ANNUAL REPORT

AR 2020

ATLANTICO

BANCO MILLENNIUM ATLANTICO

WELCOME TO 2.1

Leader in digital transformation...

- **1st** Digital branch in Angola
- Digital onboarding **+1** million accounts opened
- **37%** Active Digital Customers
- **~800** thousand ATLANTICO Directo users
- MOBILE BANKING — Feature phones — *400# **457** thousand Customers in 14 months

... and digital innovation

- Digital Laboratory **3** Incubated Startups
- **64** Direct Deposit machines **24/7**
- Digital personalized management **~15** thousand Customers
- 100% digital account opening **1.7** thousand
- High availability **24/7**

The platform connecting ATLANTICO's Ecosystem

- **2** Million Customers
- **126** Service Points **~60%** branches on **24/7**
- Omenichannel platform **24/7**
- Benchmark in financing Households and Companies
- Benchmark in Trade finance **6%** Market share

Value-added delivery

- AOA **15.6** billion Net profit
- Cost-to-income **45%**
- Own funds AOA **179** billion
- Regulatory Solvency Ratio **12.3%**

Transforming lives

- **1,709** Employees
- **+4** million Families impacted in ATLANTICO's Ecosystem
- **+20** thousand hours invested in Communities by ATLANTICO's Employees

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STAY AT HOME
ATLANTICO HIGH AVAILABILITY
24h

STAY AT HOME BECAUSE ATLANTICO STAYS WITH YOU

The Bank recommends that you only go to the Service Points in case of absolute need. Use ATLANTICO's digital channels

ATLANTICO MOBILE BANKING

INTERNET BANKING

*400# PAY FAST

ATLANTICO DIRECTO

01

MESSAGE

Joint message from the Chairman and the CEO P.6

1.0.

Joint message from the Chairman and the CEO

António Assis de Almeida

Chairman of the Board of Directors

"We have successfully delivered the vision of ATLANTICO 2.1, a mission entrusted to us by the Shareholders on 5 May 2017."

Daniel Santos

Chief Executive Officer

"ATLANTICO is today an openly universal bank, more agile and Customer-focused and the leading bank in digital transformation in Angola."

DEAR STAKEHOLDERS, CUSTOMERS AND EMPLOYEES,

2020 was, probably, the most atypical year in the recent decades of world economic history. A high-level contagious and lethal viral strain spread rapidly from the city of Wuhan, in China, to all over the world, leading to the closure of borders, countries, cities and businesses to a level unseen since World War II or, possibly, since the Spanish flu.

The pandemic crisis had a major impact on the global economy, with almost all of the world's economies experiencing a sharp downturn. Only China managed to return to growth levels shortly afterwards.

There were contraction events in the demand for some goods and services and increase in the demand for others. For example, the need for oil-based products fell sharply due to the reduced mobility of people, as well as leisure services, which also underwent a significant contraction, with the closing of borders and world tourism. On the other hand, health services, internet and e-commerce had a relevant increase.

The heavy dependence on imports and the single-product characteristics led Angola to witness the sharp drop in the price of oil, its main export commodity, reflected in the economy, businesses and families, with an impact on the value of the national currency and purchasing power. Similarly, to what had occurred since 2019, the Kwanza (AOA) devalued again compared to the main currencies.

Accordingly, in order to deal with the pressure on the currency, the country implemented a restrictive monetary policy, which led to an increase in reserve requirements, a decrease in the money supply in circulation and the holding of reserves in Kwanzas to increase reserve requirements in foreign currency. In addition, penalising measures were adopted for free reserves over AOA 6 billion, applying a custodial charge on the excess, with a direct impact on the Kwanzas in circulation.

Also in 2020, BNA Notice No. 10/2020 was implemented, replacing BNA Notice No. 7/2019, aimed at fostering domestic production through a system of using reserve requirements for credit for diversification, at highly competitive interest rates. The PRODESI Program (Production Support, Export Diversification and Import Substitution) was continued, by contributing towards the financial costs of credit for projects involving a list of goods that are essential for economic diversification.

Despite the crisis and the economic environment, the Government continued to carry out a range of structural reforms, particularly in terms of reducing the state's presence in companies, through the implementation of the privatisation project for 195 companies.

In order to address the challenges of the epidemiological crisis emergency, ATLANTICO activated its contingency plan which led to a significant reduction of the face-to-face workforce to levels consistent with the rules introduced by the State and with a view to protecting Employees. Additionally, measures were taken to ensure that banking services to Customers remained available, through the adoption of remote working tools so as to guarantee the business to continue on a going concern in an appropriate and safe manner.

ATLANTICO is today an openly universal bank, available to serve everyone, 24 hours a day and on multiple platforms. It is a more agile and Customer-focused bank and the leading bank in digital transformation in Angola. We have successfully delivered the vision of ATLANTICO 2.1, a mission entrusted to us by the Shareholders on 5 May 2017.

The industrialisation process carried out in our retail system was crucial for the strengthening of ATLANTICO as a universal Bank, namely in the digital **onboarding process**, which enabled us to successfully reach the important milestone of two million Customers.

Another key pillar for the industrialisation process of the retail system was the large-scale investment in self-banking with high availability, with an increasing number and volume of transactions at ATMs and direct deposit machines in the **ATLANTICO 24-hour** network, a concept that currently covers 60% of branches and all provinces in Angola. This delivery had a direct and material impact on improving the Customer experience, allowing Customers to make deposits, withdrawals, transfers, payments or queries at any time and on any day of the week.

Another relevant delivery was the strong increase in digitalisation of Customers, as a result of additional developments in **ATLANTICO Directo** and the investment in ***400#**, a digital platform with two million Customers, which made a decisive contribution to 37% of active Customers being digital.

Also noteworthy is the development of an innovative model of remote management and sales, which makes it possible to serve on a larger scale and with greater proximity, improving the Customer experience. Currently, all private individuals in the Prestige segment receive remote customised management, the **Prestige Digital** model, through which they can interact and give instructions to their account manager by telephone or e-mail.

ATLANTICO also strengthened its position as an **investment partner** in financing the diversification of the economy and in international business, through a strong ecosystem of partnerships, with particular emphasis on the credit facilities negotiated with Commerzbank, the IFC (International Finance Corporation) and the AfDB (African Development Bank) of approximately USD 180 million.

The industrialisation process carried out in our **retail system** was crucial for the strengthening of **ATLANTICO as a universal Bank**, namely in the **digital onboarding** process, which enabled us to successfully reach the important milestone of **two million Customers.**

As part of a broad program of privatisations of state-owned companies and holdings announced in 2019, the privatisation of the first state-owned bank, BCI – Banco de Comércio e Indústria, and the only state-owned insurance company, ENSA – Seguros de Angola, which is Angola's largest and most important insurance company, have been put out to tender. It should be noted that the consortium between the Investment Banking teams of ATLANTICO and Millennium bcp won the financial advisory services for the second aforementioned process.

Last but not least, the strengthening of the commitment to **Communities**, raising responsibility to two million Customers.

Notwithstanding the environment, the year was characterised by an acceptable performance. The Bank closed the year with a net profit of AOA 15.6 billion and a Regulatory Solvency Ratio of 12.3%.

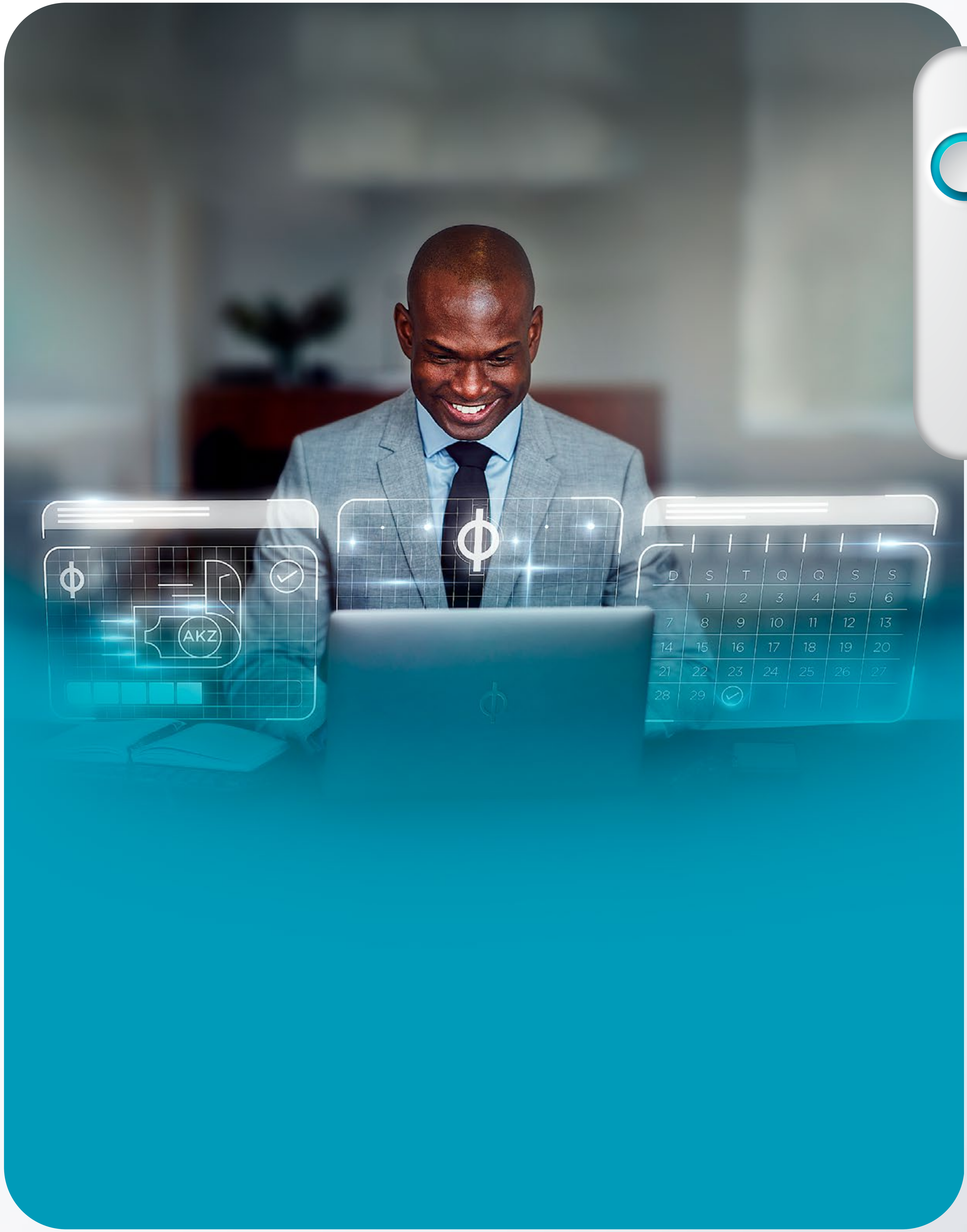
In terms of Governance and Internal Control System, ATLANTICO gave particular attention to monitoring the operational and credit risks associated with the pandemic context, characterised by the decrease in business activity and the slowdown of the economy. The year 2020 also allowed the delivery of a new compliance instrument of high robustness, developed in collaboration with Asseco.

Cybersecurity was an area that was given considerable attention due to the increased use of digital tools. In this regard, new means of controlling and monitoring technological security have been implemented, at a time when digital has gained global relevance.

We appreciate and are grateful for the trust of our stakeholders, especially Customers and Shareholders, which makes our work and the achievement of ATLANTICO's mission and purpose possible. Thank you. We will remain committed to responding appropriately to your trust.

We would also like to devote a moment and space to our Talents, our People, our most critical asset and the reason and foundation of our business construction. To all the ATLANTICO staff and leaders we express our esteem and gratitude for their commitment, professionalism and effort to transforming the Bank at a time of great and continuous change.

We continue to count on your commitment to ATLANTICO and reiterate our mission to continue investing in training our Talents for the challenges of consolidation and profitability, through continuous training.



02

MACROECONOMIC FRAMEWORK

2.1. World economy P. 14
2.2. Angolan economy P. 19

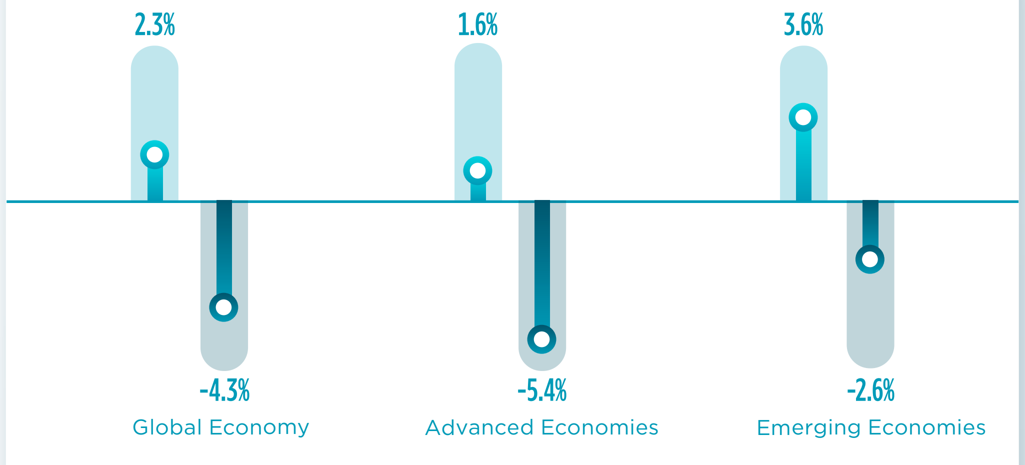
2.1. World economy

The world economy contracted by 4.3% in 2020[1], in contrast to the 2.3% growth in 2019. The deterioration of the world economy in 2020 reflects the impacts of the Covid-19 pandemic, which restricted the movement of people and goods. The tourism sector was significantly pressured and may represent the sector with the most delayed recovery. In parallel, there was an increase in the level of unemployment in the economies.

The trend in unemployment reflects the slowdown in production and the reduction in global investment flows, the latter influenced by uncertainty and the accommodative monetary policy adopted by the developed economies. Global Foreign Direct Investment (FDI) may have contracted by 42% to USD 859 billion, falling below USD 1 trillion for the first time since 2005[2].

The same contractionary trend is presented by the International Monetary Fund (IMF), which forecasts a global economic recession of 3.5% in 2020, a reversal from the 2.8% growth recorded in 2019, justified by the -9.6% reduction in the volume of trade in goods and services in 2020, after expanding by 1.0% in 2019[3].

ECONOMIC GROWTH



Source: World Bank, Global Economic Prospects, January 2021

[1]World Bank (WB) – Global Economic Prospects, January 2021.
[2]UNCTAD – Investment Trends Monitor, January 2021.
[3]International Monetary Fund (IMF) – *World Economic Outlook* (WEO), January 2021

2.1.1. ADVANCED ECONOMIES

The adoption of fiscal stimulus packages to support pandemic economies characterised the year 2020, with global fiscal support amounting to USD 14 trillion, of which USD 11.8 trillion[4] was granted by the advanced economies.

The measure was characterised by the need to mitigate the impacts of the Covid-19 pandemic through the allocation of consumption stimuli - direct transfers - and loans with facilitated conditions - reduced interest and/or negotiated grace period. As a result, the budget deficit was set at 13.3% of GDP in 2020, a significant deterioration compared to the -3.3% of GDP recorded in 2019. Public debt also marked a significant upward trend, projecting a level of 122.7% of GDP in 2020, which represents an increase of 17.9 p.p. compared to the previous year.

With regard to economic growth, the developed economies are expected to contract by 4.9% in 2020, following the 1.6% growth recorded in 2019, according to data released by the IMF. With the same trend, the World Bank estimates a contraction of 5.4% in 2020.

The main developed economies recorded recession in 2020, such as the case of the US and in the Euro Zone[5], which contracted by 3.4% and 7.2%, significantly pressured by the impact of the Covid-19 pandemic, taking into consideration that in 2019 they had recorded growth of 2.2% and 1.3%, respectively.

Regarding the main stock market indices in the USA, the Dow Jones and the S&P 500, both recorded a positive balance at year-end, standing at 30,606.48 and 3756.07 points in 2020, an annual increase of 7.25% and 16.26%, respectively. The USD index settled at 89.937 points, a depreciation of 6.69%, reflecting uncertainty about the performance of the world's largest economy under pressure from Covid-19 and political tensions. However, the prospect of economic recovery, in the long, term contributed to a decrease in the yield on 10-year sovereign debt by 100.43 b.p., to 0.9132%, as did the 6-month USD Libor, which fell by 165.45 b.p., to 0.258%.

The number of infected people in the USA reached 20.1 million people, with the total number of deaths setting at around 347,000 people[6] in 2020, despite the measures taken to restrict the movement of people and goods. During such restrictions—lockdowns—commercial institutions provide services for a reduced period of time, with the aim of helping to keep people at home and limiting leaving the house only for essential activities. Additionally, the US Presidential elections culminated in the victory of the Democratic candidate, Joe Biden, with 306 Electoral College votes, which surpassed the minimum of 207 votes necessary for him to be declared the 46th President of the USA. The victory was contested by outgoing President Donald Trump, who demanded a recount, and the Democratic candidate's victory was confirmed.

[4]IMF – *Fiscal Monitor Update*, January 2021
[5]Data from the World Economic Outlook, of January 2021.
[6]The data corresponds to the disclosure made by Johns Hopkins University, with the update date corresponding to 31 December 2020.

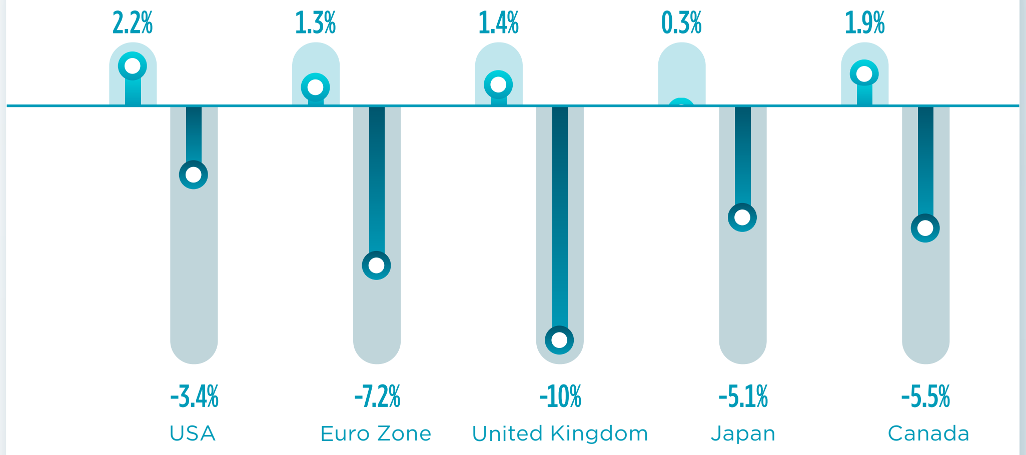
Among the advanced economies that contracted the least in 2020, Japan stood out, recording an economic performance of -5.1%, in contrast to a growth of 0.3% in 2019. The record reflects the impact of Covid-19 and the consequent measures to restrict the movement of people and goods, with the total number of confirmed cases having reached 230,300 and deaths 3,400.

The economic stimulus package amounting to approximately USD 2.2 trillion - which included direct transfers to consumers and loans to small businesses - contributed to the Nikkei 225 index rising by 16.01%, to 27,444.17 points. The 6-month JPY Libor fell by 7.6 b.p. to -0.058%, while the yield on 10-year sovereign debt increased by 3.7 b.p. to 0.017%. In turn, the Japanese currency appreciated by 4.92%, standing at JPY 103.34 per unit of the Dollar.

The trajectory of UK's GDP in 2020 mainly reflected the impact of the Covid-19 pandemic and the completion of Brexit (the UK's exit from the European Union) which materialised on 31 December 2020 after three years of negotiations.

The British economy contracted by 10% in 2020, after growing by 1.4% in 2019 according to data released by the IMF. The stimulus package to the economy included the GBP 895 billion asset purchase programme by the Bank of England. As a result, the budget deficit varied from 2.3% of GDP in 2019, to 14.5% of GDP in 2020 and the level of public debt as a percentage of GDP increased from 85.2% in 2019, to 103.3% in 2020. The FTSE 100 index fell by 14.34% to 6460.52 points. At the same time, the yield on the 10-year sovereign debt fell by 62.46 b.p., to 0.1923%, the 6-month GBP Libor fell by 0.85 p.p., to 0.0298%, and the Pound appreciated 3.12% against the Dollar to USD 1.367 per unit of currency.

ECONOMIC GROWTH



Source: IMF - *World Economic Outlook January 2021*

2.1.2. EMERGING AND DEVELOPING ECONOMIES

The decrease in transactions of goods and services by 8.9% and the deterioration of crude oil prices by 32.7% in 2020 contributed to pressure on the economic growth of the countries in the region, with a deterioration of 6.0 p.p., to -2.4% in 2020, according to IMF data.

Restrictive measures on the movement of people and goods to mitigate the spread of Covid-19 also contributed to a 12% contraction in the flow of Foreign Direct Investment (FDI), to USD 616 billion in 2020, with emphasis on the reduction of capital flows to greenfield[7] projects (-46%), financing agreements (-7%) and mergers and acquisitions (-4%).

The need to allocate resources to control the pandemic fuelled an increase in the fiscal deficit and debt as a percentage of GDP, with records set at -10.3% and 63.3% in 2020, whereas in 2019 they reached -4.8% and 54.3%, respectively.

Among the countries that make up the BRICS[8], China stands out, an economy considered the ground zero of the Covid-19 pandemic in December 2019. This country, which was the first to suffer the impacts of the pandemic, showed the only positive performance among the economies of the group, recording a GDP growth of 2.3% in 2020, a significant moderation compared to the 6.0% for 2019, as a result of the restriction measures, having recorded 96,000 confirmed cases of coronavirus in 2020.

The strategies to contain the impacts of the pandemic contributed to a budget balance in terms of GDP of -11.8% in 2020, which is worse than the -6.3% recorded in 2019. Public debt stood at 65.2% of GDP in 2020, an annual increase of 8.7 p.p.

However, despite the moderation in total FDI, the flow to China recorded a 4% increase, amounting to USD 163 billion, the largest investment destination in 2020.

The CSI 300 index increased by 27.21% to 5211.29 points. The yield on Chinese 10-year sovereign debt increased 0.1 b.p. to 3.139%.

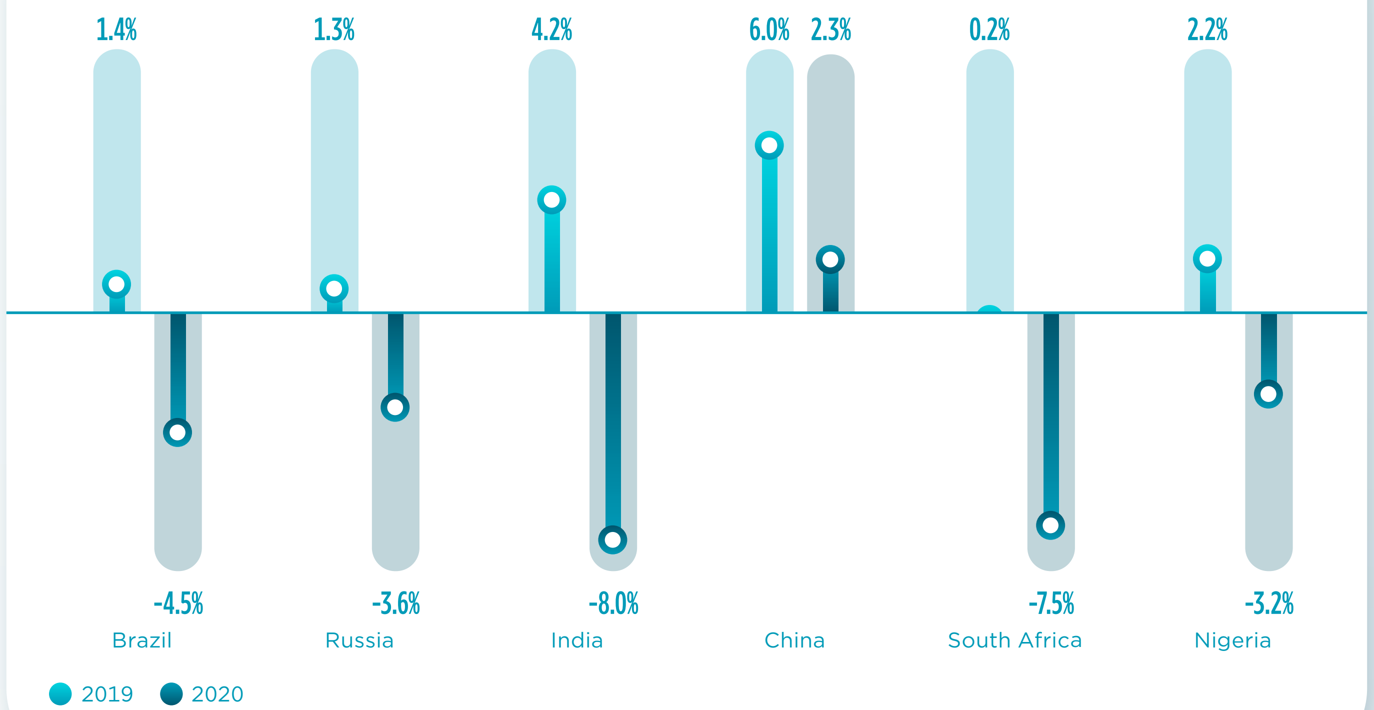
Regarding Brazil and Russia, the economic performance of -4.5% and -3.6% in 2020 should be highlighted, representing an economic deterioration compared to the growth of 1.4% and 1.3%, respectively, in 2019. In turn, in Brazil, despite an economic slowdown, the Ibovespa increased by 2.92% to 119,017.2 points in 2020, influenced by the reduction of the reference interest rate (Selic) by 2.5 p.p. to 2% at the end of 2020.

[7]Projects developed from scratch, in a location without initial infrastructure.
[8]Brazil, Russia, India, China and South Africa.

South Africa marked a recession of 7.5%, a deceleration of 7.7 p.p. compared to 2019, reflecting the impact of Covid-19 – which contributed to an increase in unemployment from 29.1%, to 32.5% – and tensions related to corruption cases. As a consequence, the South African currency depreciated by 6.64%, with the rate standing at ZAR 14.99 per unit of the dollar.

The International Monetary Fund forecasts that sub-Saharan Africa will have recorded a recession of 2.6% in 2020, which contrasts with growth of 3.2% for 2019, pressured mainly by the reduction in the international price of raw materials, particularly oil, the main product exported by economies such as Nigeria and Angola.

ECONOMIC GROWTH



Source: FMI-*World Economic Outlook*, Janeiro 2021

2.2. Angolan economy

2.2.1. REAL SECTOR

The real Gross Domestic Product (GDP) growth rate stood at -3.6% in 2020, according to government estimates. The performance contrasts with the 0.6% contraction of the previous year, reflecting low oil production coupled with reduced growth in the non-oil sector and moderation in consumption and production as a result of the Covid-19 pandemic, with the number of confirmed cases amounting to 17,553 in 2020. Oil production could have settled at 1.283 million barrels/day, down from 1.383 million barrels/day in 2019[9].

Internal constraints marked the production of alternative sectors to oil, with diamond production likely to have reached 8 million carats in 2020, which contributed to the sector of Diamonds, Metallic Minerals and Other Minerals extraction recording a contraction of 12.3%, a reversal compared to the growth of 8.5% in 2019. On the other hand, the Energy sector showed growth of 7.8% in 2020, which represents an acceleration in relation to the 0.5% expansion of the previous period, as a result of the increased production of certain dams, particularly Laúca.

In terms of oil production, the downward trend seen in recent years continued, reflecting the maturation of some exploration fields, as well as the decrease in investment in exploration and production as a result of the collapse in oil prices in 2014. In 2020, according to OPEC secondary sources, the country's oil production reached an average of 1.262 million barrels/day, which corresponds to a reduction of 139 thousand barrels/day compared to 2019. National production accounted for around 5% of the total produced by OPEC, as the second largest producer in Africa.

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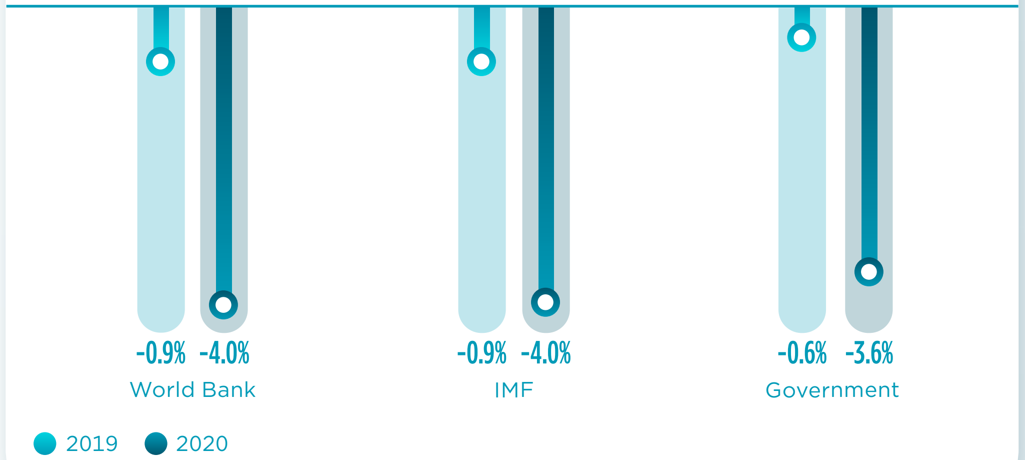
[9] 2021 State Budget.

REAL GROWTH RATE OF THE ECONOMY



Source: IMF - World Economic Outlook, January 2021

Expectations regarding the economy's performance in the short term, collected from national entrepreneurs, recorded a downward trajectory in 2020, falling from -15 points in the first quarter to -24 points in the third quarter[10], while in 2019 it recorded an improvement from -9 points in the first quarter to -7 points in the third quarter. The decrease recorded in 2020 reflects the impact of the Covid-19 pandemic - restrictions on imports and moderation of demand - coupled with the ongoing exchange rate depreciation and its impacts on inflation. However, of the seven sectors analysed by the Economic Climate Indicator (ECI), the Communication Confidence Indicator remained positive by 7 points in the third quarter of 2020. The worst record concerns the Construction Confidence Indicator with -47 points - a sector with a significant component of imports and dependence on public investments, which were channelled to pandemic control.

