	(28 044)
IMPAIRMENT LOSSES (NOTE 15)	(927 949)	(534 480)
	17 588 175	11 733 670

Impairment losses as of 31 December 2020 and 2019 of the investment portfolio at amortised cost were calculated based on credit risk parameters provided by the international rating agency *Moody's*.

The increase recorded in the year 2020 is a direct result of a review of Angola's external rating that took place in the second half of 2020.

Impairment movements for the year are analysed in Note 15.

All credit operations granted are stated in domestic currency. As of 31 December 2020 and 2019, loans granted to customers bore interest at the average annual rate of 14% and 20%, respectively.

As disclosed in Note 26, as of 31 December 2020 and 2019, the Bank had credit operations with related entities in the amounts of tAOA 12 066 659 and tAOA 6 206 179, respectively.

Customer loans, excluding income receivable, have the following structure with respect to their residual maturity:

AKZ'000

	31-12-2020	31-12-2019
Up to 1 year	9 833 510	4 631 147
From 1 to 3 years	2 162 827	1 307 371
From 3 to 5 years	5 563 060	34 579
Over 5 years	644 123	6 229 811
TOTAL CREDIT GRANTED	18 203 520	12 202 908

As of 31 December 2020 and 2019, customer loans, excluding income receivable, have the following structure with respect to the type of interest rate:

AKZ'000

	31-12-2020	31-12-2019
Fixed Rate	12 989 502	8 030 732
Variable Rate	5 214 018	4 172 176
TOTAL CREDIT GRANTED	18 203 520	12 202 908

The determination of impairment for customer loans was carried out in accordance with the methodology described in Note 2.3.

Note 29 presents the impairment requirements provided for in IFRS 9, analysed according to stage 1, 2 and 3.

The fair value of the customer loan portfolio is presented in Note 28.

As of 31 December 2020 and 2019, the loan portfolio shows the following concentration by sector of activity:

AKZ'000

2020	MATURING	OVERDUE	OFF BALANCE SHEET	TOTAL EXPOSURE	RELATIVE WEIGHT	TOTAL IMPAIRMENT	TOTAL IMPAIRMENT /TOTAL EXPOSURE
COMPANIES							
Agriculture, livestock, hunting and forestry	-	-	-	-	0%	-	0%
Manufacturing industries	2 001 218	-	3 133 823	5 135 941	19%	(166 466)	3%
Construction	-	-	1 764 407	1 764 407	7%	(26 162)	1%
Wholesale and retail trade	12 510 583	968 159	3 139 820	16 618 562	62%	(724 815)	4%
Lodging and catering (restaurants and similar establishments)	-	-	-	-	0%	-	0%
Transport, storage and communications	1 444 742	-	-	1 444 742	5%	(71 152)	5%
Other collective, social and personal service activities	662 966	-	1 369 181	2 032 147	8%	(28 739)	1%
PRIVATE INDIVIDUALS							
Housing	644 877	-	-	644 877	69%	(40 749)	6%
Consumption	156 314	9 149	-	165 463	18%	(6 759)	4%
Other purposes	115 925	2 191	-	118 116	13%	(548)	0%
TOTAL	17 536 625	979 499	9 407 231	27 923 355		(1 065 390)	

AKZ'000

2019	MATURING	OVERDUE	GUARANTEES PROVIDED AND IDC	TOTAL EXPOSURE	RELATIVE WEIGHT	TOTAL IMPAIRMENT	TOTAL IMPAIRMENT /TOTAL EXPOSURE
COMPANIES							
Agriculture, livestock, hunting and forestry	-	-	2 983 017	2 983 017	4%	(27 859)	1%
Manufacturing industries	2 000 000	-	10 265 915	12 265 915	16%	(202 522)	2%
Construction	5 950 000	-	1 879 098	7 829 098	10%	(351 447)	4%
Wholesale and retail trade	2 906 060	421 475	45 892 506	49 220 041	63%	(611 575)	1%
Lodging and catering (restaurants and similar establishments)	22 917	-	-	22 917	0%	(2 123)	9%
Transport, storage and communications	-	41 210	290 333	331 543	0%	(2 483)	1%
Other collective, social and personal service activities	120 000	-	5 023 946	5 143 946	7%	(42 224)	1%
PRIVATE INDIVIDUALS							
Housing	485 222	44 589	-	529 811	71%	(21 251)	4%
Consumption	189 835	1 656	-	191 491	26%	(6 474)	3%
Other purposes	11 090	8 854	-	19 944	3%	(829)	4%
TOTAL	11 685 124	517 784	66 334 815	78 537 723		(1 268 787)	

As of 31 December 2020 and 2019, the detail of exposures and impairment established by segment and by days of delay is as follows:

AKZ'000

EXPOSURE 31-12-2020	TOTAL EXPOSURE	PERFORMING LOANS	OF WHICH CURED	OF WHICH RESTRUCTURED	NON--PERFORMING LOANS	OF WHICH RESTRUCTURED
COMPANIES	17 587 669	16 619 510	-	-	968 159	-
Loans to companies	13 505 615	12 550 216	-	-	955 399	-
Pledged current accounts	4 069 294	4 069 294	-	-	-	-
Overdrafts on demand deposits	12 760	-	-	-	12 760	-
PRIVATE INDIVIDUALS	928 455	917 115	-	-	11 340	-
Loans to employees	262 071	254 065	-	-	8 006	-
Consumer credit	664 190	663 047	-	-	1 143	-
Overdrafts on demand deposits	2 194	3	-	-	2 191	-
EQUITY EXPOSURE	18 516 124	17 536 625	-	-	979 499	-
Import Documentary Credits	7 642 824	7 642 824	-	-	-	-
Guarantees Provided	1 764 407	1 764 407	-	-	-	-
OFF-BALANCE SHEET EXPOSURE	9 407 231	9 407 231	-	-	-	-

AKZ'000

IMPAIRMENT 31-12-2020	TOTAL IMPAIRMENT	PERFORMING LOANS	NON-PERFORMING LOANS
COMPANIES	(879 893)	(490 686)	(389 207)
Loans to companies	(758 783)	(370 686)	(388 097)
Pledged current accounts	(120 0500)	(120 000)	-
Overdrafts on demand deposits	(1 110)	-	(1 110)
PRIVATE INDIVIDUALS	(48 056)	(47 684)	(372)
Loans to employees	(8 674)	(8 350)	(324)
Consumer credit	(39 382)	(39 334)	(48)
Overdrafts on demand deposits	-	-	-
EQUITY EXPOSURE	(927 949)	(538 370)	(389 579)
Import Documentary Credits	(111 279)	(111 279)	-
Guarantees Provided	(26 162)	(26 162)	-
OFF-BALANCE SHEET EXPOSURE	(137 441)	(137 441)	-
TOTAL	(1 065 390)	(675 811)	(389 579)

AKZ'000

EXPOSURE 31-12-2019	TOTAL EXPOSURE	PERFORMING LOANS	OF WHICH CURED	OF WHICH RESTRUCTURED	NON--PERFORMING LOANS	OF WHICH RESTRUCTURED
COMPANIES	11 461 661	10 998 977	-	-	462 684	-
Loans to companies	7 203 977	7 203 977	-	-	-	-
Pledged current accounts	3 809 905	3 795 000	-	-	14 905	-
Overdrafts on demand deposits	447 779	-	-	-	447 779	-
PRIVATE INDIVIDUALS	741 247	686 147	-	-	55 100	-
Loans to employees	529 811	485 222	-	-	44 589	-
Consumer credit	208 508	200 796	-	-	7 712	-
Overdrafts on demand deposits	2 928	129	-	-	2 799	-
EQUITY EXPOSURE	12 202 908	11 685 124	-	-	517 784	-
Import Documentary Credits	1 764 407	1 764 407	-	-	-	-
Guarantees Provided	64 570 408	64 570 408	-	-	-	-
OFF-BALANCE SHEET EXPOSURE	66 334 815	66 334 815	-	-	-	-

AKZ'000

IMPAIRMENT 31-12-2019	TOTAL IMPAIRMENT	PERFORMING LOANS	NON-PERFORMING LOANS
COMPANIES	(505 927)	(492 494)	(13 433)
Loans to companies	(364 444)	(364 444)	-
Pledged current accounts	(128 050)	(128 050)	-
Overdrafts on demand deposits	(13 433)	-	(13 433)
PRIVATE INDIVIDUALS	(28 553)	(26 318)	(2 235)
Loans to employees	(21 251)	(19 465)	(1 786)
Consumer credit	(7 156)	(6 847)	(309)
Overdrafts on demand deposits	(146)	(6)	(140)
EQUITY EXPOSURE	(534 480)	(518 812)	(15 668)
Import Documentary Credits	(52 932)	(52 932)	-
Guarantees Provided	(681 375)	(681 375)	-
OFF-BALANCE SHEET EXPOSURE	(734 307)	(734 307)	-
TOTAL	(1 268 787)	(1 253 119)	(15 668)

As of 31 December 2020 and 2019, the parameters of the collective model by segment and *stage* were as follows:

	STAGE 1		STAGE 2		STAGE 3
SEGMENT	PD	LGD	PD	LGD	LGD
Affluent	5%	59%	14%	59%	80%
Employees	6%	71%	44%	71%	91%
Companies	8%	64%	35%	64%	86%
Private individuals	6%	71%	44%	71%	91%
	6%	66%	34%	66%	87%

As of 31 December 2020 and 2019, there were no restructured operations in the Bank's loan portfolio.

The detail of the exposures and impairment constituted by segment, detailed by performing loans and non-performing loans, are presented as follows:

AKZ'000

TOTAL EXPOSURE 2020		PERFORMING LOANS		
		DAYS OVERDUE < 30		
SEGMENT	TOTAL EXPOSURE	No evidence	With evidence	Subtotal
COMPANIES	17 587 669	16 619 510	-	16 619 510
Loans to companies	13 505 615	12 550 216	-	12 550 216
Pledged current accounts	4 069 294	4 069 294	-	4 069 294
Overdrafts on demand deposits	12 760	-	-	-
PRIVATE INDIVIDUALS	928 455	917 115	-	917 115
Loans to employees	262 071	254 065	-	254 065
Consumer credit	664 190	663 047	-	663 047
Overdrafts on demand deposits	2 194	3	-	3
EQUITY EXPOSURE	18 516 123	17 536 625	-	17 536 625
Import Documentary Credits	7 642 824	7 642 824	-	7 642 824
Guarantees Provided	1 764 407	1 764 407	-	1 764 407
OFF-BALANCE SHEET EXPOSURE	9 407 231	9 407 231	-	9 407 231
TOTAL	27 923 354	26 943 856	-	26 943 856

AKZ'000

TOTAL EXPOSURE 2020	NON-PERFORMING LOANS		
SEGMENT	Between 30 and 90 days overdue	Days overdue <= 90	Days overdue > 90
COMPANIES	-	968 159	-
Loans to companies	-	955 399	-
Pledged current accounts	-	-	-
Overdrafts on demand deposits	-	12 760	-
PRIVATE INDIVIDUALS	-	11 340	-
Loans to employees	-	8 006	-
Consumer credit	-	1 143	-
Overdrafts on demand deposits	-	2 191	-
EQUITY EXPOSURE	-	979 499	-
Import Documentary Credits	-	-	-
Guarantees Provided	-	-	-
OFF-BALANCE SHEET EXPOSURE	-	-	-

AKZ'000

IMPAIRMENT 2020	TOTAL EXPOSURE	PERFORMING LOANS	
SEGMENT		Days overdue < 30	Between 30 and 90 days overdue
COMPANIES	(879 893)	(490 686)	-
Loans to companies	(758 783)	(370 686)	-
Pledged current accounts	(120 000)	(120 000)	-
Overdrafts on demand deposits	(1 110)	-	-
PRIVATE INDIVIDUALS	(48 056)	(47 684)	-
Loans to employees	(8 674)	(8 350)	-
Consumer credit	(39 382)	(39 334)	-
Overdrafts on demand deposits	-	-	-
EQUITY EXPOSURE	(927 949)	(538 370)	-
Import Documentary Credits	(111 279)	(111 279)	-
Guarantees Provided	(26 162)	(26 162)	-
OFF-BALANCE SHEET EXPOSURE	(137 441)	(137 441)	-

AKZ'000

IMPAIRMENT 2020	NON-PERFORMING LOANS	
SEGMENT	Days overdue <= 90 days	Days overdue > 90 days
COMPANIES	(389 207)	-
Loans to companies	(388 097)	-
Pledged current accounts	-	-
Overdrafts on demand deposits	(1 110)	-
PRIVATE INDIVIDUALS	(372)	-
Loans to employees	(324)	-
Consumer credit	(48)	-
Overdrafts on demand deposits	-	-
EQUITY EXPOSURE	(389 579)	-
Import Documentary Credits	-	-
Guarantees Provided	-	-
OFF-BALANCE SHEET EXPOSURE	-	-

AKZ'000

TOTAL EXPOSURE 2019	TOTAL EXPOSURE	PERFORMING LOANS		
SEGMENT		Days overdue < 30 No evidence	Days overdue < 30 With evidence	Days overdue < 30 SUBTOTAL
COMPANIES	11 461 661	10 998 977	-	10 998 977
Loans to companies	7 203 977	7 203 977	-	7 203 977
Pledged current accounts	3 809 905	3 795 000	-	3 795 000
Overdrafts on demand deposits	447 779	-	-	-
PRIVATE INDIVIDUALS	741 247	686 147	-	686 147
Loans to employees	529 811	485 222	-	485 222
Consumer credit	208 508	200 796	-	200 796
Overdrafts on demand deposits	2 928	129	-	129
EQUITY EXPOSURE	12 202 908	11 685 124	-	11 685 124
Import Documentary Credits	1 764 407	1 764 407	-	1 764 407
Guarantees Provided	64 570 408	64 570 408	-	64 570 408
OFF-BALANCE SHEET EXPOSURE	66 334 815	66 334 815	-	66 334 815

AKZ'000

TOTAL EXPOSURE 2019	NON-PERFORMING LOANS		
SEGMENT	Between 30 and 90 days overdue	Days overdue <= 90	Days overdue > 90
COMPANIES	-	462 684	-
Loans to companies	-	-	-
Pledged current accounts	-	14 905	-
Overdrafts on demand deposits	-	447 779	-
PRIVATE INDIVIDUALS	-	55 100	-
Loans to employees	-	44 589	-
Consumer credit	-	7 712	-
Overdrafts on demand deposits	-	2 799	-
EQUITY EXPOSURE	-	517 784	-
Import Documentary Credits	-	-	-
Guarantees Provided	-	-	-
OFF-BALANCE SHEET EXPOSURE	-	-	-

