

Models and assumptions used: the Bank uses several models and assumptions when measuring the estimate of expected credit losses. The judgment is applied in the identification of the most suitable model for each type of asset as well as in the determination of assumptions used in these models. In addition, in compliance with the IFRS 9 regulation that explains the need for the impairment result to consider multiple scenarios, a methodology for incorporating scenario analysis into the risk parameters was implemented. Thus, the calculation of collective impairment considers several scenarios with a specific weighting, based on the internal methodology defined for scenario analysis – definition of multiple perspectives of macroeconomic evolution with probability of relevant likelihood.

NOTE 4.

Cash and deposits at central banks

This balance is analysed as follows:

(Thousands of AOA)

	31.12.2018	31.12.2017
Cash	11,206,639	11,654,182
Deposits at central banks	148,165,613	121,955,978
Angola Central Bank	148,165,613	121,955,978
	159,372,252	133,610,160

The balance Cash and deposits at Angola Central Bank corresponds to mandatory deposits intended to satisfy legal minimum cash requirements. In accordance with Instruction No. 10/2018 of Angola Central Bank, of 19 July 2018, the minimum reserve requirements on deposits payable on demand with BNA are summarised in accordance with the following table:

		National Currency	Foreign Currency
Rates on Reserve Base			
Central Government, Local Governments and Local Administration	Daily calculation	17%	100%
Other Sectors	Weekly calculation	17%	15%

Compliance with the minimum mandatory cash requirements for a given weekly observation period (Other Sectors) is carried out considering the average amount of balances of deposits with the Bank during that period. As at 31 December 2018, the total amount of liabilities (Central Government, Local Governments, Local Administrations and Other Sectors) amounts to AOA 148,165,613 thousand (2017: AOA 121,955,978 thousand). The current legislation also allows the Bank to comply with the Minimum Reserves through Treasury Securities or Funding to the Ministry of Finance.

During 2015, Angola Central Bank converted some of the mandatory reserves in USD of ATLANTICO into securities denominated in the same currency, the amount of which at 31 December 2018 was AOA 60,258,515 thousand (2017: AOA 33,121,792 thousand). These debt securities were accounted at their acquisition cost and subsequently measured as described in accounting policy 2.5.

According to Instruction No. 10/2018 of 19 July (which revoked Instruction 05/2018 of 25 May), which entered into force on 23 July 2018, the mandatory minimum reserves may be established at 20% with the amounts deposited with Angola Central Bank and 80% in Treasury Bonds in foreign currency, the securities identified in the previous paragraph are eligible for consideration.

NOTE 5.

Loans and advances to credit institutions repayable on demand

This balance is analysed, regarding its nature, as follows:

(Thousands of AOA)

	31.12.2018	31.12.2017
Loans and advances to credit institutions in Angola		
Deposits payable on demand	406,852	69,223
Outstanding checks	4,565	31,478
	411,417	100,701
Loans and advances to credit institutions abroad		
Deposits payable on demand	26,328,312	4,409,498
	26,328,312	4,409,498
	26,739,729	4,510,199

Outstanding checks on credit institutions have been collected in the first business days following the reference date.

As at 31 December 2018 and 2017, loans and advances at other credit institutions do not bear interest.