2.2.1.1. SOCIAL INDICATORS

Angola's Human Development Index (HDI) places the country in the category of medium human development, ranking 148 out of the 189 countries and territories considered, with an assessment of 0.581 points, after having been ranked 149 in 2019.

Since 1990, life expectancy in Angola has increased by an average of 15.8 years, to 61.2 years of age in 2020. There are 2.1 doctors per 10,000 people and government coverage of essential health services is approximately 39%, according to UNICEF figures. Additionally, it is expected that around 25% of the population will spend more than 4.5% of their income on health-related expenses, according to data from the World Health Organization and the World Bank, presented in the Universal Health Coverage report.

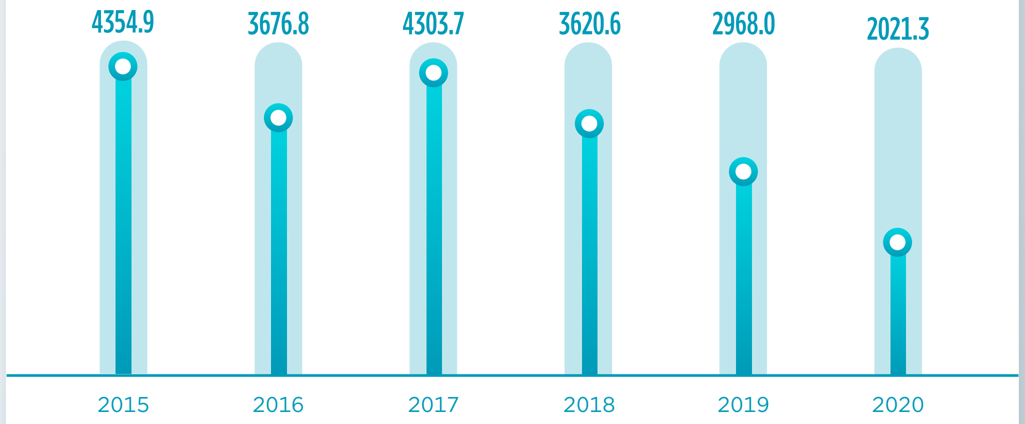
[10] Data available until 23-02-2021.

The population has, on average, 11.8 expected years of schooling. Only 3.8% of people living in rural areas have access to electricity and 47.6% of the population lives below the poverty threshold, according to updated UNICEF data. However, as a result of the impacts of Covid-19 on the deteriorating quality of life and labour market structure, the poverty rate may have increased to 50.1% by 2020, according to World Bank data.

The Multidimensional Poverty Index in Angola indicates that the incidence of poverty in rural areas is close to 87.8%, whilst in urban areas it reaches around 35.0% of the population. Deprivation of quality housing, electricity, and civil registry affect around 44.2%, 43.7% and 43.3% of the country's population, respectively.

In 2020, GDP per capita was USD 2021.31, down from USD 2967.95 the year before. The decrease in GDP associated with the maintenance of population growth justified the performance of the indicator. During the period under review, the unemployment rate ascertained in the fourth quarter stood at 30.6%, compared to the rate of 31.8% for the same period of 2019. Despite the pressures to the economy, the impact of the reforms in the economy allowed public tender for health and education.

PIB PER CAPITA (USD)



Source: IMF, WEO October 2020

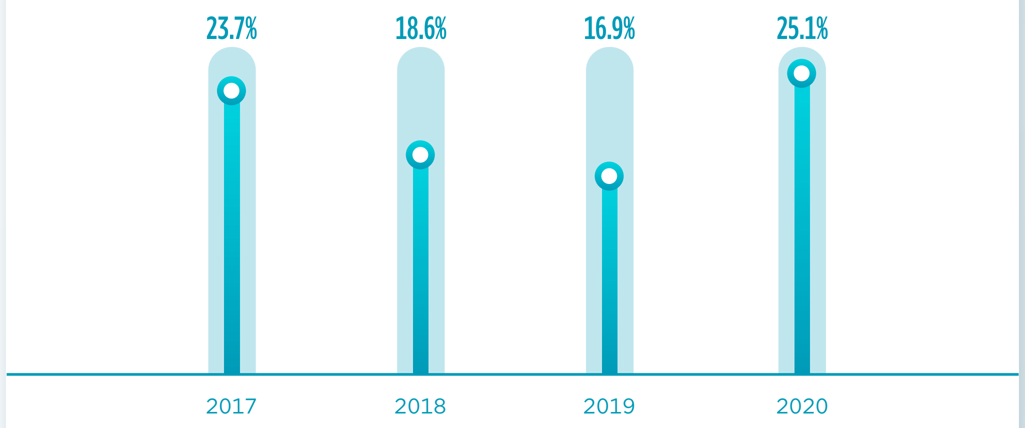
As a result of the impacts of Covid-19 on the deteriorating quality of life and labour market structure, the poverty rate may have increased to 50.1% by 2020, according to World Bank data.

2.2.1.2. PRICE LEVEL

The annual National inflation rate for 2020 closed at 25.10%, the highest level since December 2017, when it stood at 23.67%. The annual variation of the Consumer Price Index stood above the target of 25.0% presented in the State Budget (SB) for 2020, pressured by the constraints on production and imports intensified by Covid-19, taking into account the process of exchange rate depreciation underway in the economy.

Food prices recorded an annual growth of 29.08% in 2020, an acceleration of 10.30 p.p. over the same period of the previous year. At the same time, non-food prices recorded a year-on-year change of 17.3%, an acceleration of 2.74 p.p. when compared to 2019.

INFLATION RATE



SOURCE: National Statistical Institute

On the other hand, the prices of tradable goods increased by 26.69% in December 2020 (+8.20 p.p. compared to December 2019), while the prices of non-tradable goods recorded an annual increase of 14.33% (+2.08 p.p. compared to December 2019), reflecting the increase in context costs, which supersedes the effect of the moderation in domestic demand.

Wholesale goods prices also recorded the same upward trend as they closed 2020 with an annual change of 26.85%, which represents an increase of 7.93 p.p. compared to the previous year.

The monthly change in the Wholesale Price Index calculated in December 2020 stood at 2.20%, an acceleration of 0.54 p.p. compared to the close of 2019, with the prices of imported products contributing 74% and domestic products the remainder, with manufacturing accounting for the main contribution in products of both origins.

2.2.2. TAX SECTOR

The challenge of containing the impacts of the Covid-19 pandemic put pressure on the fiscal consolidation process that represented the Government's main management strategy until 2019.

2.2.2.1. EXTENDED FUND FACILITY

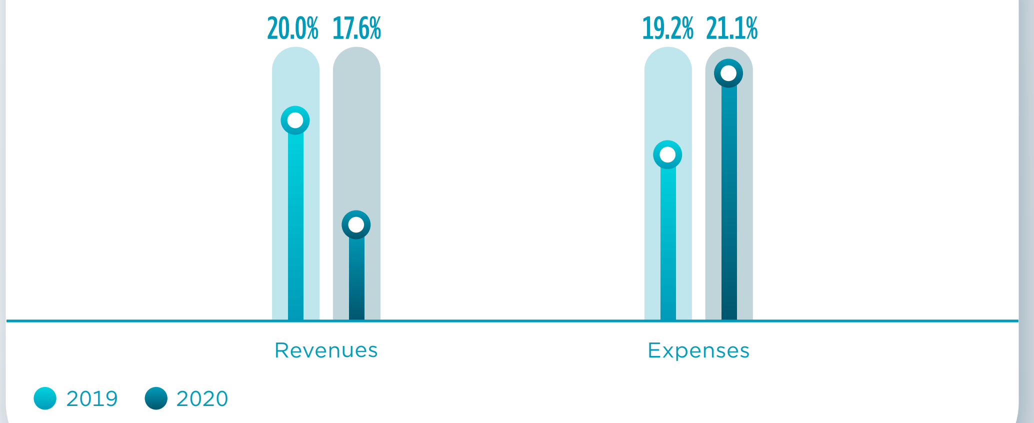
The programme approved in December 2018 for a total amount of USD 3.7 billion, with a planned duration until 2021, benefited from an increase of USD 765 million in September 2020, at the time of the third revision of the Extended Financing Agreement. Thus, the total resources allocated to Angola could amount to USD 4.4 billion as a result of the additional support to address the impacts of Covid 19 and maintain the implementation of structural reforms.

At the time of the third review, a disbursement of USD 1 billion was carried out, which contributed to the total amount spent reaching USD 2.48 billion in September 2020. Given the updated amount, disbursements to date represent approximately 56% of the total forecast up to 2021.

The IMF considers that economic performance in 2020 reflected the impact of the health crisis generated by the Covid-19 pandemic, the collapse of the international crude oil price and the moderation of world demand for the commodity. The institution recommends that in order to enable a rapid recovery, policies to promote macroeconomic and fiscal stability should be adopted, in which priority is given to private sector management. Among the measures underway, it is worth highlighting revenue collection via the privatisation process, which by June 2020 will contribute to accumulating the equivalent of USD 53 million, as a result of the sale of 14 companies. However, the Government has presented the prospect of raising the equivalent of USD 125 million in 2020, through the presentation in public tender of approximately 40 assets.

The Bretton Woods institution estimates that revenues fell by 5.88% to AOA 6145 billion, with oil tax revenues accounting for 55.38% of the total, a drop of 5.15 p.p., compared to the 2019 contribution. Regarding expenditure, estimates for 2020 were set at AOA 7399 billion, an annual increase of 17.99%, which is characterised by a contribution of interest on debt of 32.92%, an increase of 5.77 p.p. compared to 2019.

INCOME AND EXPENDITURE (% GDP)



Source: IMF - Second Review Under the Extended Fund Facility

2.2.2.2. STATE BUDGET

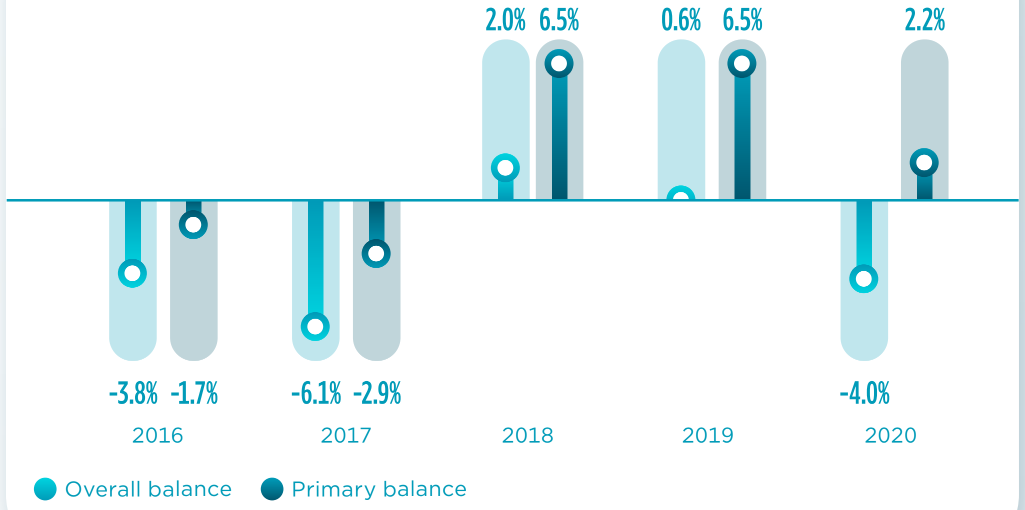
The amount of revenue and expenditure reached AOA 13,455.3 billion in 2020, according to data from the State Budget for 2021 (SB 2021), which exceeds the total for 2019 by AOA 3048.2 billion.

2020 Tax revenues may have accounted for about 86.21% of total current revenues, settling at AOA 5280.4 billion and an amount higher than the AOA 6074.8 billion forecasted. Revenue from oil taxes may have reached AOA 2951.8 billion, a reduction of 25.32% - as a result of the moderation of production and the price of crude oil - and those from non-oil taxes set at AOA 2328.6 billion, which contrasts with AOA 2122.4 billion in 2019.

According to Government estimates, total public expenditure should have reached the AOA 7392.6 billion in 2020, higher than the AOA 6336.1 billion planned for 2019. Current expenditure should account for 80.22% of total expenditure, equivalent to about AOA 5930.5 billion, and the remainder, account for capital expenditure. Current expenditure consists of Payroll (36.79%), Interest (33.17%), Goods and Services (17.34%) and Current Transfers (12.70%).

The process of reversing the budget balance from deficit to surplus that started in 2018 as a result of the fiscal consolidation process has had the effect faded mainly due to the need for additional health expenditure and economic stimulus due to the Covid-19 pandemic, culminating in the overall budget deficit rebounding to -4.0% of GDP in 2020.

BUDGET BALANCE (% GDP)



Source: 2021 State Budget

2.2.2.3. PUBLIC DEBT

Public debt may have reached a stock of AOA 48,490 billion in 2020, which represents an increase of AOA 13,477 compared to the 2019 record, with the debt trajectory increasing from 107.1% of GDP in 2019, to 134.2% of GDP in 2020. Preliminary data released by the IMF suggest that a double-digit level will be reached from 2023 onwards, with debt standing at 97.2% of GDP.

The Government estimates that public debt may have reached 123% of GDP in 2020, an increase of approximately 10 p.p. compared to the previous year, and the debt containment strategy is maintained, with the target set at 60% of GDP.

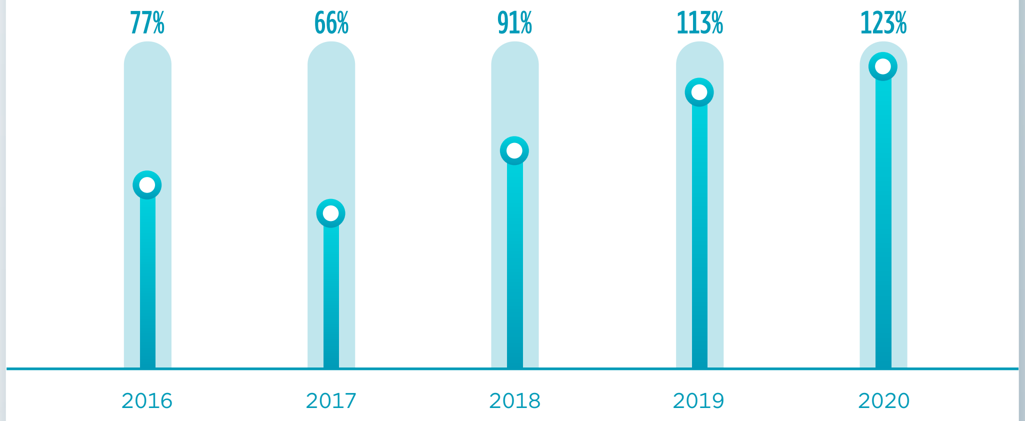
Debt service reached AOA 7524.5 billion in 2020, an increase of 41.10% when compared to 2019, when it stood at AOA 5332.9 billion. The debt service burden over the GDP rose from 19.92% in 2019 to 23.59% of GDP in 2020. On the reverse path, the contribution of tax operations expenditure in the SB rose from 57.52% in 2019 to 54.94% in 2020 and the ratio of debt service to tax revenue varied from 95.85% to 142.50% in the above-mentioned period.

The outlook for public debt and the budget deficit was revised upwards, although accompanied by the intention to negotiate debt with the main international creditors, in which Angola's participation in the Debt Service Suspension Initiative presented by the G20 countries stands out.

The Debt Service Suspension Programme (DSSI) is characterised by being an initiative of the G20 countries that makes it possible to relieve the payment of the bilateral debt of 73 low-income countries, from May to December 2020. The suspended payments are to be made over three years thereafter. With the relief achieved, the countries could reallocate resources to support the fight against Covid-19.

In Africa, 36 countries were targeted by this measure, with the total suspension set at USD 5,584.0 million, about 57% of the total amount foreseen. Angola is expected to benefit from USD 2,645.6 million in relief, the largest suspension amongst African countries, accounting for 23% of the total. The second highest amount, of USD 802.6 million, is for Kenya.

PUBLIC DEBT (% GDP)



Source: 2021 State Budget

2.2.3. BANKING SECTOR

The Government's current strategy, in which the need to promote economic diversification by encouraging credit to the productive sector is highlighted, has made the performance of the institutions that make up the banking sector increasingly relevant. Besides the Macroeconomic Stabilisation Programme (PEM – Programa de Estabilização Macroeconómica), the Extended Fund Facility with the IMF also provides for greater robustness and stability in this sector.

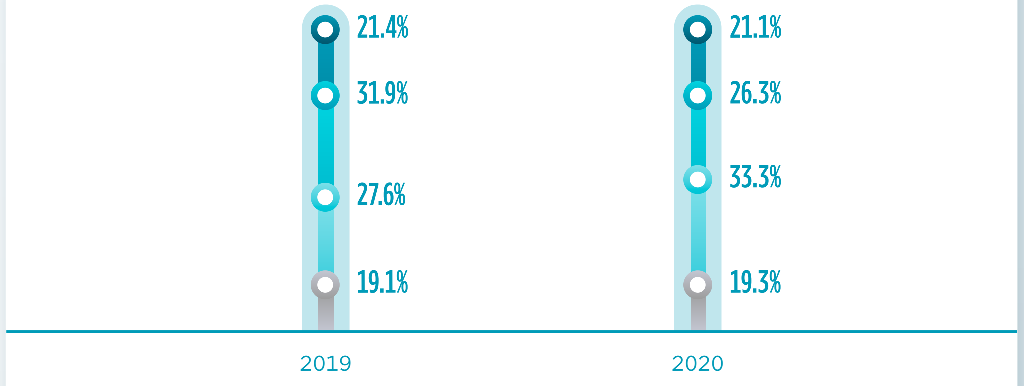
As part of the diversification of national production, banking financial institutions must grant credit to producers of essential goods whose national production is below demand, according to Notice no. 10/2020 of 3 April. The characteristics of the credit to be granted include the total cost of 7.5% per year and the balance of the credit must correspond, at least, to 2.5% of the total net assets recorded up to 31 December of the previous year. Until 31 December 2020, total disbursements were set at AOA 142.99 billion.

Priority was given to the stability of the financial system, with the entry into force of Notice no. 21/2020, of 16 October, which provides for the deferral, for three years, of the constitution of impairments by banking financial institutions for Public Debt Securities, as a result of the increase in credit risk worsened by the deterioration of macroeconomic indicators, due to the impact of the Covid-19 pandemic.

Furthermore, reference should be made to the need to support the economy as part of the mitigation of the impacts of Covid-19, in which the need to grant a moratorium to corporate and individual Customers for a period of 60 days, as presented in Instruction no. 04/2020, of 30 March, pursuant to Presidential Decree no. 82/20, of 26 March, was implemented, so that reserve resources could be reinforced and bankruptcies and consequences for the labour market could be avoided.

The assets of the banking sector stood at AOA 21,734.37 billion, in 2020, an increase of 18.25% when compared with the previous year. The item Financing to the economy accounted for 26.3% of assets, while government securities represented 33.3%, a reduction of 5.6 and an increase of 5.7 p.p., respectively. On the other hand, liabilities were concentrated in deposits by 66.4%, with 74.4% of total deposits representing private sector deposits.

COMMERCIAL BANKS ASSETS



Liabilities Securities Loans Other Assets

Source: BNA

Regarding the soundness of the banking sector, it is noted that the solvency ratio recorded an annual increase of 0.71 p.p., to 28.17%, in July 2020 . Return on Net Assets (RONA) reached 5.0%, an increase of 4.32 p.p. since July 2019. At the same time, Return on Assets (ROA) stood at 0.50%, corresponding to an increase of 0.41 p.p. when compared to July 2019.

The transformation ratio stood at 34.26%, below the 44.36% of July 2019, which reflects an increase in loans granted (7.01%) that was lower than the increase in deposits collected (29.7%). The moderation of credit granted is a reflection of the uncertainties imposed by Covid-19 and the restrictive monetary policy. During the period under review, the ratio of loans to the public sector over total loans increased by 2.12 p.p to 12.1%. On the other hand, the weight of loans to the private sector has followed an opposite trend, decreasing 2.12 p.p., standing at 87.9% in the period mentioned above, which reflects the risk perception of the banking financial institutions.

Non-performing loans reached 21.22% of total gross credit in July 2020, a reduction of 14.27 p.p. from the level recorded in the same period of the previous year, which may reflect the credit moratorium required by the Central Bank and the availability of liquidity to the economy, which are measures concerning the mitigation of the impacts of Covid-19.

The banking spread narrowed in July 2020, mainly justified by the relative resilience of lending rates – with the definition of fixed rates for compulsory credit –, and by the lower availability of liquidity in the banking sector, having varied from 21.15% in July 2019 to 19.05% in July 2020.

BANKING SECTOR SOUNDNESS INDICATORS (%)

Capital adequacy	Dec./18	Jul./19	Dec./19	Jul./20
Solvency Ratio ≥ 10%	24.2	27.46	24.09	28.17
Solvency Ratio ≥ 8.5%	21.7	22.53	19.66	24.29
Asset quality				
Non-performing loans	28.1	35.49	32.5	21.22
Profitability				
ROA	4.4	0.09	1.0	0.5
ROE	26.6	0.68	7.78	5.0
Total expenses / Total income	99.6	98.07	105.6	97.12
Cost-to-income	30.3	44.87	35.66	-178.6
Lending rate – Deposit rate (spread) / Interest rate spread	27.3	21.15	20.35	19.05
Savings deposit rate / Deposit interest rate	4.5	3.75	8.26	6.38
Net interest income	43.2	54.91	44.78	-215.84
Liquidity				
Net assets / Total assets	41.8	24.12	27.0	26.43
Net assets / Short-term liabilities	28.6	30.16	33.44	32.77
Total loans / Total deposits	44.2	44.36	41.85	34.26
FC Liabilities / Total Liabilities	46.1	46.11	53.07	54.39
Market sensitivity and change				
Net currency exposure outstanding	36.5	14.16	3.76	42.16

Source: BNA

[11] Data provided by BNA, until 25-02-2021.

2.2.4. EXCHANGE MARKET AND EXTERNAL SECTOR

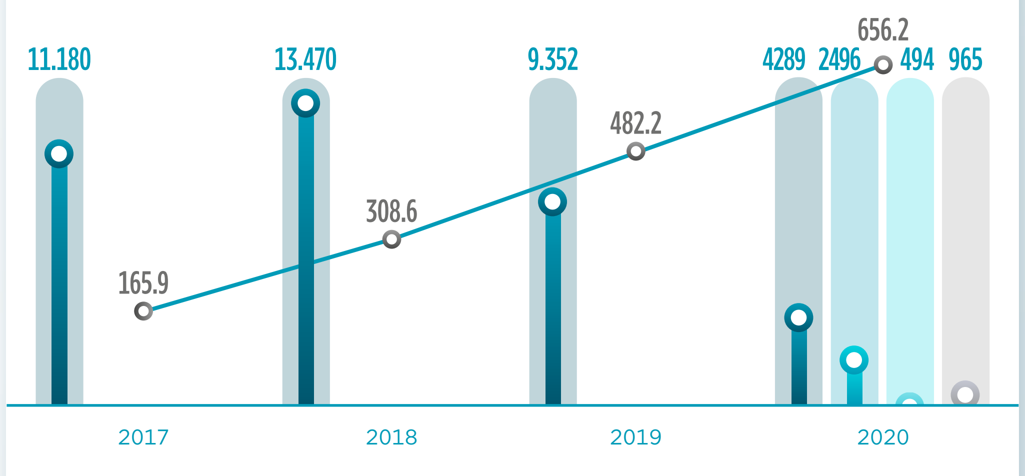
The stimulation of the foreign exchange market characterised 2020 with the entry of new suppliers of foreign currency, as in the case of oil companies, diamond companies and the National Treasury, the possibility of direct negotiations through the Bloomberg platform and the adoption of currency forwards, which minimises the impact of exchange rate depreciation through the possibility of defining the exchange rate and the future maturity date within a maximum of one year, according to data disclosed in Notice no. 22/2020, of 23 November.

The maintenance of the foreign exchange market liberalisation process and the improvement in access to foreign currency have contributed to reducing the differential between the official and parallel markets. It should be noted that the exchange rate differential against the Dollar went from 150% in 2017 (when the new foreign exchange regime was implemented) to around 16% in December 2020.

The Kwanza exchange rate against the Dollar stood at AOA 656.22, representing an accumulated depreciation of 26.52%, a moderation of 9.49 p.p. compared to 2019. The same trend was seen in the exchange rate of the Kwanza against the Euro, depreciating 32.83% in 2020, after losing around 34.73% of its value in 2019.

The sale of foreign currency by BNA to Commercial Banks fell by 54% in 2020, to the equivalent of USD 4289.98 million, which reflects the 25.31% reduction in Net International Reserves (NIR), to USD 8748 million in the year under review.

SALE OF FOREIGN CURRENCY AND EXCHANGE RATE (USD MILLION)



Source: BNA

The balance of payments recorded a deficit of USD 176.5 million in the third quarter of 2020, an improvement of USD 163.2 million compared to the same period of 2019. The record reflects the moderation of the deficit in the capital and financial account by USD 2614.7 million in the third quarter of 2020 to - USD 582.7 million, and the current account remaining at positive levels, although it decreased by USD 940 million to USD 521.5 million in the third quarter of 2020.

[12]Data published by BNA, until 25-02-2021.

2.2.5. MONEY MARKET

The target of controlling inflation, in the face of the continuous process of currency devaluation, has contributed to the adoption of a restrictive monetary policy. Meanwhile, in 2020, in view of the need to address the impacts of the Covid-19 pandemic on the economy, the BNA also introduced stimuli to the economy.

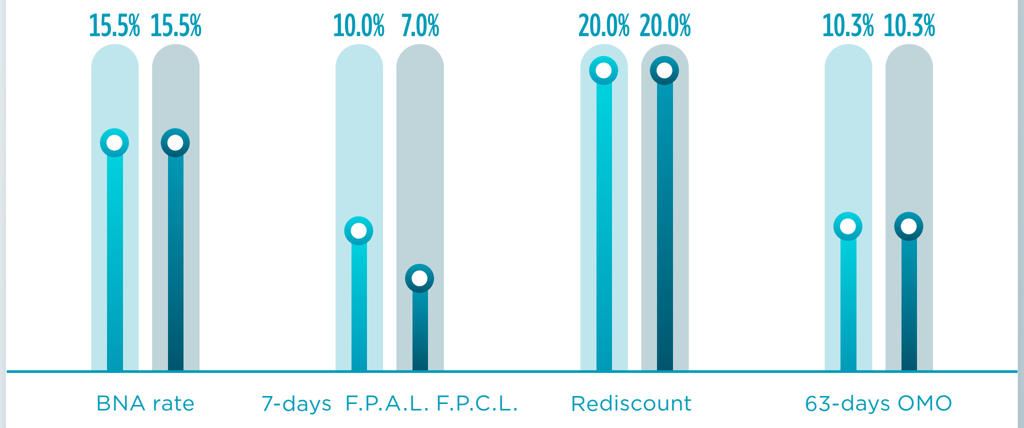
The monetary supply measured by the monetary aggregate M2 increased by 22.03% to AOA 12,447.3 billion in 2020, below the level of the inflation rate, while the Monetary Base in National Currency, the operational instrument of monetary policy stood at AOA 1657.8 billion, which represents an increase of 4.53% compared to 2019.

In 2020, the BNA's Monetary Policy Committee (MPC) kept the benchmark interest rate at 15.5%, the coefficient of mandatory reserves in national currency at 22% and made notes and coins ineligible. Additionally, BNA decided to reduce the 7-day liquidity absorption interest rate by 3 p.p., to 7.0%, and increased the coefficient of mandatory reserves in foreign currency by 2.0 p.p., to 17% — the constitution of the differential should be carried out using the national currency.

On the other hand, it activated the Marginal Lending Facility Overnight, in the amount of up to AOA 100 billion and introduced a liquidity line valued at AOA 100 billion for the acquisition of Government Securities owned by non-financial institutions, with the aim of providing liquidity for companies to minimise the impact of Covid-19 on their production capacity.

Liquidity transactions between commercial banks stood at AOA 9865.05 billion, which corresponds to a 163% increase when compared with 2019, which may reflect the commercial banks' need for liquidity as a result of the measures adopted by BNA. The rates calculated in interbank operations followed a downward trend in most maturities, with the emphasis on Luibor Overnight, which in 2020 recorded a decrease of 12.73 p.p. to 9.75%.

INTEREST RATES



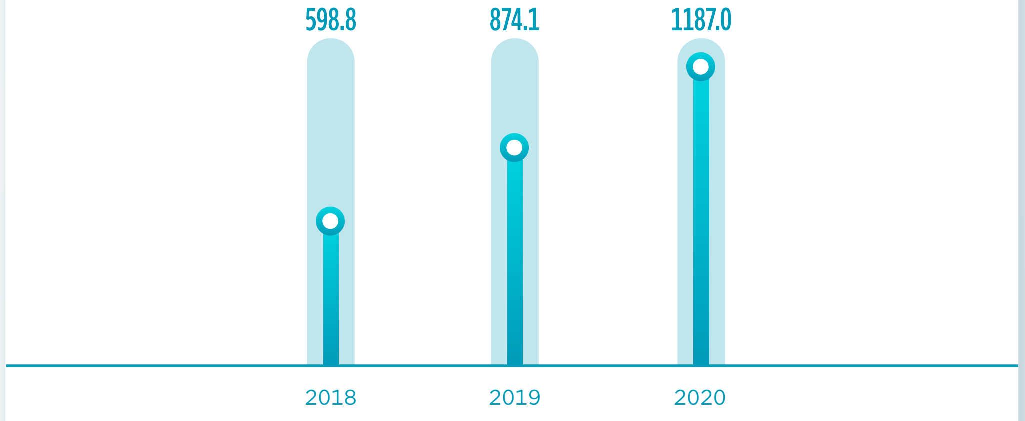
Source: BNA

2.2.6. CAPITAL MARKET

In 2020, Treasury estimated the issue of Treasury Bonds in the amount of AOA 1398.33 billion and Treasury Bills in the amount of AOA 1041.02 billion, with demand set at approximately 57.08% and 121.39%, which may reflect the preference for short-term assets, as a result of uncertainty about the long-term performance of the economy. The 2020 Annual Borrowing Plan showed an annual increase of 57.8% in the amount of Treasury Bonds and 23.44% in total Treasury Bill issues.