AKZ'000

IMPAIRMENT 2019	TOTAL IMPAIRMENT	PERFORMING LOANS		NON-PERFORMING LOANS	
SEGMENT		Days overdue < 30	Between 30 and 90 days overdue	Days overdue <= 90 days	Days overdue > 90 days
COMPANIES	(505 927)	(492 494)	-	(13 433)	-
Loans to companies	(364 444)	(364 444)	-	-	-
Pledged current accounts	(128 050)	(128 050)	-	-	-
Overdrafts on demand deposits	(13 433)	-	-	(13 433)	-
PRIVATE INDIVIDUALS	(28 553)	(26 318)	-	(2 235)	-
Loans to employees	(21 251)	(19 465)	-	(1 786)	-
Consumer credit	(7 156)	(6 847)	-	(309)	-
Overdrafts on demand deposits	(146)	(6)	-	(140)	-
EQUITY EXPOSURE	(534 480)	(518 812)	-	(15 668)	-
Import Documentary Credits	(52 932)	(52 932)	-	-	-
Guarantees Provided	(681 375)	(681 375)	-	-	-
OFF-BALANCE SHEET EXPOSURE	(734 307)	(734 307)	-	-	-

As of 31 December 2020, customer loans, segmented by type of customer and operation, by year of granting of the operations, may be broken down as follows:

AKZ'000

	2017, 2016 AND 2015			2018			2019			2020		
	NUMBER OF	AMOUNT	IMPAIRMENT ESTABLISHED	NUMBER OF	AMOUNT	IMPAIRMENT ESTABLISHED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT ESTABLISHED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT ESTABLISHED
COMPANIES	-	-	-	2	10 077	(515)	5	6 485 078	(669 759)	33	11 092 514	(209 619)
Loans to companies	-	-	-	2	10 077	(515)	4	6 472 318	(668 649)	27	7 023 220	(89 619)
Pledged current accounts	-	-	-	-	-	-	-	-	-	6	4 069 294	(120 000)
Overdrafts on demand deposits	-	-	-	-	-	-	1	12 760	(1 110)	-	-	-
PRIVATE INDIVIDUALS	3	2 159	-	14	556 862	(37 246)	46	198 388	(6 284)	150	171 046	(4 526)
Loans to employees	-	-	-	2	6 431	(264)	30	134 159	(4 183)	57	121 481	(4 228)
Consumer credit	-	-	-	12	550 431	(36 982)	15	64 228	(2 101)	92	49 531	(298)
Overdrafts on demand deposits	3	2 159	-	-	-	-	1	1	-	1	34	-
EQUITY EXPOSURE	3	2 159	-	16	566 939	(37 761)	51	6 683 466	(676 043)	183	11 263 560	(214 145)
Import Documentary Credits	-	-	-	-	-	-	-	-	-	35	7 642 824	(111 279)
Guarantees Provided	-	-	-	-	-	-	-	-	-	2	1 764 407	(26 162)
OFF-BALANCE SHEET EXPOSURE	-	-	-	-	-	-	-	-	-	37	9 407 231	(137 441)
TOTAL	3	2 159	-	16	566 939	(37 761)	51	6 683 466	(676 043)	220	20 670 791	(351 586)

As of 31 December 2019, customer loans, segmented by type of customer and operation, by year of granting of the operations, may be broken down as follows:

AKZ'000

	2017, 2016 AND 2015			2018			2019		
	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT ESTABLISHED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT ESTABLISHED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT ESTABLISHED
COMPANIES	2	42 508	(1 275)	3	426 929	(14 243)	17	10 992 224	(490 408)
Loans to companies	-	-	-	2	22 917	(2 123)	8	7 181 059	(362 320)
Pledged current accounts	-	-	-	-	-	-	8	3 809 905	(128 050)
Overdrafts on demand deposits	2	42 508	(1 275)	1	404 012	(12 120)	1	1 260	(38)
PRIVATE INDIVIDUALS	9	1 146	(57)	18	480 652	(19 286)	55	259 449	(9 211)
Loans to employees	-	-	-	10	461 429	(18 512)	5	68 382	(2 739)
Consumer credit	-	-	-	4	19 111	(768)	44	189 396	(6 388)
Overdrafts on demand deposits	9	1 146	(57)	4	112	(6)	6	1 671	(84)
EQUITY EXPOSURE	11	43 654	(1 332)	21	907 581	(33 529)	72	11 251 673	(499 619)
Import Documentary Credits	2	1 764 408	(52 932)	-	-	-	-	-	-
Guarantees Provided	-	-	-	23	2 959 603	(15 388)	251	61 610 804	(665 987)
OFF-BALANCE SHEET EXPOSURE	2	1 764 408	(52 932)	23	2 959 603	(15 388)	251	61 610 804	(665 987)
TOTAL	13	1 808 062	(54 264)	44	3 867 184	(48 917)	323	72 862 477	(1 165 606)

AKZ'000

2020	MEDIUM AND LONG-TERM LOANS		PLEDGED CURRENT ACCOUNTS		OVERDRAFTS ON DEMAND DEPOSITS		CREDIT CARDS		OFF-BALANCE-SHEET	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
Individual impairment	945 322	(387 582)	-	-	12 760	(1 110)	-	-	-	-
Collective impairment	13 376 617	(419 257)	4 069 294	(120 000)	2 195	-	109 935	-	9 407 231	(137 441)
TOTAL	14 321 939	(806 839)	4 069 294	(120 000)	14 955	(1 110)	109 935	-	9 407 231	(137 441)

AKZ'000

2020	AGRICULTURE, LIVESTOCK, HUNTING AND FORESTRY		MANUFACTURING INDUSTRIES		CONSTRUCTION		WHOLESALE AND RETAIL TRADE	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
Individual impairment	-	-	-	-	-	-	958 082	(388 692)
Collective impairment	-	-	2 001 217	(120 000)	-	-	12 520 660	(291 612)
TOTAL	-	-	2 001 217	(120 000)	-	-	13 478 742	(680 304)

AKZ'000

2020	LODGING AND CATERING (RESTAURANTS AND SIMILAR ESTABLISHMENTS)		TRANSPORT, STORAGE AND COMMUNICATIONS		OTHER COLLECTIVE SERVICE ACTIVITIES		HOUSING	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	1 444 742	(71 152)	662 966	(8 437)	644 877	(40 749)
TOTAL	-	-	1 444 742	(71 152)	662 966	(8 437)	644 877	(40 749)

AKZ'000

2020	CONSUMPTION		OTHER PURPOSES	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
Individual impairment	165 463	(6 759)	118 116	(548)
Collective impairment	191 491	-	19 945	-
TOTAL	165 463	(6 759)	118 116	(548)

As of 31 December 2020 and 2019, exposure to customer loans held by the Bank is totally based in Angola.

Customer loans, segmented by type of operation according to the level of internal risk, may be broken down as follows:

AKZ'000

EXPOSURE 31-12-2020	A	B	G	TOTAL
COMPANIES	430 389	16 199 196	958 082	17 587 667
Loans to companies	430 389	12 129 902	945 322	13 505 613
Pledged current accounts	-	4 069 294	-	4 069 294
Overdrafts on demand deposits	-	-	12 760	12 760
PRIVATE INDIVIDUALS	-	928 456	-	928 456
Loans to employees	-	262 071	-	262 071
Consumer credit	-	664 190	-	664 190
Overdrafts on demand deposits	-	2 195	-	2 195
EQUITY EXPOSURE	430 389	17 127 652	958 082	18 516 123
Import Documentary Credits	-	7 642 824	-	7 642 824
Guarantees Provided	-	1 764 407	-	1 764 407
OFF-BALANCE SHEET EXPOSURE	-	9 407 231	-	9 407 231
TOTAL	430 389	26 534 883	958 082	27 923 354

AKZ'000

EXPOSURE 31-12-2019	A	B	TOTAL
COMPANIES	120 000	11 341 661	11 461 661
Loans to companies	120 000	7 083 977	7 203 977
Pledged current accounts	-	3 809 905	3 809 905
Overdrafts on demand deposits	-	447 779	447 779
PRIVATE INDIVIDUALS	-	741 247	741 247
Loans to employees	-	529 811	529 811
Consumer credit	-	208 508	208 508
Overdrafts on demand deposits	-	2 928	2 928
EQUITY EXPOSURE	120 000	12 082 908	12 202 908
Import Documentary Credits	-	1 764 407	1 764 407
Guarantees Provided	15 002 728	49 567 680	64 570 408
OFF-BALANCE SHEET EXPOSURE	15 002 728	51 332 087	66 334 815
TOTAL	15 122 728	63 414 995	78 537 723

The movements in impairment losses shown in assets as a correction to loan values are shown in Note 15.

Credit risk ratings consider the characteristics and risks of the operation and of the borrower, and are reviewed according to changes in evidence of impairment and late payment (Note 29).

As of 31 December 2020 and 2019, the details of the fair value of the guarantees underlying the loan portfolio, including off-balance-sheet liabilities, of the corporate, construction and property development and housing segments, are as follows:

AKZ'000

31-12-2020 FAIR VALUE	COMPANIES			
	IMMOVABLE		OTHER PHYSICAL COLLATERAL	
	Number of properties	Amount	Number of properties	Amount
< 50 tAOA	1	25 000	6	160 855
>= 50 tAOA and < 100 tAOA	2	110 726	16	1 324 565
>= 100 tAOA and < 500 tAOA	0	-	37	5 879 996
>= 500 tAOA and < 1 000 tAOA	0	-	1	600 000
>= 1 000 tAOA and < 2 000 tAOA	0	-	1	1 750 000
>= 2 000 tAOA and < 5 000 tAOA	1	2 000 000	0	-
>= 5 000 tAOA	1	5 700 000	1	6 476 586
TOTAL	5	7 835 726	62	16 192 002

AKZ'000

31-12-2020 FAIR VALUE	CONSTRUCTION AND PROPERTY DEVELOPMENT			
	IMMOVABLE		OTHER PHYSICAL COLLATERAL	
	Number of properties	Amount	Number of properties	Amount
< 50 tAOA	-	-	-	-
>= 50 tAOA and < 100 tAOA	-	-	-	-
>= 100 tAOA and < 500 tAOA	-	-	-	-
>= 500 tAOA and < 1 000 tAOA	-	-	-	-
>= 1 000 tAOA and < 2 000 tAOA	-	-	-	-
>= 2 000 tAOA and < 5 000 tAOA	-	-	-	-
>= 5 000 tAOA	-	-	-	-
TOTAL	0	-	0	-

AKZ'000

31-12-2020 FAIR VALUE	HOUSING			
	IMMOVABLE		OTHER PHYSICAL COLLATERAL	
	Number of properties	Amount	Number of properties	Amount
< 50 TAOA	3	87 039	0	-
>= 50 tAOA and < 100 tAOA	1	60 000	0	-
>= 100 TAOA and < 500 TAOA	1	350 000	0	-
>= 500 tAOA and < 1 000 tAOA	0	-	0	-
>= 1 000 tAOA and < 2 000 tAOA	0	-	0	-
>= 2 000 tAOA and < 5 000 tAOA	0	-	0	-
>= 5 000 tAOA	0	-	0	-
TOTAL	5	497 039	0	-

AKZ'000

31-12-2019 FAIR VALUE	COMPANIES			
	IMMOVABLE		OTHER PHYSICAL COLLATERAL	
	Number of properties	Amount	Number of properties	Amount
< 50 tAOA	0	-	0	-
>= 50 tAOA and < 100 tAOA	0	-	2	105 000
>= 100 tAOA and < 500 tAOA	0	-	2	240 000
>= 500 tAOA and < 1 000 tAOA	0	-	0	-
>= 1 000 tAOA and < 2 000 tAOA	0	-	3	4 611 060
>= 2 000 tAOA and < 5 000 tAOA	1	2 000 000	1	2 000 000
>= 5 000 tAOA	0	-	0	-
TOTAL	1	2 000 000	8	6 956 060

AKZ'000

31-12-2019 FAIR VALUE	CONSTRUCTION AND PROPERTY DEVELOPMENT			
	IMMOVABLE		OTHER PHYSICAL COLLATERAL	
	Number of properties	Amount	Number of properties	Amount
< 50 tAOA	0	-	0	-
>= 50 tAOA and < 100 tAOA	0	-	0	-
>= 100 TAOA and < 500 TAOA	0	-	0	-
>= 500 tAOA and < 1 000 tAOA	0	-	0	-
>= 1 000 tAOA and < 2 000 tAOA	0	-	1	1 000 000
>= 2 000 tAOA and < 5 000 tAOA	0	-	0	-
>= 5 000 tAOA	1	5 700 000	0	-
TOTAL	1	5 700 000	1	1 000 000

AKZ'000

31-12-2019 FAIR VALUE	HOUSING			
	IMMOVABLE		OTHER PHYSICAL COLLATERAL	
	Number of properties	Amount	Number of properties	Amount
< 50 TAOA	3	88 039	2	42 039
>= 50 TAOA and < 100 TAOA	2	110 726	2	110 726
>= 100 TAOA and < 500 TAOA	1	350 000	0	-
>= 500 tAOA and < 1 000 tAOA	0	-	0	-
>= 1 000 tAOA and < 2 000 tAOA	0	-	0	-
>= 2 000 tAOA and < 5 000 tAOA	0	-	0	-
>= 5 000 tAOA	0	-	0	-
TOTAL	6	548 765	4	152 765

"Other physical collateral" refers to depositors and public debt securities of customers incorporated at the Bank.

