The amendments provide exceptions for entities to apply hedge accounting requirements, assuming that the interest rate benchmark, on which the hedged risk, the hedged item's cash flows or the hedged instrument's cash flows are based, is not changed as a result of the IBOR reform. The proposed exceptions apply only to hedge accounting requirements and the amendments do not provide any cushion against other consequences arising from the reform of the interest rate benchmark.

The amendments have a limited scope. If a hedge relationship no longer meets the hedge accounting requirements for reasons other than those specified in the amendments, discontinuing hedge accounting remains necessary.

In addition, the amendments clarify that if an entity designates cash flows based on interest rate benchmarks as the hedged item in a cash flow hedge, the entity does not assume, for the purpose of measuring the ineffectiveness of the hedge, that expected replacement of the interest rate benchmark with an alternative benchmark will result in no cash flow after replacement. The gain or loss on the hedge shall be measured using cash flows based on an interest rate benchmark when applying a present value technique, discounted at a market discount rate that reflects market participants' expectations about the uncertainty resulting from the reform.

Amendments are mandatory for all hedge relationships to which the exceptions apply.

The amendments have an effective date of adoption of annual periods beginning on or after 1 January 2020. Early adoption is allowed. Amendments are applied retrospectively to hedging relationships existing at the beginning of the reporting period in which the entity first applies the amendments and to the gain or loss recognised in comprehensive income at the beginning of the period in which the entity first applies the amendments (that is, even if the reporting period is not an annual period).

Standards, amendments and interpretations issued but not yet in force for the Bank

Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)

The IASB issued on 23 January 2020 an amendment to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current.

The amendments aim to promote consistency in the application of requirements to help companies determine whether, in the statement of financial position, debt or other liabilities with an uncertain settlement date should be classified as current (to be settled or potentially settled within one year) or non-current. The amendments include clarification on the debt classification requirements that a business can settle by converting into capital.

This amendment becomes effective for periods after 1 January 2022.

Note 37.
Events after the reporting period

With regard to the public health pandemic associated with the new COVID-19 virus, since it is not yet possible to determine the possible impacts, the Bank's Board of Directors has been monitoring developments at national and international level in order to take timely action to mitigate any impact that may arise. In this sense, the Bank has defined a Contingency Plan aimed at preventing and mitigating the risks associated with the spread of the virus, which determines the adoption of measures that allow: ensuring the lives and health of employees and their safety conditions by providing preventive information and appropriate means of protection, maintaining essential services in operation, ensuring the operation and functioning of infrastructures and assessing the asset value impacts.

Although Governments and Central Banks and Multilateral Agencies are developing packages with measures to stimulate economies – such as the easing of deadlines for compliance with credit obligations determined in Instruction No. 04/2020 of the Banco Nacional de Angola – the existing data do not allow the quantification of financial impacts in a reliable manner. However, the Bank is taking steps to minimise these impacts on its solvency and liquidity.

Note 38.
Explanation added for translation

These financial statements and corresponding notes are a free translation of the financial statements and notes to the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.