Treasury Bond transactions, on the secondary market, stood at AOA 1187.03 billion in 2020, an increase of 35.80% compared to the same period in 2019. The continued dynamism of the market reflects the confidence of investors, the Central Bank's strategy of buying Non Re-adjustable Treasury Bonds in order to grant liquidity to economic agents to cope with the impacts of Covid-19 – by means of Instruction 06/2020 and 09/2020 –, as well as greater financial literacy.

SECURITIES TRANSACTIONS ON THE SECONDARY MARKET (AOA BILLION)



Source: BODIVA

With regard to Eurobonds, no issues were made in 2020, and the securities issued in 2015, 2018 and 2019, with maturities ranging from 10 to 30 years, remained in progress. The respective yields - the return required by investors to acquire Eurobonds - showed an upward trend in most maturities influenced by the reduction in the international price of crude oil, the increased need for debt to deal with the Covid-19 pandemic and the deterioration in the performance of the economy. The biggest increases of 2.351 p.p. and 1.901 p.p., to 8.36% and 8.88%, occurred in the Eurobonds maturing in 2025 and 2028, respectively.

03

ATLANTICO

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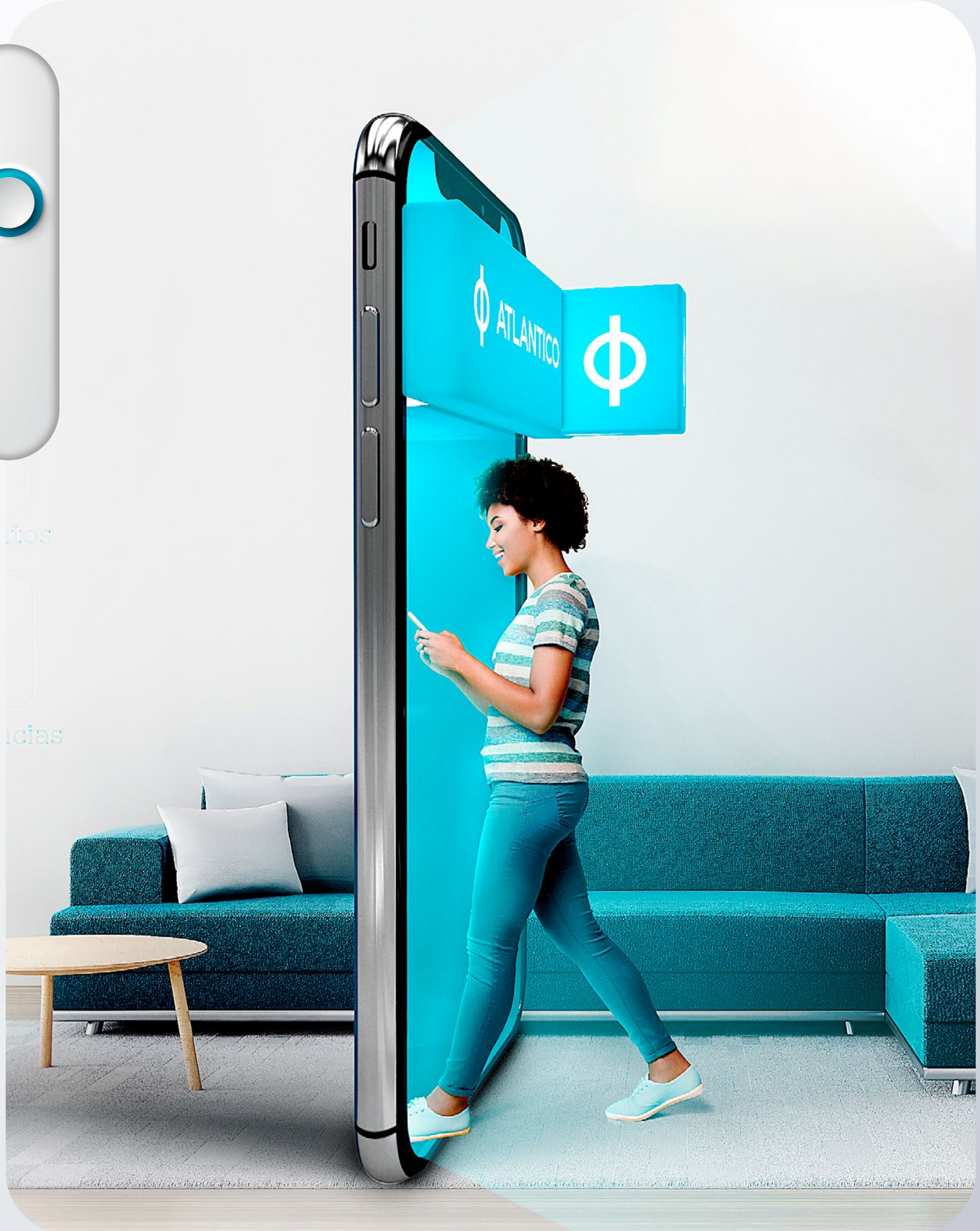


Covid-19

CONTINGENCY PLAN

On 11 March 2020, the World Health Organization qualified the public health emergency caused by the Covid-19 disease as an international pandemic, following the declaration of a state of emergency in Angola, through the decree of the President of the Republic no. 80/20 of 25 March.

The state of emergency decree was in effect from 27 March 2020, followed by several decrees of public calamity, which have required the adjustment of economic and social activity to the new health reality. Several extraordinary measures have been defined by the national authorities in support of the Multisectoral Commission appointed to manage the pandemic in Angola, with the financial system being responsible, namely for its financing function, an essential participation in a joint effort between authorities and economic agents.

Banco Millennium Atlântico, committed to the measures enacted by the authorities with a view to mitigate the impacts of the pandemic on its ecosystem, created in March 2020 the Covid-19 Contingency Team, coordinated by the Business Continuity Plan and composed of senior business leaders with multidisciplinary natures (eg, technology, operational, legal, logistical, business skills, etc.), namely while being responsible for the areas of direct impact in responding to incidents and measures arising from states of emergency and disaster situations.

Since then, the Contingency Team, which holds regular work meetings at least twice a week, has strictly followed the indications and decrees of the competent authorities, thus ensuring the prompt and immediate implementation of several preventive, emergency and contingency measures, of which we highlight the following:

- **Contingency and Business Continuity Plan:** the Bank launched this plan and mobilized all its human capital to, together with Customers, Partners and Suppliers, mitigate the impacts of these times of great difficulty, uncertainty and demand;
- **Biosafety conditions:** in all branches and central services, ATLANTICO distributed alcohol gel, individualized individual masks for each Employee, visors and thermometers, delimited the spacing and distance of security inside and outside the buildings (agencies and central services), as well as created rules for access and limitation of elevator capacity, the non-handling of doors, among others, ensuring the safety of Customers, Employees and Partners;
- **Dissemination of information:** on internal channels (mailing and intranet), on the institutional website and in the various communication channels and social networks, the importance of using digital channels has spread, so that Customers benefit from all ATLANTICO services, privileging the available remote channels, avoiding face-to-face travel to the Bank, particularly at times of curfew;
- **Service:** the Bank guaranteed individual face-to-face service, complying with the rule of one Employee for each Client within the branch, always guaranteeing the safety distance defined at all times by the authorities. In terms of personalized management assistance, the procedure for scheduling meetings and on-site trips was ensured, allowing the availability of airy rooms equipped with all the biosafety material suitable for their capacity. However, all appointments for internal and external meetings via telematics were privileged, through tested and secure technological platforms;
- **Business Continuity:** the Bank ensured that at the time of the entry into force of the state of emergency, 70% of Employees remained on a remote working regime, ensuring that with only 30% in person and on biweekly rotating shifts, and exempting the risk groups defined in Decree, the continuity of the business was ensured. The facilities had a minimum of movement of people. These actions were preceded by a careful analysis of critical functions within the scope of the Business Continuity Plan, with the prompt creation of technological conditions for this purpose.

- **Responsiveness:** all business, control and support areas have ensured that they are able to meet the needs of Customers, having prepared the appropriate offer and commercial assistance;

- **Permanent collaboration:** among all the Service Points, present in the 18 provinces of the country, a permanent collaboration was promoted, ensuring the continuity of the banking operation in an uninterrupted manner in all locations.

The measures implemented by ATLANTICO were divided into the following levels:

- **Preventive measures:** initiated when there were no cases of infection in the country, the spread of information about the disease and possible infection among Employees;

- **Contingency measures:** implemented at the time of identification of cases of infection in the country, resulting in a reduction in the number of Employees in the workplace and the creation of means for Employees in risk groups to work remotely;

- **Emergency measures:** implemented when the Angolan Government decreed the National Emergency State, which resulted in a greater decrease in the number of Employees working face-to-face in the institution and, consequently, an increase in resources and in the number of Employees operating fully in remote working.

Banco Millennium Atlântico, committed to the measures enacted by the authorities with a view to mitigate the impacts of the pandemic on its ecosystem, created in March 2020 the **Covid-19 Contingency Team**, coordinated by the Business Continuity Plan and composed of senior business leaders with multidisciplinary natures

GUARANTEED PROTECTION AND BUSINESS CONTINUITY

Preventive measures

- Internal communication of prevention measures defined by the Ministry of Health (MINSA);
- Dissemination of information on good practices and behaviours to be adopted for mitigating the risks of infection;
- Implementation of quarantine for all Employees who have been or cohabit with someone who has been in a geography defined by MINSA as an area with active community transmission from Covid-19;
- Definition of procedures in case of contagion;
- Adequacy of the dress-code to reduce the risks of contagion;
- Suspension of visits to external entities or face-to-face meetings outside the Bank, as well as internal face-to-face meetings. Alternatively, video conferences are held;
- Suspension of national and international business trips;
- Closure of the institutional gym and ongoing sports activities;
- Adoption of precautionary measures, such as:
    - Restriction of Employee movement between floors;
    - Permanent open door access to the building and respective floors in order to avoid contact with the handles and knobs;
    - Provision of hand sanitizer in the collective transport of Employees, with mandatory use before access to the bus and a minimum distance between passengers.

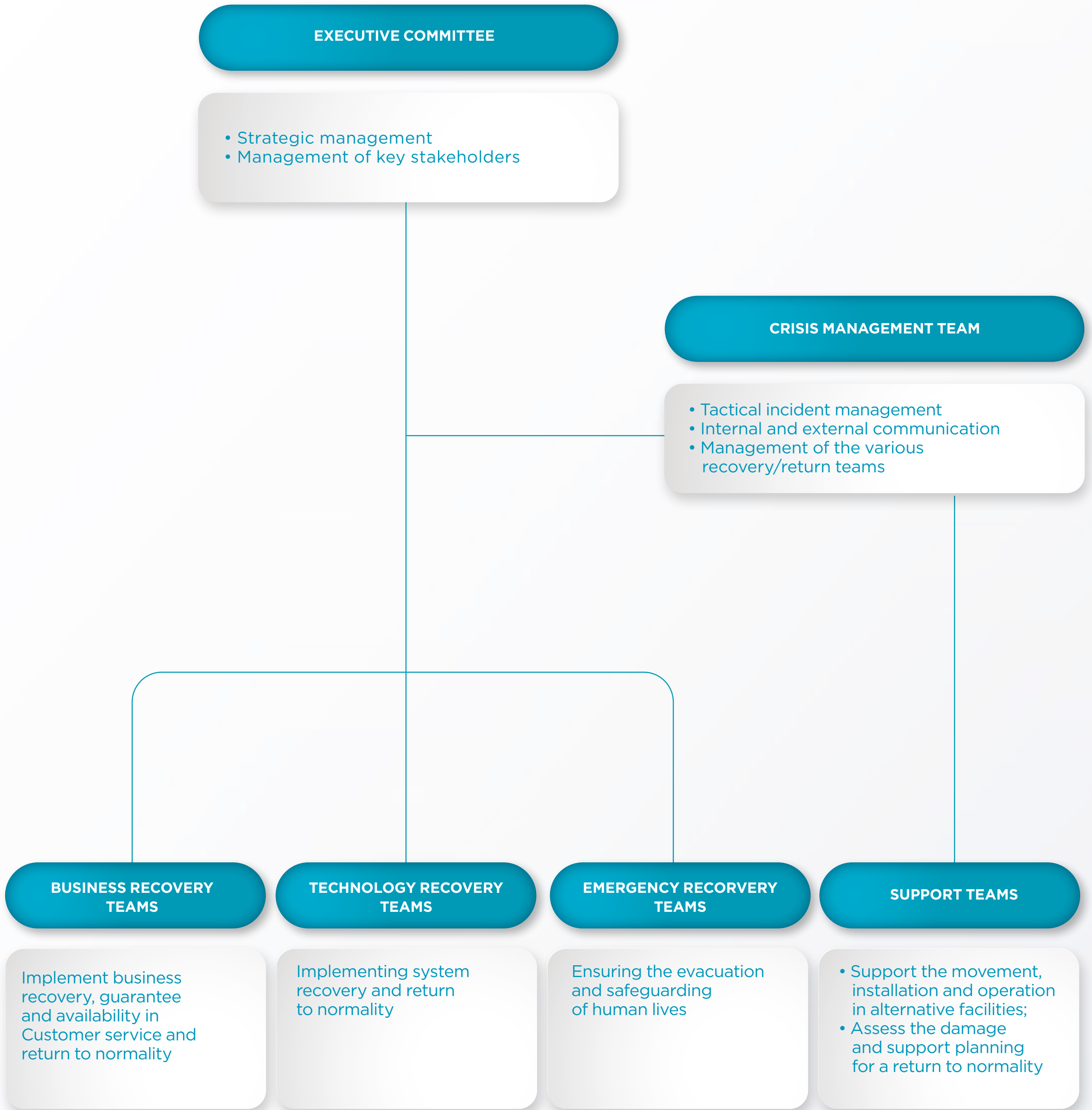
Contingency measures

- Communication from the Chairman of the Board of Directors regarding the increased measures to be observed in fighting the spread of the virus;
- Definition of Critical Processes and preparation of electronic resources for Employees, enabling remote work;
- Closure of Service Points on Saturdays, Sundays and holidays, with the majority having 8 a.m. to 4 p.m. working hours;
- Customer Service behind closed doors, guaranteed a minimum distance of one and a half metres, with the use of hand sanitizer at the entrance. Handling of doors by security guards. Definition of a distance between Customers of more than one and a half metres outside the Service Points;
- Temporary suspension of the opening of accounts and the use of tablets and ticket dispenser;
- Identification and leave of Employees belonging to the population at risk (pregnant women; Employees over 60 years of age; chronically ill, such as hypertension, diabetes, respiratory and/or cardiovascular diseases);
- Identification and leave of female Employees with children under 12 years old;
- Publication of a flowchart on behaviours to adopt in suspected or positive cases;
- Publication of a flowchart setting out the measures to be adopted when returning to work after an incident;
- Preparation/publication of rules and regulations on Access Control to the Headquarters Building ("Cidade Financeira");
- Publication of a flowchart of measures to be adopted in Commercial Actions.

Emergency measures

- Downsizing of teams by 68.6%, ensuring the continuity of critical processes and the deployment of remote working;
- Temporary closure, in phases (1,2,3) of 50 Service Points, always ensuring the full operation of the self-banking system, even in closed branches;
- Suspension of Employees' vacation entitlement at this stage, in order to safeguard their well-being and to ensure that the remote working regime is effectively fulfilled;
- Recommendation and encouragement of the use of technology and non-face-to-face means, namely: internet Banking, ATM, USSD (*400#) and Direct deposit machines;
- Increase in cyber-crime prevention campaigns;
- Gradual reopening of Service Points, ensuring all security measures;
- Mandatory use of masks and visors for all Employees at the Service Points;
- Temperature monitoring of Employees and Customers at the entrance of all ATLANTICO facilities;
- Introduction of pedal dispensers at all Service Points and Headquarters ("Cidade Financeira").

GOVERNANCE MODEL IN CRISIS SITUATION



SUPPORT FOR THE ECONOMY AND COMMUNITIES

The Bank has maintained, on a daily basis, the monitoring of business items in order to control, monitor and act on relevant fluctuations arising directly from the pandemic, as well as on the evolution of the level of transactions through the various channels: face-to-face, self-banking (ATM/POS/deposit machines) and digital (IB/USSD/telephone).

COMPANIES

- Convinced that the impact of the health crisis on the country's economic life requires the development of financial instruments to help minimize these effects, the Bank, in collaboration with Hemera Capital Partners and Disruption Lab, will launch an Impact and Transformation Social Investment Fund for Entrepreneurs, with a minimum allocation of AOA 3,075,000,000.00 (three thousand seventy five million kwanzas), which will be aimed at supporting proven small and medium enterprises that meet current market needs, particularly in the areas that have been most severely affected by the Covid-19 pandemic. The companies benefiting from the Fund will also have the support of the Disruption Lab in matters of management and implementation of innovation.
- In addition to the Bank, the Fund will actively seek other domestic and international subscribers in the areas of social investment with an impact and will initiate the investment processes as soon as the legal procedures for incorporation are met and all applicable approvals are obtained.
- The Bank has granted a credit moratorium to Customers who have requested it under the terms of the regulations issued.

COMMUNITIES

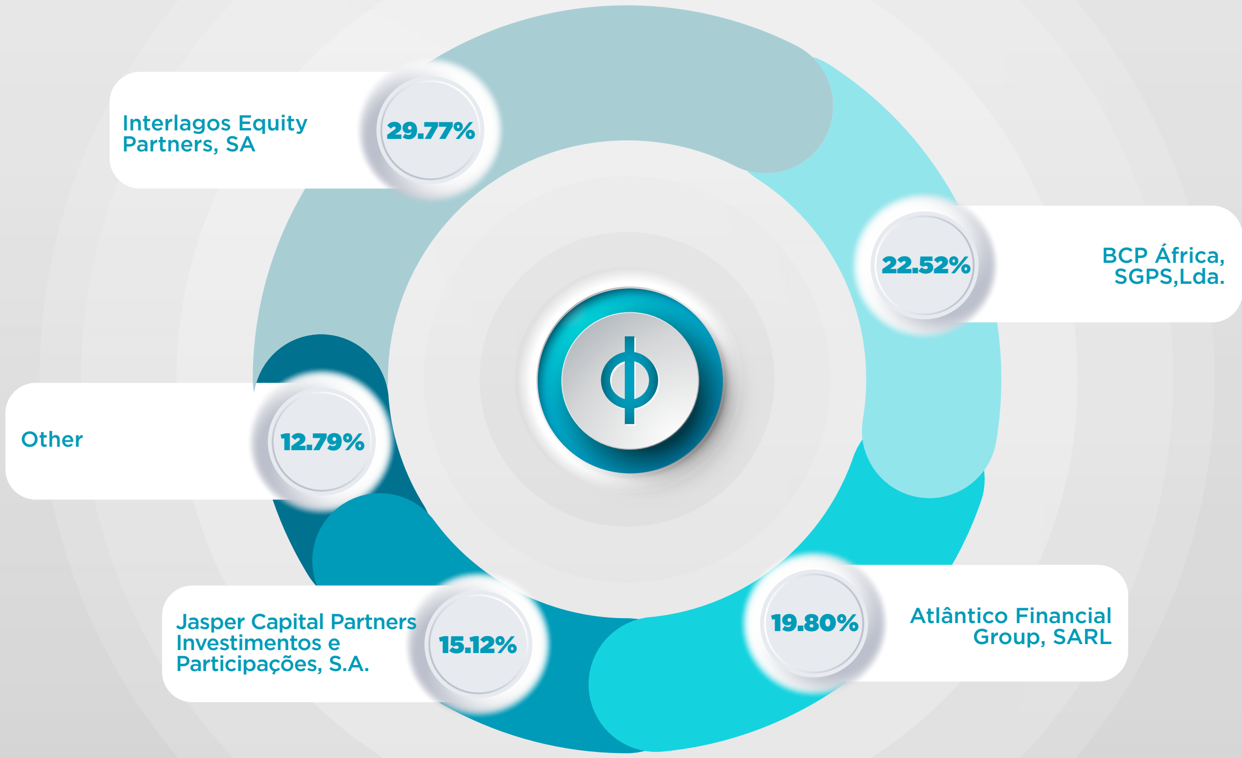
- The Bank has donated biosafety material, which included medical equipment and essential goods, to the Inter-ministerial Committee for the Prevention and Fight against Covid-19. This material included tests, surgical masks, protective equipment for clinical teams and ventilators.

3.1. Institutional

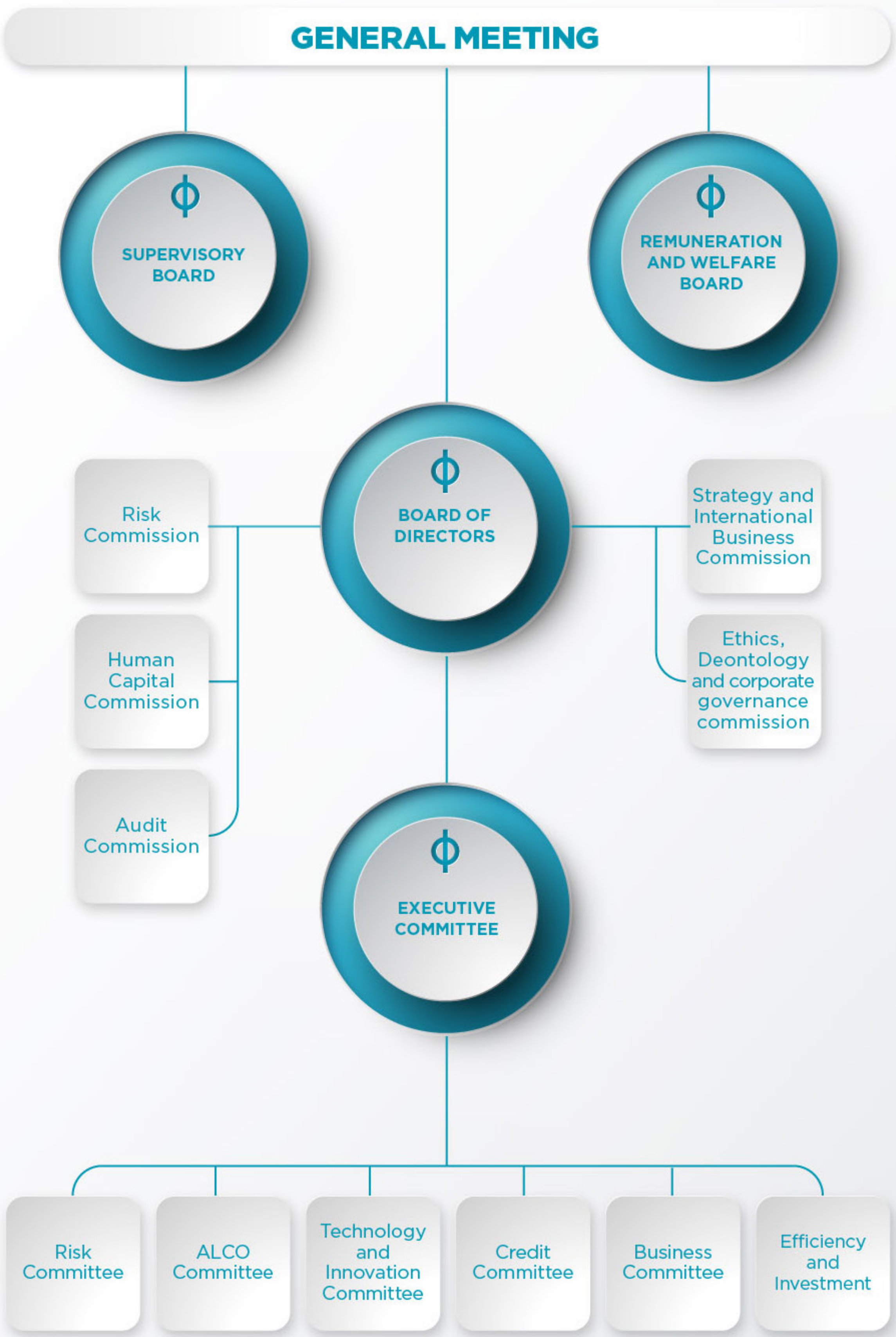
ATLANTICO was incorporated on 31 August 2006, and started its activity in November 2006, as an Angolan banking institution regulated by Angola Central Bank. On 3 May 2016, Banco Millennium Angola was merged into ATLANTICO. This merger enabled the integration of operations of both banking institutions, which together have more than 20 years of experience and have been acting as partners since 2008. As a result of this merger, ATLANTICO consolidated its universal character and strengthened its position in the Angolan banking market, joining the top 5 of Angola's largest banks, as one of the largest private bank in financing Angolan Companies and Households, and strengthening its position as one of the largest banks in the banking sector.

Shareholders' Structure

Banco Millennium Atlântico is mainly held by private Angolan shareholders. As at 31 December 2020, the shareholders' structure was detailed as follows:



Governance Model



Organic Structure

Corporate bodies

	Board of Directors	Executive Committee	Supervisory Board	Remuneration and Welfare Board	Risk Commission	Ethics, Deontology, and Corporate Governance Commission	Audit Commission	Human Capital Commission	Commission on Strategy and International Business	Board of the General Meeting
António Assis de Almeida	●					●		●	●	
Miguel Maya	●									
Daniel Santos	●	●					●	●	●	
Augusto Baptista	●	●						●	●	
Paulo Tomás	●	●			●					
Patrícia Gabriel	●	●								
Éder Sousa	●	●								
João Mendonça	●	●								
Odyle Cardoso	●	●								
Diogo Cunha	●									
Elpídio Neto	●					●				
Hermenegilda Benge	●				●		●			
Miguel Pessanha	●						●			
José Correia	●					●				
Cláudia Pinto										●
Fernando Magarreiro										●
Patrícia Dias										●
Guilherme Frutuoso de Melo			●							
Luís Costa Prazares			●							
José Dordio			●							
Nélson Teixeira			●							
Cristina Ferreira			●							
José Wanassi				●						
António Frutuoso de Melo				●						
Manuel Aguiar				●						

Executive Committee

Members and Areas of Responsibility

* The order of replacement presented should be applied only in cases where the absent/prevented Director has not had the opportunity to directly appoint his/her alternate, with due caution in relation to potential situations of conflict of interest.

The CEO and the Deputy CEOs can agree, among themselves, on a suitable sharing of areas of responsibility whenever one is absent/prevented from performing duties.

Daniel Santos • Chairman of EC

Chief Executive Officer (CEO)

- Human Capital • HC
- Legal • LG
- Compliance Office • CO
- Audit • AU
- Exchange Control • ECO

Deputy Chairman*

Augusto Baptista • Deputy Chairman of EC

Chief Digital & Investment Banking Officer (CDIBO)

- Investment Banking • IB
- Digital Banking & Innovation • DBI
- Large Corporate and Institutionals • DLC
- Disruption Lab • LAB
- Social Investment

Chairman or Deputy Chairman*

Paulo Tomás • Deputy Chairman of EC

Chief Risk Officer (CRO)

- Crédit • CD
- Risk Office • RO
- Credit Recovery • CDC
- Processes and Organization • PO

Chairman or Deputy Chairman*

Patrícia Gabriel • Member

Chief Operating Officer (COO)

- Asset and Services • DAS
- Cyber Security • CS
- Private Banking • PB

CRO or CMO*

Odyle Cardoso • Member

Chief Business Officer (CBO)

- Corporate • CO
- Personal and Business • PBIS
- Prestige • PR

CMO or COO*

João Mendonça • Member

Chief Marketing Officer (CMO)

- Marketing • MK
- Brand and Communication • BC
- Digital Business • DB
- Bancassurance

CBO or COO*

Éder Sousa • Member

Chief Financial Officer (CFO)

- Accounting • ACT
- Treasury and Market • TM
- Planing and Control • PC
- Internacional & Investors Relations • IIR

CRO*

Department
Office
Focal point
Autonomous Unit

WELCOME TO 2.1

OUR MISSION

To be a **benchmark** institution in Angola, respected in the Word, that stands out for **Customer's** experience, excellence in **transformation** of Lives, **multiplication** of Customers' Assets, committed to its **Ecosystem**, today in the future.

VISION TOWARDS 2.1

To be the leading bank in **digital** transformation, being present and **close** to all, in ATLANTICOS's **Ecosystem**, at all times and through different **platforms**.

- INNOVATION
- UNIVERSALITY
- PARTNERSHIPS OVER ANGOLA
- CUSTOMER'S PRIMACY
- VALUES FOR LIFE

ATLANTICO

2.1

Two large institutions transformed into a great strategic programme

The aim of bringing digital reality to Customer's service

The agenda that will lead ATLANTICO to 2021

1 > 2 = 2.1

THIS IS ATLANTICO'S EQUATION!

Strategic Pillars

INNOVATION

"Leader in digital transformation"

- Leading through solutions at the Digital Age border.
- Use Digital Age's technology and processes to enhance our Customers' experience.
- Digitalize our processes in order to increase our People's time and convert this time into more results.

UNIVERSALITY

"To serve all Customers, always, where and how they choose"

- Be the bank that best serves all Customer segments.
- Care model and differentiated proposals by segment.
- Ambition to reach more families and companies, aiming to increase our Customer base to 2 million by 2021.

PARTNERSHIPS OVER ANGOLA

"Benchmark in the investment in Angola"

- Continue to support the diversification of our economy.
- Contribute to the employment and product generation in order for families, companies and the country to prosper.
- Strengthen the role of ATLANTICO as an Investment Bank.

CUSTOMER'S PRIMACY

"Best Bank in Customer service"

- To have the Customer as the center of our existence and the reason for our future.
- Know how to capture, withhold, foster and strengthen the relationship with Customers, serving them with the highest-quality service standard.
- Organisation in multidisciplinary teams, adopting a dynamic and collaborative work methodology, based on short delivery cycles and tangible deliverables, with a focus on Customers.