As of 31 December 2020 and 2019, the loan-to-value ratio of the loan portfolio, including off-balance-sheet liabilities, of the corporate, construction and property development and housing segments, is as follows:

AKZ'000

31-12-2020 SEGMENT/RATIO	NUMBER OF PROPERTIES	NUMBER OF OTHER PHYSICAL COLLATERAL	PERFORMING LOANS	NON-PERFORMING LOANS	IMPAIRMENT
COMPANIES					
No guarantee associated	-	2	1 952 808	968 159	(460 359)
< 50%	-	-	-	-	-
>= 50% and < 75%	-	-	-	-	-
>= 75% and <100%	1	35	2 000 884	-	(120 000)
>= 100%	1	25	12 665 820	-	(299 533)
CONSTRUCTION AND PROPERTY DEVELOPMENT					
No guarantee associated	-	-	-	-	-
< 50%	-	-	-	-	-
>= 50% and < 75%	-	-	-	-	-
>= 75% and <100%	-	-	-	-	-
>= 100%	-	-	-	-	-
HOUSING					
No guarantee associated	-	-	286 323	11 340	(8 102)
< 50%	1	-	134 672	-	(5 370)
>= 50% and < 75%	-	-	-	-	-
>= 75% and <100%	1	-	31 753	-	(1 248)
>= 100%	6	-	464 365	-	(33 337)
TOTAL	10	62	17 536 625	979 499	(927 949)

AKZ'000

31-12-2019 SEGMENT/RATIO	NUMBER OF PROPERTIES	NUMBER OF OTHER PHYSICAL COLLATERAL	PERFORMING LOANS	NON-PERFORMING LOANS	IMPAIRMENT
COMPANIES					
No guarantee associated	-	-	200 926	473 500	(20 736)
< 50%	-	3	-	-	-
>= 50% and < 75%	-	-	-	-	-
>= 75% and <100%	-	-	-	-	-
>= 100%	1	5	5 048 976	-	(193 978)
CONSTRUCTION AND PROPERTY DEVELOPMENT					
No guarantee associated	-	-	-	-	-
< 50%	-	-	-	-	-
>= 50% and < 75%	-	-	-	-	-
>= 75% and <100%	-	-	-	-	-
>= 100%	1	1	5 950 000	-	(298 515)
HOUSING					
No guarantee associated	-	-	-	-	-
< 50%	-	3	-	-	-
>= 50% and < 75%	-	-	-	-	-
>= 75% and <100%	-	-	-	-	-
>= 100%	6	1	485 222	44 284	(21 251)
TOTAL	8	13	11 685 124	517 784	(534 480)

10

OTHER TANGIBLE ASSETS AND INTANGIBLE ASSETS

These items show the following movement during the years ended 31 December 2020 and 2019:

AKZ'000

	31-12-2019			ADOPTION IFRS 16	ACQUISITIONS	WRITE-OFFS AND DISPOSALS		AMORTISATION FOR THE YEAR	31-12-2020		
	GROSS VALUE	ACCUMULATED AMORTISATION	NET VALUE			GROSS VALUE	ACCUMULATED AMORTISATION		GROSS VALUE	ACCUMULATED AMORTISATION	NET VALUE
OTHER TANGIBLE ASSETS											
Owner-occupied property	5 887 579	(274 225)	5 613 354	-	9 617	-	-	(330 302)	5 897 196	(604 527)	5 292 669
Works on leased properties (improvements)	774 328	(65 064)	709 264	-	-	-	-	-	774 328	(65 064)	709 264
Equipment	1 812 183	(643 265)	1 168 918	-	274 970	39 252	(26 673)	(395 316)	2 047 901	(1 011 908)	1 035 993
Tangible assets in progress	1 961 423	(56 012)	1 905 411	-	22 800	-	-	-	1 984 223	(56 012)	1 928 211
Rights of Use	1 287 528	(254 925)	1 032 603	-	821 487	-	-	(464 388)	2 109 015	(719 313)	1 389 702
TOTAL	11 723 041	(1 293 491)	10 429 550	-	1 128 874	39 252	(26 673)	(1 190 006)	12 812 663	(2 456 824)	10 355 839
INTANGIBLE ASSETS											
Automatic data-processing systems (Software)	596 992	(519 611)	77 381	-	82 519	-	-	(56 936)	679 511	(576 547)	102 964
TOTAL	596 992	(519 611)	77 381	-	82 519	-	-	(56 936)	679 511	(576 547)	102 964
OTHER TANGIBLE AND INTANGIBLE ASSETS	12 320 033	(1 813 102)	10 506 931	-	1 211 393	39 252	(26 673)	(1 246 942)	13 492 174	(3 033 371)	10 458 803

The following movements occurred under these headings during the year ended 31 December 2019:

AKZ'000

	31-12-2018			ADJUSTMENTS	ACQUISITIONS	WRITE-OFFS AND DISPOSALS		AMORTISATION FOR THE YEAR	31-12-2019		
	GROSS VALUE	ACCUMULATED AMORTISATION	NET VALUE			GROSS VALUE	ACCUMULATED AMORTISATION		GROSS VALUE	ACCUMULATED AMORTISATION	NET VALUE
OTHER TANGIBLE ASSETS											
Owner-occupied property	2 741 713	(133 750)	2 607 963	-	3 145 866	-	-	(140 475)	5 887 579	(274 225)	5 613 354
Works on leased properties (improvements)	774 328	(65 064)	709 264	-	-	-	-	-	774 328	(65 064)	709 264
Equipment	1 472 986	(327 098)	1 145 888	-	344 297	5 100	(4 463)	(311 704)	1 812 183	(643 265)	1 168 918
Tangible assets in progress	1 953 943	(3 754)	1 950 189	-	7 480	-	-	(52 258)	1 961 423	(56 012)	1 905 411
Rights of Use	-	-	-	1 287 528		-	-	(254 925)	1 287 528	(254 925)	1 032 603
TOTAL	6 942 970	(529 666)	6 413 304	1 287 528	3 497 643	5 100	(4 463)	(759 362)	11 723 041	(1 293 491)	10 429 550
INTANGIBLE ASSETS											
Automatic data-processing systems (Software)	523 225	(434 714)	88 511	-	73 767	-	-	(84 897)	596 992	(519 611)	77 381
TOTAL	523 225	(434 714)	88 511	-	73 767	-	-	(84 897)	596 992	(519 611)	77 381
OTHER TANGIBLE AND INTANGIBLE ASSETS	7 466 195	(964 380)	6 501 815	1 287 528	3 571 410	5 100	(4 463)	(844 259)	12 320 033	(1 813 102)	10 506 931

The Bank's operating leases are mainly comprised of rents from Branches and Central Services.

In measuring lease liabilities, the Bank used incremental interest rates to discount future rents due for most of the contracts falling under the standard.

The average incremental interest rate applied is 17% for all contracts, taking into account the uniform type of assets (properties) and the bank's risk profile.

The Bank's policy was to:

- Exclude short-term leases from the scope of the standard;
- Exclude low-value assets, with a value in kwanzas equivalent to USD 5 000 at the start date of the lease being established as the low-value threshold.

During the course of 2020, the Bank continued to invest in fixed assets to support the Bank's growth.

11

CURRENT TAX ASSETS AND LIABILITIES

The Bank is subject to taxation in the form of Corporation Tax, under the terms of the tax law in force in Angola, and is considered to be a Group A taxpayer. The taxation of its income takes place under Law 26/20, of 20 July, which amended the Corporation Tax Code in force during the year 2020, starting to apply a rate of 35%.

The balance sheet headings relating to current and deferred taxes refer to Corporation Tax and are made up as follows:

AKZ'000

	31-12-2020	31-12-2019
CURRENT TAX ASSETS	253 910	211 788
Corporation Tax	235 116	201 468
Other	18 794	10 320
CURRENT TAX LIABILITIES	-	4 855 324
Corporation Tax		4 855 324

As of 31 December 2020 and 2019, the amount of current tax liabilities is related to estimated Corporation Tax for the year. As for the value of current tax asset, this relates essentially to provisional settlements to be recovered upon settlement of Corporation Tax.

In the year 2020, as a result of the application of Law 26/20 and in accordance with paragraph c) of Articles 13 and 14 of the new Corporation Tax Code, income or costs of a financial nature arising from favourable or unfavourable exchange variations only contribute towards the formation of taxable income when they are realised.

Therefore, the Bank proceeded to segregate exchange variations into realised and unrealised variations, reflecting in its accounts as of 31 December 2020 the tax effect arising from the application of Law 26/20. As a result of this segregation, the Bank recognised a deferred tax asset relating to unrealised exchange losses in an amount of tAOA 43 876, and a deferred tax liability relating to unrealised foreign exchange income in the amount of tAOA 402 846. These deferred taxes were recognised at a rate of 35%, in accordance with the aforementioned Law.

The reconciliation of the tax rate, in the part relating to the amount recognised in profit and loss for the year 2020, may be analysed as follows:

AKZ'000

	31-12-2020	31-12-2019
EARNINGS BEFORE TAX	13 443 759	19 502 677
Nominal Tax Rate	30%	30%
Tax calculated based on nominal tax rate	4 033 128	5 850 803
INCREASES	456 677	395 035
Tax on capital expenditure	215 178	253 342
Undocumented expenses		282
Prior years and extraordinary adjustments		29 304
Excess depreciation		68 020
Fines and charges for infringements	241 499	40 546
Costs considered as maintenance and repair of properties	-	3 539
Other		2
DEDUCTIONS	-	(3 713 298)
Tax exemptions or reductions on income from public debt securities		(3 713 298)
Taxable profit	13 900 436	16 184 414
Tax loss carryforwards	-	-
Nominal Tax Rate	30%	30%
CORPORATION TAX FOR THE YEAR	4 170 131	4 855 324

The Tax Authorities may review the Bank's tax position within a period of five years, which, due to different interpretations of tax law, may result in corrections to taxable profit for the years 2016 (start of activity) to 2020. The Bank's Board of Directors believes that any additional settlements that may result from such reviews will not have any material effect on the financial statements.

Movements in deferred tax assets and liabilities in the year ended 31 December 2020 may be broken down as follows:

AKZ'000

	BALANCE 31-12-2019	SUPPLEMENTATIONS	REALISATION/ CANCELLATION	EXCHANGE DIFFERENCES	BALANCE 31-12-2020
DEFERRED TAX ASSETS					
Unrealised exchange variations	-	43 876	-	-	43 876
DEFERRED TAX LIABILITIES					
Unrealised exchange variations	-	(402 846)	-	-	(402 846)
TOTAL	0.00	(358 971)	0	0	(358 971)

12

OTHER ASSETS

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
DEFERRED COSTS	437 921	308 773
Leases and Rents	207 972	109 032
Insurance	121 925	91 845
Other	108 024	107 896
ADVANCES TO TRADE CREDITORS	36 766	99 625
OTHER	6 723 363	62 362
TOTAL	7 198 050	470 760

As of 31 December 2020, the "others" item consisted of a balance of 6 499 174 thousand Kwanzas relating to forward currency purchases made in February and March 2021. This balance is also reflected in liabilities (Note 16).

13

FUNDS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
FUNDS FROM OTHER ENTITIES		
Clearing of cheques	21 700	21 700
Obligations in the payment system	135 494	55 002
Obligations in the payment system	5 001 404	-
TOTAL	5 158 598	76 702

As of 31 December 2020 and 2019, the amounts presented under "Payment system obligations" refer to Multicaixa Network Clearings, which were settled in the first days of 2021 and 2020, respectively. The liquidity provisioning was settled in January 2021.

14

CUSTOMER FUNDS AND OTHER LOANS

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
DEMAND DEPOSITS OF RESIDENTS	31 180 854	58 652 944
In domestic currency	23 702 293	56 492 645
Companies	20 641 887	53 446 532
Private individuals	3 060 406	3 046 114
In foreign currency	7 478 561	2 160 299
Companies	7 408 092	2 152 834
Private individuals	70 469	7 464
DEMAND DEPOSITS OF NON-RESIDENTS	421 653	151 645
In domestic currency	421 653	151 645
Companies	-	-
Private individuals	421 653	151 645
TIME DEPOSITS OF RESIDENTS	8 284 530	5 437 405
In domestic currency	6 110 490	3 348 991
Companies	3 575 215	1 549 489
Private individuals	2 535 275	1 799 502
Indexed to USD	2 174 040	2 088 414
Companies	1 478 028	1 146 559
Private individuals	696 012	941 855
TIME DEPOSITS OF NON-RESIDENTS	30 219	60 459
In domestic currency	30 219	60 459
Indexed to USD	-	-
INTEREST PAYABLE	423 086	198 255
TOTAL	40 340 342	64 500 708

As of 31 December 2020 and 2019, customer term deposits, excluding interest payable, show the following breakdown, according to the residual maturity period of the operations:

AKZ'000

	31-12-2020	31-12-2019
Up to 1 month	2 228 605	-
From 1 to 6 months	3 519 678	482 479
From 6 months to 1 year	1 795 045	258 536
Over 1 year	771 421	4 756 849
TOTAL	8 314 749	5 497 864

As of 31 December 2020 and 2019, time deposits in domestic currency and time deposits indexed to the USD earn interest at the annual average rates of 14% and 2% (2019: 15% and 2%), respectively.

15

IMPAIRMENT AND PROVISIONS

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

AKZ'000

	BALANCE AS OF 31.12.2019	APPROPRIATIONS	REVERSALS AND CANCELLATIONS	CURRENCY REVALUATION	BALANCE AS OF 31.12.2020
IMPAIRMENT AND PROVISIONS FOR CUSTOMER LOANS	1 268 787	551 353	(853 071)	98 321	1 065 390
Impairment of customer loans (Note 9)	534 480	459 283	(65 814)	-	927 949
Provision for guarantees and import documentary credits	734 307	92 070	(787 257)	98 321	137 441
IMPAIRMENT OF OTHER FINANCIAL ASSETS	629 951	790 449	(173 496)	14 041	1 260 945
Cash balances at other credit institutions (Note 5)	31 060	-	(12 273)	10 553	29 340
Investments at central banks and other credit institutions (Note 6)	217 701	-	(161 223)	-	56 478
Investments at amortised cost (Note 8)	381 190	790 449	-	3 488	1 175 127
TOTAL IMPAIRMENT AND PROVISIONS	1 898 738	1 341 802	(1 026 567)	112 362	2 326 335

AKZ'000

	BALANCE AS OF 31.12.2018	APPROPRIATIONS	REVERSALS AND CANCELLATIONS	CURRENCY REVALUATION	BALANCE AS OF 31.12.2019
IMPAIRMENT AND PROVISIONS FOR CUSTOMER LOANS	1 170 036	316 623	(413 355)	(195 483)	1 268 787
Impairment of customer loans (Note 9)	472 136	96 732	(34 388)	-	534 480
Provision for guarantees and import documentary credits	697 900	219 891	(378 967)	(195 483)	734 307
IMPAIRMENT OF OTHER FINANCIAL ASSETS	68 554	550 844	-	(10 553)	629 951
Cash balances at other credit institutions (Note 5)	4 924	15 583	-	(10 553)	31 060
Investments at central banks and other credit institutions (Note 6)	-	217 701	-	-	217 701
Investments at amortised cost (Note 8)	63 630	317 560	-	-	381 190
TOTAL IMPAIRMENT AND PROVISIONS	1 238 590	867 467	(413 355)	(206 036)	1 898 738

16

OTHER LIABILITIES

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
DEFERRED FEES	152 850	188 598
ACCRUED EXPENSES	422 158	375 956
OTHER TAX LIABILITIES	206 701	434 024
Tax on capital expenditure	-	71 991
Stamp duty	15 455	5 344
Tax on employment income	74 134	241 277
Urban property tax	42 565	34 303
Value Added Tax	74 547	81 109
Other	-	-
OTHER ADMINISTRATIVE AND MARKETING COSTS PAYABLE	316 870	2 429
SALARIES AND OTHER REMUNERATION PAYABLE	406 226	271 362
Holiday month remuneration	203 113	135 681
Holiday allowance	203 113	135 681
STC MOVEMENTS PENDING CLEARING	10 975	6 892
SOCIAL SECURITY CONTRIBUTION	36 498	157 517
LEASE LIABILITIES	1 793 366	1 165 270
OTHER	7 890 774	29 971
TOTAL	11 236 418	2 632 019

As of 31 December 2020 and 2019, the heading "Deferred fees" refers to fees for deferral relating to import documentary credits and guarantees provided. Deferred fees on loan operations are deducted from the respective heading customer loans (Note 9).

As of 31 December 2020, the "others" item consisted of a balance of 6 499 174 thousand Kwanzas relating to forward currency purchases settled in February and March 2021. This balance is also reflected in assets (Note 12).

17

EQUITY CAPITAL

SHARE CAPITAL

The Bank was incorporated with share capital of tAOA 2 500 000, represented by 2 500 000 shares with a par value of 1 000 Angolan Kwanza each, fully subscribed and paid up in cash.

On 1 October 2015, the General Meeting approved a capital increase to tAOA 6 000 000 by means of the issueof 3 500 000 new shares with a par value of AOA 1 000, to be subscribed proportionally by the shareholders.

In March 2016, the Bank received authorisation from the National Bank of Angola to carry out the capital increase to tAOA 6 000 000, as approved by the General Meeting on 1 October 2015.