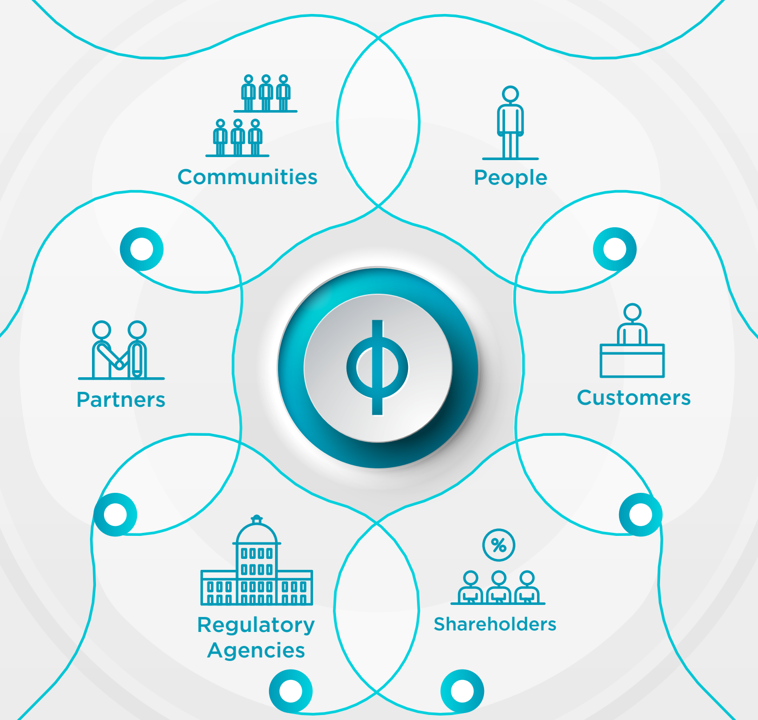
VALUES FOR LIFE

"Sustainable investment in the Community"

- Commitment to the Community and focus on sound and lasting results.
- ATLANTICO Foundation will increase investment in carefully selected projects that build on values and knowledge, without which there are no prosperous societies.

ATLANTICO

2.1 Impact on the ATLANTICO's Ecosystem



Communities

"Leave a footprint in Society, contributing to the transformation of their lives in a sustainable manner creating values for life"

+20 thousand HOURS INVESTED BY ATLANTICO'S EMPLOYEES

~20 thousand IMPACTED LIVES

+2.5 thousand ATLANTICO VOLUNTEERS

+70 JOBS CREATED

People

"Promote individual and professional development of ATLANTICO's Family by creating values for life and transforming lives"

+70% CARREER DEVELOPMENT

+5 thousand MEMBERS OF ATLANTICO'S FAMILY

+176 thousand TRAINING HOURS

1,709 EMPLOYEES

Partners

"Build and foster partnerships, where we grow and strengthen together"

+80 JOBS CREATED

BENCHMARK IN TRADE FINANCE **6%** MARKET SHARE

BUSINESS PARTNER NETWORK:
- INSURANCE
- ASSET MANAGEMENT
- 26 CORRESPONDENT BANKS IN 4 CONTINENTS

Customers

"Deliver an outstanding service to Customers"

2 MILLION CUSTOMERS

2.5 COMPLAINTS PER 1,000 CUSTOMERS

37% DIGITAL CUSTOMERS

+2 MILLION JOBS CREATED

Regulatory Agencies

"Acting strictly and in line with the best practices in the financial industry"

51 INTERNAL CONTROL IMPROVEMENT OPPORTUNITIES

12.3% CAPITAL ADEQUACY RATIO

Shareholders

"Protect and maximize Shareholders' equity, in a whole and sustainable way"

45% COST TO INCOME

179 AOA BILLION EQUITY

15.6 AOA BILLION NET RESULTS

Customer--Driven

People Development

Innovation

Agility

Efficiency and Accuracy

3.2. Innovative

In line with the 2020 motto, which is to secure return on investments, ATLANTICO focused on improving Customer experience by optimising digital solutions and continued its ambitious plan to digitalise core processes.

DIGITAL BRANCH

ATLANTICO 24H

MOBILE BANKING TRADITIONAL MOBILE

LOAN SIMULATOR

DIGITAL ONBOARDING

100% DIGITAL ACCOUNTS OPENING

KITADI

HIGH AVAILABILITY

DIRECT DEPOSITS MACHINE

PRESTIGE DIGITAL

iOLA DIGITAL ASSISTANT

DISRUPTION LAB

- **~56%** Core processes paperless
- **~40%** Core processes in self-banking
- **~1.1 million** ATLANTICO Directo users
- **37%** Digital Customers

Among the work carried out, the most important is the digitalisation of national and international transfer process, as well as the account maintenance process, making them paperless and more flexible. The Bank also continued to work on the digitalisation of credit and trade finance processes, with a view to improving operational efficiency and service levels, increasing Customer autonomy and making these solutions available through different channels.

The Bank also adopted the Robotic Process Automation (RPA) model in the Bank's core processes, enabling these to be 100% automated, with human intervention no longer necessary.

In order to better serve Customers, the Bank created a claims model aligned with their needs, improving the integrated management tool for direct deposit machines, so as to ensure greater efficiency and availability.

The current pandemic context has strengthened the need for Customers to adopt strategies that focus on digital channels. ATLANTICO's strategy in recent years, which focuses on digital transformation, has addressed these needs by making the main banking products and services available through different digital channels (Internet Banking, App Mobile Banking and Mobile Banking Platform for traditional phones *400#). During the first half of this year, improvements were made to these channels, in terms of security and the introduction of functionalities.

In the first half of the year, adjustments were also made to the "ABC – Abertura de Conta 100% Digital" solution in order to improve the experience of future Customers. The Bank also met regulatory requirements by launching Multicaixa with a chip.

In the second half of the year, ATLANTICO improved Customers' experience on the *400# platform, contributing to **more than 440 thousand new subscriptions** and **more than AOA 13 billion traded**, in **more than 2 million transactions** carried out of a total of **more than 6 million transactions.** The Bank also improved the Customer experience on ATLANTICO Directo, through the inclusion of push notifications and improved navigation and execution of transactions. Also credit solutions were launched on ATLANTICO Directo, allowing digital users to perform fully digital simulations and credit applications.

The Bank adopted the ONLINE Payment Gateway (GPO) and the Direct Debit Subsystem (SDD).

In order to support ATLANTICO in its ambition to be a leader in digital transformation, the Disruption Lab (Powered by ATLANTICO) dedicated 2020 to the internal development of iOla, a digital financial assistant, launched in December, which is available 24/7 to provide support in clarifying questions from Customers and potential Customers, through Facebook Messenger. In the month of its launch, iOla achieved a level of autonomy (without human intervention) of 73% in answering the questions asked by more than 6 thousand Customers.

With this launch, the Bank reaffirms its commitment to serve Customers at a large scale and with high availability, providing them with a better experience, with simpler, more agile and autonomous routines.

The Disruption Lab began the year with the celebration of the first anniversary and rebranding of the marketplace, developed by the first company incubated in the Disruption Lab. Mercado 3.0 is now STARMARKET, "The star of Angolan e-commerce". With about 750 active products in various categories and annual sales of approximately AOA 45 million, STARMARKET is the materialisation of ATLANTICO's objective of serving its Customers in their different needs, with products and services that go beyond the financial ones.

Supporting national entrepreneurship is another of Disruption Lab's aims and, despite the restrictions imposed by the Covid-19 pandemic, 2020 ended with an occupancy rate in the co-working space of 56%, within the allowable.

In addition to the participation in several events, it is worth highlighting the realisation of its own Mentorship pre-programme, where Disruption Lab supported two projects: the digital magazine Disruption Magazine and SOS - Vaquinha, a crowdfunding platform for social projects; and the participation in the Afro-European Hackathon: AFRICA THE POST CRISIS JOURNEY, as Community Partners and with mentors from both Disruption Lab and ATLANTICO.

Support for the Seedstars Luanda competition was maintained, in which ATLANTICO was Gold Partner and the Disruption Lab was Prize and Local Partner. As a partner of LISPA (*Laboratório de Inovação do Sistema de Pagamentos*), a BNA initiative, the Bank is additionally supporting three of the finalist start-ups from its first incubation programme class, as a support bank for the Direct Debits Subsystem (SDD).

Mercado 3.0 is now STARMARKET, "The star of Angolan e-commerce". With about **750 active products** in various categories and annual sales of approximately **AOA 45 million**, STARMARKET is the materialisation of ATLANTICO's objective of serving its Customers in their different needs, with products and services that go beyond the financial ones.

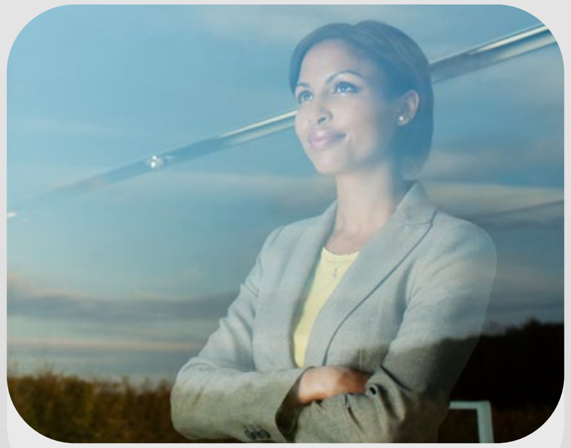
ATLANTICO REINFORCED ITS COMMITMENT TO DIGITAL INNOVATION

3.3. Universal

ATLANTICO's ambition is to transform its position as universal bank, in the service to its Customers: "Serve all, always, where and how they choose".

MASS MARKET

CORPORATE



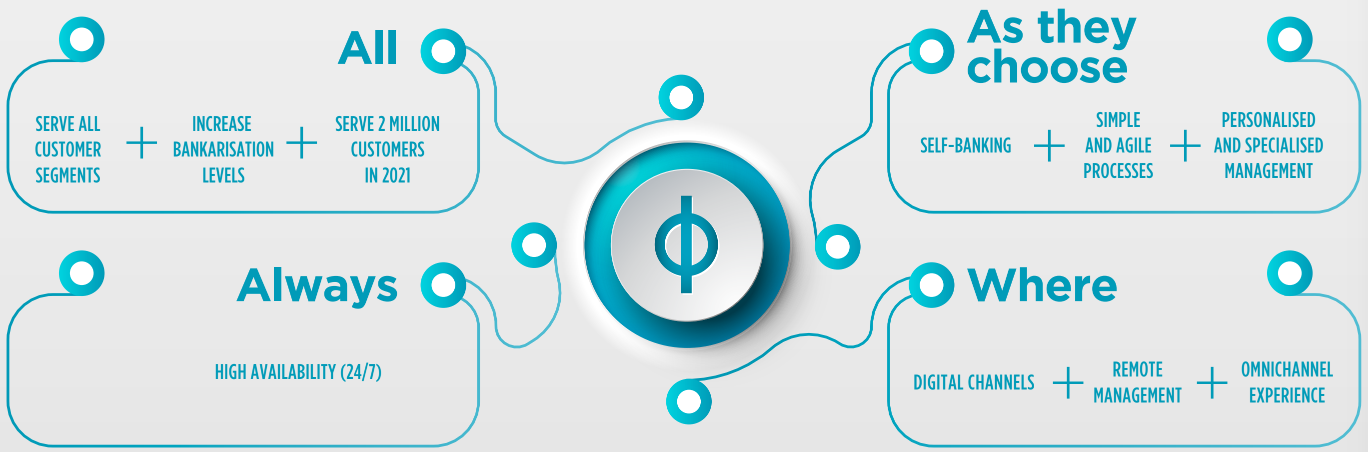
PRIVATE BANKING

PRESTIGE

LARGE CORPORATE

2 Million Customers | **13.2%** Market share | **~15** thousand Customers in digital management | Omnichannel platform (24/7)

OUR BUSINESS MODEL IS BASED ON THE FOLLOWING FUNDAMENTAL PRINCIPLES:



In 2020, ATLANTICO maintained and strengthened its commitment to develop and implement digital solutions that, on a large scale, would allow it to serve its Customers in a simpler, more agile and autonomous way.

These developments had as their main focus, in addition to the quantity and quality of funding processes, the increase in cross-selling levels and, consequently, the increased penetration of the Bank's offer of products and services.

In 2020, and despite the setbacks arising from Covid-19, the scenario experienced led ATLANTICO to promote the launch of new concepts, in an innovative, aggregating and outstanding way in the market, in order to enhance the availability of services provided to Customers.

Within the scope of private Customers, and with special focus on people with low incomes (Lower Mass Market) the beginning of 2020 recorded a growing focus on enabling the use of simple, low-cost and useful tools for day-to-day life.

The reinforced focus on the *400# platform allowed all ATLANTICO Customers to access their bank accounts remotely via a telephone, regardless of the type of handset they use (analogue or digital) without using the telephone provider's balance.

This platform has experienced rapid growth with over 325,000 users in just 12 months. The amount of cumulative transactions exceeds AOA 13.1 billion, corresponding to more than 8 million operations, which originates an aggregate commissioning of more than AOA 100 M.

The improvement of the channel's functionalities was aimed at launching the fixed code for retailers, making it possible for them to accept payments via their telephone as an alternative to other more expensive and riskier methods. By the end of the year, 74,150 retailers were already registered for this form of payment.

A dedicated call centre team was set up, to provide information about the channel and its use, having recorded close to 135 thousand direct contacts with Customers.

As a means of getting closer to the target audience of the *400# platform, as well as of financial inclusion of the whole population, the Bank dedicated the first part of the year to developing the simplified account and the banking agent service within the platform, which was launched in the second half of the year. To support the dissemination, a digital campaign with a launching video on social media was carried out, having reached more than 21,000 views.

In the second semester, the development focused on improving the inclusion process, which still has room to evolve. ATLANTICO is working on the development of an ecosystem that will engage the Lower Mass Market audience by converting potential Customers into Bank Customers and allowing accessibility to products, in synergy within the community.

The technological capacity of the platform, and therefore its success, is part of a process of interactions based on the use of the AGILE methodology, which assumes the continuous improvement of features and products in order to promote the best and most fluid experience possible to the largest number of users. Taking into account the millions of Angolans who have yet to use the banking system, the process of continuous improvement of the platform will always be on ATLANTICO's agenda.

Regarding Mass Market private Customers, the Covid-19 context implied the temporary closure of some of the Bank's branches, as well as the downsizing of the teams at the service points. Despite this, ATLANTICO changed its operating format in order to continue to ensure availability in the service, both with face-to-face teams and remote working, which focused on monitoring active Customers, as well as reactivating inactive Customers.

2020 was underscored by the set up of 64 cash deposit machines, which are fully functional in a 24/7 model, with the reflection of the values deposited in the account in real time. ATLANTICO registered a volume of over 1.7 billion deposits in the year equivalent to an amount of 81.3 billion kwanzas, with 41% of transactions made in the post-work period. These results prove the viability of this business line and encourage the continuity of installation of more machines, ensuring availability in the remaining provinces of the country.

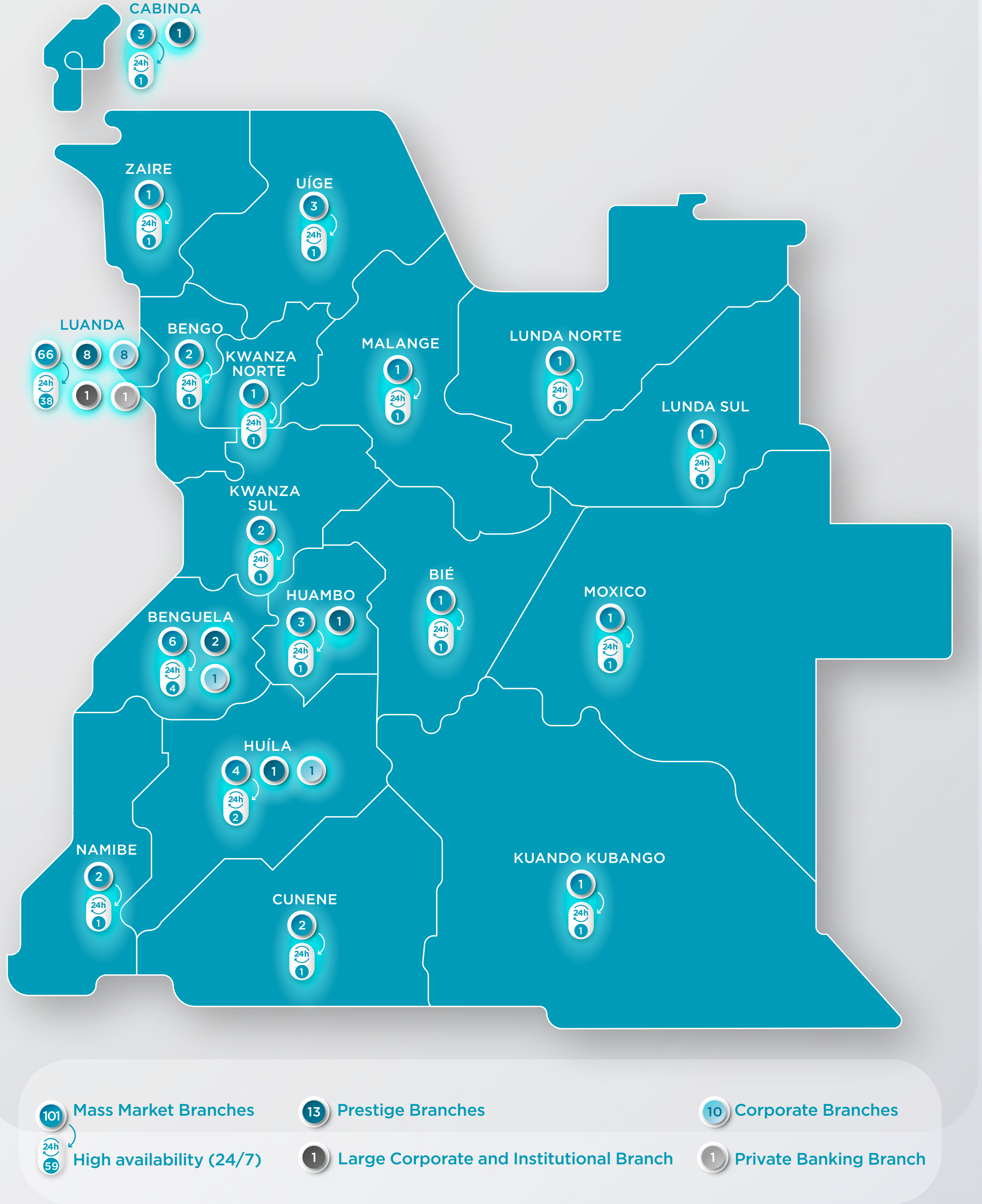
Thus, despite the restrictions imposed by the pandemic, ATLANTICO has not failed to strengthen its ability to serve Customers 24 hours a day, whether in the act of opening an account by digital means, in the component of deposits and withdrawals or in personalized service through the contact centre.

In terms of product innovation, we highlight the launch of "Soluções Integradas ATLANTICO" ("Integrated Solutions"), which include the sale of product bundles aimed at Customer loyalty through the exemption of various commissions, as well as the inclusion of banking benefits in the components of credit, savings and discounts on partners. These solutions are adjusted to the needs of Customers, with 18,260 bundles having been subscribed in the last quarter.

With regard to Private Customers with personalized management, 2020 was a year marked by the continued affirmation of the Prestige brand, through the valuation of the "OFERTA PRESTIGE". Also noteworthy was the strengthening of the basis for action and monitoring of Customers by digital means, with a service of remote excellence that even measures the levels of service in interactions by e-mail and telephone.

The use of adequate tools allows ATLANTICO to have a better ability to serve, be more assertive and increase cross-selling levels.

Service points



3.4. Investment Partner

The year 2020 was marked by a contraction in international trade, estimated by the United Nations Conference on Trade and Development (UNCTAD) at about 8%, intensified by the spread of Covid-19, which also led to a considerable slowdown in economic activity at national level, with an impact on the volume of international trade transactions. Additionally, there were regulatory changes in the Angolan market that reduced the requirement to use letters of credit to pay for the import of goods, which resulted in a reduction of more than 50% in the amount issued in 2020, year-on-year.

For the Corporate segments, the focus remained on the consolidation of solutions to meet their growing needs imposed by the current environment.

In this regard, ATLANTICO has taken a qualitative step forward in providing a financial advisory service to Small and Medium Enterprises (SME), with emphasis on the implementation of a team that aims to strengthen expertise in the management and monitoring of projects to diversify the economy, framed in National Programes with subsidised rates, such as Angola Investe, PAC (Credit Support Project) and those provided for in Notice No. 10, of April 3, of the Banco Nacional de Angola (Granting of credit to the Real Sector of the economy), aimed at promoting and encouraging domestic production.

6%[1] Market share for trade finance

26 Correspondent banks in 4 continents

AOA **48** billion Economic diversification financing

14.5% Market share for trading

[1] 72% market share for export operations

In addition, ATLANTICO maintained its strategy of boosting business with international partners (Banking and Multilateral Financial Institutions) in order to ensure ongoing support to Customers for their investment, payment and trade finance business needs. The correspondence network includes 130 banks, of which of which ATLANTICO maintains an active transactional relationship with 26, present in the main geographies that maintain a relationship with the Angolan market.

The Bank strengthened the negotiation of a foreign currency funding facility and a credit risk coverage by guarantee facility for SMEs, with the African Development Bank and the African Guarantee Fund, respectively, renowned multilateral financial institutions that focus on the development of emerging economies. In this connection, ATLANTICO aims to continue to offer greater local support in the implementation of SME investment projects.

FINANCING LINES

Funding Facility
USD 40,000,000.00 for Small and Medium Enterprises

Guarantee Facility Line
USD 5,000,000.00 to cover credit risk for Small and Medium Enterprises

In terms of trade finance business, ATLANTICO recorded a significant reduction in the issue of instruments supporting imports, with the market share in the issue of Documentary Credits standing at 5.29% in 2020. Consequently, in the reporting period, there was a particular focus on export solutions, based on the comprehensive monitoring of the international business, technical and operational support tailored to exporting Clients, the development of several solutions and support instruments for Trade Finance products, as well as, for the solid banking correspondence relationship so as to ensure competitive pricing. This positioning resulted in an increase of the market share in Export Documentary Credits to 50% and in the leadership in Export Documentary Collections, with a market share of over 99%.

In order to boost these funding facilities and the promotion of investment, ATLANTICO, through its Investment Banking solutions, is positioned as a reference in this business segment, with a track record of support for investment in Angola and Angolan investment in international markets. The Bank, through Investment Banking, has been supporting its clients in three major areas: Corporate Finance, Structured Finance and Capital Markets.

In terms of Corporate Finance, ATLANTICO provides services of Mergers & Acquisitions, Appraisals, Business Plans, Feasibility Studies, among others. In 2020, the Bank completed the financial advice of a merger and acquisition (M&A) operation, performing a valuation exercise for a Target company in the telecommunications sector, reviewing the valuation assumptions presented by the seller and calculating the Equity Value inherent to the Transaction.

Through Structured Finance solutions, the Bank supports its Clients in structuring financing operations and in restructuring processes. In 2020, the Bank advised two leading players in Angola in structuring and raising debt for projects integrated in food and beverage production, namely the implementation of a factory dedicated to the production of cookies and sweets, and the expansion of the production of beer and respective containers, through a total financing of AOA 22.6 billion.

Refriango

Expansion project of the industrial production line of beer and acquisition of the respective containers.

AOA 8,800,000,000

ATLANTICO

STRUCTURING AND FINANCING
2020

ATLANTICO - SF

DULCERIA NACIONAL

Dulceria industrial project for the production of sweets and derivates.

AOA 13,817,000,000

ATLANTICO

STRUCTURING AND FINANCING
2020

ATLANTICO - SF

The assistance in structuring and raising debt for these projects were aimed at the Bank's contribution to the process of diversification of the national economy and in supporting the promotion of production and import replacement.

Structured projects supported by ATLANTICO in 2020 are expected to have the following economic impact:

486 — **Jobs created,** 186 direct and 300 indirect.

5,700 tons/year — **Increase in national production** that will replace imports.

AOA 11 Bn year — **Acquisition of local raw material** supporting the national value chain.

USD 13 Million — **Increase in exports** from 2022 onwards.

As to Capital Markets, in 2020, in the Securities Intermediation segment (developed in the Market Room), ATLANTICO consolidated its position in the BODIVA market ranking as the third largest intermediary in trading volume, with a market share of approximately 14.4%. In 2020, the annual amount traded on the BODIVA market reached the historic milestone of over AOA 1,187 billion, with ATLANTICO reaching AOA 264 billion, a growth of over 85% compared to 2019.

Specialised trading and post-trading teams dedicated to investors continue to drive the Bank's provision of these services in the regulated markets in Angola.

In 2020, ATLANTICO was also notable for consolidating its position as the third largest bank in individual registration custody accounts, with a 6.73% market share, including the service of custodian bank for investment funds.

In the framework of the privatisation programme promoted by the Angolan State in the economy, ATLANTICO is part of a multidisciplinary international consortium, which has the ability to support the State in the privatisation process in a very wide range of fields. This consortium is made up of a renowned international investment bank, whose financial advisors are qualified to support the Government, or a private Investor in the implementation of one or more transactions.

In 2020, the Institute of Assets Management and State Holdings (IGAPE – Instituto de Gestão de Activos e Participações do Estado) selected ATLANTICO as the leader of the international consortium in partnership with Millennium bcp, in the financial intermediation service for the first privatisation stage of ENSA – Seguros de Angola, S.A., in accordance with the provisions of the Angolan Privatisation Programme (PROPRIV – Programa de Privatizações Integral e Parcial de Empresas Públicas).

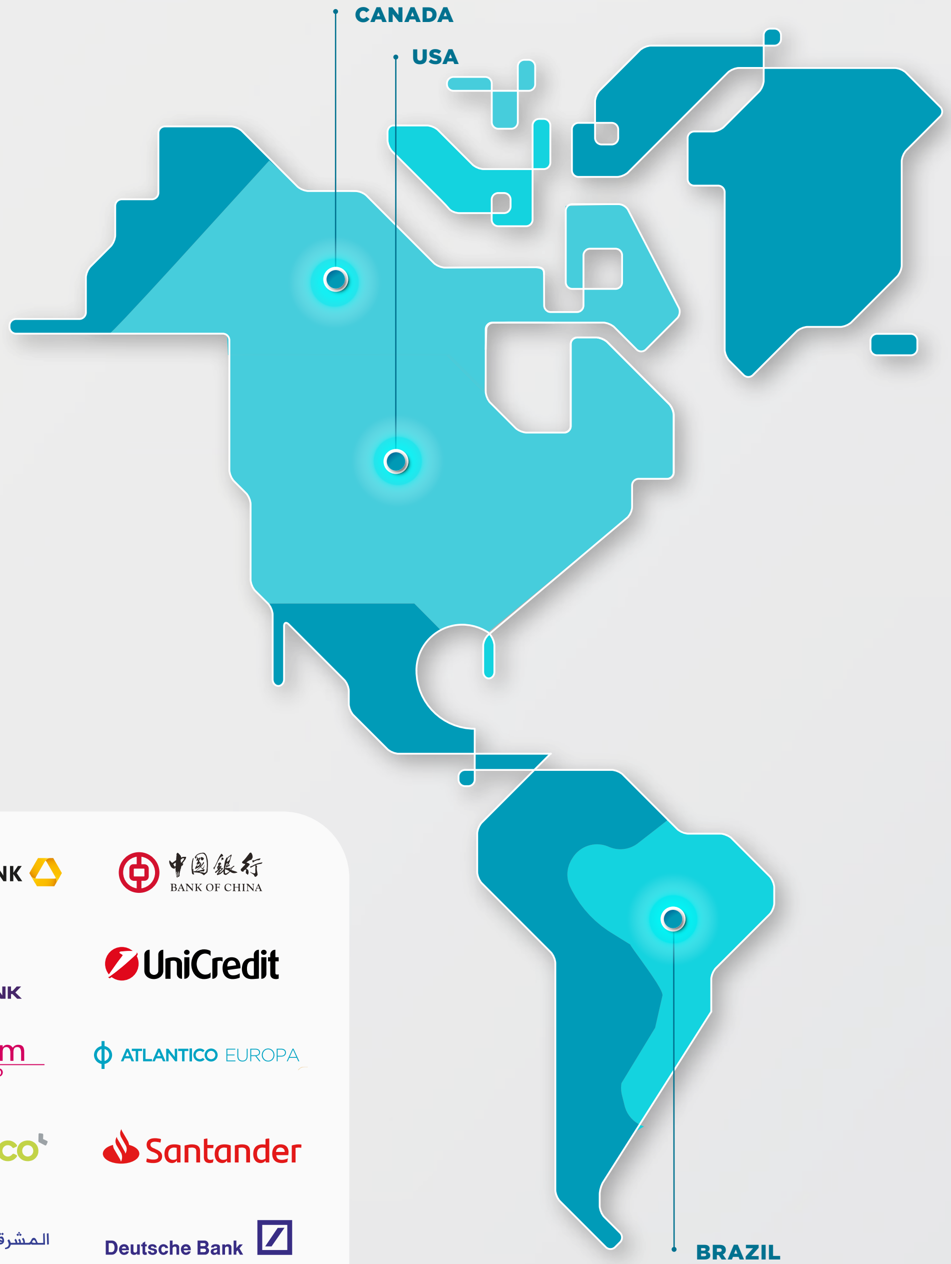
The privatisation of ENSA – Seguros will be carried out gradually, initially through a Prequalification Restricted Tender, and in a second stage through an IPO – Initial Public Offering in Regulated Markets.

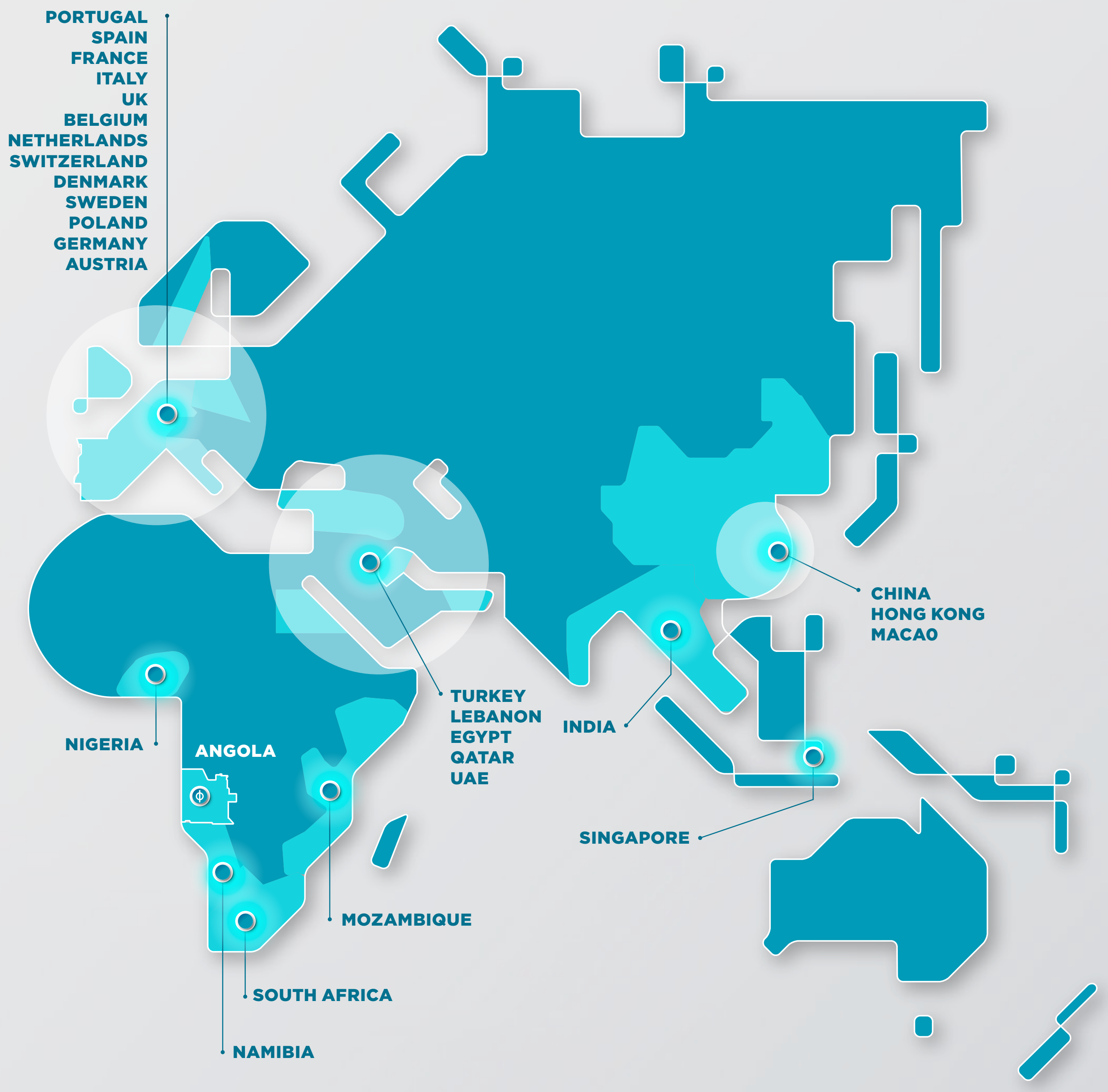
Additionally, ATLANTICO was invited to participate in several restricted tenders by invitation and by prequalification, for the process of placing specific assets in the different modalities foreseen in PROPRIV.

For the process of acquiring assets and companies placed for sale, promoted by IGAPE, the Bank intends to advise national and international investors that aim to acquire these assets, in order to support them throughout the acquisition process.

Global coverage
of our clients' operations

26 correspondent banks in 4 continents





Countries with correspondent banks

COMMERZBANK
中国银行 BANK OF CHINA
BYBLOS BANK
UniCredit
Millennium bcp
ATLANTICO EUROPA
NOVO BANCO
Santander
mashreq المشرق
Deutsche Bank
aktif bank
RAND MERCHANT BANK
NEDBANK
absa

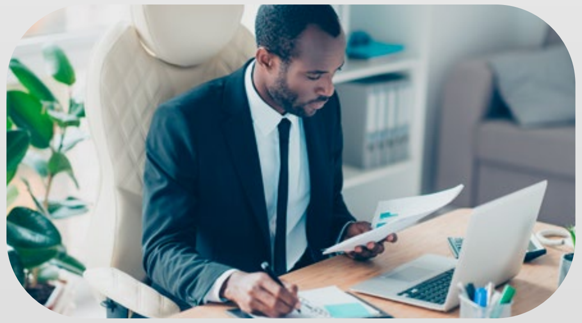
CORRESPONDENT BANKS

3.5. Agile and Customer-driven

ATLANTICO's ambition to be the "Best Bank in Customer Service", based on pillars such as Universality, Efficiency and Agility, represents a challenge of internal transformation, capacity building and skills recycling, the introduction of new and different work methodologies.

People are a key differentiating factor, raising the quality of ATLANTICO's service, reinforcing its ambition to be a reference institution that, through its activity, transforms lives and makes the future happen.

Driven by Customer primacy, ATLANTICO believes that its purpose is achieved through its greatest intangible asset: the ATLANTICO Culture, sustained by our Values for Life.



1,709 Employees

34 Years Average age

+176 thousand training hours

+70% Career growth

Our Values for Life

CUSTOMER-DRIVEN

"Think, live and feel the Customer"

Anticipate, understand and satisfy the true needs of Customers, adding value and being a Partner in the achievement of their dreams and life projects.

PEOPLE DEVELOPMENT

"People are ATLANTICO's greatest asset"

People are a priority for ATLANTICO. They embody our culture and deliver our commitment to ATLANTICO's Ecosystem, generating "Attitude with Value" with their skills. ATLANTICO transforms their lives, compromising them as agents of the development of People in ATLANTICO's Ecosystem.

INNOVATION

"Thinking different, simple and digital, anticipating the future"

The ongoing concern, the boldness to go beyond, the ambition to anticipate the future, which leads us to be pioneers in creating disruptive solutions to improve Customer's experience, by simplifying it.

AGILITY

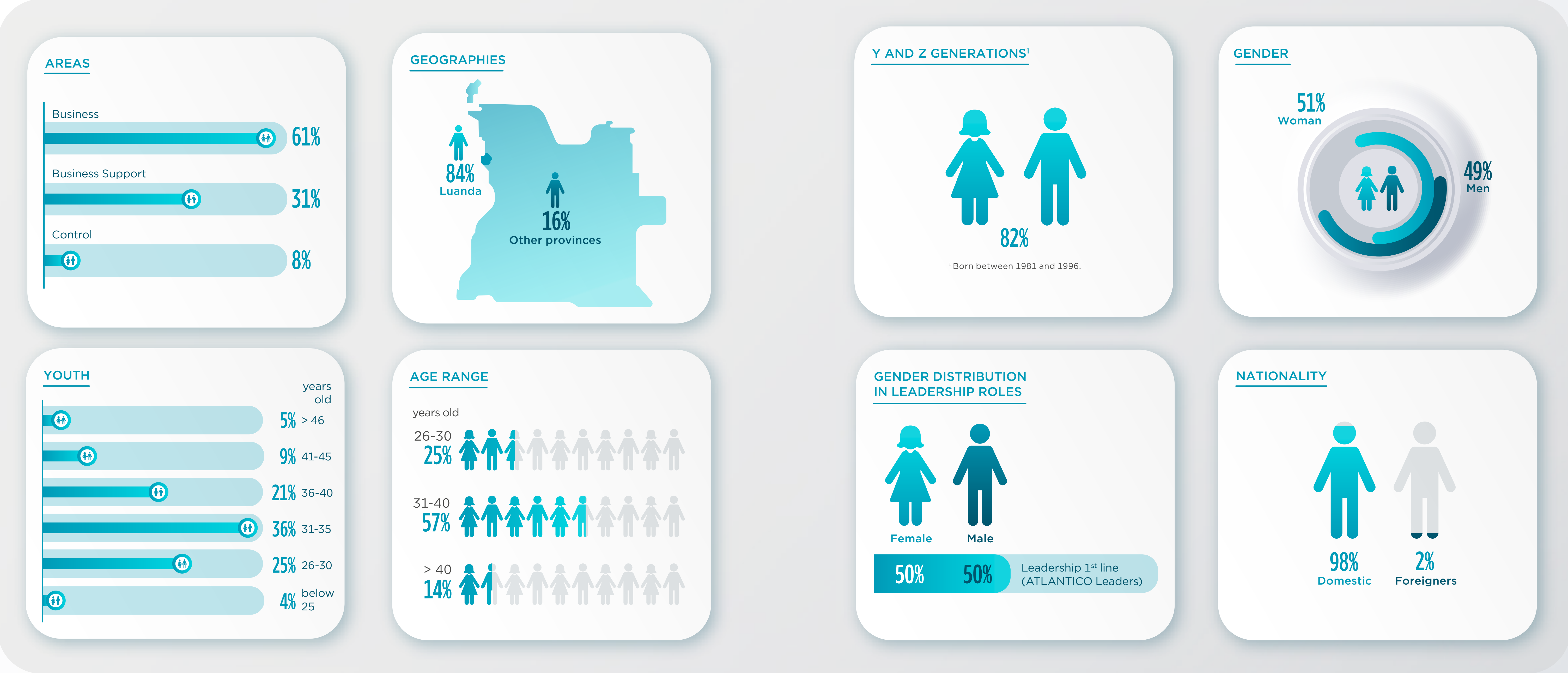
"Harmony of skills in delivering value"

Agility, in ATLANTICO, represents a proper way of being and thinking, detached from status quo. A constant availability and flexibility to work, in a multidisciplinary way, with new variables and methodologies, contributing for the creation of solutions for Customers' equations.

EFFICIENCY AND ACCURACY

"With responsibility, we create more value"

Ability to achieve goals within the agreed deadlines, with the highest quality, optimizing available resources and ensuring the careful compliance with the legislation, standards and procedures.



2020 was dedicated to paving the way for the future, to building a more agile and efficient ATLANTICO to deliver value. It was a year of strengthening good practices, as well as redefining internal processes and creating synergies.

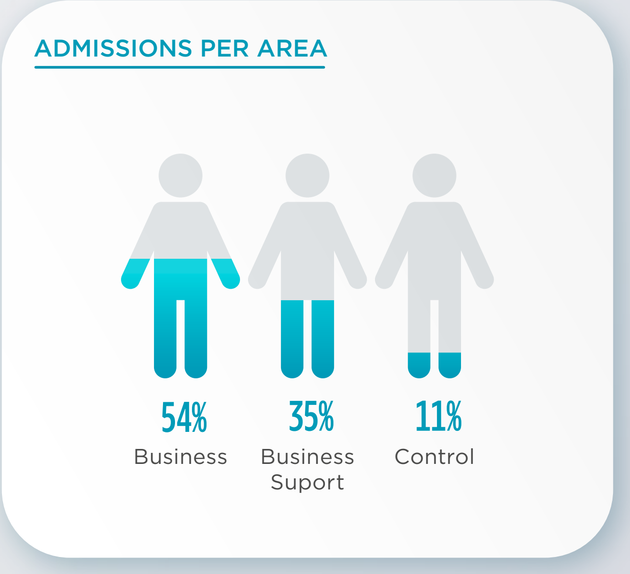
The team is currently made up of 1,709 Employees, who embody ATLANTICO's mission, spread across 18 provinces and mostly working in business areas.

It is a young, gender-balanced team, made up essentially of Angolan Employees, of whom 82% are of the Y and Z generation and characterized by a strong sense of inquisitiveness, innovation and openness to the digital world.

These characteristics are well present in the day-to-day and in the increasingly agile and multidisciplinary way of working of the ATLANTICO team.

In 2020, 71 of the more than 21,811 applications received via the website were accepted. This represents a 25% increase in the use of digital media for recruitment purposes compared to 2019.

The Bank integrated five Employees who participated in the second edition of "Programa de Estágios ATLANTICO" (trainee programme) in 2019. They come from leading domestic and foreign educational institutions and have worked in various internal teams over a period of six months, with the aim of providing professional experience and preparing them for future challenges.



ATLANTICO believes that People are the main agents of transformation and sustainable value creation. This focus on people reflects the Bank's commitment to Angola and to social transformation, which begins internally with the training and well-being of Employees.

Thus, in order to continue to promote the development of its main asset, along with the annual training plan, ATLANTICO continued its **Internal Scholarship Programme**, which provides **financial support** to attend academic courses at undergraduate, postgraduate and master's degrees. In this third edition, seven **Employees** benefited from scholarships (six master's degrees and one undergraduate degree), an investment of **more than AOA 10 million.**

In terms of training, in 2020, ATLANTICO carried out 78 actions, which resulted in 2,192 internal and external training courses equivalent to 11,479 hours of training. This was an investment to strengthen the skills of Employees, with direct reflection on the level of added-value delivery.

In a meritocracy-driven culture, ATLANTICO promotes multi-directional career development opportunities, providing knowledge and experience sharing, cultural diversity and creating synergies.

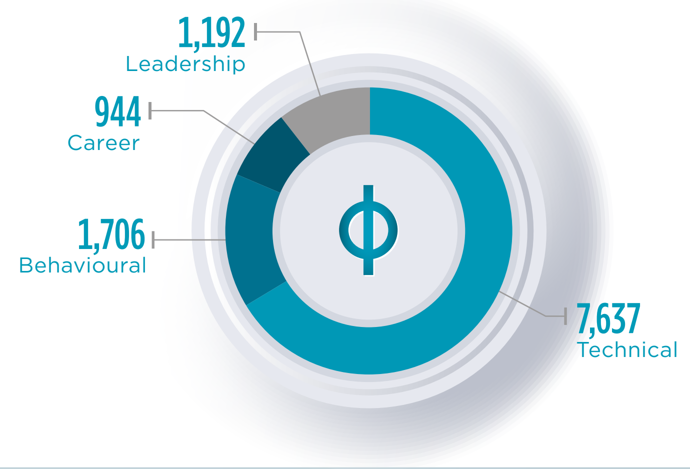
The creation of multidisciplinary teams, operating under the guidance of specific project methodologies, to address strategic and cross-cutting issues in ATLANTICO is also an example of a unique culture that challenges the established and believes in the potential for complementing different thoughts and skills.

In 2020, 32% of Employees were involved in mobility processes. This reality promotes a transversal vision and knowledge of ATLANTICO's activity, positively impacting the Bank's dynamics.

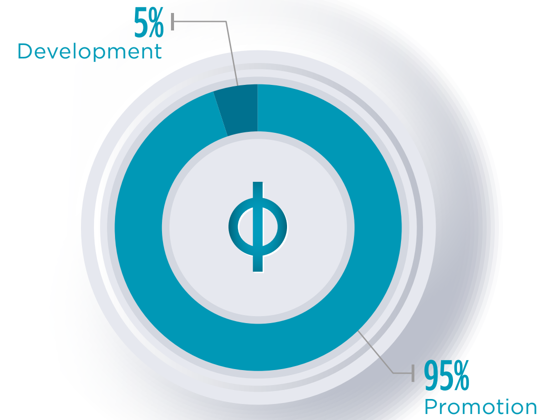
Taking into consideration the context experienced, only 22 Employees were subject to career growth, 5% of which corresponded to progress and 95% to promotions.

The **Focus on people** reflects the Bank's commitment to Angola and to social transformation, which begins internally with the training and **well-being of Employees.**

HOURS OF TRAINING

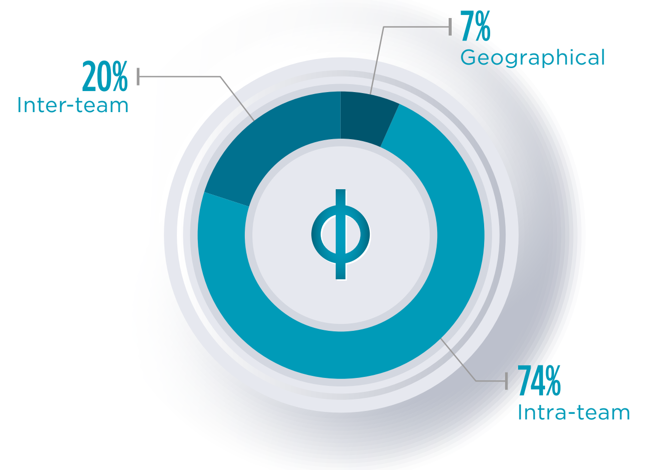


CAREER GROWTH*

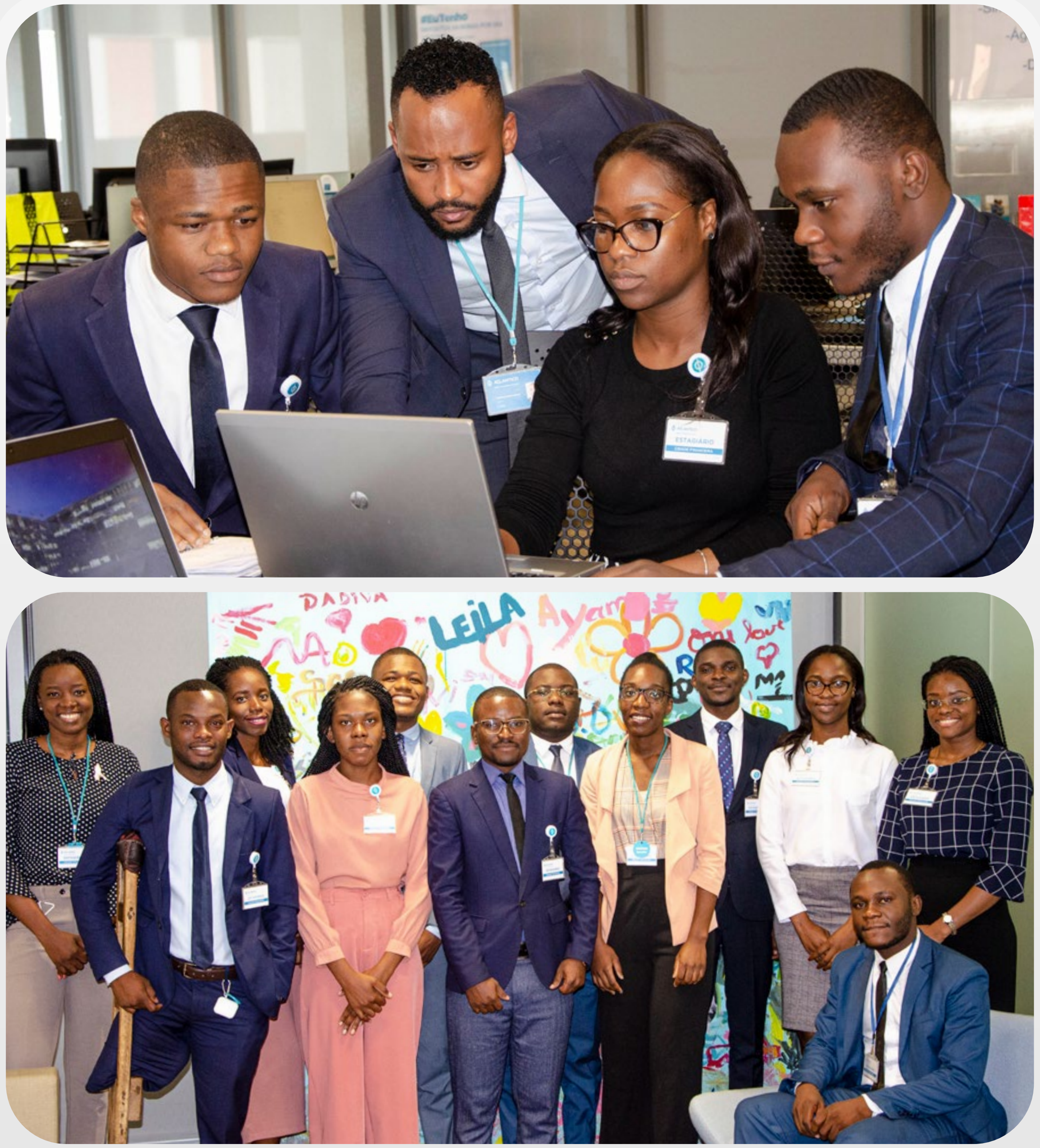


* Total number of Employees involved: 22

TYPES OF MOBILITY



SER ATLANTICO PROGRAMME



ATLANTICO INTERNSHIP PROGRAMME

3.6 Responsible

Social Transformation is a foundational pillar of ATLANTICO, with the sharing of the results of its activity with the Community in which it operates in its DNA, leaving a relevant mark on society. Its Founders have created an Institution based on the creation of Values for Life. An Institution that generates values for its Customers, for Shareholders, People and, above all, Society.

KNOWLEDGE | ENTREPRENEURSHIP | HEALTH AND WELLNESS

~20 thousand Lives impacted

+2.5 thousand ATLANTICO's volunteers

+20 thousand hours invested in the Communities

AOA **+2** billion invested in the Communities

ATLANTICO's Social Transformation strategy defines the following areas of action: **Knowledge, Entrepreneurship and Health & Wellness**. In January 2019, Fundação Atlântico was formally mandated by ATLANTICO to materialise this strategy.

KNOWLEDGE – LOGOS PROJECT:

OBJECT	Through psycho-pedagogical sports, social and cultural programmes, to enable young people between the ages of 6 and 14 to make positive choices for their lives and to be more socially responsible.
SCOPE OF ACTION	5 provinces, 6 centres, 724 participants/centre, 48 monitors (the 2020 activity was heavily impacted by the current pandemic context).
VALUES	Team Spirit, Sharing, Discipline, Commitment and Determination.

ENTREPRENEURSHIPS – DOMBE 4.0

OBJECT

Enhance models of inclusive development based on rural property, namely, to support rural households through training programmes, technical assistance and agricultural management in order to make them self-sustainable and professionalise their activity with a view to promoting the integration of their production and that of the community into the formal market, as well as attracting young Angolans to the primary sectors.

SCOPE OF ACTION

Rural households in Dombe Grande Commune, Benguela province. The aim is to replicate the model to other regions of the country.

RESULTS ACHIEVED

- Supporting farmers through training programes, technical assistance and agricultural management in order to make them self-sufficient and professionalise their activity with a view to integration into the formal market.
- Development of educational content in partnership with the Faculty of Agricultural Sciences of Huambo.
- Technical monitoring of the cultivation by young agronomists from the Faculty of Agricultural Sciences, on a daily basis in the field.
- Development of a laboratory to support the agricultural business;
- Strengthening institutional and cooperation relations with national and international bodies to promote the agricultural sector.
- Improving living conditions of households (direct and indirect beneficiaries);

176 rural households

+ 1,000 indirect beneficiaries

AOA 160 million investment

~200 ha Production

180 tons bean production

10 tons sweet potato production

2 protocols for product distribution

15% flow to the formal market

8 agronomic engineers

10 soil analyses

"Knowing that as a financial institution we do our best to make Angolans committed, active and entrepreneurial citizens in their communities is something that ATLANTICO considers extremely important in terms of their performance. On our behalf, the commitment to development and the future is constant and permanent."

Mr. António Assis de Almeida
Chairman

The impact on the lives of Employees and their families, the ATLANTICO People, on their well-being, stability and sustainability materialises through the ATLANTICO Wellness Programme, with direct impact on ATLANTICO families and the Volunteer Programme "We Share Values for Life".

ATLANTICO WELLNESS PROGRAMME

VOLUNTEER PROGRAMME "WE SHARE VALUES FOR LIFE"

ATLANTICO has continued to promote ways of involving its Employees in activities that provide greater quality of life, balance and well-being.

In the first half of 2020, protocols were concluded with partner entities, which provide favourable conditions for ATLANTICO Employees and their families when using its services.

As part of its efforts to raise awareness of healthy lifestyles, the Bank maintained the daily distribution of fruit and the Fit|PHI workplace fitness programme, which consists of the practice of stretching and postural reinforcement exercises on a biweekly basis (due to the constraints arising from the Covid-19 pandemic, this practice was suspended from the second quarter onwards).

In an investment of over AOA 17 million, ATLANTICO, in 2020, promoted some specific dates throughout the year with some restrictions, given the pandemic. In January, the challenge of "Ser ATLANTICO" (Being ATLANTICO) took place and in May, in commemoration of Africa Day, we held a "Culture Week" for the children of our Employees. In this event, Employees shared their talent in a digital way by relating our culture of (singing, painting, dancing and reciting poems).

The ATLANTICO Volunteer Programme, "We Share Values for Life", has had a different dynamic since March. Due to the pandemic situation, we reduced the number of volunteers and visits to the institutions we support, complying with biosecurity rules. Nevertheless, in 2020, 206 Employees were involved (968 hours) who took part in different pedagogical activities and awareness-raising actions for children and young people supported by three social solidarity institutions. Food, teaching materials, clothing, toys and other donations were also delivered.

As part of the measures to support communities in the context of the Covid -19 pandemic, the Bank supported a solidarity concert by the singer Yola Semedo, which raised over AOA 10 million to buy 3,650 food baskets.

Pursuing its ambition to transform the lives of People and the Community, the Bank will continue to **invest in social action projects** that contribute to building and strengthening a knowledge-based, sustainable society with Values for Life.

In 2020, ATLANTICO maintained its commitment to the beneficiaries of Social Monetary Transfers, through the maintenance of its participation in the pilot programme for this purpose, in the Province of Bié. To this end, it had more than 20 Employees who volunteered for this project.

Despite the Pandemic, taking care of the necessary biosafety measures and with very close monitoring by the health authorities, it was possible to fulfill the objective of this Financial Literacy, Banking Project and, fundamentally, to Combat Malnutrition of children supported by MASFAMU (Ministry of Social Action, Family and Promotion of Women) with funds from UNICEF. Through the completion of two payment cycles – the first in August and the second in December – 4,392 families were covered, with a direct and significant impact on 8,345 children in the locations of Chinguar and Catabola.

This year, ATLANTICO rejoined the food collection campaigns of Banco Alimentar de Angola (Food Bank) although in a different way. Without the involvement of Employees, contributions were made through the purchase of vouchers or food at selected stores. The goods collected at the end of the campaign were sent to institutions of social solidarity and duly referenced families.

And to round off the year, ATLANTICO held the Solidarity Christmas campaign, at national level, with the delivery of donations, food, teaching materials, clothes, toys, hygienic and biosafety products.

In terms of environmental responsibility, the training needs of the teams to implement the policy of the Socio-environmental Management System were met.

Through these integrated and continuous actions, ATLANTICO honours its commitment to the future and the transformation of society on a daily basis. Pursuing its ambition to transform the lives of People and the Community, the Bank will continue to invest in social action projects that contribute to building and strengthening a knowledge-based, sustainable society with Values for Life.

"WE SHARE VALUES FOR LIFE"

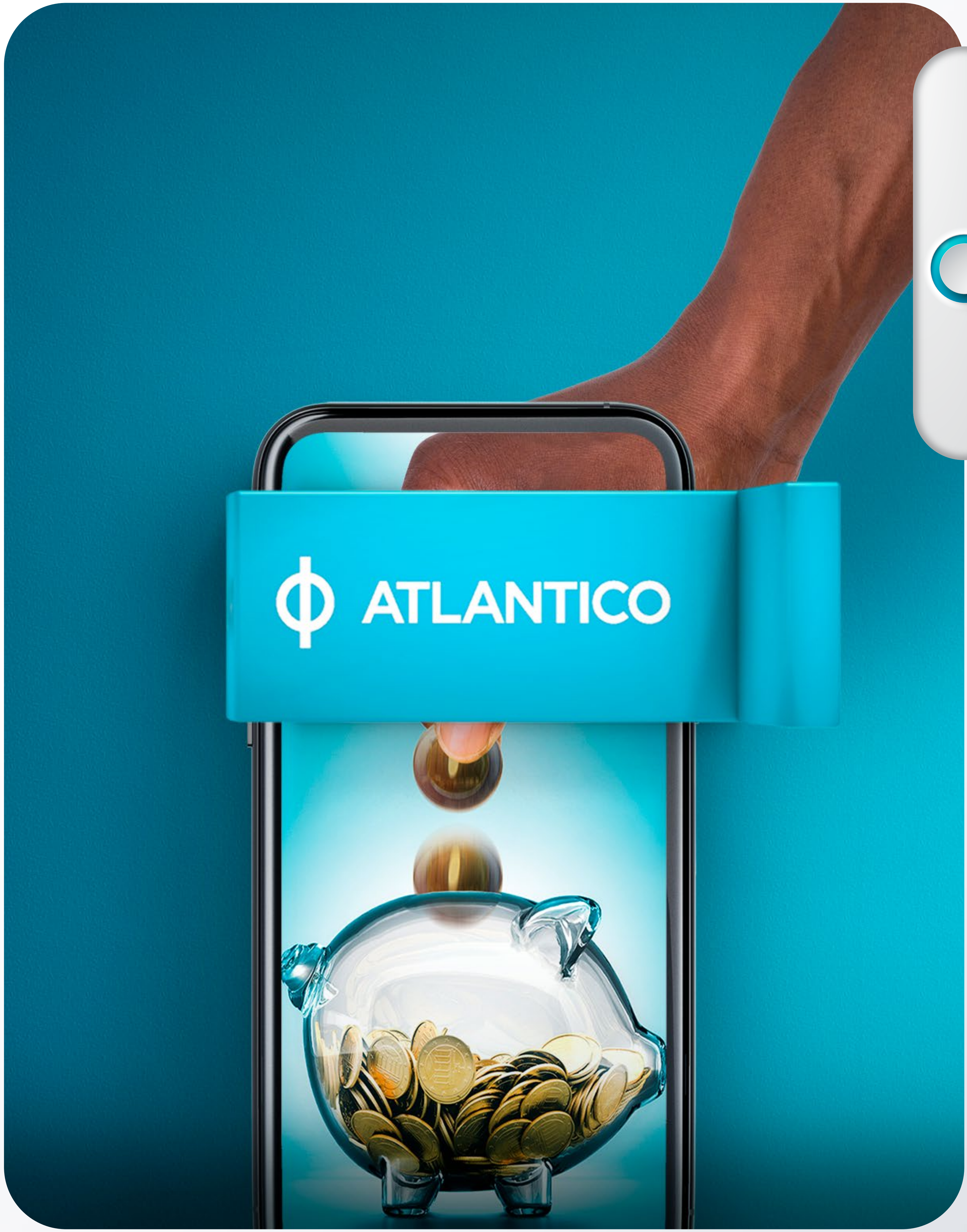
FINANCIAL LITERACY AND BANKING PROJECT FOR FAMILIES SUPPORTED BY UNICEF

SOLIDARITY CHRISTMAS CAMPAIGN

FOOD COLLECTION FOR THE FOOD BANK IN ANGOLA

COLLECTION OF DONATIONS

ENTREPRENEURSHIPS - DOMBE 4.0



04

RISK MANAGEMENT

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4.0. Risk management

ATLANTICO sees risk management as a central element in its strategic vision, supporting this function in a structure of collegiate bodies composed of Committees and Commissions independent from the other governance structures. Thus, the risk management function is independent of the risk generating areas and provides decision-making and control mechanisms directly dependent on the Bank's Board of Directors.