An increase in the Bank's share capital in the amount of tAOA 4 000 000 was approved at the General Meeting of Shareholders held on 30 October 2017, the Bank's share capital thus rising to tAOA 10 000 000. The aforementioned increase was made by the shareholders in March 2018 and was authorised by the National Bank of Angola on 11 June 2018.

It was decided at the General Meeting of Shareholders held on 30 July 2019 to increase the Bank's share capital by means of incorporation of reserves in the amount of tAOA 7 000 000, thus increasing the Bank's share capital to tAOA 17 000 000.

As of 31 December 2020 and 2019, the Bank's shareholder structure was as follows:

AKZ'000

	31-12-2020			31-12-2019		
	TOTAL SHARES	%	SHARE CAPITAL	TOTAL SHARES	%	SHARE CAPITAL
RAFAEL ARCANJO KAPOSE	7 990 000	47.00%	7 990 000	7 990 000	47.00%	7 990 000
FRANCISCA KAMIA KAPOSE	7 650 000	45.00%	7 650 000	7 650 000	45.00%	7 650 000
SEVERIANO TYIHONGO KAPOSE	850 000	5.00%	850 000	850 000	5.00%	850 000
MARIA DO CÉU FIGUEIRA	425 000	2.50%	425 000	425 000	2.50%	425 000
SÉRGIO DA CUNHA VELHO	85 000	0.50%	85 000	85 000	0.50%	85 000
TOTAL	17 000 000	100%	17 000 000	17 000 000	100%	17 000 000

As of 31 December 2020 and 2019, the Bank does not hold any own shares nor were there differential voting right shares.

LEGAL RESERVE

Pursuant to Article 89 of the Financial Institutions Act, Banks must establish a legal reserve of not less than 10% of the net profits calculated in each year, intended to form a legal reserve up to a limit equivalent to the value of the share capital.

To this end, a minimum of 10% of the previous year's net income will be transferred to this reserve annually. This reserve may only be used to cover accumulated losses when all other established reserves have been used up.

APPROPRIATION OF EARNINGS

By resolution adopted by the General Meeting held on 28 March 2019, it was decided to transfer 10% of the amount of tAOA 11 598 633 relating to statutory net earnings determined in 2018 to legal reserves (tAOA 1 366 050), with the remainder being transferred to Retained Earnings.

By resolution adopted by the General Meeting of 24 October 2019, it was decided to distribute dividends amounting to tAOA 4 000 000, referring to the statutory net income for the year 2018, via Retained Earnings.

By resolution adopted by the General Meeting held on 26 March 2020, it was decided to transfer 10% of the amount of tAOA 9 647 353 relating to statutory net earnings determined in 2019 to legal reserves (tAOA 1 464 735), with 56% being transferred to retained earnings (tAOA 8 182 618). The remaining 34% (tAOA 5,000,000) was distributed as dividends.

Balances and transactions with related entities as of 31 December 2020 and 2019 are presented in Note 26.

18

NET INTEREST INCOME

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
INTEREST AND SIMILAR INCOME	5 996 694	5 930 245
From customer loans	2 685 408	2 104 046
From investments at central banks and other credit institutions	757 121	1 020 129
From Treasury Bonds in domestic currency	1 590 553	1 748 080
From treasury bonds in currency indexed to the USD	945 941	821 763
From Treasury Bills	17 671	236 227
INTEREST AND SIMILAR CHARGES	(1 345 561)	(1 465 551)
From customer funds and other loans	(1 042 951)	(1 290 929)
From funds from central banks and other credit institutions	(302 610)	-
From rights of use		(174 622)
NET INTEREST INCOME	4 651 133	4 464 694

In the Diário da República of 20 October 2016, Presidential Legislative Decree 2/14 was published, approving the revision and republication of the Tax on Capital Expenditure ("IAC") Code. According to the legal text concerned, income from public debt securities (Treasury Bills and Treasury Bonds) and private debt securities (bonds and other corporate debt securities) are taxed under tax on capital expenditure, and are not thus taxed under Corporation Tax. The costs incurred by the Bank in connection with IAC are recorded under the heading "Other operating profit or loss - Tax on capital expenditure".

19

NET EARNINGS FROM SERVICES AND FEES

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
FEES RECEIVED	4 335 106	8 028 298
For foreign currency transfers	2 482 685	3 199 368
For opening of documentary credits	263 433	2 177 648
For collection of documentary credits	661 593	1 602 732
For purchase and sale of foreign currency	136	73 899
For guarantees provided	36 333	35 934
For opening/renewal loan financing	23 273	23 770
For opening/renewal secured current account	72 900	42 674
Other	794 753	872 273
OTHER INCOME FROM SERVICES AND FEES	2 175	54 753
Office allowance	1	709
Other	2 174	54 044
EXPENSES FROM SERVICES AND FEES	(282 030)	(5 620)
Commissions paid	(282 030)	(5 620)
INCOME FROM FEES	4 055 251	8 077 431

20

PROFIT OR LOSS FROM INVESTMENTS AT AMORTISED COST

AKZ'000

	31-12-2019			31-12-2019		
	REVENUE	COSTS	TOTAL	REVENUE	COSTS	TOTAL
PROFIT OR LOSS FROM INVESTMENTS AT AMORTISED COST	-	(5 464)	(5 464)	539 666	-	539 666

21

FOREIGN EXCHANGE INCOME

For the years ended 31 December 2020 and 2019, this heading corresponds to the gains and losses relating to exchange rate variations, whether realised or potential, arising from operations in foreign currency and the balance sheet exposure of foreign currency balances, and takes the following form:

AKZ'000

2020	PROFITS	LOSSES	NET
GAINS AND LOSSES FROM FOREIGN EXCHANGE TRANSACTIONS	13 538 826	(1 193 528)	12 345 298
GAINS AND LOSSES FROM FOREIGN CURRENCY REVALUATION	121 107	(2 238 042)	(2 116 935)
FOREIGN EXCHANGE GAINS AND LOSSES FROM FINANCIAL INSTRUMENTS INDEXED TO THE USD			-
Foreign exchange revaluation of Treasury Bonds	5 926 370	-	5 926 370
Currency revaluation of time deposits	-	(827 267)	(827 267)
TOTAL			15 327 466

AKZ'000

2019	PROFITS	LOSSES	NET
GAINS AND LOSSES FROM FOREIGN EXCHANGE TRANSACTIONS	5 366 185	(181 180)	5 185 005
GAINS AND LOSSES FROM FOREIGN CURRENCY REVALUATION	6 168 865	(1 477 103)	4 691 762
FOREIGN EXCHANGE GAINS AND LOSSES FROM FINANCIAL INSTRUMENTS INDEXED TO THE USD			-
Foreign exchange revaluation of Treasury Bonds	4 929 807	-	4 929 807
Currency revaluation of time deposits	0	(450 090)	(450 090)
TOTAL	16 464 857	(2 108 374)	14 356 483

The balance of the heading "Gains and losses from foreign exchange revaluation" results from exchange rate fluctuation and consequent revaluation of balance sheet balances in foreign currency.

The balance of the item "Foreign exchange revaluation of financial instruments indexed to the USD" results from exchange rate fluctuation and the consequent revaluation of operations with profit on Treasury Bonds in domestic currency indexed to the USD and cost of time deposits indexed to the USD.

22

OTHER OPERATING PROFIT OR LOSS

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
TAXES	(308 361)	(385 173)
Stamp duty	(131)	(72 397)
Tax on capital expenditure	(215 178)	(253 342)
Urban property tax	(19 024)	(19 024)
Special contribution on current invisible exchange transactions	(11 408)	(29 862)
Consumption Tax	-	(10 248)
Other	(51 792)	(300)
VAT - annual pro rata calculation adjustment	(10 828)	(300)
LITIGATION/NOTARY SERVICES	(2 264)	(57 003)
PENALTIES APPLIED BY REGULATORY AUTHORITIES	(241 499)	(40 547)
CONTRIBUTIONS TO EMPLOYERS' ASSOCIATIONS	(32 497)	(32 343)
OTHER	180 780	(35 519)
TOTAL	(403 841)	(550 585)

As of 31 December 2020 and 2019, the heading "Tax on capital expenditure" stands at tAOA 215 178 and tAOA 253 342, respectively. The tax on capital expenditure (IAC) is levied on income from capital investment.

As of 31 December 2020 and 2019,the balance of the item "Special contribution on current invisible exchange transactions" corresponds to the contribution amounts levied on transfers made under contracts for the provision of foreign technical assistance or management services, in accordance with the provisions of the Legislative Presidential Decree 2/15 of 29 June.

23

STAFF EXPENSES

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
WAGES AND SALARIES	(4 840 387)	(3 153 179)
Remuneration of the Management and Supervisory Bodies	(936 243)	(646 600)
Remuneration of Employees	(2 315 976)	(839 268)
Variable performance remuneration	(1 588 168)	(1 667 311)
OTHER COSTS	(476 022)	(1 059 003)
Remuneration of the Management and Supervisory Bodies	(388 601)	(435 732)
Employees	(87 421)	(623 271)
SOCIAL SECURITY	(253 610)	(173 079)
TRAINING COSTS	(65 009)	(44 118)
WORK ACCIDENT INSURANCE	(11 252)	(1 940)
PERSONNEL COSTS	(5 646 280)	(4 431 319)

As of 31 December 2020 and 2019, the Bank had 125 and 111 employees respectively, of which, as of 31 December 2020, 7 were members of the corporate bodies.

As of 31 December 2020, the balance of the heading "Variable performance remuneration" corresponds to an estimate of the bonus to be paid based on an agreement between the shareholders and the Board of Directors for the distribution of profits for the year among the Board of Directors and employees.

24

THIRD-PARTY SUPPLIES AND SERVICES

This heading may be broken down as follows:

AKZ'000

	31-12-2020	31-12-2019
RENTAL CHARGES	(28 977)	(1 809)
SPECIALISED SERVICES	(1 711 025)	(875 644)
Audits and consultancy	(1 052 213)	(434 907)
Computing	(250 147)	(152 530)
Specialised Staff Fees	(240 519)	(150 425)
Image and Multimedia	(92 547)	(69 570)
Customs	-	(22 675)
Other	(75 599)	(45 537)
COMMUNICATIONS	(509 415)	(212 481)
SECURITY, MAINTENANCE AND REPAIR	(158 485)	(124 659)
PUBLICATIONS, ADVERTISING AND PUBLICITY	(102 536)	(86 123)
OTHER THIRD-PARTY SUPPLIES	(138 185)	(80 726)
TRANSPORT, TRAVEL AND ACCOMMODATION	(70 543)	(118 746)
MISCELLANEOUS MATERIALS	(158 384)	(90 957)
INSURANCE	(82 881)	(52 622)
WATER, ENERGY AND FUELS	(13 198)	(11 768)
TOTAL	(2 973 629)	(1 655 535)

25

OFF-BALANCE-SHEET ITEMS

As of 31 December 2020 and 2019, these headings have the following composition:

AKZ'000

	31-12-2020	31-12-2019
Import Documentary Credits	7 642 824	64 570 408
Guarantees provided	1 764 407	1 764 407
Deposit and custody of securities	24 993 789	14 071 563
Foreign Exchange Operations	-	-
TOTAL	34 401 020	66 334 815

The guarantees and sureties provided are banking transactions that do not translate into mobilisations of funds by the Bank, and are related to guarantees provided to support import operations and for the execution of contracts by Bank customers. The guarantees provided represent values that may be due in the future.

Open documentary credits are irrevocable commitments by the Bank, on behalf of its customers, to pay/order payment of a certain amount to the supplier of a given good or service, within a stipulated period, against the presentation of documents regarding the dispatch of the merchandise or provision of the service. The condition of irrevocability consists in the fact that it may not be cancelled or altered without the express agreement of all the parties involved.

Notwithstanding the particularities of these contingent liabilities and commitments, the assessment of these operations follows the same basic principles as any other commercial operation, namely that of solvency, both for the customer and for the business underlying them, and the Bank requires the collateralisation of these operations where necessary. Since most of them are expected to expire without being used, the amounts indicated do not necessarily represent future cash requirements.

As of 31 December 2020 and 2019, the provisions set up to cover the credit risk assumed in granting import documentary credit and liabilities from guarantees provided amount to tAOA 137 411 and tAOA 734 307, respectively.

26

BALANCES AND TRANSACTIONS WITH RELATED ENTITIES

As of 31 December 2020 and 2019, the balances held with related entities were as follows:

AKZ'000

31-12-2020	SHAREHOLDERS AND ENTITIES RELATED TO SHAREHOLDERS	MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD	TOTAL
ASSETS	(12 066 659)	(54 423)	(12 121 082)
Credits (Note 6)	-	-	-
Other amounts (Note 7)	(12 066 659)	(54 423)	(12 121 082)
LIABILITIES:	8 040 557	521 649	8 562 206
Deposits (Note 9)	-	-	-
Other liabilities (Note 10)	8 040 557	521 649	8 562 206
OFF-BALANCE-SHEET	(882 203)	-	(882 203)
Guarantees Provided and Import Documentary Credits	(24 726 789)	100 000	(24 626 789)
Guarantees Received	(25 608 993)	100 000	(25 508 993)
STATEMENT OF INCOME	1 959 329	5 921	1 965 250
Credit income (Note 13)	4 803	19 341	24 144
Cost of deposits (Note 13)	337 892	5 194	343 086
Provision of financial services (Note 15)	129	119 613	119 741
Third-party supplies (Note 17)	2 302 152	150 069	2 452 221

AKZ'000

31-12-2019	SHAREHOLDERS AND ENTITIES RELATED TO SHAREHOLDERS	MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD	TOTAL
ASSETS			
Credits (Note 6)	6 206 179	113 663	6 319 841
Other amounts (Note 7)	-	-	-
	6 206 179	113 663	6 319 841
LIABILITIES:			
Deposits (Note 9)	6 209 617	399 655	6 609 272
Other liabilities (Note 10)	-	-	-
	6 209 617	399 655	6 609 272
OFF-BALANCE-SHEET			
Guarantees Provided and Import Documentary Credits	(23 794 607)	-	23 794 607
Guarantees Received	(15 070 453)	160 000	14 910 453
	(38 865 060)	160 000	38 705 060
STATEMENT OF INCOME			
Credit income (Note 13)	1 342 822	9 775	1 352 597
Cost of deposits (Note 13)	3 532	10 931	14 463
Provision of financial services (Note 15)	2 437 282	(14 580)	2 422 701
Third-party supplies (Note 17)	-	151 767	151 767
	3 783 635	157 893	3 941 528

As of 31 December 2020, the main related entities were as follows:

- **SHAREHOLDERS AND THEIR RELATIVES**
- **COREAUTO LDA**
- **IMOSUL LDA**
- **TRANSPORTE SRR LIMITADA**
- **SRR, LIMITADA - HOTEL SERRA DA CHELA**
- **S TULUMBA GREEN LDA, SA**
- **S TULUMBA INVESTIMENTOS E PARTICIPAÇÕES**
- **S TULUMBA - INDUSTRIA ALIMENTAR, SA**
- **IMOSUL TRADING, LIMITADA**
- **IMOSUL HIDRAULICA - LOGISTICA E TRANS. LDA**
- **EHD EXPLORAÇÃO EXP. MINERAIS, SA**
- **IHE LDA**
- **POIBA - POLO INDUSTRIAL DE BEBIDAS E ALIMENTOS**
- **SUL TRADING LDA**
- **CORPORACAO KIANDA - PRE SER E COMERCIO, LDA**
- **GLOBALINE-INVESTIMENTOS LDA**
- **NUTRIAVELE LDA**
- **DALP AUTOMOVEL DISTRI DE AUT LIGEIROS**
- **SOLO OCEAN - INDUSTRIA DE PESCA, LDA**
- **GLOBALMOTION, SA**

As of 31 December 2020, operations with related entities existing at the level of the credit portfolio represent 32% of the Bank's own funds (31 December 2019: 18%) and 12% of total net assets (31 December 2019: 6%).