By acting across the organisation, Risk Office has the ability to define, identify and quantify and report the various risks in an individual and integrated manner. Thus, in addition to the policies adopted for each type of risk identified, there is a joint analysis of all these risks which guarantees the consistency of the risk measurement and imposes overall limits which enable the prudential management of the institution to be established.

The management of these risks is essential for the development, profitability and sustainability of the business, ensuring compliance with legal requirements and definitions in full articulation with the strategic assumptions of the financial year, namely the correct determination of necessary own capital and adequate exposures to credit risk, liquidity and other risks arising from the financial activity.

The Bank's risk management is carried out in accordance with strategies and policies defined by the Board of Directors, with the respective delegation of powers to the Executive Committee, with the Risk Office being assigned to a Director without direct responsibility for the commercial departments, and the Risk Office, which is responsible for implementing the strategies and policies defined.

On the organisational side, it is important to stress the relevance of the Risk Management Committee, in which two Directors participate, as well as those responsible for the Departments that manage and control financial (credit, interest rate, exchange rate, liquidity and solvency) and non-financial risks (namely operational risk, compliance risk, reputational risk and information systems risk).

The governance of risk management is articulated in the actions of the following committees:

Risk Management Committee – is the collegial body responsible for the supervision of credit, market, liquidity, solvency and operational risks. It has the responsibility to monitor, evaluate and propose measures to correct deviations from the policies and limits defined for the various types of risk. It meets on a quarterly basis.

Assets and Liabilities Committee (ALCO) – is responsible for deciding on structural measures to bring the balance sheet into line with the Bank's strategy and objectives, and for analysing and discussing the evolution of the main balance sheet indicators. It meets every two months.

Credit Committee – is the body with intervention in credit risk management. Its main responsibilities are to make rulings on all operations submitted to it in accordance with current credit policies and rules, which are embodied in specific regulations. It meets every week.

In order to reinforce the independence of the control functions, a Risk Committee is also established, with powers delegated directly by the Board of Directors and independent from the Executive Committee. This Committee is provided with diverse management information, planning as well as the results of key activities, and is responsible for monitoring the overall level of risk assumed by the Bank and controlling its management process.

In this sphere of action, the following events stand out as the most significant throughout 2020:

1. Conducting a stress test requested by Banco Nacional de Angola on the impacts of the Covid-19 pandemic and the reduction in the price of oil.
2. Analysis and drafting of a report on the impact of the downgrade of the rating of the Republic of Angola.
3. Implementation of the action plan defined under the Asset Quality Review (AQA) process, namely in the review of the model for determining the impairment of financial assets arising from the guidelines set out in Directive No. 13-DSB-DRO-2019.
4. Continuous improvement processes focusing on the reconciliation and quality of information and the automation of integrations between critical systems for assessing credit, liquidity, solvency and interest rate risk and the automation of the production of critical reports in the monthly closing process, with a view to keeping the duration of this process to a minimum.
5. Review and approval of the Bank's Risk Profile for 2020.
6. Development of Impairment Model Supervision reports to Banco Nacional de Angola.
7. Preparation for the change in reporting to the Credit Risk Information Centre of Banco Nacional de Angola (CIRC 3.0 project).
8. Definition of the programme of preparatory work for the implementation of the Supervisory Review and Evaluation Process (SREP) and development and reporting of the ICAAP (internal capital adequacy assessment process) and ILAAP (internal liquidity adequacy assessment process) methodologies, under the schedule for implementation of the measures in accordance with the Equivalence of Supervision Project that BNA is developing with completion scheduled for 2021.
9. Definition of the action plan for implementation of Directive 02/DSB/DRO/2020 – Guidelines on Management Recommendations and Non-Performing and Forborne Exposures and Foreclosed Assets in Datio in Solutum.
10. Review of the credit write-off policy.
11. Monitoring of the Capital and Liquidity Contingency plan and definition of targets for the plan to improve liquidity indicators in local and foreign currency.
12. Monitoring of compliance with the Exchange Rate Replenishment Plan agreed with Banco Nacional de Angola in May.

13. Modelling of the derivatives valuation calculation and preparation of the respective procedure.

14. Design of a new specific scoring model to support automatic credit decisions, considering the transactional profile and financial behaviour of the Prestige segment's private Customer base.

15. Continuation of the process of improving the automatic scoring model developed in previous years to support the Kitadi product, so as to ensure claim levels appropriate to the Bank's risk profile.

16. Beginning of the implementation of an IT tool to support the rating function and its integration with the credit decision process, with the following goals: creation of a workflow for assigning degrees of risk, creation of a balance sheet centre based on companies' financial statements, automation of the production of economic and financial indicators, definition of multiple scoring and rating models and automation of the scoring calculation. In 2020, the private Customer scoring component was successfully completed, including the workflow for assigning degrees of risk and its integration with the workflow for granting credit.

17. Definition of the pricing model for issuing bank guarantees.

18. Implementation of the communication plan within the scope of Operational Risk management, promoting risk culture and closer involvement of the first line of defence in the management model.

19. Implementation of the Operational Risk management model in all representative processes of the Bank's activity – operationalisation of all management instruments (mapping of processes, risk self-assessment, capture of operating losses and key risk indicators) in the 41 listed processes.

20. Improvement in the quality of the information supporting the identification of Credit Rights that may be used to calculate the Reserve Requirements.

21. Monitoring of the conversion process of loans granted in foreign currency for the acquisition of owner-occupied housing by private Customers within the scope of Instruction No 15/2020.

22. Review of exposure limits for Domestic and International Counterparties.

23. Continuous monitoring of the recording and revaluation of collateral in credit operations, supporting and promoting continuous improvement in the quality of the recording of collateral and its allocation to operations, with a view to optimising the consumption of capital.

24. Involvement in Multilateral Bank due diligence processes and management of covenants for credit facilities already approved, namely through the preparation of regular reports on credit, liquidity and solvency information and clarifications on the quality of assets in accordance with the risk profile defined for the Bank.

At ATLANTICO, **the risk management function is independent of the risk generating areas** and provides decision-making and control mechanisms directly dependent on the Bank's Board of Directors.

4.1. Risk profile

The principles of risk governance in financial institutions, established by the BNA's Notice No. 7/2016, are based on the essential principle that "given that risk acceptance plays a key role on their activity, they must find a balance between the risk they are willing to take and the returns they expect to achieve, in order to ensure a sound and sustainable financial situation".

In order to identify, amongst the risks inherent to the activity and characteristics of the institution, which risks are materially relevant, ATLANTICO has defined a set of indicators that allow an assessment, for each type of financial and non-financial risk, of the Bank's exposure to these risks and the existence or not of a potential significant impact on the Bank's balance sheet structure or activity.

To ensure that all elements are integrated into the business and management strategy, compliance with limits and tolerance levels is ensured and their monitoring is systematically reported. Thus, the adequacy of the limits is tested on a regular basis, promoting at least an annual review of the institution's risk profile, approved by the Bank's Board of Directors together with the budget approval. The last revision of the Risk Profile was approved in March 2020.

The Risk Office is responsible for monitoring and checking the risk profile and for communicating the main results and conclusions, as well as advising the Executive Committee and the Bank's Board of Directors on its review and periodic risk updating, as well as evaluating the corrective actions or measures to be implemented whenever there is a breach of the established limits that may condition or negatively impact the Bank's activity.

The limits that make up ATLANTICO's risk profile are established on three levels, deriving from them the responsibilities for communication and the development of corrective actions.

- Risk appetite reflects the level of risk for which ATLANTICO is prepared and is willing to accept, taking into account its strategy and its financial capacity to assume losses.
- The definition of a tolerance zone makes it possible to establish a timely warning system and trigger corrective measures before the Bank reaches its maximum risk-taking capacity.
- The capacity limit refers to the maximum amount of risk that the Bank is prepared to accept in the course of its business without undermining its stability, positioning and solvency.

Within the risk profile, one or more follow-up metrics are associated for each risk typology, which in turn have specific appetite, tolerance and capacity limits.

Since its approval in 2017, this risk management instrument has been fully implemented in terms of its dynamics of monitoring and generating corrective actions for deviations and is now fully integrated into the Bank's strategic and prudential planning management, in accordance with its main objective.

Formal risk profile monitoring reporting is carried out quarterly in the Risk Management Committee. Whenever any of the indicators calculated at a lower frequency are outside the established limits, it must be duly reported so that subsequent actions can be established in a timely manner.

4.2. Credit risk

Credit risk management is based on a set of policies and guidelines established according to business strategies and risk profile of the institution.

GRANTING OF CREDIT

The activity of granting credit is developed and based on regulations and standards, which are regularly reviewed and regulate the activity and clearly establish the delegation of powers, both in value and profitability, according to the implicit risk of Customers, segments and operations.

Credit Committee is the body with intervention in credit risk management. Its main responsibilities are to make rulings on all operations submitted to it in accordance with current credit policies and rules, which are embodied in specific regulations.

In addition to the regulations, the granting of credit is supported by the assessment and classification of the Customer's risk with the support of scoring and rating models, and the assessment of the level of collateral coverage of operations. For the most significant exposures, capital consumption and its impact on the limits to large risks (credit risk concentration) are also analysed on a case-by-case basis.

The credit analysis and opinion are the responsibility of the Credit Department, with the attribution of ratings to companies and scoring to individuals being the responsibility of the Risk Office Rating Unit, based on the models developed internally based on four vectors (two qualitative: Business and Shareholders/Management and two quantitative: Economic-Financial Analysis and Solvency and Liabilities). Thus, the analysis of Client risk is carried out by a separate unit of the Credit Division, ensuring the principle of independence advocated in the best risk management practices.

All credit operations are preceded by a credit risk analysis in order to assess the repayment capacity and the best way to cover the risk, the decision levels being defined in the rules of procedure.

The Credit Department will issue an opinion or a credit decision after being duly informed of all the assumptions, and until then shall make every effort to obtain them from the commercial area and, the latter, from the Customer.

Credit decisions "authorised", "authorised with amendments" or "declined" shall be based on the grounds set out in the immediately preceding opinion. They are supportive and hold the Employees, the branches and the decision-making levels involved equally responsible.

The analysis of credit operations takes into account four elements: liquidity, profitability, security and, concentration.

- **Liquidity:** the Customer's ability to meet its financial commitments within agreed deadlines.
- **Profitability:** each of the credit operations should generate positive returns to the Bank.
- **Security:** the operation must always comply with the regulations defined internally and with the legal framework to which the Bank is subject. Obtaining additional guarantees may increase the credit security of the transaction, but a transaction should not be authorised solely on the basis of the guarantees provided.
- **Concentration:** Customer concentration should always be analysed. The more dispersed the credit portfolio is, the less likely it is to be lost.

CREDIT MONITORING

Credit monitoring is the responsibility of all those involved in the credit process, and in particular the commercial areas, which must ensure the provision of all information regarding the Client, capable of translating a change in the solvency conditions.

Credit conditions of Customers and the pursuit of appropriate actions to prevent the risk of default, to settle as soon as possible the actual default, to minimise the need for provisioning/impairment and to create conditions that leverage the results of recovery.

As a result of the detection of signs of deterioration in the Customer's financial situation or the existence of actual default and depending on the seriousness of the situation observed, Customers should be subject to re-examination of their degree of risk and the adoption of complementary monitoring procedures.

Credit recovery is the responsibility of the Credit Recovery Department and the Legal Department. The Credit Recovery Department monitors and manages the responsibilities assumed by Customers who have been in default for more than 45 days (overdrafts), 75 days (leasing) or 90 days (other credits). One year after joining the Credit Recovery Department, in accordance with the maturity defined in the previous line, the cases are transferred to the litigation area within the Legal Department.

CREDIT RISK MEASUREMENT

Credit risk monitoring involves monitoring and controlling the evolution of the Bank's portfolio exposure to credit risk and implementing mitigation actions to preserve credit quality and defined risk limits.

The Risk Office is responsible for defining and monitoring the Risk Profile indicators for credit risk and counterparty credit risk, as well as communicating them to the Board in the event of the established capacity limits being exceeded.

The Risk Office is responsible for calculating and reporting monthly credit impairment, regulatory provisions, prudential limits for large exposures and regulatory capital requirements for credit risk and counterparty credit risk.

The credit impairment analysis focuses on the debtor's credit quality, as well as on the expectations of recovery of the specific credit operation, taking into account, namely, the cash flows released and the evolution of the business plan, as well as the collaterals and existing guarantees, and may be based on statistical models for determining expected losses or on individual analysis of operations and Customers.

The assessment of impairment also includes the measurement of other financial assets, namely securities, equity investments in companies, money market financial investments and other asset values, using internally developed models based on the risk measured to the counterparties and provided that these assets are not valued at fair value.

The policy for calculating impairment associated with financial assets was defined in accordance with IFRS 9. This standard introduces the concept of expected credit losses, which differs significantly from the concept of incurred losses under IAS 39, by anticipating the recognition of credit losses in the financial statements of institutions. Thus, in determining the ECL (Expected Credit Loss), macroeconomic factors are taken into account, whose changes impact the expected losses.

The Bank measures the ECL individually, or on a collective basis, for portfolios of financial instruments that share similar risk characteristics. The measurement of the provision for losses is based on the present value of the expected cash flows of the asset using the asset's original effective interest rate, whether measured individually or collectively. The determination of the ECL to be applied depends on the allocation of the agreement to one of three stages.

At the initial recognition, each agreement is allocated to Stage 1 (with the exception of Acquired or Originated Agreements with Objective Evidence of Loss), and an analysis of the variation in the risk of default from that date to the expected maturity of the agreement must be performed at each subsequent reporting date. If there is an increase in risk, the estimated loss provision for credit risk should be increased.

Instruments that are subject to impairment calculations are divided in three stages considering its credit risk level, as follows:

- **Stage 1:** no significant increase in credit risk since its initial recognition. In this case, impairment losses will correspond to expected credit losses resulting from default events that may occur within 12 months after the reporting date;

- **Stage 2:** instruments in which there is a significant increase in credit risk since its initial recognition, however no objective evidence of impairment exists. In this case, the impairment will reflect the expected credit losses resulting from default events that may occur over the expected residual life of the instrument;

- **Stage 3**: instruments for which there is objective evidence of impairment losses as a consequence of events that resulted in losses. In this case, impairment losses will correspond to expected credit losses over the expected residual life of the instrument.

When calculating the impairment attributable to the Angolan State, a risk to which the Bank is significantly exposed through its position held in Treasury Bonds, until December 2019 the Bank applied a 0.25% impairment rate to the public debt securities supported on the rationale for calculating the theoretical probability of default (PD) for the Angolan State, based on a percentage (15%) of the best PD for companies estimated in the Bank's loan portfolio, adopting the principles of Article 10 of Notice no. 10/2014 and Article 5 of Notice no. 11/2014. which state that no guarantor or debtor can have better quality than the State. In December 2019, the BNA issued Directive No. 13/DSB/DRO/2019 implementing the impairment calculation rule, which considers a 12-month or lifetime probability of default for Angola's rating published in the Moody's study applicable to the financial year concerned and loss given default (LGD) associated with the sovereign default events occurred, as indicated in that study.

In September 2020, the international rating agencies Moody's and Fitch announced a downgrade of Angola's rating to Caa1 and CCC, respectively, indicating a possible default on public debt payments.

The impairment model approved by the Bank establishes that the Stage 2 classification for sovereign risks, supranational entities and financial institutions with ratings awarded by international agencies is based on the observation of a significant increase in the level of credit risk arising from a downgrade of more than two notches in at least two rating agencies since the origination date of the asset or when there is a default on credit obligations by that counterparty within a period of more than 30 days.

4.3. Market and liquidity risk

The main players in the daily management of market and liquidity risks are the Treasury and Markets Department and the Risk Office. The Treasury and Markets Department is responsible for selecting and carrying out transactions with the market and for the daily management of liquidity, within the limits defined in the Bank's risk profile. The Risk Office is responsible for identifying, measuring and monitoring risk, ensuring that the defined limits are followed.

The Risk Management Committee and the ALCO Committee are the bodies responsible for overseeing these risks and are in charge of monitoring, assessing and proposing measures to correct deviations from management policies and limits set for liquidity and market risks (foreign exchange and interest rate).

LIQUIDITY RISK

The assessment of liquidity risk is based on the calculation and analysis of indicators that allow the Bank's liquidity situation to be identified for short-term horizons. The monitoring of current and structural liquidity levels, according to the amounts and deadlines of commitments and resources in the portfolio, is carried out through the identification of liquidity gaps, for which exposure limits are defined. These indicators are based on the distribution by time bands of the flows of existing liabilities and assets at the date of the analysis, according to pre-established assumptions.

The liquidity position of ATLANTICO is regularly assessed and the factors that justify the changes are identified. This control is strengthened by performing stress tests in order to define the Bank's risk profile and ensure that its obligations can be met in a scenario of deteriorating market conditions.

In August 2016, BNA published Instruction no. 19/2016 – Liquidity Risk, defining individual information on the distribution of balance sheet and off-balance sheet positions by time bands and breakdown analysis in national currency and relevant foreign currencies. The Bank closely monitors its compliance with the limits set out in this Notice.

In August 2020, the BNA issued Instruction no. 14/2020, which establishes a custody fee of 0.1% (zero point one per cent) that will be applied by Banco Nacional de Angola to the excess reserves of Commercial Banks, when these amount to the minimum of AOA 3,000,000,000 (three billion Kwanzas). The decision to maintain the level of reserve requirements at 22% for national currency and the CPM's decision of 28 September to increase the foreign currency reserve coefficient from 15% to 17% (to be set up in national currency) together with the introduction of the custody fee have made the funding capacity of the Interbank Money Market more challenging, as banks tend to have fewer free liquidity and consequently less capacity to lend funds. Additionally, the Permanent Liquidity Facility instrument approved in the CPM has not been available.

INTEREST RATE RISK

The assessment of interest rate risk is carried out through a risk sensitivity analysis process carried out for the operations comprising the Bank's balance sheet. The interest rate risk is calculated by classifying all assets, liabilities and off-balance-sheet items in the banking book which are sensitive to interest rate movements, by marginal maturity bands of interest rate reset. The Bank analyses daily the main reference rates of the domestic and international markets, namely LUIBOR, EURIBOR and LIBOR, in order to assess the risk inherent to assets and liabilities sensitive to interest rate variations.

In its analysis, the Bank considers Notice No. 8/2016, that regulates the interest rate risk in the banking portfolio, which considers an instantaneous positive or negative shock of 2% on interest rates and results in a parallel movement of the yield curve of the same magnitude, estimating the impact on the current value of cash flows and the financial margin of institutions. It is monitored on a systematic basis according to the repricing periods of assets and liabilities.

The calculation of the fair value of securities in the Bank's own portfolio is also a means of monitoring interest rate risk. The fair value of a financial instrument is the amount by which a financial asset or liability can be sold or settled between independent, informed parties interested in carrying out the transaction under normal market conditions.

The Risk Office is responsible for the monthly calculation of the fair value of fixed-income securities in its own portfolio using the discounted cash-flows methodology (based on a curve calculated on the basis of issues of securities with indexation characteristics and equivalent maturities).

EXCHANGE RATE RISK

ATLANTICO monitors its exposure to foreign exchange risk by monitoring and revaluing on a daily basis the exposure of the global open positions taken in the various currencies and adopts global hedging strategies to ensure that these positions remain within the limits approved by the Board.

The Bank's assessment of exchange rate risk is based on the identification and control of limits established for short- and long-term foreign exchange exposure and its relationship with Regulatory Own Funds.

In addition to monitoring exchange position and exposure and comparing it with the limits established by ATLANTICO, the Risk Office is responsible for preparing stress tests in which it assesses the impact of any exchange rate appreciation or devaluation on the Bank's asset structure, results and solvency ratio.

4.4. Solvency risk

The calculation of regulatory own funds and solvency ratio is performed and reported by ATLANTICO, since January 2018, based on the New Regulatory Package published by BNA in April 2016.

In order to align the regulations with international best practices, this set of regulations introduced a series of changes, which include the calculation of regulatory capital requirements for credit risk and counterparty credit risk (Notice No. 3/2016), capital requirements for market risk and counterparty credit risk in the trading portfolio (Notice No. 04/2016) and capital requirements for operational risk (Notice No. 05/2016). Overall, these requirements reflect a greater demand on the robustness of banks' capital structure.

Regulatory own funds are the sum of basic own funds and additional own funds. The solvency ratio corresponds to the ratio between regulatory own funds and the value calculated for capital requirements as determined by the value of risk-weighted assets plus market and operational risk, with a minimum regulatory value of 10%.

The Bank has a preventive approach to solvency risk management:

- The Risk Profile defines minimum limits for the solvency ratio from which the Risk Office performs interim calculations to measure the impact of the evolution during the month of the main balance sheet items on the value of the ratio, reconciling it with events detected in the management of other risks, namely credit, foreign exchange rate, liquidity and operational.

- Investment or disinvestment operations, as well as credit granting or settlement operations, which have significant volumes are previously assessed by the Risk Office for their impact on the Bank's solvency – via earnings and capital consumption.

The final amount and detail of the Regulatory Own Funds and Regulatory Solvency Ratio calculation performed by the Risk Office are included in the monthly earnings presentation to the Board of Directors. Analysis and projections are regularly presented to the Risk Management Committee.

The impacts on the Solvency Ratio resulting from stress tests, as well as other ratios that relate exposure to a certain risk to the level of the Bank's Own Funds are reported to the Board on a regular basis.

Foreseeing the potential impacts of the Covid-19 pandemic, the Bank did not distribute in 2020 the 2019 profits in the form of dividends, in order to maintain the ratio in line with the established risk appetite. Additionally, within the scope of the reinforcement of impairment associated with the downgrade of Angola's rating, the impact was mitigated through the results generated by the Bank up to the end of the year, and therefore it was not necessary to defer the impact of these impairments on capital for a maximum period of 36 months, as provided for in Notice no. 21/2020, published in November by the BNA.

4.5. Operational risk

The operational risk management model is based on a process-based approach, with an end-to-end perspective of the product and service value chain in operational risk management and allows the identification of potential risks and assessment of the impact of improvements.

Mindful of the importance of effective monitoring and control of operational risk and in order to achieve the proposed objectives, ATLANTICO has designated persons in charge of operational risk management for each process – the process owners. The profile of these persons in charge includes a strong command of the themes of their area of intervention, namely in terms of knowledge of business processes and capacity to suggest risk mitigation measures and increase efficiency, ensuring the recording and monitoring of all events that may lead to financial losses.

In the Bank's day-to-day business, the process owners and those responsible for each Organic Unit are responsible for ensuring the correct implementation of policies and methods for operating risk control, with the Risk Office being responsible for the complementary monitoring of the risks incurred, the centralisation of the recording of events and mitigation actions, as well as their implementation.

The responsibility of the Organic Units and process owners in the identification and active management of operational risk is key to the methodology.

ATLANTICO's operational risk management model is based on three main instruments:

- Gathering information on losses resulting from operational risk events;

- Risk self-assessment meetings which allow the Bank to take a qualitative approach to identifying potential risks through an analysis of the materialisation of losses in the process, considering the worst scenarios in each category of risk and defining the strategy and action plans for reducing the risk inherent in each process to the maximum acceptable level of risk;

- Identification and quantification of Key Risk Indicators (KRI), i.e. metrics that alert to changes in the risk profile or effectiveness of process controls, allowing the preventive launch of corrective measures.

During the annual risk self-assessment, each representative process of the Bank evaluates in the Risk Tolerance Matrix the 20 categories of risk in terms of level of severity (level of financial impact in the event of risk occurrence) and frequency (probability of risk occurrence) with which certain operational risk events may occur. The Bank's exposures to operational risks are classified as insignificant, low, medium, high and/or catastrophic, allowing for the identification of the processes with the highest risks and the most significant risk categories for the Bank.

The current management of this risk is carried out on a daily basis, through the identification, analysis, evaluation, quantification, monitoring and control of operational risk events or incidents, identified throughout the organisation and reported and managed (in terms of their classification and proposal for preventive and corrective mitigation actions) by the process owners. Furthermore, information is collected from other alternative sources, e.g. the Audit Department (frauds), the Processes and Organisation Department (Customer complaints), the Accounting Department (fines, cashier failures and other loss records) and the General Services Department (events related to security and assets) which ensure the completeness of the events recorded and reported.

The operating risk events captured are classified according to the category of risk to which they refer, allowing the categories in which the Bank incurred the greatest losses to be measured and, consequently, those in which it will have to make greater efforts to mitigate risk.

The three operational risk management instruments are developed on the basis of 20 risk categories, defined by the Bank in accordance with the recommendations of the BNA in Instruction No. 28/2016 and the guidelines of the Basel Committee, and grouped into the following categories:

- People risks;
- Information systems risks;
- Process risks;
- External risks;
- Organisational risks.

It is noticeable from the categories presented that ATLANTICO's operational risk management also covers compliance and information systems risks, including cyber threats. Reputational risk is assessed in the annual self-assessment exercises and is also included in the management model.

The **Bank's digital transformation** and the adoption of an organisation that is more geared towards the transversal management of processes has introduced **significant changes in procedural activities** and controls.

The management model described is fully operational in its various dimensions since the end of 2017, with the business processes, support and control being systematically reviewed in order to ensure an up-to-date and adequate risk assessment.

The Bank's digital transformation, in particular the implementation of IT tools that strengthen the control environment and have significantly changed process activities, and the adoption of an organisation that is more geared towards the transversal management of processes (both in terms of efficiency and risk) has introduced significant changes in procedural activities and controls, requiring an ongoing review of processes. Likewise, the implementation of IT tools that will strengthen the control environment and significantly change process activities and assigned responsibilities will require further revisions.

ATLANTICO is constantly monitoring these changes by involving the entire Bank in operational risk management, in particular through:

- Monitoring of the implementation of the 360 mitigation actions identified, of which 48% are already implemented;
- Quarterly presentations of results to the Risk Management Committee, including the most relevant operational risks, the processes with the highest risk and the alerts and mitigation proposals arising from the monitored risk indicators and captured operational risk events;
- Promoting workshops, presentations and multiple contacts with process owners and management to ensure the correct functioning of the first line of defence;
- Ongoing communication plan, which reinforces the Bank's risk culture, encourages the inclusion of all Employees in the management model (through the recording and reporting of events) and reinforces the process owners' responsibilities.

The Covid-19 pandemic had a significant impact on ATLANTICO's processes in the first half of the year, and the Bank responded appropriately as detailed in the section "Covid-19". The plan was targeted at preventing and mitigating the risks associated with the spread of the disease, in order to ensure the lives and health of Employees and their safety conditions, maintain essential services in operation, ensure the functionality of infrastructure, evaluate the asset value impacts and adjust processes to the new context.

Given that the pandemic is an operational risk event with the nature of an external risk, its duration and impacts, in particular on the risks originated by people (through Employee relations), the risks originated by systems, in particular those associated with cyber-risk and the external frauds associated with it, and the organizational risks that may arise from changes in relations with third parties, will require a review of the risks of the Bank's processes and the self-assessment of financial losses and frequency of events of the same nature during 2020 and 2021. This review will take into account past events as well as the Bank's investment in mitigating and controlling the most critical risks in the current context.

4.6. Cyber risk

The pandemic situation that affected the world in 2020, among other challenges, influenced workplace change in line with the #FicaEmCasa (#StayAtHome) directive. This has provided the exponential increase in cyberspace competition, resulting in an increase in mobile and digital devices interconnected to cyberspace and prone to attacks arising from this environment. With the pandemic situation, companies were forced to adopt more agile software development techniques, with rapid delivery of new digital services, products and processes that meet Customer needs, increasing the likelihood of exposure to vulnerabilities, leading to greater risk exposure.

The threat landscape is changing at a rapid pace and this change has challenged companies' adaptability. To this end, ATLANTICO is increasingly investing in automation and machine learning technologies for the analysis of events, in order to deal with constantly changing threat scenarios. The increase in threats inevitably leads to increased investment to strengthen our cyber security capabilities and to ensure full compliance with national regulations and internationally established best practice, with the aim of keeping systems, data and Customers protected from the increasing pace, scale and sophistication of cyber-attacks.

The approach adopted for the mitigation of cyber risks encompasses procedural, technological and organisational controls, strongly focused on people. With the inevitable change in risk profile driven by the Covid-19 pandemic, the Bank has strengthened processes for continuous testing of systems and processes through independent bodies for ongoing vulnerability assessment. ATLANTICO, as part of its critical infrastructure, continues to actively manage cyber risk to contribute to the need to safeguard its Customers, its Ecosystem and, consequently, the national economy.

4.7. Compliance

Compliance activities focus on the promotion, definition, approval and implementation of policies and procedures aimed at ensuring that management bodies, functional structures and all Employees comply with the legislation, rules and regulations (internal and external) that guide the Bank's activities.

These standards allow an appropriate management of the compliance risk, at the strategic and operational levels as well as avoiding the risk of the institution incurring legal or regulatory sanctions and financial or reputational losses arising from failure to comply with laws, codes of conduct and rules of good business practice and duties to which it is subject.

Compliance performs its functions in an autonomous, independent and permanent way, with full and free access to the Bank's internal information. However, the definition of the strategic guidelines for its functions is the responsibility of the Executive Committee, with supervision and monitoring by the Audit Committee.

The Prevention of Money Laundering and Terrorist Financing is presented as one of the aspects of compliance risk management.

There is a growing concern, both from ATLANTICO and the regulatory authorities, to implement procedures to control exposure to the risk of Money Laundering and Terrorist Financing, in order to reduce the likelihood of the Bank being used as vehicle for the circulation of funds with illegal origins and/or uses.

Accordingly, the ATLANTICO management model is based on the Policy on Prevention and Detection of Money Laundering and Terrorist Financing, the Policy on Iden-tification and Acceptance of Customers and the Policy on Sanctions, which define the activities aimed at carrying out operations and identifying and accepting their players, as well as the control activities, carried out by the areas of execution, Compliance and Internal Audit.

The Compliance function is based on two major units that complement each other: AML and Compliance.

AML (Anti Money Laundering): responsible for monitoring all anti-money laundering and terrorist financing activities and maintaining the relationship with the Correspondent Banks in the area of Compliance. Its main functions are:

1. To define rules, procedures and performance criteria in accordance with the legal standards associated with the account opening, filtering and monitoring, Customer acceptance and account closure processes;

2. Approve and control the account opening process through the Customer AML risk matrix at EAGLE (AML tool by ASSECO);

3. Track and monitor compliance with reporting obligations for suspicious transactions, designated entities, spontaneous communications and cash transactions to the FIU;

4. Ensure the proper functioning of EAGLE, updating the UN (United Nations), OFAC (Office of Foreign Assets Control), HMT (HM Treasury), EU (European Union) and PEP (Politically Exposed Person) international sanction lists and proposing actions to mitigate AML risks and sanctions;

5. Monitor and undertake due diligence from EAGLE on inactive accounts, and mitigate AML situations;

6. Define and update the rules to ensure the identification of suspicious transactions, through warnings on entities, accounts and transactions and the monitoring of these situations, based on risk analysis and management and in compliance with the legislation in force at EAGLE;

7. Define and update the rules, procedures and performance criteria for actions associated with the processes of filtering and monitoring Customers and transactions against international sanction lists (UN, OFAC, HMT, EU and PEP) at Firco trust;

8. Monitor and analyse potential conflict of interest situations when concluding service contracts or starting a business relationship involving potential counterparties, collecting all inherent data and issuing an opinion;

9. Due diligence and communication to the FIU of Customers and transactions associated with fraud, which are forwarded by Audit to Compliance, in order to mitigate AML risks, monitored from EAGLE;

10. Ensure the archive of suspicious Customers and transactions in the COF internal database, as well as in EAGLE;

11. Monitor alerts generated in EAGLE on Customer transactions, ensuring appropriate levels of due diligence, control and reporting;

12. Management of the Blacklist and internal PEP in EAGLE;

13. Ensure the review and update of the AML risk of Customers in EAGLE;

14. Prepare the AML, BNA and CMC (Angolan Capital Markets Commission) survey;

15. Ensure interaction with Correspondent Banks regarding Customers and foreign exchange transactions;

16. Ensure the response of AML surveys (KYC – Know Your Customer, AML) for the purposes of acceptance and updating of the corresponding Banking relationship;

17. Ensure compliance and the update of policies, processes and KYC within the corresponding Banking relationship;

18. Ensure responses and mitigate AML risk situations to the surveys issued by Correspondent Banks in the context of a Foreign Exchange Transaction;

19. List all processes and procedures necessary for the development of the Correspondent Banking relationship activity;

20. Research international legislation regulations and good practices on Correspondent Banking;

21. Monitor Western Union transactions in Excel Access database;

22. Monitor and filter transactions under foreign exchange operations in Firco Continuity;

23. Define from Firco Continuity rules, procedures and criteria action associated with the processes of filtering and monitoring Customers and transactions against international sanctions lists (UN, OFAC, HMT, EU and PEP);

24. Perform the diligence and validation of Customer transactions (OPE – Foreign operation; CRDI – Import Letter of Credit and CRDE – Export Letter of Credit), ensuring compliance with the legislation in force;

25. Due diligence and daily monitoring of interbank operations in foreign currency.

Within AML Unit's duties, **1,080 high-risk Customers** were analysed. After completion of the due diligence, they were all considered false positives.

For the purposes of Customer analysis and assessment, ATLANTICO ensures the daily screening of its Customer database against lists of sanctions and PEP, namely OFAC, BOE (Boletin Oficial Del Estado – Spain), EU, PEP, UN and HMT, as well as internal lists of “bad guys” and others that the Angolan State may consider.

Regarding the obligation to report to the Financial Intelligence Unit, in 2020, **3,360 cash operations** were reported, **26 suspicious operations** of crimes underlying money laundering practices, **1 report** from a designated entity and **2 spontaneous reports** were made.

Compliance: responsible for ensuring legal compliance of banks' processes and procedures. Its main functions are:

1. Issue opinions requested by the several Bank departments, on general matters related to the account opening, maintenance and closing process;

2. Assess and ensure the On-boarding process, proposing measures to mitigate risks;

3. Identify internal and external factors with operational and reputational impact on the Bank;

4. Issue the institutional letters attesting the suitability of Customers;

5. Issue specialized opinions on compliance matters requested by the several Bank departments;

6. Track and monitor compliance with the reporting obligations of the Bank's departments to BNA, CMC, FIU, GTA and Western Union;

7. Monitor financial losses resulting from non-compliance of processes, within the Internal Control Team (ICT);

8. Management of the licensing process for products and services with regulators;

9. Identify training needs and prepare the annual training program in AML and TF (Terrorist Financing) compliance and keep it updated;

10. Prepare the Global Compliance, Corporate Governance and Internal Control report;

11. Identify, monitor, assess and manage Compliance risks in the Bank's different processes, suggesting measures to mitigate compliance risks;

12. Participation in the process of preparing, defining and updating the Bank's internal policies, rules and procedures, as well as their compliance;

13. Ensure the compliance of the processes related to products, banking services and advertising;

14. Identify and prepare the normative summaries and define action plans for their implementation;

15. Detect any risk of non-compliance with legal obligations and duties;

16. Issue opinions on transactions with Related Parties, proposing recommendations in line with the Related Parties Policy and monitoring compliance with the cycle of transactions approval;

17. Ensure the updating of the list of Related Parties and their identification in the system.

In 2020, as part of its responsibility to align processes and ensure full compliance with standards, Compliance participated in the updating, preparation and approval of **77 processes** across the Bank. It also disseminated and ensured the implementation of the necessary measures in relation to the publication of regulatory and legislative bodies' regulations.

As part of the licensing of banking products and services, in 2020, Compliance participated in the **preparation and licensing of 15 products** with the Regulator. It also monitored compliance with regulatory reports and took actions to mitigate the risk of non-compliance with regulatory deadlines.

TRAININGS

Given Covid-19's worldwide pandemic situation, the training program, scheduled for 2020, moved to 2021.

Notwithstanding the above, the 2-year FSVC/ABANC Technical Assistance program consisting of 12 modules delivered every two months, remains in place. These training actions have the double objective of raising the level of training of managers/senior managers and technicians of the associated banks regarding Compliance and combating money laundering and for greater appreciation of the Angolan financial system before financial institutions and authorities at international level.

In addition to the first five modules received, through the program mentioned in the previous point, the Compliance Department received training on the following subjects, scheduled for 2021:

- **Module 6 –** Strengthen banking correspondence relationships;
- **Module 7 –** Risks Associated with Trade Finance Products;
- **Module 8 –** Risks Associated with Electronic Banking Products;
- **Module 9 –** Compliance Risk and Compliance Function in Banks;
- **Module 10 –** Money Laundering Risk Assessments for Commercial Banks;
- **Module 11 –** Best practices in anti-corruption measures for the banking sector;
- **Module 12 –** Consultations to develop.

The annual training program on Prevention of Money Laundering and Combating the Financing of Terrorism and Proliferation of Weapons of Mass Destruction and Sanctions was revised and updated in accordance with the publication of the new Law 5/2020, Prevention and Combating of Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction, of 27 January, with the Bank undergoing an e-learning training with knowledge tests.

4.8. Internal audit

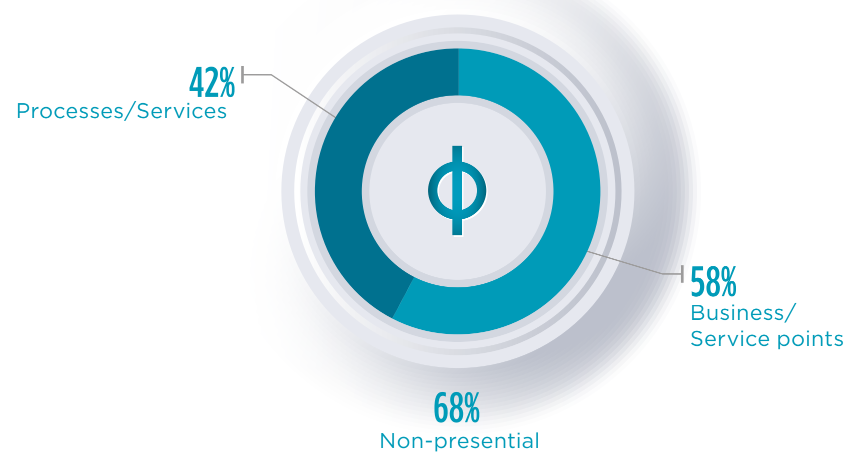
Internal Audit remained focused on providing an independent and objective service, aimed at adding value, improving operations and advising the Bank's Management on the achievement of objectives, as determined by Article 17 of Notice No. 02/2013, of 19 April, and ratified in its Internal Charter, approved by the Board of Directors, which defines its mission, powers and responsibilities.

In 2020, there was a need to adapt the Internal Audit strategy to the pandemic context:

- Reallocation of Employees to activities considered critical (e.g. fraud and complaints and remote control);
- Revision of the Plan defined for 2020, in order to adapt it to this context;
- Partial and remote audits were defined for service points, instead of general and face-to-face audits, keeping the most critical processes;
- Strengthening of management and control of Treasury departments at service points in the non-face-to-face mode (online);
- Continuous monitoring of controls/alerts regarding processes and operations.

ACTIONS CARRIED OUT

DISTRIBUTION OF THE WEIGHT OF THE ACTIONS/AUDITS CONDUCTED BY SEGMENTATION



DESCRIPTION

Audits conducted	307
New preventive/detective controls implemented/created	26
Preventive/detective control actions performed (analysed alerts)	7,096
Other control activities and targeted actions	76
Business areas coverage	1
Recommendations issued	1,867
Improvement opportunities issued	74
Implementation of recommendations/ opportunities for improvements (average)	71%
Processes and/or complaints received	902
Closure of processes and/or complaints	88%
Complaints received and analysed	41
Closure of complaints	100%
Opinions issued (products, processes and projects)	112
External inspections conducted by the BNA	6

OUTSTANDING ACTIVITIES AND ACTIONS PERFORMED

- Implementation of transversal and comprehensive audits, by multidisciplinary teams involving the several internal areas of AU, in order to add greater value in the analysis and results;
- Implementation, design and automation of controls and tasks in order to provide greater efficiency and agility in the activities and daily tasks performed;
- Implementation of routines/controls of operational scope in order to promote solutions for monitoring and preventing negative occurrences, whether reported or not by the other units, mainly the Fraud Unit;
- Execution of remote verification actions (audit by evidence), on a systematic basis, based on selected and treated information, in order to ensure the adequacy of the internal control system, as well as the mitigation of negative events that jeopardize the image or the Bank's reputation;
- Strengthening the close relationship with the other key areas allocated to the internal control system, namely the Risk Office and Compliance, in order to make the monitoring actions in this area more efficient and comprehensive;
- Promotion of D&A, with the definition of dashboards for monitoring the data and alerts generated by the developed platforms, within continuous monitoring;
- Maintenance of (internal) training actions and dynamics oriented to data analysis, involving Microsoft Access and Power Business Intelligence tools;
- Continuity of the dynamics of rotation and mainstreaming of the teams, in order to develop different skills at the level of the Directorate;
- Promotion of awareness sessions (“Sabias Que”/("Did You Know") and training for the business/agencies (e-learnings videos), in order to improve the level of consistency in the business risk prudence, as well as to improve consistency in positive assessments regarding the audits performed;
- Promotion and strengthening of the relationship with those responsible for the auditing departments of branches, as well as the promotion of events for the exchange of experiences, especially for the assessment of fraud, its evolution and trends, as well as the respective impact of internal audits activities in the current context.

05

FINANCIAL INFORMATION

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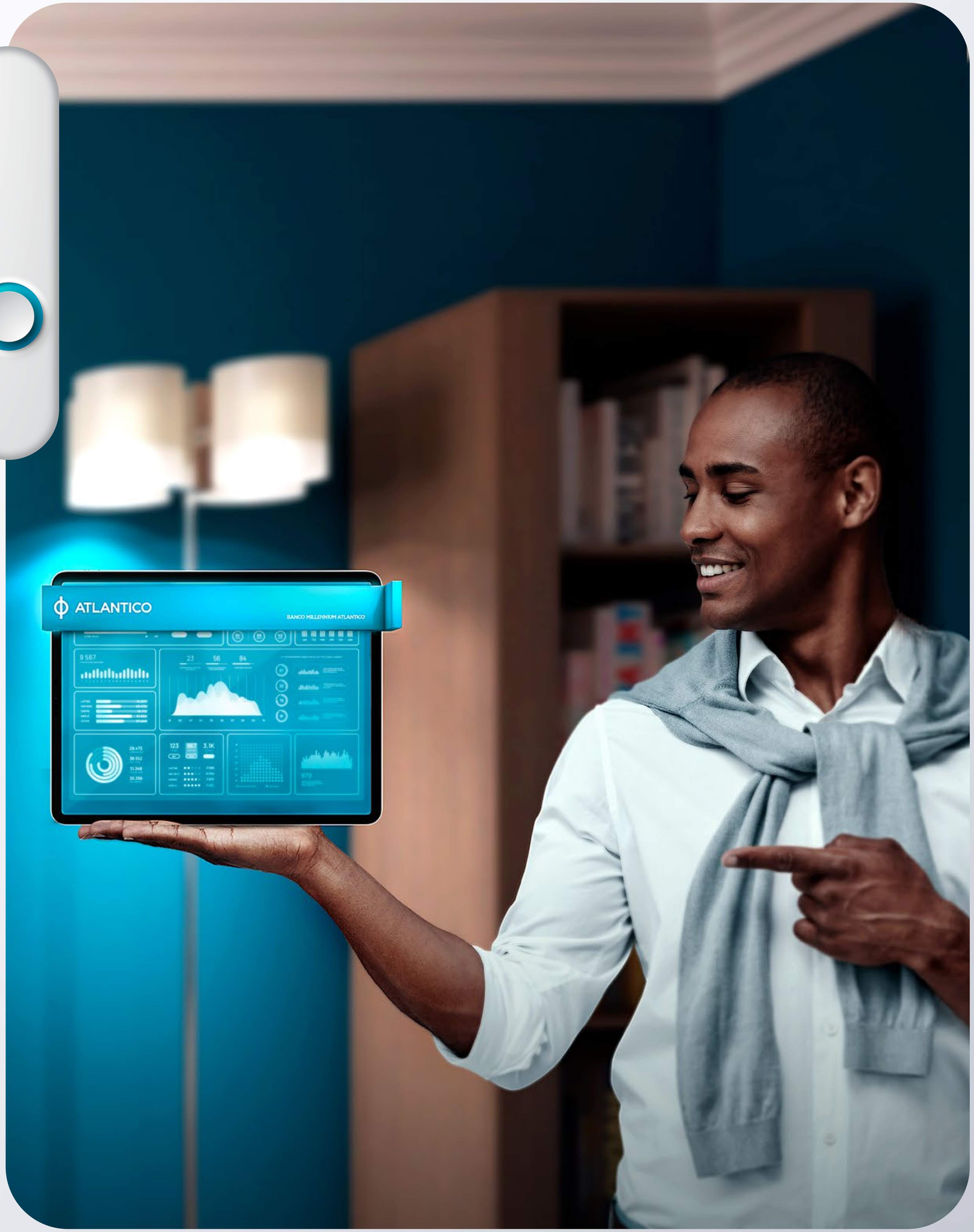


5.1. Key indicators

AOA 15.6 billion -49% Net result	9.6% -13 p.p. Return on Equity	0.9% +1.2 p.p. Return on Assets	12.3% -2.2 p.p. Solvency Ratio
AOA 108.4 billion +5.6% Bank Product	AOA 48.8 billion -21% Operating costs	45% +5.6 p.p. Cost-to-income	AOA 1,750 billion +9.3% Assets
AOA 1,524 billion +23% Deposits from Customers	AOA 454 billion +3% Net credit	21.5% +5.78 p.p. Credit at Risk	119.4% -10.62 p.p. Coverage of Credit Risk

5.2. Summary of business performance

OVERVIEW

2020 has been characterized as one of the most challenging and adverse moments in recent history, marked by the Covid-19 pandemic. The pandemic crisis also brought about a global economic crisis, strongly affecting the income of companies, families and states, with the world Gross Domestic Product (GDP) shrinking approximately -4.3%, explained by the sharp decrease in the supply and demand for goods and services.

The Angolan economy was not unaware of this global phenomenon, with the Government and Banco Nacional de Angola (BNA) using a set of fiscal and monetary instruments in response to this crisis. Among the main measures of the BNA, we highlight Instruction No. 04/2020 of 30 March, which allowed the flexibility of deadlines for the fulfilment of credit obligations, having ATLANTICO implemented swiftly and thus reaffirming its commitment to Customers and the Angolan economy.

Since ATLANTICO is a bank with strong exposure to credit to the national economy, the pandemic context significantly influenced the Institution's activity in 2020, implying the constitution of additional impairments for expected losses.

Notwithstanding the pandemic situation observed in 2020, ATLANTICO continues to invest in financing the national economy by supporting promising projects with emphasis to Notice No. 10 of the BNA, as well as continuing to support the social sector with sponsorships and initiatives to combat Covid-19.

In addition, the Bank remains focused on implementing the digital transformation strategy with a commitment to improving the Customer experience. In 2020, strategic initiatives were accelerated, which contributed to reinforcing Customers' autonomy in transaction with ATLANTICO, adding value to their journey.

NET RESULTS

ATLANTICO ended 2020 with net results estimated at 15.6 billion Kwanzas, a decrease of 49% compared to the same period last year. This reduction is strongly impacted by the following factors:

a) Decrease of net interest income resulting from the combined effect of increased deposit remuneration costs and decrease of active interest;

b) Significant reinforcement of impairments to cover expected losses in the loan portfolio and public debt securities;

c) Decrease of exchange rates;

d) Decrease of commissioning;

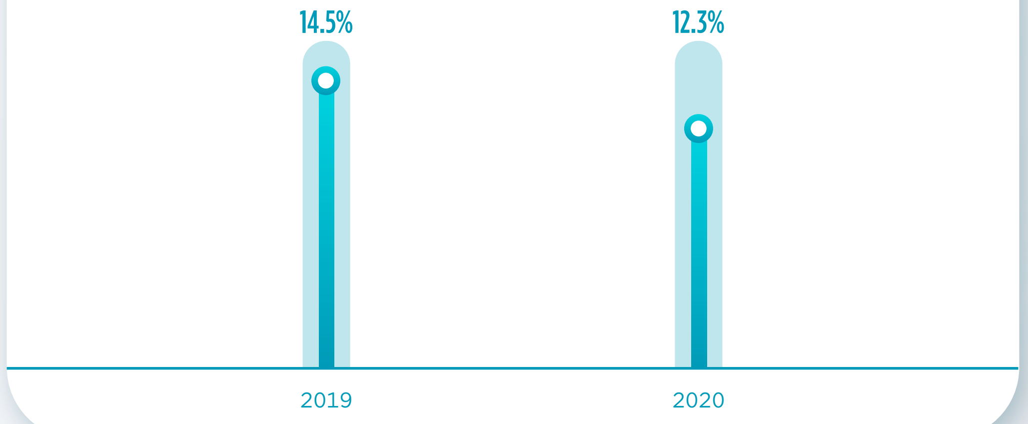
e) Increase in operating costs.

The decrease in results is influenced by the adverse implications that the challenging context generated by the pandemic in 2020 has for the national economy and for the banking sector. However, despite the adversities that were imposed, the Bank continues to present a solid and positive result in 2020.

SOLVENCY

In December, the solvency ratio was 12.3%, showing an evolution of -2.2 p.p., compared to December 2019. ATLANTICO maintains adequate levels of solidity to meet the minimum levels required by Banco Nacional de Angola in line with Basel standards. The Solvency Ratio is above the minimum regulatory ratio established for the national market, which is 10%, thus demonstrating the Bank's capital availability to support risks and business growth.

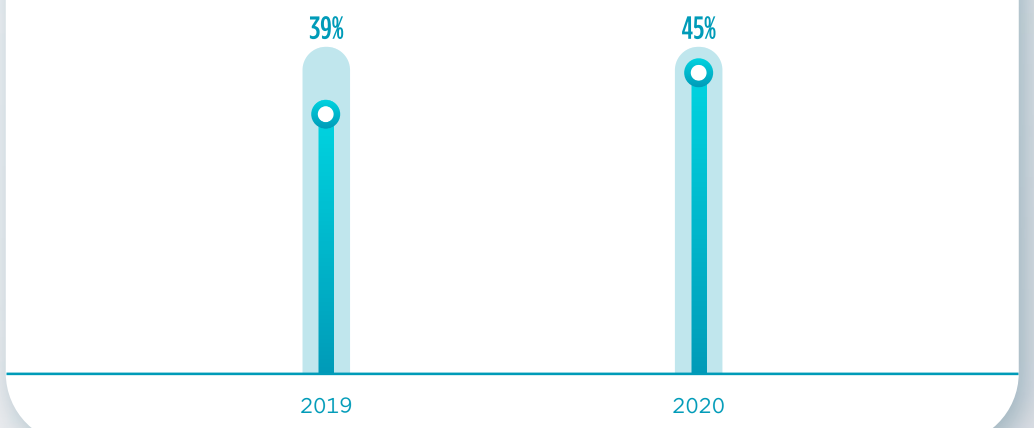
CAPITAL ADEQUACY RATIO



OPERATING EFFICIENCY

The degree of operating efficiency evolved unfavourably by 5.6 p.p., compared to the same period last year. This behaviour is supported by the slowdown in revenue and the increase in operating costs. The impact of the efficiency measures implemented and the concern with cost management allowed the evolution of this variable to be below the levels of inflation and exchange devaluation of the year. ATLANTICO believes that the continued focus on structural efficiency will continue to bring benefits to the organization.

OPERATING EFFICIENCY



5.3. Evolution of financial statements

5.3.1. BALANCE SHEET EVOLUTION

Total assets increased 9% in 2020, impacted by the growth in the base of advances from Customers, by the exchange rate variation of assets in foreign currency or indexed to it, as well as by the increase in the fair value of financial assets.

Total Liabilities increased 9%, driven by the exchange and commercial variation of deposits, with an additional 92% decrease in fundraising in the money market.

In 2020, the banking sector was negatively impacted due to the economic consequences of Covid-19. **ATLANTICO quickly adapted to this adverse period**, in order to respond concisely to the needs of its Customers.

(Thousands of AOA)

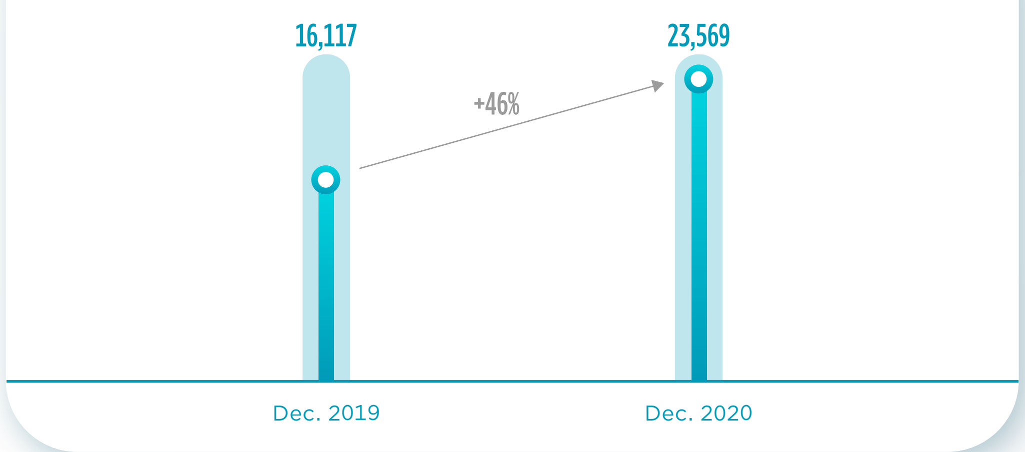
Balance sheet	Dec./19	Dec./20	Δ	Δ%
Cash and deposits at central banks	190,988,448	222,111,313	31,122,865	16%
Loans and advances to credit institutions repayable on demand	24,428,190	110,381,892	85,953,702	352%
Financial assets and liabilities at fair value through profit and loss	69,425,364	216,926,542	147,501,178	212%
Financial assets and liabilities at fair value through other comprehensive income	34,178,458	5,760,534	(28,417,924)	-83%
Financial assets at amortised cost				
Debt securities	529,302,406	410,080,698	(119,221,708)	-23%
Loans and advances to Customers	442,701,013	454,270,709	11,569,696	3%
Loans and advances to credit institutions repayable on demand	17,012,282	83,591,141	66,578,859	391%
Property, plant and equipment	61,282,073	68,688,180	7,406,107	12%
Intangible assets	35,981,690	39,040,538	3,058,848	9%
Non-current assets held for sale	88,628,779	7,279,640	(81,349,139)	-92%
Current tax assets	2,056,239	2,418,635	362,396	18%
Deferred tax assets	2,288,990	3,440,174	1,151,184	50%
Other assets	103,205,141	126,000,008	22,794,867	22%
Total assets	**1,601,479,073**	**1,749,990,004**	**148,510,931**	**9%**
Deposits from central banks and other credit institutions	176,493,638	14,098,064	(162,395,574)	-92%
Deposits from Customers and other loans	1,234,985,588	1,523,970,797	288,985,209	23%
Financial liabilities at fair value through profit and loss	207,095	3,978,187	3,771,092	1,821%
Provisions	8,382,018	3,932,532	(4,449,486)	-53%
Deferred tax liabilities	68,602	111,483	42,881	63%
Other liabilities	18,024,543	24,942,140	6,917,597	38%
Total liabilities	**1,438,161,484**	**1,571,033,203**	**132,871,719**	**9%**
Share capital	53,821,603	53,821,603	0	-
Share premium	34,810,069	34,810,069	0	-
Treasury stock	(492,182)	(492,182)	0	-
Other reserves and retained earnings	44,552,606	75,017,467	30,464,861	68%
Revaluation reserves	160,631	207,486	46,855	29%
Profit/(loss) for the period	30,464,862	15,592,358	(14,872,504)	-49%
Total equity	**163,317,589**	**178,956,801**	**15,639,212**	**10%**
Total liabilities and equity	**1,601,479,073**	**1,749,990,004**	**148,510,931**	**9%**

5.3.1.1. ASSETS STRUCTURE

a) Cash and cash equivalents

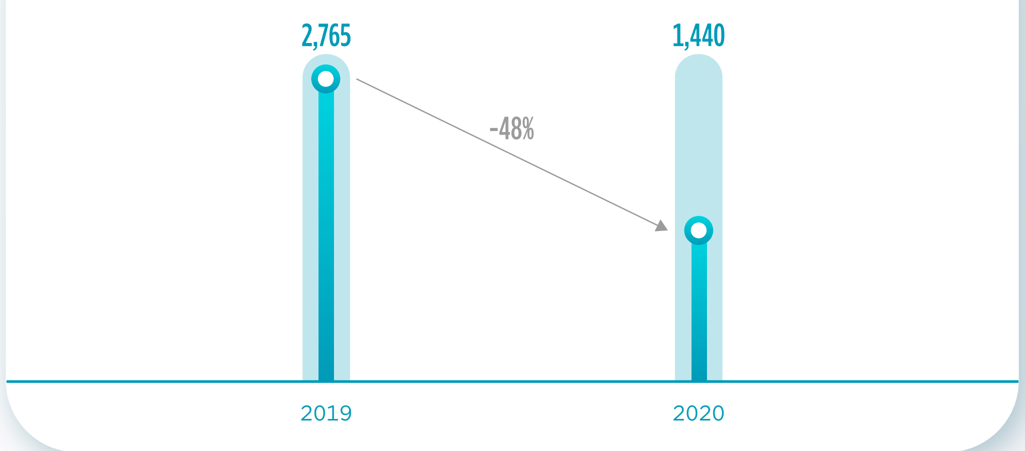
a.1) Cash
Cash balances showed a gradual and sustainable evolution in 2020, which results from the focus on an increasingly digital and 24/7 banking service, as evidenced by the increase from 35 to 64 automatic deposit machines to serve ATLANTICO Customers. Therefore, the volume of deposits increased from AOA 4,552 million to AOA 10,617 million and the average volume of deposit operations grew 31%, from AOA 37 thousand in December 2019 to AOA 49 thousand in December 2020.

CASH (THOUSANDS OF AOA)



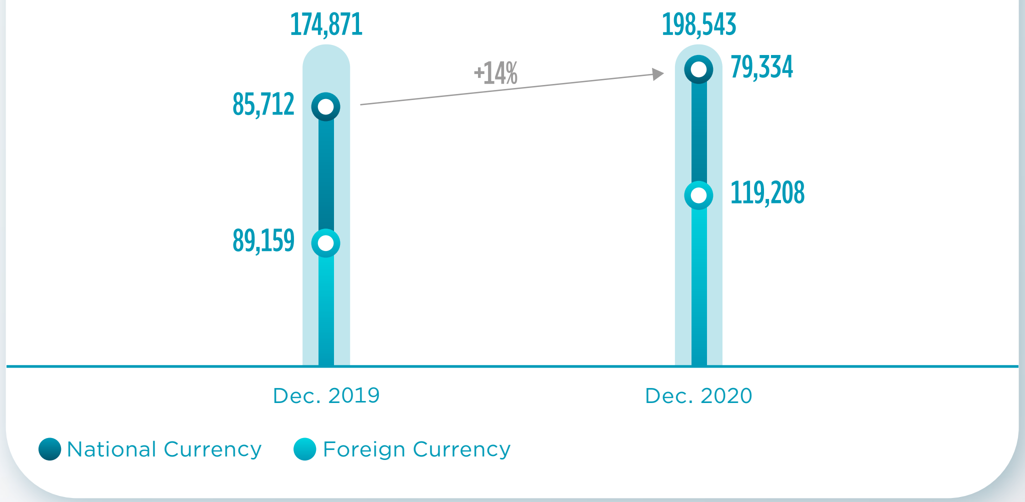
The increasing use of self-banking machines has freed up the commercial force allowing it to address its efforts to support Customers in other tasks of the commercial sphere.