As of 31 December 2020, the net exposure of financial collateral of loans granted to related parties amounts to tAOA 7 300 760 (31 December 2019: tAOA 6 206 179).

Transactions with related parties at the level of off-balance sheet items (guarantees provided and import documentary credits) fell from tAOA 23 794 607 as of 31 December 2019 to tAOA 882 203 on 31 December 2020.

The guarantees received shown in the table above include financial collateral and mortgage collateral.

Whenever exposures to related entities exceed the limits of large exposures, as established in National Bank of Angola Notice 9/2016, the amount that exceeds the limit is deducted from the Regulatory Own Funds for purposes of calculating the Regulatory Solvency Ratio, as provided for in National Bank of Angola Notice 2/2016. During the year, the Bank presented a Regulatory Solvency Ratio never less than 10%, even when these rules were applied.

27

BALANCE SHEET BY CURRENCY

As of 31 December 2020 and 2019, the Bank's Balance Sheet by currency has the following structure:

AKZ'000

31-12-2020	DOMESTIC CURRENCY	DOMESTIC CURRENCY INDEXED TO THE USD	FOREIGN CURRENCY	TOTAL
Cash and cash balances at central banks	13 683 173	-	2 702 292	16 385 465
Cash balances at other credit institutions	46 060	-	16 179 719	16 225 779
Investments at central banks and other credit institutions	9 917 536	-	-	9 917 536
Financial assets at fair value through other comprehensive income	68 203	-	-	68 203
Investments at amortised cost	15 732 411	5 377 835	-	21 110 246
Customer loans	17 588 175	-	-	17 588 175
Other tangible assets	10 355 839	-	-	10 355 839
Intangible assets	102 964	-	-	102 964
Current tax assets	235 116	-	-	235 116
Deferred tax assets	43 876	-	-	43 876
Other assets	3 762 335	-	3 435 715	7 198 050
TOTAL ASSETS	71 535 688	5 377 835	22 317 726	99 231 249
Funds from central banks and other credit institutions	5 059 756	-	98 842	5 158 598
Customer funds and other loans	30 687 728	2 174 040	7 478 574	40 340 342
Provisions	49 404	-	88 037	137 441
Current tax liabilities	3 755 868	-	-	3 755 868
Deferred tax liabilities	402 846	-	-	402 846
Other liabilities	7 538 225	-	3 698 193	11 236 418
TOTAL LIABILITIES	47 493 827	2 174 040	11 363 646	61 031 513
ASSETS/LIABILITIES (NET)	24 041 861	3 203 795	10 954 080	38 199 736
Liabilities assumed with import documentary credit				

AKZ'000

31-12-2019	DOMESTIC CURRENCY	DOMESTIC CURRENCY INDEXED TO THE USD	FOREIGN CURRENCY	TOTAL
Cash and cash balances at central banks	25 188 644	-	1 389 804	26 578 448
Cash balances at other credit institutions	61 181	-	19 651 250	19 712 431
Investments at central banks and other credit institutions	13 637 176	-	-	13 637 176
Financial assets at fair value through other comprehensive income	68 203	-	-	68 203
Investments at amortised cost	5 539 253	18 339 160	-	23 878 413
Customer loans	11 733 670	-	-	11 733 670
Other tangible assets	10 429 550	-	-	10 429 550
Intangible assets	77 381	-	-	77 381
Current tax assets	211 788	-	-	211 788
Deferred tax assets	-	-	-	-
Other assets	470 760	-	-	470 760
TOTAL ASSETS	67 417 606	18 339 160	21 041 054	106 797 820
Funds from central banks and other credit institutions	45 959	-	30 743	76 702
Customer funds and other loans	59 864 312	2 163 723	2 472 673	64 500 708
Provisions	52 932	-	681 375	734 307
Current tax liabilities	4 982 066	-	-	4 982 066
Deferred tax liabilities	-	-	-	-
Other liabilities	2 376 774	-	255 245	2 632 019
TOTAL LIABILITIES	67 322 043	2 163 723	3 440 036	72 925 802
ASSETS/LIABILITIES (NET)	95 563	16 175 437	17 601 018	33 872 018
Liabilities assumed with import documentary credit				

28

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank uses the following fair value hierarchy, with three levels in the valuation of financial instruments, which reflects the level of judgment, the observability of the data used and the importance of the parameters applied in determining the fair value assessment of the instrument, in accordance with IFRS 13:

LEVEL 1: Fair value is determined based on unadjusted quoted prices, captured in transactions in active markets involving financial instruments identical to the instruments to be valued. If there is more than one active market for the same financial instrument, the relevant price is the one prevailing in the main market of the instrument, or the most advantageous market for which access exists;

LEVEL 2: Fair value is determined based on valuation techniques supported by data observable in active markets, whether direct (prices, rates, spreads...) or indirect (derivatives), and valuation assumptions similar to those that an unrelated party would use estimating the fair value of the same financial instrument. It also includes instruments whose valuation is obtained through quotations published by independent entities, but whose markets have less liquidity; and,

LEVEL 3: Fair value is determined based on unobservable input in active markets, using techniques and assumptions that the market participants would use to value the same instruments, including assumptions regarding the inherent risks, the valuation technique and inputs used, and contemplating processes for reviewing the accuracy of the values thus obtained.

The Bank considers an active market for a given financial instrument, on the measurement date, depending on the volume of business and the liquidity of the operations carried out, the relative volatility of quoted prices and the readiness and availability of information, and, for this purpose, it must verify the following minimum conditions:

- Existence of frequent daily trading quotes in the last year;
- The quotes mentioned above change regularly;
- There are executable quotes from more than one entity.
- A parameter used in a valuation technique is considered to be observable in the market if the following conditions are met:
- If its value is determined in an active market;
- If there is an OTC market and it is reasonable to assume that active market conditions exist, with the exception of the trading volume condition; and,
- The value of the parameter may be obtained by the inverse calculation of the prices of financial instruments and/or derivatives where the remaining parameters necessary for the initial assessment are observable in a liquid market or in an OTC market that comply with the preceding paragraphs.

As of 31 December 2020 and 2019, the valuation categories of the financial instruments are as follows:

AKZ'000

31-12-2020	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
ASSETS					
Cash and cash balances at central banks	-	16 385 465	-	-	16 385 465
Cash balances at other credit institutions	-	16 255 119	-	(29 340)	16 225 779
Investments at central banks and other credit institutions	-	9 974 014	-	(56 478)	9 917 536
Financial assets at fair value through other comprehensive income	-	-	68 203	-	68 203
Investments at amortised cost	-	22 285 373	-	(1 175 127)	21 110 246
Customer loans	-	18 516 124	-	(927 949)	17 588 175
	-	83 416 095	68 203	(2 188 894)	81 295 404
LIABILITIES					
Funds from central banks and other credit institutions	-	(5 158 598)	-	-	(5 158 598)
Customer funds and other loans	-	(40 340 342)	-	-	(40 340 342)
	-	(45 498 940)	-	-	(45 498 940)
ASSETS/LIABILITIES (NET)	-	37 917 155	68 203	(2 188 894)	35 796 464

AKZ'000

31-12-2019	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
ASSETS					
Cash and cash balances at central banks	-	26 578 448	-	-	26 578 448
Cash balances at other credit institutions	-	19 743 491	-	(31 060)	19 712 431
Investments at central banks and other credit institutions	-	13 854 877	-	(217 701)	13 637 176
Financial assets at fair value through other comprehensive income	-	-	68 203	-	68 203
Investments at amortised cost	-	24 259 603	-	(381 190)	23 878 413
Customer loans	-	12 268 150	-	(534 480)	11 733 670
	-	96 704 569	68 203	(1 164 431)	95 608 341
LIABILITIES					
Funds from central banks and other credit institutions	-	(76 702)	-	-	(76 702)
Customer funds and other loans	-	(64 500 708)	-	-	(64 500 708)
	-	(64 577 410)	-	-	(64 577 410)
ASSETS/LIABILITIES (NET)	-	32 127 159	68 203	(1 164 431)	31 030 931

FAIR VALUE OF ASSETS AND LIABILITIES VALUED AT FAIR VALUE

As of 31 December 2020 and 2019, the Bank does not present financial assets and liabilities valued at fair value.
The only asset that forms part of the portfolio of Financial assets at fair value through other comprehensive income is the financial stake held in EMIS which, as mentioned in Note 7, is measured at acquisition cost as it is considered to reflect a reasonable and prudent approximation of the fair value of that equity instrument.

FAIR VALUE OF ASSETS AND LIABILITIES VALUED AT AMORTISED COST

The fair value of financial assets and liabilities measured at amortised cost is presented as follows:

AKZ'000

31-12-2019		FAIR VALUE				
	AMORTISED COST (NET VALUE)	"QUOTED MARKET PRICES (LEVEL 1)"	VALUATION MODELS WITH PARAMETERS OBSERVABLE IN THE MARKET (LEVEL 2)	VALUATION MODELS WITH PARAMETERS NOT OBSERVABLE IN THE MARKET (LEVEL 3)	TOTAL FAIR VALUE	DIFFERENCE
ASSETS						
Cash and cash balances at central banks	16 385 465	-	16 385 465	-	16 385 465	-
Cash balances at other credit institutions	16 255 119	-	16 255 119	-	16 255 119	-
Investments at central banks and other credit institutions	9 917 536	-	9 917 536	-	9 917 536	-
Investments at amortised cost	21 110 246	-	22 092 141	-	22 092 141	-981 895
Customer loans	17 588 175	-	-	17 588 175	17 588 175	-
	81 256 541	-	64 650 261	17 588 175	82 238 436	-981 895
LIABILITIES						
Funds from central banks and other credit institutions	5 158 598	-	5 158 598	-	5 158 598	-
Customer funds and other loans	40 340 342	-	40 340 342	-	40 340 342	-
	45 498 940	-	45 498 940	-	45 498 940	-

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

CASH AND CASH AT CENTRAL BANKS, CASH AT OTHER CREDIT INSTITUTIONS AND INVESTMENTS AT CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

These assets are very short-term, as a result of which the carrying amount is a reasonable estimate of their fair value.

INVESTMENTS AT AMORTISED COST

The fair value of these financial instruments is based on quoted market prices, where available. If they do not exist, the fair value is estimated based on an update of the expected cash flows of capital and interest in the future for these instruments.

CUSTOMER LOANS

The fair value of customer loans is estimated based on the updating of expected principal and interest cash flows, considering that the instalments are paid on the dates laid down in the contracts. The discount rates used are the current rates charged for loans with similar characteristics.

FUNDS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

The fair value of these liabilities is estimated based on the updating of expected principal and interest cash flows, considering that instalment payments occur on the dates laid down in the contracts. These liabilities are very short term, as a result of which the carrying amount is a reasonable estimate of their respective fair value.

CUSTOMER FUNDS AND OTHER LOANS

The fair value of these financial instruments is estimated based on the updating of the expected cash flows of principal and interest. The discount rate used is that which reflects the rates applied for deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

As of 31 December 2019 and 2018, interest and commission income on financial instruments was as follows:

AKZ'000

31-12-2020 THROUGH PROFIT AND LOSS	GAINS	LOSSES	NET
ASSETS	6 155 950	-	6 155 950
Investments at central banks and other credit institutions	757 121	-	757 121
Investments at amortised cost	2 617 250	-	2 617 250
Customer loans	2 781 579	-	2 781 579
LIABILITIES	-	(1 345 561)	(1 345 561)
Customer funds and other loans	-	(1 042 951)	(1 042 951)
Interest on rights of use (IFRS 16)	-	(302 610)	(302 610)
OFF-BALANCE-SHEET	961 359	-	961 359
Import documentary credit	925 026	-	925 026
Guarantees provided	36 333	-	36 333
TOTAL	7 117 309	(1 345 561)	5 771 748

AKZ'000

31-12-2019 THROUGH PROFIT AND LOSS	GAINS	LOSSES	NET
ASSETS	6 536 355	-	6 536 355
Investments at central banks and other credit institutions	1 020 129	-	1 020 129
Investments at amortised cost	3 345 736	-	3 345 736
Customer loans	2 170 490	-	2 170 490
LIABILITIES	-	(1 465 551)	(1 465 551)
Customer funds and other loans	-	(1 290 929)	(1 290 929)
Interest on rights of use (IFRS 16)		(174 622)	(174 622)
OFF-BALANCE-SHEET	3 816 314	-	3 816 314
Import documentary credit	3 780 380	-	3 780 380
Guarantees provided	35 934	-	35 934
TOTAL	10 352 669	(1 465 551)	8 887 118

29

RISK MANAGEMENT

The Bank is subject to different risks in the context of its business activities. Risk management is performed centrally to the specific risks of each business. The Bank's risk management policy aims to maintain an appropriate relationship between its own capital and the activity pursued, as well as the corresponding risk/return profile by line of business. In this context, the monitoring and control of the main types of financial risks - credit, market, liquidity and operational risks - to which the Bank's activities is subject assumes particular importance.

MAIN RISK CATEGORIES

CREDIT – Credit risk is associated with the degree of uncertainty in recovering the investment and its return, due to the incapacity of either a debtor (or the debtor's guarantor, if any), thus causing a financial loss for the creditor. Credit risk is shown in debt securities or other balances receivable.

MARKET – The concept of market risk reflects the potential loss that may be reported by a given portfolio as a result of changes in rates (interest and exchange rates) and/or the prices of the different financial instruments that comprise it, considering both the correlations between them, and their respective volatilities. Thus, Market Risk encompasses interest rate, exchange rate and other price risks.

LIQUIDITY - Liquidity risk reflects the Bank's inability to meet its obligations associated with financial liabilities at each maturity date, without incurring significant losses resulting from a deterioration in the conditions of access to finance (financing risk) and/or sale of its assets for prices below the prices usually charged in the market (market liquidity risk).

OPERATIONAL – Operational risk is defined as the potential loss resulting from failures or inadequacies in internal processes, people or systems, or potential losses resulting from external events.

INTERNAL ORGANISATION

As a basic element for the success of the activity, the Bank considers it essential to implement and preserve an appropriate risk management system, which should take the form of defining the Bank's risk appetite and the implementation of strategies and policies aimed at achieving its objectives, taking into account the risk established, ensuring that this remains within predefined limits and is subject to appropriate and continuous supervision. The Bank's Board of Directors is responsible for approving the risk appetite, global risk policy and specific policies for significant risks. This includes the approval of the highest level principles and rules that must be followed in the Bank's risk management, as well as the guidelines that should dictate the allocation of capital to the different risks and business lines.

The Board of Directors, through the Risk Committee, ensures that there is adequate risk control and effective management systems in all areas of the Bank. The Risk Committee is responsible for periodically monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the development of the activity.

The risk management function is performed by the Risk Office, under the supervision of the "*Risk Officer*". It is responsible for monitoring and reporting the Bank's risk situation, namely: establishing and promoting risk management policies, procedures, methodologies and tools; monitoring the risk-taking of operational units and promoting the importance of control at the level of the first line of defence provided by the operational units; collecting relevant information from operating units in order to regularly control risk appetite metrics; automatically produce risk appetite reports (whenever possible).

The Compliance and Internal Control Office, responsible for the compliance function, covers all areas, processes and activities of the Bank, and has the mission of contributing towards the prevention and mitigation of "compliance risks", which translate into the risk of legal or regulatory penalties, financial losses or loss of reputation, as a result of failure to comply with the application of laws, regulations, codes of conduct and best banking practices, promoting respect by the Bank and its employees for all applicable regulations through independent intervention, in conjunction with all the Bank's organisational units.

Functionally, the risk and compliance areas report to an executive director who does not accumulate portfolios of operating units and reports hierarchically to the Board of Directors through the Committees made up of non-executive directors in which he or she participates.

In recent years, the National Bank of Angola has been issuing a set of Notices and Instructions with a special focus on risk management and reporting by Financial Institutions. The Bank is in the process of implementing them in order to report within the legally applicable deadlines.

RISK ASSESSMENT

CREDIT RISK

Credit risk models play an essential role in the credit decision process. Thus, the decision-making process for loan portfolio operations is based on a set of policies. Credit decisions depend on risk assessments and compliance with various rules regarding the financial capacity and behaviour of applicants.

Below is information on the Bank's exposure to credit risk:

AKZ'000

2020	GROSS BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
EQUITY			
Cash and cash balances at central banks	16 385 465	-	16 385 465
Cash balances at other credit institutions	16 255 119	(29 340)	16 225 779
Investments at central banks and other credit institutions	9 974 014	(56 478)	9 917 536
Investments at amortised cost	22 285 373	(1 175 127)	21 110 246
Customer loans	18 516 124	(927 949)	17 588 175
EQUITY EXPOSURE	83 416 095	(2 188 894)	81 227 201
OFF-BALANCE-SHEET			
Import documentary credits	7 642 824	(111 663)	7 531 161
Guarantees provided	1 764 407	(25 778)	1 738 629
OFF-BALANCE SHEET EXPOSURE	9 407 231	(137 441)	9 269 790
TOTAL	92 823 326	(2 326 335)	90 496 991

AKZ'000

2019	GROSS BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
EQUITY			
Cash and cash balances at central banks	26 578 448	-	26 578 448
Cash balances at other credit institutions	19 743 491	(31 060)	19 712 431
Investments at central banks and other credit institutions	13 854 877	(217 701)	13 637 176
Investments at amortised cost	24 259 603	(381 190)	23 878 413
Customer loans	12 268 150	(534 480)	11 733 670
EQUITY EXPOSURE	96 704 569	(1 164 431)	95 540 138
OFF-BALANCE-SHEET			
Import documentary credits	64 690 408	(681 375)	64 009 033
Guarantees provided	1 764 407	(52 932)	1 711 475
OFF-BALANCE SHEET EXPOSURE	66 454 815	(734 307)	65 720 508
TOTAL	163 159 384	(1 898 738)	161 260 646
TOTAL	98 884 413	(1 238 590)	97 645 823

As of 31 December 2020, the financial instruments subject to the impairment requirements provided for in IFRS 9, analysed by stages of impairment, are detailed in the following tables:

AKZ'000

GROSS EXPOSURE 2020	STAGE 1	STAGE 2	STAGE 3	TOTAL
FINANCIAL ASSETS AT AMORTISED COST				
Investments at central banks and other credit institutions	9 974 014	-	-	9 974 014
Customer loans	17 558 041	-	958 083	18 516 124
Instruments at amortised cost	22 285 373	-	-	22 285 373
Warranties and other commitments	9 702 231	-	-	9 702 231
TOTAL	59 519 659	-	958 083	60 477 742

IMPAIRMENT LOSSES 2020	STAGE 1	STAGE 2	STAGE 3	TOTAL
FINANCIAL ASSETS AT AMORTISED COST				
Investments at central banks and other credit institutions	(56 478)	-	-	(56 478)
Customer loans	(541 204)	-	(386 745)	(927 949)
Instruments at amortised cost	(1 175 127)	-	-	(1 175 127)
Warranties and other commitments	(137 441)	-	-	(137 441)
TOTAL	(1 910 250)	-	(386 745)	(2 296 995)

NET EXPOSURE 2020	STAGE 1	STAGE 2	STAGE 3	TOTAL
FINANCIAL ASSETS AT AMORTISED COST				
Investments at central banks and other credit institutions	9 917 536	-	-	9 917 536
Customer loans	17 016 837	-	571 338	17 588 175
Instruments at amortised cost	21 110 246	-	-	21 110 246
Warranties and other commitments	9 564 790	-	-	9 564 790
TOTAL	57 609 409	-	571 338	58 180 747

As of 31 December 2019, all financial instruments were at Stage 1.

The Bank's impairment policy for financial assets is described in Note 2.3.11, which includes greater detail on the criteria and for each of the above stages of expected credit losses.

Regarding the instruments at amortised cost, it should be noted that, on 27 December 2019, the National Bank of Angola published Directive 13/DSB/DRO – "Guide on Recommendations for the Implementation of AQA Methodologies for the Year 2019" with the aim of standardising the methodologies used in the Asset Quality Assessment (AQA) across all Banking Financial Institutions.

In the specific case of impairment for national public debt securities (in domestic or foreign currency) measured at the amortised cost in the balance sheet of those institutions, the Directive establishes that, in determining impairment, the following criteria should be considered:

– 12-month probability of default ("PD") for Angola's rating as published in the *Moody's* study applicable to the year concerned;

– Loss given default ("LGD") associated with verified sovereign *Default* events, as indicated in the aforementioned study.

Resulting from the economic deterioration of the situation in Angola, caused mainly by the abrupt fall in oil prices and the worsening of the external and budget deficits, in the year 2020, the three main international rating agencies carried out a review of the country's rating with potential direct impacts on the level impairment of national public debt securities measured at amortised cost.

In assessing the existence of a significant increase in credit risk as of 31 December 2020 for the portfolio of instruments at amortised cost, which must be carried out from the date of acquisition of the financial assets, the Bank considered the Treasury Bonds acquired after October 2017 met the conditions to remain at Stage 1, as at the time of their acquisition, Angolan sovereign risk was already B2 - *highly speculative*, as a result of which the implicit risk already existed, and did not change significantly until 31 December 2020 (only two rating downgrades were reported). Likewise, as, at 31 December 2020, they had already been the subject of more than 2 rating downgrades since the acquisition date, the Treasury Bonds purchased before October 2017 meet the criteria to be considered as being at Stage 2 (significant increase in credit risk).

As of 31 December 2020 and 2019, the credit standing of financial assets showed the following detail:

AKZ'000

2020	RATING SOURCE	RATING LEVEL	GROSS EXPOSURE	IMPAIRMENT	NET EXPOSURE
Cash and cash balances at central banks	External Rating	B1 to B3	14 566 481	-	14 566 481
		Unrated	1 818 984	-	1 818 984
			16 385 465	-	**16 385 465**
Cash balances at other credit institutions	External Rating	Baa1 to Baa3	**16 255 119**	**(29 340)**	**16 225 779**
Investments at central banks and other credit institutions	External Rating	B1 to B3	3 471 023	-	3 471 023
		Unrated	6 502 991	(56 478)	6 446 513
			9 974 014	**(56 478)**	**9 917 536**
Investments at amortised cost	External Rating	CCC+ to CCC	**22 293 533**	**(1 183 287)**	**21 110 246**
Customer loans - equity	Internal rating	A	430 389	(10 029)	420 360
		B	17 127 652	(529 227)	17 167 815
		G	958 082	(388 692)	569 390
			18 516 123	**(927 948)**	**17 588 175**
Customer loans - off-balance sheet	Internal rating	A	-		-
		B	9 407 231		9 407 231
			9 407 231	-	**9 407 231**
TOTAL			92 831 485	(2 197 053)	90 634 432

AKZ'000

2019	RATING SOURCE	RATING LEVEL	GROSS EXPOSURE	IMPAIRMENT	NET EXPOSURE
Cash and cash balances at central banks	External Rating	B1 to B3	24 340 286	-	24 340 286
		Unrated	2 238 162	-	2 238 162
			26 578 448	**-**	**26 578 448**
Cash balances at other credit institutions	External Rating	Baa1 to Baa3	**19 743 491**	**(31 060)**	**19 712 431**
Investments at central banks and other credit institutions	External Rating	B1 to B3	12 353 693	-	12 353 693
		Unrated	1 501 184	(217 701)	1 283 483
			13 854 877	**(217 701)**	**13 637 176**
Investments at amortised cost	External Rating	B1 to B3	**24 259 603**	**(381 190)**	**23 878 413**
Customer loans - equity	Internal rating	A	126 061	(5 492)	120 569
		B	12 142 089	(528 988)	11 613 101
			12 268 150	**(534 480)**	**11 733 670**
Customer loans - off-balance sheet	Internal rating	A	16 450 370	(181 772)	16 268 598
		B	50 004 445	(552 535)	49 451 910
			66 454 815	**(734 307)**	**65 720 508**
TOTAL			163 159 384	(1 898 738)	161 260 646

As of 31 December 2019 and 2018, the geographic concentration of the credit risk was as follows:

AKZ'000

2020	ANGOLA	OTHER AFRICAN COUNTRIES	EUROPE	OTHER	TOTAL
Cash and cash balances at central banks	16 385 465	-	-	-	16 385 465
Cash balances at other credit institutions	46 060	199 358	12 587 803	3 392 558	16 225 779
Investments at central banks and other credit institutions	9 917 536	-	-	-	9 917 536
Investments at amortised cost	21 110 246	-	-	-	21 110 246
Customer loans - equity	17 588 175	-	-	-	17 588 175
EQUITY EXPOSURE	**65 047 482**	**199 358**	**12 587 803**	3 392 558	81 227 201
CUSTOMER LOANS - OFF-BALANCE SHEET	**9 407 231**	**-**	**-**	**-**	**9 407 231**
TOTAL	74 454 713	199 358	12 587 803	3 392 558	90 634 432

AKZ'000

2019	ANGOLA	OTHER AFRICAN COUNTRIES	EUROPE	OTHER	TOTAL
Cash and cash balances at central banks	26 578 448	-	-	-	26 578 448
Cash balances at other credit institutions	61 181	-	14 077 917	5 573 333	19 712 431
Investments at central banks and other credit institutions	13 637 176	-	-	-	13 637 176
Investments at amortised cost	23 878 413	-	-	-	23 878 413
Customer loans - equity	11 733 670	-	-	-	11 733 670
EQUITY EXPOSURE	**75 888 888**	**-**	**14 077 917**	5 573 333	95 540 138
CUSTOMER LOANS - OFF-BALANCE SHEET	**65 720 508**	**-**	**-**	**-**	**65 720 508**
TOTAL	141 609 396	-	14 077 917	5 573 333	161 260 646

As of 31 December 2020 and 2019, total contractual cash flows of the financial instruments were as follows:

AKZ'000

2020	IN CASH	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 YEAR AND 3 YEARS	BETWEEN 3 YEARS AND 5 YEARS	OVER 5 YEARS	INDETERMINATE	TOTAL
ASSETS										
Cash and cash balances at central banks	16 385 465	-	-	-	-	-	-	-	-	16 385 465
Cash balances at other credit institutions	16 225 779	-	-	-	-	-	-	-	-	16 225 779
Investments at central banks and other credit institutions	-	6 546 394	3 471 023	-	-	-	-	-	(99 881)	9 917 536
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	68 203	68 203
Investments at amortised cost	2 938 107	-	1 431 161	1 029 614	1 787 016	15 127 149	-	-	(1 202 801)	21 110 246
Customer loans	14 956	-	7 382 987	1 584 388	1 130 767	2 187 045	5 579 881	636 100	(927 949)	17 588 175
TOTAL ASSETS	35 564 307	6 546 394	12 285 171	2 614 002	2 917 783	17 314 194	5 579 881	636 100	(2 162 428)	81 295 404
LIABILITIES										
Funds from central banks and other credit institutions	(157 194)	(5 001 404)	-	-	-	-	-	-	-	(5 158 598)
Customer funds and other loans	(32 553 368)	(1 609 111)	(2 202 650)	(3 063 612)	(43 324)	(849 846)	-	-	(18 431)	(40 340 342)
TOTAL LIABILITIES	(32 710 562)	(6 610 515)	(2 202 650)	(3 063 612)	(43 324)	(849 846)	-	-	(18 431)	(45 498 940)
LIQUIDITY GAP	2 853 745	(64 121)	10 082 521	(449 610)	2 874 459	16 464 348	5 579 881	636 100	(2 180 859)	35 796 464

AKZ'000

2019	IN CASH	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 YEAR AND 3 YEARS	BETWEEN 3 YEARS AND 5 YEARS	OVER 5 YEARS	INDETERMINATE	TOTAL
ASSETS										
Cash and cash balances at central banks	26 578 448	-	-	-	-	-	-	-	-	26 578 448
Cash balances at other credit institutions	19 712 431	-	-	-	-	-	-	-	-	19 712 431
Investments at central banks and other credit institutions	1 501 184	11 875 936	477 757	-	-	-	-	-	(217 701)	13 637 176
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	68 203	68 203
Investments at amortised cost	-	-	-	4 784 257	12 145 443	7 329 903	-	-	(381 190)	23 878 413
Customer loans	450 706	-	2 003 610	2 192 968	-	1 346 986	34 551	6 239 329	(534 480)	11 733 670
TOTAL ASSETS	48 242 769	11 875 936	2 481 367	6 977 225	12 145 443	8 676 889	34 551	6 239 329	(1 065 168)	95 608 341
LIABILITIES										
Funds from central banks and other credit institutions	(76 702)	-	-	-	-	-	-	-	-	(76 702)
Customer funds and other loans	(58 804 589)	(81 791)	(747 684)	(3 257 613)	(1 608 839)	-	-	-	(192)	(64 500 708)
TOTAL LIABILITIES	(58 881 291)	(81 791)	(747 684)	(3 257 613)	(1 608 839)	-	-	-	(192)	(64 577 410)
LIQUIDITY GAP	(10 638 522)	11 794 145	1 733 683	3 719 612	10 536 604	8 676 889	34 551	6 239 329	(1 065 360)	31 030 931

As of 31 December 2020 and 2019, total contractual cash flows relating to the capital of financial instruments have the following detail:

AKZ'000

2020	IN CASH	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 YEAR AND 3 YEARS	BETWEEN 3 YEARS AND 5 YEARS	OVER 5 YEARS	INDETERMINATE	TOTAL
ASSETS										
Cash and cash balances at central banks	16 385 465	-	-	-	-	-	-	-	-	16 385 465
Cash balances at other credit institutions	16 225 779	-	-	-	-	-	-	-	-	16 225 779
Investments at central banks and other credit institutions	-	6 500 000	3 435 900	-	-	-	-	-	(99 881)	9 836 019
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	68 203	68 203
Investments at amortised cost	3 007 563	-	1 431 161	961 435	1 627 081	13 470 582	-	-	(1 283 940)	19 213 882
Customer loans	14 955	-	7 105 994	1 579 888	1 132 707	2 162 827	5 563 060	644 123	(927 949)	17 275 605
TOTAL ASSETS	35 633 762	6 500 000	11 973 055	2 541 323	2 759 788	15 633 409	5 563 060	644 123	(2 243 567)	79 004 953
LIABILITIES										
Funds from central banks and other credit institutions	(157 194)	(5 000 000)	-	-	-	-	-	-	-	(5 157 194)
Customer funds and other loans	(32 473 120)	(1 586 400)	(2 177 454)	(2 950 000)	(43 000)	(849 718)	-	-	-	(40 079 692)
TOTAL LIABILITIES	(32 630 314)	(6 586 400)	(2 177 454)	(2 950 000)	(43 000)	(849 718)	-	-	-	(45 236 886)
LIQUIDITY GAP	3 003 448	(86 400)	9 795 601	(408 677)	2 716 788	14 783 691	5 563 060	644 123	(2 243 567)	33 768 067

AKZ'000

2019	IN CASH	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 YEAR AND 3 YEARS	BETWEEN 3 YEARS AND 5 YEARS	OVER 5 YEARS	INDETERMINATE	TOTAL
ASSETS										
Cash and cash balances at central banks	26 578 448	-	-	-	-	-	-	-	-	26 578 448
Cash balances at other credit institutions	19 712 431	-	-	-	-	-	-	-	-	19 712 431
Investments at central banks and other credit institutions	1 500 000	11 799 200	477 400	-	-	-	-	-	(217 701)	13 558 899
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	68 203	68 203
Investments at amortised cost	-	-	-	4 695 612	11 896 487	6 939 764	-	-	(381 190)	23 150 673
Customer loans	450 707	-	2 000 534	2 179 905	-	1 307 338	34 434	6 229 506	(534 480)	11 667 944
TOTAL ASSETS	48 241 586	11 799 200	2 477 934	6 875 517	11 896 487	8 247 102	34 434	6 229 506	(1 065 168)	94 736 598
LIABILITIES										
Funds from central banks and other credit institutions	(76 702)	-	-	-	-	-	-	-	-	(76 702)
Customer funds and other loans	(58 804 589)	(81 050)	(696 525)	(3 118 778)	(1 601 510)	-	-	-	-	(64 302 453)
TOTAL LIABILITIES	(58 881 291)	(81 050)	(696 525)	(3 118 778)	(1 601 510)	-	-	-	-	(64 379 155)
LIQUIDITY GAP	(10 639 705)	11 718 150	1 781 409	3 756 739	10 294 977	8 247 102	34 434	6 229 506	(1 065 168)	30 357 443

For the purpose of reducing credit risk, mortgage collateral and financial collateral are relevant, as they allow a direct reduction in the value of the position. Also considered are personal protection guarantees with effect of substitution in the exposure. In terms of direct reduction, credit operations collateralised by financial collateral are included, namely deposits, Angolan state bonds, among other similar items.

In relation to mortgage collateral, the valuations of the assets are carried out by independent appraisers or by the Institution's own structural unit, regardless of the commercial area. Assets are revalued by means of on-site assessments, carried out by an appraiser, in accordance with the best practices adopted in the market.

The impairment loss calculation model is governed by the general principles defined in IFRS 9, as well as the IAS/IFRS implementation guidelines and iterations with the National Bank of Angola, in order to align the calculation process with best international practice.

The Bank's impairment model begins by segmenting the loan portfolio's customers into different groups, depending on whether there are signs of impairment (which include internal and external information) and the size of the set of exposures of each economic group/customer.

Individually significant Economic Groups are subject to case by case analysis. In the group of individually significant customers, customer exposures are subject to analysis on an case by case basis. This analysis focuses on the credit standing of the debtor, as well as on the expectations of credit recovery, taking into account in particular existing collateral and guarantees.

The amount of impairment for Individually Significant customers is calculated using the *discounted cash flow method*, i.e., the amount of impairment corresponds to the difference between the credit amount and the sum of the expected cash flows for the customer's various operations, updated according to the interest rates for each operation.

The remainder, or those that result in an assessment of the absence of impairment, are incorporated into the collective model. Given the absence of a history of operations with statistical relevance, the Bank opted to use a market *benchmark* based on information from Angolan financial institutions that have already adopted IFRS 9.

It should be noted that restructured credit is a sign of impairment, as a result of which the portfolio of loans marked as restructured is included in loans with signs of impairment.

The table below shows the impact of a 20% increase in the impairment rate.

IMPACT OF A 20% INCREASE IN THE IMPAIRMENT RATE ON:					
VALUE OF REGULATORY OWN FUNDS REQUIREMENTS		VALUE OF REGULATORY OWN FUNDS		REGULATORY SOLVENCY RATIO	
ORIGINAL	STRESSED	ORIGINAL	STRESSED	ORIGINAL	STRESSED
8 726 687	8 379 788	38 195 458	32 671 518	44%	39%

MARKET RISK

With regard to information and market risk analysis, regular reporting on financial asset portfolios is ensured. In terms of own portfolios, several risk limits are defined. Different exposure limits are also defined per Issuer, per type/class of asset and level of credit standing (rating). Stop Loss and Loss Trigger limits are also defined for positions held for trading and available for sale.

The Bank also complies with Notice 08/2016, of 16 May, regarding the Interest Rate Risk in the banking book (financial instruments not held in the trading book). The investment portfolio is fully concentrated in National Treasury bonds.

The assessment of interest rate risk originating from banking book operations is carried out by analysing risk sensitivity. Based on the financial characteristics of each contract, the respective forecast of the expected cash flows is made, according to the rate reset dates and any behavioural assumptions considered. The aggregation, for each of the currencies analysed, of the expected cash flows in each of the time intervals allows the determination of the interest rate gaps by the reset period. Following the recommendations of National Bank of Angola Instruction 06/2016, of 08 August, the Bank calculates its exposure to balance sheet interest rate risk based on the methodology defined in the instruction.

As of 31 December 2020 and 2019, the Bank's assets and liabilities are broken down by rate type as follows:

AKZ'000

2020	FIXED RATE EXPOSURE	VARIABLE RATE EXPOSURE	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
ASSETS					
Cash and cash balances at central banks	-	-	16 385 465	-	16 385 465
Cash balances at other credit institutions	-	-	16 225 779	-	16 225 779
Investments at central banks and other credit institutions	9 917 536	-	-	-	9 917 536
Financial assets at fair value through other comprehensive income	-	-	68 203	-	68 203
Investments at amortised cost	21 110 246				21 110 246
Customer loans	12 989 538	4 598 637	-	-	17 588 175
TOTAL ASSETS	44 017 320	4 598 637	32 679 447	-	81 295 404
LIABILITIES					
Funds from central banks and other credit institutions	-	-	(5 158 598)	-	(5 158 598)
Customer funds and other loans	(8 397 222)		(31 943 120)		(40 340 342)
TOTAL LIABILITIES	(8 397 222)	-	(37 101 718)	-	(45 498 940)
TOTAL	35 620 098	4 598 637	(4 422 271)	-	35 796 464

AKZ'000

2019	FIXED RATE EXPOSURE	VARIABLE RATE EXPOSURE	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
ASSETS					
Cash and cash balances at central banks	-	-	26 578 448	-	26 578 448
Cash balances at other credit institutions	-	-	19 712 431	-	19 712 431
Investments at central banks and other credit institutions	13 637 176	-	-	-	13 637 176
Financial assets at fair value through other comprehensive income	-	-	68 203	-	68 203
Investments at amortised cost	23 878 413	-	-	-	23 878 413
Customer loans	7 735 153	3 998 517	-	-	11 733 670
TOTAL ASSETS	45 250 742	3 998 517	46 359 082	-	95 608 341
LIABILITIES					
Funds from central banks and other credit institutions	-	-	(76 702)	-	(76 702)
Customer funds and other loans	(5 696 119)	-	(58 804 589)	-	(64 500 708)
TOTAL LIABILITIES	(5 696 119)	-	(58 881 291)	-	(64 577 410)
TOTAL	39 554 623	3 998 517	(12 522 209)	-	31 030 931

As of 31 December 2020 and 2019, financial instruments with exposure to interest rate risk according to their maturity date and the interest rate reset date were as follows:

AKZ'000

2020	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 YEAR AND 3 YEARS	BETWEEN 3 YEARS AND 5 YEARS	OVER 5 YEARS	INDETERMINATE	TOTAL
ASSETS									
Investments at central banks and other credit institutions	6 546 394	3 471 023	-	-	-	-	-	(99 881)	9 917 536
Investments at amortised cost	2 938 107	1 431 161	1 029 614	1 787 016	15 127 149	-	-	(1 202 801)	21 110 246
Customer loans	14 956	7 382 987	1 584 388	1 130 767	2 187 045	5 579 881	636 100	(927 949)	17 588 175
TOTAL ASSETS	9 499 457	12 285 171	2 614 002	2 917 783	17 314 194	5 579 881	636 100	(2 230 631)	48 615 957
LIABILITIES									
Customer funds and other loans	(2 219 358)	(2 202 650)	(3 063 612)	(43 324)	(849 846)	-	-	(31 961 552)	(40 340 342)
TOTAL LIABILITIES	(2 219 358)	(2 202 650)	(3 063 612)	(43 324)	(849 846)	-	-	(31 961 552)	(40 340 342)
LIQUIDITY GAP	7 280 099	10 082 521	(449 610)	2 874 459	16 464 348	5 579 881	636 100	(34 192 183)	8 275 615

AKZ'000

2019	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 AND 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 YEAR AND 3 YEARS	BETWEEN 3 YEARS AND 5 YEARS	OVER 5 YEARS	INDETERMINATE	TOTAL
ASSETS									
Investments at central banks and other credit institutions	13 377 120	477 757	-	-	-	-	-	(217 701)	13 637 176
Investments at amortised cost	-	-	4 784 257	12 145 443	7 329 903	-	-	(381 190)	23 878 413
Customer loans	450 706	2 003 610	2 192 968	-	1 346 986	34 551	6 239 329	(534 480)	11 733 670
TOTAL ASSETS	13 827 826	2 481 367	6 977 225	12 145 443	8 676 889	34 551	6 239 329	(1 133 371)	49 249 259
LIABILITIES									
Customer funds and other loans	(81 791)	(747 684)	(3 257 613)	(1 608 839)	-	-	-	(192)	(5 696 119)
TOTAL LIABILITIES	(81 791)	(747 684)	(3 257 613)	(1 608 839)	-	-	-	(192)	(5 696 119)
LIQUIDITY GAP	13 746 035	1 733 683	3 719 612	10 536 604	8 676 889	34 551	6 239 329	(1 133 563)	43 553 140

As of 31 December 2020 and 2019, the analysis of the sensitivity of the book value of financial instruments to changes in interest rates was as follows:

AKZ'000

2020	-200BP	-100BP	-50BP	+50BP	+100BP	+200BP
Interest and similar income	(15 967 643)	(7 983 822)	(3 991 911)	3 991 911	7 983 822	15 967 643
Interest and similar charges	85 134	42 567	21 284	(21 284)	(42 567)	(85 134)
TOTAL	(15 882 509)	(7 941 255)	(3 970 627)	3 970 627	7 941 255	15 882 509

AKZ'000

2019	-200BP	-100BP	-50BP	+50BP	+100BP	+200BP
Interest and similar income	(15 790 707)	(7 895 354)	(3 947 677)	3 947 677	7 895 354	15 790 707
Interest and similar charges	92 726	46 363	23 182	(23 182)	(46 363)	(92 726)
TOTAL	(15 697 981)	(7 848 991)	(3 924 495)	3 924 495	7 848 991	15 697 981

LIQUIDITY RISK

Liquidity risk is assessed using internal metrics defined by the Bank's management, namely, exposure limits. This control is reinforced by carrying out monthly sensitivity analyses, in order to characterise the Bank's risk profile and ensure that its obligations in a liquidity crisis scenario are fulfilled.

The control of liquidity levels aims to maintain a satisfactory level of cash and cash equivalents to meet financial needs in the short, medium and long term. Liquidity risk is monitored daily, and various reports are prepared for purposes of control and for monitoring and supporting decision-making by the Executive Board.

The liquidity situation evolves, in particular, based on the estimated future cash flows for various time frames, taking into account the Bank's balance sheet. The liquidity position of the day of analysis and the amount of assets considered highly liquid existing in the portfolio of unencumbered securities are added to the valued determined, thus giving the accumulated liquidity gap for various time frames. Additionally, liquidity positions are monitored from a prudential standpoint, calculated according to the rules required by the National Bank of Angola (Instruction 06/2016, of 08 August).

As of 31 December 2019 and 2018, financial instruments by currency were as follows:

AKZ'000

2020	KWANZAS	US DOLLARS	EUROS	OTHER	TOTAL
ASSETS					
Cash and cash balances at central banks	13 683 173	109 315	2 592 512	465	16 385 465
Cash balances at other credit institutions	46 060	11 719 849	4 022 991	436 879	16 225 779
Investments at central banks and other credit institutions	9 917 536	-	-	-	9 917 536
Financial assets at fair value through other comprehensive income	68 203	-	-	-	68 203
Investments at amortised cost	21 110 246	-	-	-	21 110 246
Customer loans	17 588 175	-	-	-	17 588 175
TOTAL ASSETS	62 413 393	11 829 164	6 615 503	437 344	81 295 404
LIABILITIES					
Funds from central banks and other credit institutions	(5 059 756)	-	(98 842)	-	(5 158 598)
Customer funds and other loans	(32 861 768)	(150 392)	(7 328 143)	(39)	(40 340 342)
TOTAL LIABILITIES	(37 921 524)	(150 392)	(7 426 985)	(39)	(45 498 940)
TOTAL	24 491 869	11 678 772	(811 482)	437 305	35 796 464

AKZ'000

2019	KWANZAS	US DOLLARS	EUROS	OTHER	TOTAL
ASSETS					
Cash and cash balances at central banks	24 769 835	10 498	1 798 085	30	26 578 448
Cash balances at other credit institutions	59 630	6 193 026	13 218 474	241 301	19 712 431
Investments at central banks and other credit institutions	13 637 176	-	-	-	13 637 176
Financial assets at fair value through other comprehensive income	68 203	-	-	-	68 203
Investments at amortised cost	23 878 413	-	-	-	23 878 413
Customer loans	11 733 670	-	-	-	11 733 670
TOTAL ASSETS	74 146 927	6 203 524	15 016 559	241 331	95 608 341
LIABILITIES					
Funds from central banks and other credit institutions	(45 959)	-	(30 743)	-	(76 702)
Customer funds and other loans	(62 028 035)	(1 762 445)	(710 198)	(30)	(64 500 708)
TOTAL LIABILITIES	(62 073 994)	(1 762 445)	(740 941)	(30)	(64 577 410)
TOTAL	12 072 933	4 441 079	14 275 618	241 301	31 030 931

As of 31 December 2020 and 2019, the analysis of the sensitivity of the book value of financial instruments to changes in the exchange rates was as follows:

AKZ'000

2020	-20%	-10%	0%	10%	20%
Regulatory solvency ratio	43%	44%	44%	46%	47%

AKZ'000

2019	-20%	-10%	-5%	5%	10%
United States Dollars	(828 012)	(414 006)	(207 003)	207 003	414 006
Euros	(2 734 899)	(1 367 450)	(683 725)	683 725	1 367 450
Other	(48 713)	(24 357)	(12 178)	12 178	24 357
TOTAL	(3 611 624)	(1 805 813)	(902 906)	902 906	1 805 813

OPERATIONAL RISK

An operational risk management system has been implemented, based on the identification, assessment, monitoring, measurement, mitigation and reporting of this type of risk.

The Bank's Risk Office carries out the Bank's corporate operational risk management function, which is supported by the existence of interlocutors in different organisational units who ensure the proper implementation of operational risk management within the Bank.

CONCENTRATION RISK

Metrics are defined to control concentration risk in the risk appetite statement, the compliance of which with the limits defined by the Board of Directors is verified periodically and reported to the Risk Committee, the Board of Directors and the Executive Board.

CAPITAL MANAGEMENT AND SOLVENCY RATIO

The Bank's own funds are calculated in accordance with the applicable regulatory standards, namely with Notice 2/2016. The requirements for the solvency ratio are found in Notice 3/2016, Notice 4/2016 and Notice 5/2016. The applicable instructions are as follows: Instruction 12/2016, Instruction 13/2016, Instruction 14/2016, Instruction 15/2016, Instruction 16/2016, Instruction 17/2016 and Instruction 18/2016.

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

As of the date of approval of the financial statements and accompanying notes by the Board of Directors, no dividend distribution has yet been decided, as a result of which the amounts below do not incorporate any expectation.

AKZ'000

	31-12-2020	31-12-2019
Basic Regulatory Own Funds	38 195 458	33 835 579
Regulatory Own Funds	-	-
Regulatory Own Funds Requirements credit risk	3 752 818	3 301 975
Regulatory Own Funds Requirements market risk	1 216 924	2 741 778
Regulatory Own Funds Requirements operational risk	3 756 945	2 858 597
REGULATORY SOLVENCY RATIO	44%	38%
REGULATORY SOLVENCY RATIO (BASE)	44%	38%

30

NEW STANDARDS

1. IMPACT OF THE ADOPTION OF NEW STANDARDS, AMENDMENTS TO STANDARDS THAT BECAME EFFECTIVE FOR THE ANNUAL PERIODS BEGINNING 1 JANUARY 2020:

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

b) IFRS 9, IAS 39 and IFRS 7 (amendment), 'Reform of benchmark interest rates'. These changes are part of the first phase of the IASB's 'IBOR reform' project and allow exemptions related to the benchmark reform for benchmark interest rates. The exemptions refer to hedge accounting, in terms of: i) risk components; ii) 'highly probable' requirement; iii) prospective assessment; iv) retrospective effectiveness test (for IAS 39 adopters); and v) recycling of a cash flow hedge reserve, and aims to prevent the reform of benchmark interest rates from resulting in the termination of hedge accounting. However, any hedge ineffectiveness determined should continue to be recognised in the statement of income.

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

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

The changes above had no material impact on the Bank's financial statements for the year ended 31 December 2020.

2. STANDARDS (NEW AND AMENDED) PUBLISHED, THE APPLICATION OF WHICH IS MANDATORY FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2021:

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

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

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

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

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

e) IAS 37 (amendment) 'Onerous contracts – cost of fulfilling a contract' (effective for annual periods beginning on or after 1 January 2022). This amendment specifies that, in the assessment of whether or not a contract is onerous, only expenses directly related to the performance of the contract may be considered, such as incremental costs related to direct labour and materials and the allocation of other expenses directly related to the allocation of depreciation expenses for the tangible assets used to carry out the contract. This amendment should be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, with no need to restate the comparative data.

f) Improvements to the 2018 – 2020 standards (to be applied in financial years beginning on or after 1 January 2022). This cycle of improvements changes the following regulations: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

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

h) IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) 'Reform of benchmark interest rates - phase 2' (effective for annual periods beginning on or after 1 January 2021). These amendments address issues that arise during the reform of a benchmark interest rate, including the replacement of a benchmark interest rate by an alternative, allowing the adoption of exemptions such as: i) changes in the designation and documentation of hedging; ii) amounts accumulated in the cash flow hedge reserve; iii) retrospective assessment of the effectiveness of a hedging relationship under IAS 39; iv) changes in hedging relationships for groups of items; v) presumption that an alternative benchmark, designated as an unspecified contractually specified risk component, is separately identifiable and qualifies as a hedged risk; and vi) updating the effective interest rate, without recognising a gain or loss, for financial instruments measured at amortised cost with changes in contractual cash flows as a result of the IBOR reform, including leases that are indexed to an IBOR.

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

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

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

31

SUBSEQUENT EVENTS

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

32

COVID-19

In view of the composition of the Bank's Balance Sheet as of 31 December 2020, with assets essentially composed of liquidity and Angolan public debt, it is considered that, to date, the impact of COVID-19 has not been significant. A careful assessment of the customer loan portfolio was carried out in order to capture and anticipate any impacts in terms of expected credit losses (ECL), as a result of which the impairment recognised at the end of 2020 represents the Bank's best estimate at that date (see Notes 9 and 15). The Bank's Board of Directors also considers that there is no relevant impact in terms of liquidity and the continuity of the Bank's operations, as a result of which this assessment and close monitoring of the impacts arising from the COVID-19 pandemic will continue in 2021.

10

YOUR
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ANNEXES

Independent auditor's report

To Board of Directors of
BCS - Banco de Crédito do Sul, S.A

Introduction

1. We have audited the accompanying financial statements of BCS - Banco de Crédito do Sul S.A., which comprise the balance sheet as at 31 December 2020, which show a total of 99 231 249 thousand kwanzas, and total shareholder's equity of 38 199 736 thousand kwanzas including a net profit of 9 352 715 thousand kwanzas, the statement of income and of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the corresponding notes to the financial statements.

Responsibilities of Board of Director for the financial statements

2. The Board of Directors is responsible for the correct preparation and presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) in force and for such internal control as the Board of Director determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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 issued by the Institute of Statutory Auditors "Ordem dos Contabilistas e Peritos Contabilistas de Angola". Those standards require that we meet ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence of the amounts and disclosures contained in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control that is relevant to the preparation and presentation of the financial statements, so as to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

6. In our opinion, the financial statements mentioned in paragraph 1 present fairly in all material aspects, the financial position of BCS - Banco de Crédito do Sul, S.A. as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) in force.

Emphasis

7. As disclosed in note 26 of explanatory notes to the financial statements, we emphasize the relevance of operations with related parties in the context of the Bank's financial statements and regulatory own funds for the year ended December 31, 2020.

31 March 2021

PricewaterhouseCoopers (Angola), Limitada
Registered with OCPCA under no. E20170010

Represented by:

Ricardo Santos, OCPCA member no. 20120086
(free translation from the original in Portuguese)

Relatório do Auditor Independente

Ao Conselho de Administração do
BCS - Banco de Crédito do Sul, S.A.

Introdução

1 Auditámos as demonstrações financeiras anexas do BCS – Banco de Crédito do Sul, S.A., as quais compreendem o balanço em 31 de Dezembro de 2020 que evidencia um total de 99 231 249 milhares de Kwanzas e um capital próprio de 38 199 736 milhares de Kwanzas, incluindo um resultado líquido positivo de 9 352 715 milhares de Kwanzas, a demonstração de resultados e do resultado integral, a demonstração de alterações no capital próprio e a demonstração dos fluxos de caixa do exercício findo naquela data e o correspondente Anexo.

Responsabilidade do Conselho de Administração pelas Demonstrações Financeiras

2 O Conselho de Administração é responsável pela preparação e apresentação de modo apropriado destas demonstrações financeiras de acordo com as Normas Internacionais de Relato Financeiro (IFRS) em vigor e pelo controlo interno que determine ser necessário para possibilitar a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou a erro.

Responsabilidade do Auditor

3 A nossa responsabilidade consiste em expressar uma opinião independente sobre estas demonstrações financeiras com base na nossa auditoria, a qual foi conduzida de acordo com as Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola. Estas normas exigem que cumpramos requisitos éticos e que planeemos e executemos a auditoria para obter segurança razoável sobre se as demonstrações financeiras estão isentas de distorção material.

4 Uma auditoria envolve executar procedimentos para obter prova de auditoria acerca das quantias e divulgações constantes das demonstrações financeiras. Os procedimentos seleccionados dependem do julgamento do auditor, incluindo a avaliação dos riscos de distorção material das demonstrações financeiras devido a fraude ou a erro. Ao fazer essas avaliações do risco, o auditor considera o controlo interno relevante para a preparação e apresentação das demonstrações financeiras pela entidade a fim de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não com a finalidade de expressar uma opinião sobre a eficácia do controlo interno da entidade. Uma auditoria inclui também avaliar a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas feitas pelo Conselho de Administração, bem como avaliar a apresentação global das demonstrações financeiras.

5 Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião de auditoria.

Opinião

6 Em nossa opinião, as demonstrações financeiras referidas no parágrafo 1 acima apresentam de forma apropriada, em todos os aspectos materialmente relevantes, a posição financeira do BCS – Banco de Crédito do Sul, S.A. em 31 de Dezembro de 2020 e o seu desempenho financeiro e fluxos de caixa relativo ao exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro (IFRS) em vigor.

Ênfase

7 Conforme divulgado na nota 26 do anexo contendo as notas explicativas, salientamos a relevância das operações com partes relacionadas no contexto das demonstrações financeiras e dos fundos próprios regulamentares do Banco no exercício findo em 31 de Dezembro de 2020.

31 de Março de 2021

PricewaterhouseCoopers (Angola), Limitada
Registada na Ordem dos Contabilistas e Peritos Contabilistas de Angola com o nº E20170010

Representada por:

Ricardo Santos

Ricardo Santos, Perito Contabilista Nº 20120086

REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders of Banco
BCS - Banco de Crédito do Sul, SA.

1. Pursuant to the law and the mandate given to us, in accordance with our Charter, we present the Report on the inspection we carried out and our Opinion on the legal reporting documents presented by the Board of Directors of Banco BCS - Banco de Crédito do Sul, SA in relation to the year ended 31 December 2020.

2. During the year, we monitored the development of the Bank's activity, the propriety of the accounting records and compliance with the applicable legal and statutory rules with the frequency and to the extent we deemed appropriate. We also received the information and clarifications requested of the Board of Directors and the Bank's various departments.

3. We analysed and agree with the content of the Report drafted by the External Auditors, as issued by the company PricewaterhouseCoopers (Angola), Lda, which we have deemed fully reproduced, and which, taking into account the procedures carried out, provides a reasonable basis for expressing a qualified opinion.

4. Within the scope of our duties, we examined the Balance Sheet at 31 December 2020, the Statements of Income and other comprehensive income, changes in equity and cash flows for the year then ended, as well as the respective accompanying notes, including accounting policies and the valuation criteria adopted.

5. Additionally, we analysed the Management Report for the year 2020 prepared by the Board of Directors and the proposal for the appropriation of earnings included therein.

6. In view of the above, and taking into account the work performed, namely in compliance with accounting, administrative, financial and internal control procedures, we are of the opinion that the General Meeting should:

   - Approve the Management Report for the year ended 31 December 2020.
   - Approve the Accounts relating to that period.
   - Approve the Proposed Appropriation of Earnings.

7. Finally, we should like to acknowledge the Bank's Board of Directors and departments for the tireless and prompt cooperation shown to us at all times.

Luanda, 31 March 2021

The Supervisory Board

[signature]
Miguel Cristóvão Tyimbonde
Chair of the Supervisory Board - OCPCA number 2120125

[signature]
Lúcio Alberto Pires da Costa
Voting Member

[signature]
Fernando Pontes Pereira
Voting Member

BCS – Banco de Crédito do Sul, SA
Ed. Garden Towers, Torre B, Piso 15,
Luanda, Angola
[signature]
[stamp: bancobcs]
TIN 541 734 128 2
+244 225 300 135

BCS

RELATÓRIO E PARECER DO CONSELHO FISCAL

Senhores Accionistas do Banco
BCS - Banco de Crédito do Sul, S.A.

1. Nos termos da Lei e do mandato que nos foi conferido, em conformidade com os nossos Estatutos, apresentamos o Relatório sobre a actividade fiscalizadora por nós desenvolvida bem com o Parecer sobre os documentos de prestação de contas apresentados pelo Conselho de Administração do Banco **BCS - Banco de Crédito do Sul, S.A.** relativos ao exercício findo em 31 de Dezembro de 2020.

2. No decurso do exercício acompanhámos, com a periodicidade e a extensão que considerámos adequada, a evolução da actividade do Banco, a regularidade dos registos contabilísticos e o cumprimento das normas legais e estatuárias aplicáveis. Obtivemos também do Conselho de Administração e dos diversos serviços do Banco as informações e os esclarecimentos solicitados.

3. Analisámos e concordamos com conteúdo do Relatório dos Auditores Externos emitido pela sociedade **PricewaterhouseCoopers (Angola), Lda**, o qual damos como integralmente reproduzido, e que tendo em conta os procedimentos efectuados proporcionam uma base aceitável para a expressão da sua conclusão com reservas.

4. No âmbito das nossas funções, examinámos o Balanço em 31 de Dezembro de 2020, as Demonstrações de Resultados e do outro rendimento integral, das alterações dos capitais próprios e dos fluxos de caixa, para o exercício findo naquela data, bem como os respectivos anexos, incluindo políticas contabilísticas e os critérios valométricos adoptados.

BCS

5. Adicionalmente, procedemos à análise do Relatório de Gestão do exercício de 2020 preparado pelo Conselho de Administração e da proposta de aplicação de resultados, nela incluída.

6. Face ao exposto, e tendo em consideração o trabalho realizado, nomeadamente no cumprimento dos procedimentos contabilísticos, administrativos, financeiros e de controlo interno, somos de parecer que a Assembleia Geral:

   - Aprove o Relatório de Gestão relativo ao exercício findo em 31 de Dezembro de 2020.

   - Aprove as Contas relativas a esse exercício.

   - Aprove a Proposta de Aplicação de Resultados.

7. Desejamos finalmente expressar o nosso reconhecimento ao Conselho de Administração e aos serviços do Banco, pela incansável e sempre diligente colaboração a nós prestada.

Luanda, aos 31 de Março de 2021

O Conselho Fiscal

Miguel Cristóvão Tyimbonde

Miguel Cristóvão Tyimbonde
Presidente do Conselho Fiscal - OCPCA nº 2120125

Lúcio Costa

Lúcio Alberto Pires da Costa
Vogal

Fernando Pontes Pereira

Fernando Pontes Pereira
Vogal

BCS

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ANNUAL REPORT 2020