DEPOSIT OPERATIONS AT THE BRANCH (THOUSANDS)

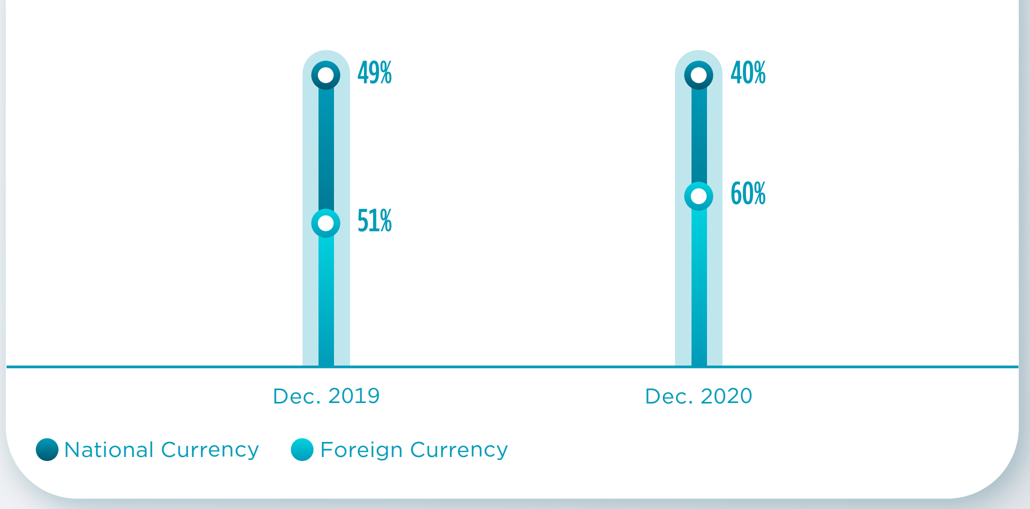


a.2) Cash and deposits at the Central Bank
The amounts of ATLANTICO in the Central Bank increased due to the flow of amounts that occurred in 2020, as well as the exchange rate effect.

CASH AND DEPOSITS AT THE CENTRAL BANK (MILLIONS OF AOA)



BREAKDOWN OF CASH AND DEPOSITS AT THE CENTRAL BANK



b) Credit

ATLANTICO's credit portfolio amounted to AOA 454 billion in December 2020, an 3% increase compared to the same period last year.

(Millions of AOA)

Net credit	Dec./19	Dec./20
Credit	551,960	599,681
Impairment	(109,259)	(145,411)
Total	**442,701**	**454,271**

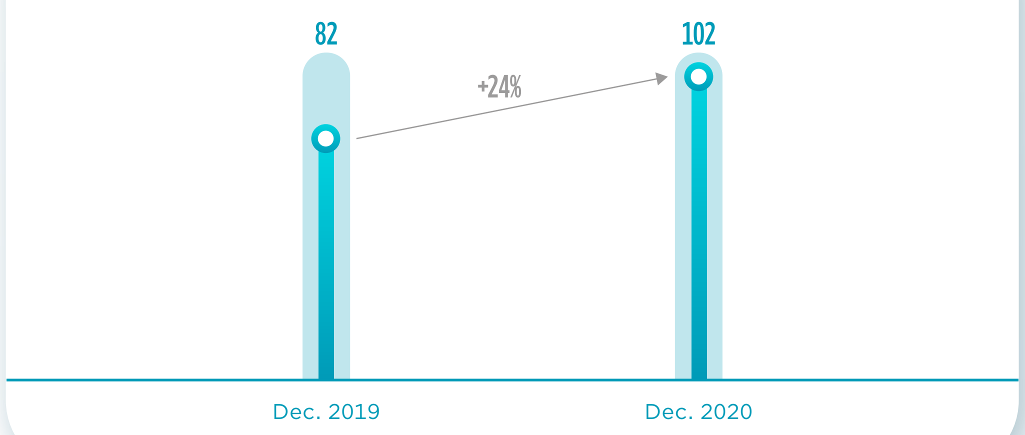
The Bank remains focused on supporting families and companies, being one of the institutions of reference in granting credit to the economy. In a less favourable year for structuring operations aimed at the sustainable development of the country, the main credit concessions were made within the Bank's normal operations, with emphasis on operations under Notice No. 10/2020 of the BNA to support the real sector. ATLANTICO has disbursed approximately AOA 14 billion for this purpose. In 2020, the depreciation of the Kwanza had an impact on the foreign currency portfolio component, which is an important component that explains the overall increase in the portfolio. The variation in credit in national currency was not significant only due to the large repayments that occurred in 2020.

(Millions of AOA)

	Dec./19	Dec./20
National currency	416,078	422,565
Foreign currency	135,882	177,116
Total	**551,960**	**599,681**

Impairments amounted to AOA 36.1 billion, a 19% increase compared to the previous year. This is justified by the deterioration of the portfolio and the increased need for protection of credit operations due to the slowdown in the economy resulting from the pandemic situation.

DEFAULT CREDIT (MILLIONS OF AOA)



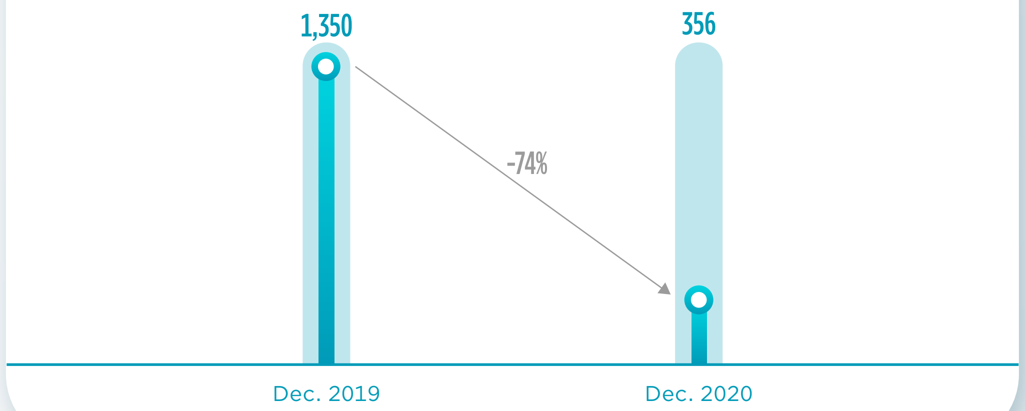
Evolution of default credit can be analysed in the chart below, which reflects the growing difficulty of economic agents in fulfilling their credit obligations.

In view of these difficulties, the regulator issued a notice that allowed the term of credit transactions to be more flexible. Accordingly, the Bank granted this possibility to approximately 50 Customers.

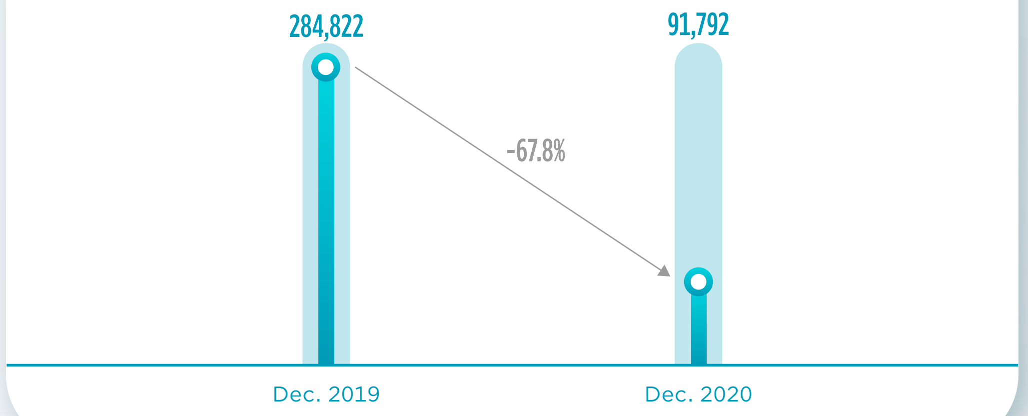
Trade finance

Trade finance activity suffered a negative impact due to the decrease in economic activity in 2020, translated in the decrease in the volume of letters of credit.

STOCK OF LIVE OPEN LETTERS OF CREDIT (NO. OPERATIONS)



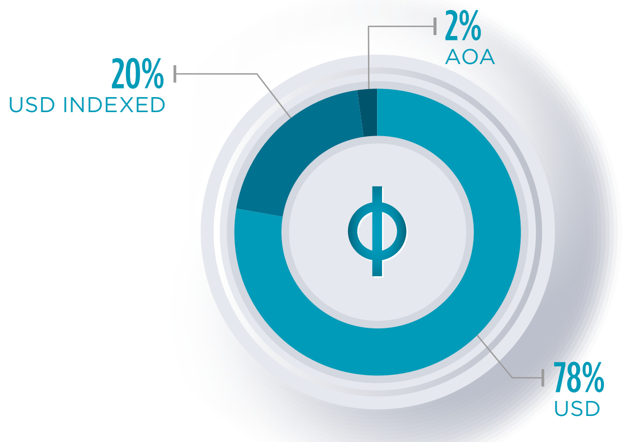
DOCUMENTARY CREDIT TRANSACTIONS (USD AMOUNT)



c) Debt securities

As the Angolan economy is sensitive to exchange rate variations, the Bank has a portfolio of securities mainly composed of foreign currency bonds and indexed to the US Dollar to protect its balance sheet structure from these variations.

DEBT SECURITIES



There was a decrease in the debt securities portfolio, substantiated by the sale of indexed bonds for the purchase of foreign exchange within the exchange rate replacement program in progress, as well as by the high maturity that occurred in the period ended on 31 December 2020. Regarding the 141.5% increase in impairments, is due to the regulatory compliance with Notice No. 21/2020 of the BNA, which reflects the decrease of the rating of the country in the Angolan public debt securities.

(Millions of AOA)

Debt securities	Dec./19	Dec./20
National currency	22,054	9,999
Foreign currency	236,409	318,470
Indexed	279,117	101,602
Impairment	(8,278)	(19,990)
Total	**529,302**	**410,081**

d) Tangible and intangible assets

d.1) Property, plant and equipment

The banking service's digitalization strategy was the central point on which the patented evolution in property, plant and equipment was based, with ATLANTICO's investments being in Points of Sale (POS), Automated Teller Machine (ATM) and deposit machines.

(Millions of AOA)

Property, plant and equipment	Dec./19	Dec./20
Real Estate	40,325	38,465
IT equipment, furniture, transport, security and other	20,545	23,327
Assets under construction	17,754	17,298
Other assets	1,280	9,181
Accumulated depreciation	(18,622)	(19,584)
Total	**61,282**	**68,688**

d.2) Intangible assets

The investment in intangible assets was based on the reinforcement of the core system, in applications for commercial and back-office support, and for the continuous commitment to the digitization of processes.

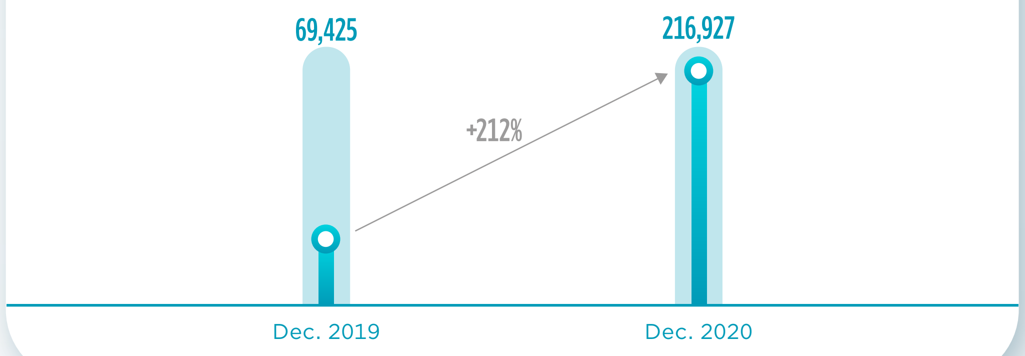
(Thousands of AOA)

Intangible assets	Dec./19	Dec./20
Goodwill	25,632,743	25,632,743
Software	9,841,985	13,105,730
Other	296,535	96,648
Transfers	210,428	205,417
Total	**35,981,691**	**39,040,538**

d.3) Financial assets at fair value through profit or loss

Compared to the previous year, this item recorded a 212% increase, impacted mainly by credit operations in the form of financing whose cash flows do not comply with the SPPI (Soley Payments of Principal and Interest) criteria, performed in foreign currencies, for the acquisition of new units and for derivatives with a positive fair value associated with swap transactions in EUR/USD currencies, contracted with our correspondents.

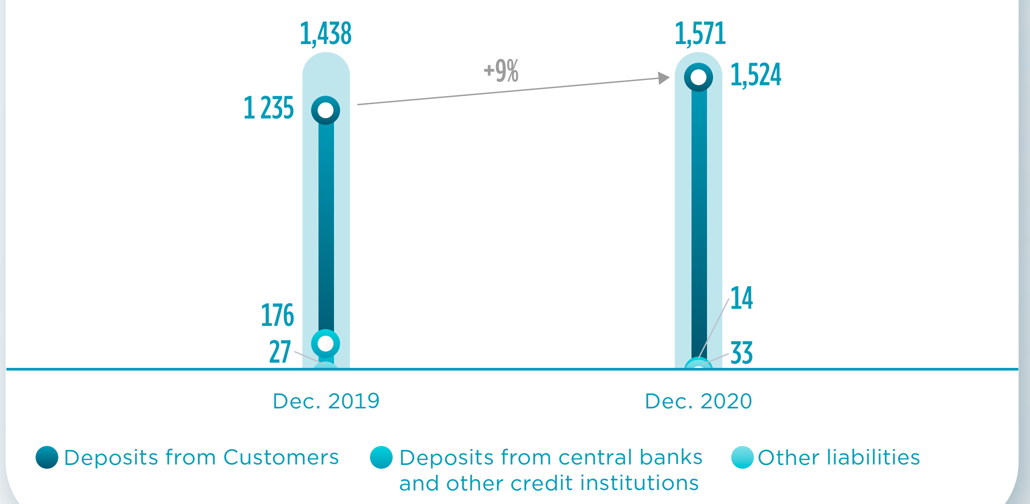
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (THOUSANDS OF AOA)



5.3.1.2. LIABILITIES STRUCTURE

The bank's funding is supported, essentially, by deposits from Customers. In 2020, these deposits amounted to 96% of the composition of liabilities. There was a significant decrease in liquidity funding in the period, allowing for a reduction in the expenditure of lines in foreign currency.

LIABILITIES (MILLIONS OF AOA)



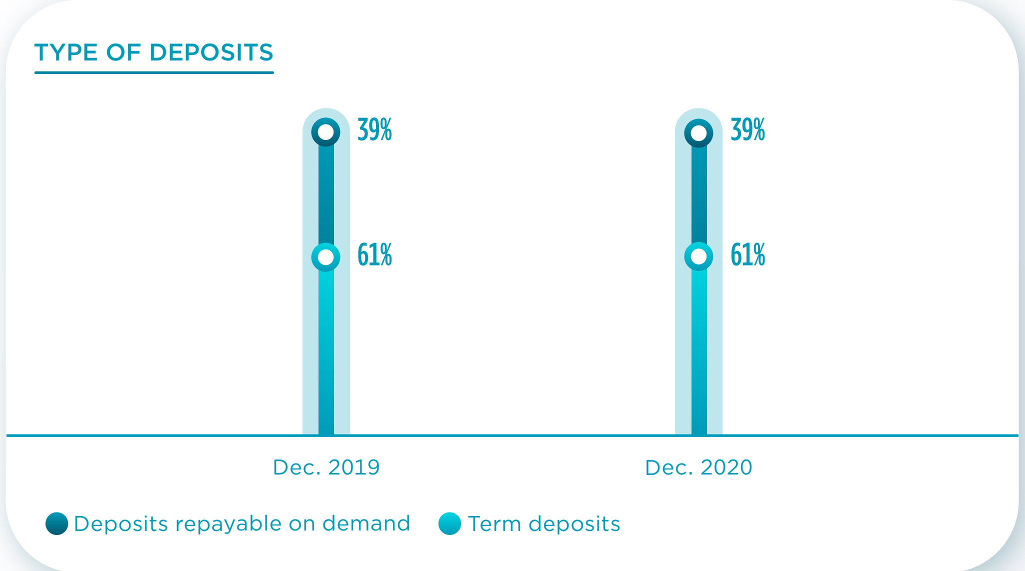
a) Deposits

Bank's deposits amounted to AOA 1,524 billion in December 2020, having grown by 23% over the same period last year. The year was marked by the adverse environment for economic activity and, therefore, for the raising and retention of deposits for financial institutions. ATLANTICO presented a positive performance in attracting new funds in national currency (+23%). This positive performance is due to the confidence shown by the Customers and the work developed by the Bank's teams. The evolution of the portfolio in foreign currency showed a regression in real volume. However, due to the impact of the devaluation of the Kwanza, this portfolio showed an increase of 24% in nominal terms.

(Millions of AOA)

Deposits by currency	Dec./19	Dec./20
National currency	507,681	623,269
Foreign currency	727,304	900,702
Total	**1,234,986**	**1,523,971**

The proportion between demand and time deposits remained stable in the period, and ATLANTICO's resources are mainly remunerated, contributing to the stability of the values in the Institution.



b) Liquidity Funding

The funds raised by ATLANTICO in the interbank money market showed a significant decrease, explained by the full repayment of foreign currency treasury lines with counterparties, as well as the reduce of the exposure in national currency to counterparties.

(Millions of AOA)

Periods	Dec./19	Dec./20
Funding	171,009	8,500
In national currency	49,033	8,500
In foreign currency	121,976	0
Interest payable	360	54
Similar transactions	5,124	5,544
Total	**176,494**	**14,098**

5.3.2. INCOME STATEMENT EVOLUTION

(Thousands of AOA)

Income statement	Dec./19	Dec./20	Δ	Δ%
Interest and similar income	119,613,445	105,884,041	(13,729,404)	-11%
Interest and similar expense	(53,255,332)	(61,838,894)	(8,583,562)	16%
Net interest income	**66,358,113**	**44,045,147**	**(22,312,966)**	**-34%**
Fees and commissions income	16,813,068	15,228,788	1,584,280	-9%
Fees and commissions expense	(1,786,607)	(3,447,768)	(1,661,161)	93%
Profit/(loss) from fees and commissions	**15,026,461**	**11,781,020**	**(3,245,441)**	**-22%**
Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss	(287,653)	(5,505,166)	(5,217,513)	1,814%
Net gains/(losses) arising from investments at amortised cost	1,053,520	12,528,340	11,474,820	1,089%
Net gains/(losses) arising from foreign exchange differences	3,124,635	(8,036,553)	(11,161,188)	-357%
Net gains/(losses) arising from the sale of other assets	25,719,887	60,265,290	34,545,403	134%
Other operating income	(8,395,016)	(6,688,779)	1,706,237	-20%
Net gains/(losses) arising from financial operations	**21,215,373**	**52,563,132**	**31,347,759**	**148%**
Operating income	**102,599,947**	**108,389,299**	**5,789,352**	**6%**
Staff costs	(21,146,974)	(23,317,752)	(2,170,778)	10%
Supplies and services	(12,855,806)	(17,048,086)	(4,192,280)	33%
Depreciation and amortisation for the period	(6,424,570)	(8,418,211)	(1,993,641)	31%
Provisions and impairment of other assets net of reversals	(2,764,676)	(10,691,874)	(7,927,198)	287%
Provisions and impairment of other financial assets net of reversals	-	(24,290)	(24,290)	-100%
Impairment for financial assets at amortised cost	(28,870,784)	(34,519,058)	(5,648,274)	20%
Impairment for financial assets through other comprehensive income	175,354	71,145	(104,209)	-59%
Profit/(loss) before tax from continuing operations	**30,712,491**	**14,441,173**	**(16,271,318)**	**-53%**
Income tax				
Current			-	-
Deferred	(247,629)	1,151,185	1,398,814	-565%
Net profit/(loss)	**30,464,862**	**15,592,358**	**(14,872,504)**	**-49%**

a) NET INTEREST INCOME

The results of ATLANTICO's financial intermediation amounted to 44 billion Kwanzas, which represents a regression of approximately 34% when compared to December of the previous year, due to:

a) Transformation of the Dollar-indexed securities portfolio into foreign currency availability within the framework of the exchange replacement program. This change in assets has an impact on profitability in view of the interest rate differential;

b) Performance of the loan portfolio, given that, in the context of an aggravated crisis, more companies and families defaulted, implying less interest absorption;

c) Relevant increase in deposit costs in view of market liquidity conditions and rates in force.

(Thousands of AOA)

Description	Dec./19	Dec./20
Interest and similar income	**119,613,445**	**105,884,041**
Interest from loans to Customers	597,400	244,831
Interest from debt securities	41,473,341	38,659,004
Interest from deposits and other investments	77,542,704	66,980,206
Interest and similar expenses	**53,255,332**	**61,838,894**
Interest from deposits of Customers	38,065,653	49,052,423
Interest from loans of central banks and other financial institutions	13,309,407	9,994,033
Interest from leases (IFRS 16)	1,880,272	2,792,439
Net interest income	**66,358,113**	**44,045,147**

b) COMPLEMENTARY MARGIN

b.1) Commissioning

The Bank's net commissions decreased 22% in 2020, largely influenced by the commissions arising from the opening of documentary letters of credit. This decrease is explained by the global fall, in 2020, in the import market in line with the context of less dynamic economic activity.

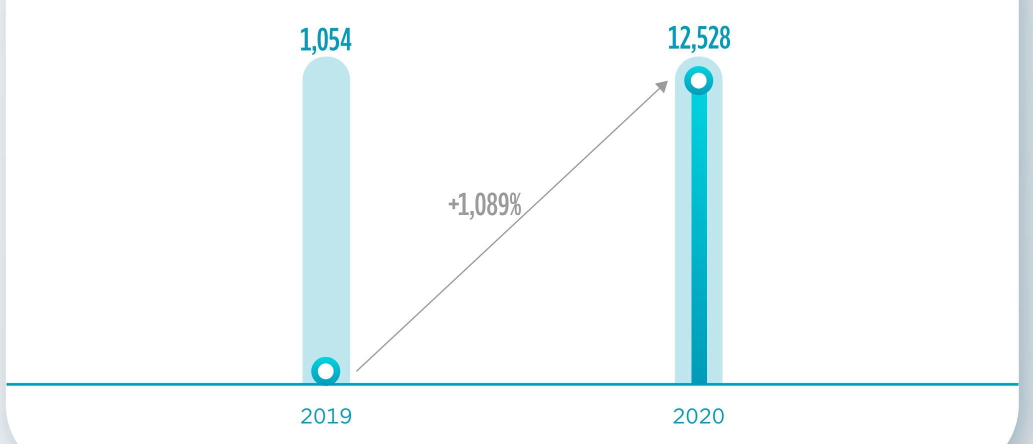
(Millions of AOA)

Commissioning	Dec./19	Dec./20
Fee and commission income	**16,813**	**14,727**
Transfers issued/received	2,642	3,309
Electronic transactions	2,143	5,083
VISA fees	2,170	1,226
Documentary credits opening	4,915	903
Other fee and commission income	4,945	3,653
Fee and commission expense	**1,787**	**2,946**
Net commissioning	**15,026**	**11,781**

b.2) Net gains on financial operations

Gains on financial operations increased significantly as a result of a high flow of bond sales, bringing important results to the Institution's inco-me structure.

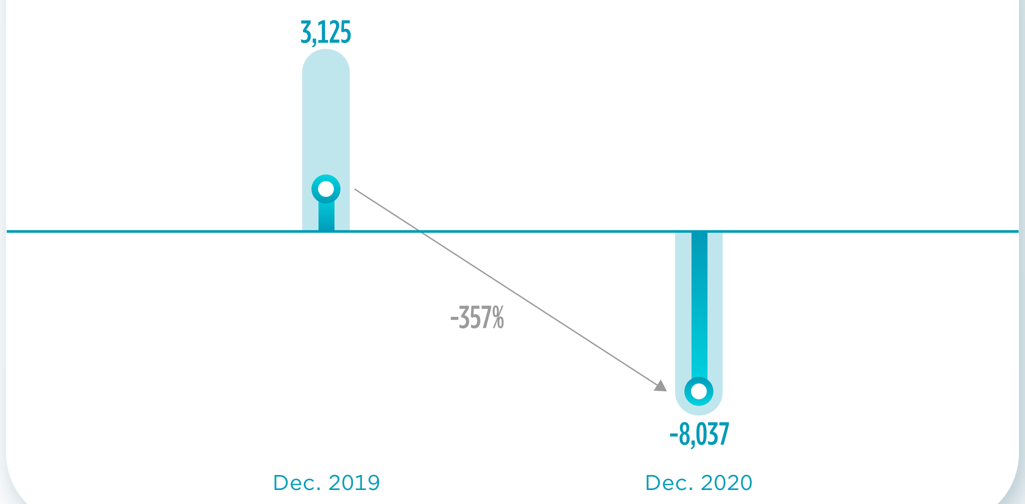
NET GAINS ON FINANCIAL OPERATIONS (MILLIONS OF AOA)



b.3) Net gains/(losses) arising from foreign exchange differences

In December 2020, Net gains/(losses) arising from foreign exchange differences were negative, having been impacted by financial operations in the year, namely by the sale of part of the portfolio of indexed securities and the high sensitivity of the Angolan market to exchange rate variations.

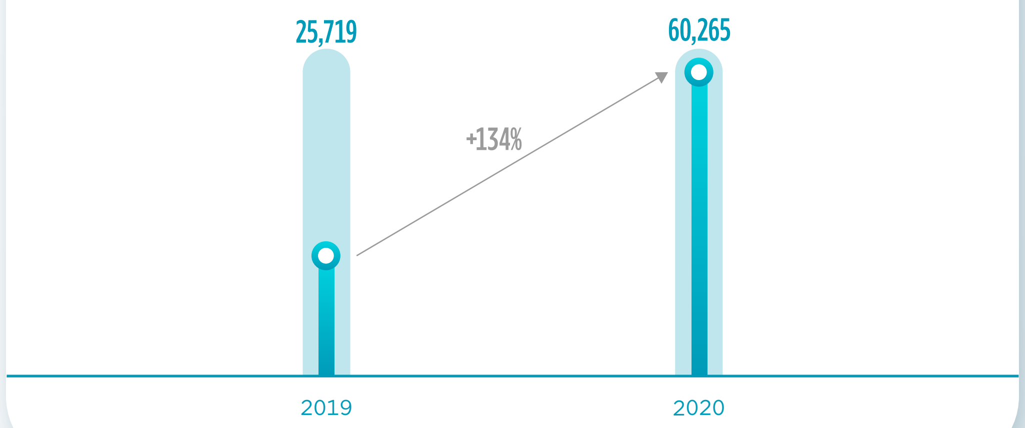
NET GAINS/(LOSSES) ARISING FROM FOREIGN EXCHANGE DIFFERENCES (MILLIONS OF AOA)



b.4) Net gains/(losses) arising from the disposal of other assets

In 2020, there was an increase in the disposal of non-current assets held for sale, resulting in approximately 35 billion Kwanzas.

NET GAINS/(LOSSES) ARISING FROM THE DISPOSAL OF OTHER ASSETS (MILLIONS OF AOA)

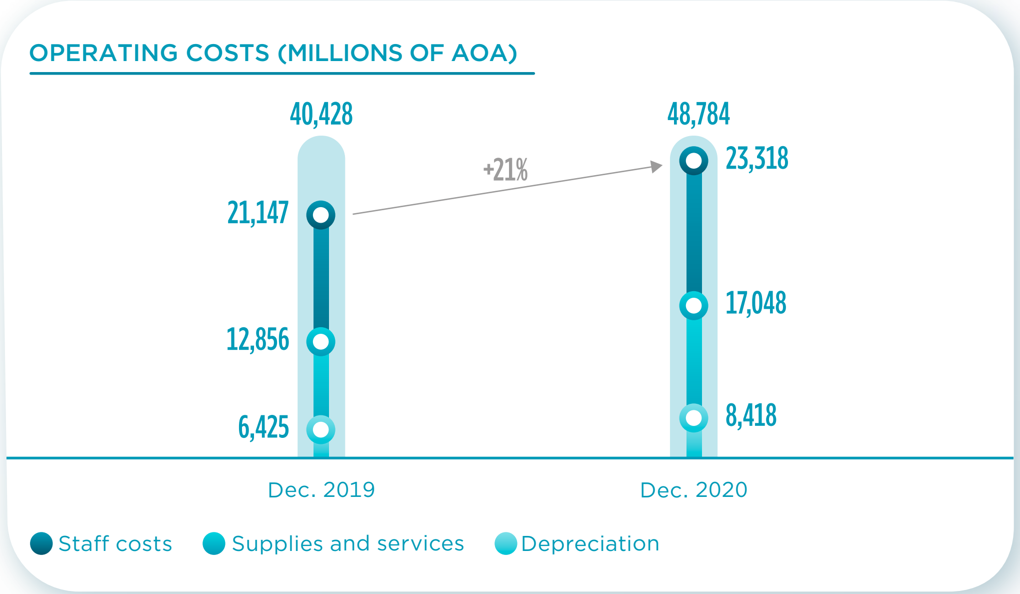


c) OPERATING COSTS

DETAIL OF OPERATING COSTS BY NATURE (Millions of AOA)

Operating costs	Dec./19	Dec./20	Δ	Δ%
Remuneration	9,963	11,953	1,990	20%
Grants	4,601	3,657	(944)	-21%
Other charges	6,583	7,708	1,125	17%
Staff costs	**21,147**	**23,318**	**2,171**	**10%**
Communications costs	2,751	4,634	1,884	68%
Water, energy, fuel and lubricants	287	336	48	17%
Miscellaneous materials	586	1,298	712	122%
Supplies	**3,624**	**6,268**	**2,645**	**73%**
Travelling and representation costs	725	944	219	30%
Advertising costs	1,308	328	(980)	-75%
Security, surveillance and repair	3,374	3,454	80	2%
Audit and advisory	2,958	4,791	1,833	62%
Insurance	288	542	254	88%
Rental costs	66	0	(66)	-100%
Other	513	721	208	41%
Services	**9,233**	**10,780**	**1,547**	**18%**
Supplies and services	**12,856**	**17,048**	**4,192**	**33%**
Depreciation and amortisation for the period	6,425	8,418	1,994	31%
Total operating costs	**40,428**	**48,784**	**8,356**	**21%**

Operating costs amounted to AOA 49 billion representing an increase of 21% compared to December 2019.



This increase is related to the evolution of prices in the economy and the exchange rate variation, which impacted the services acquired in the international market, namely, those of an IT nature, audit and advisory.

Supplies and services

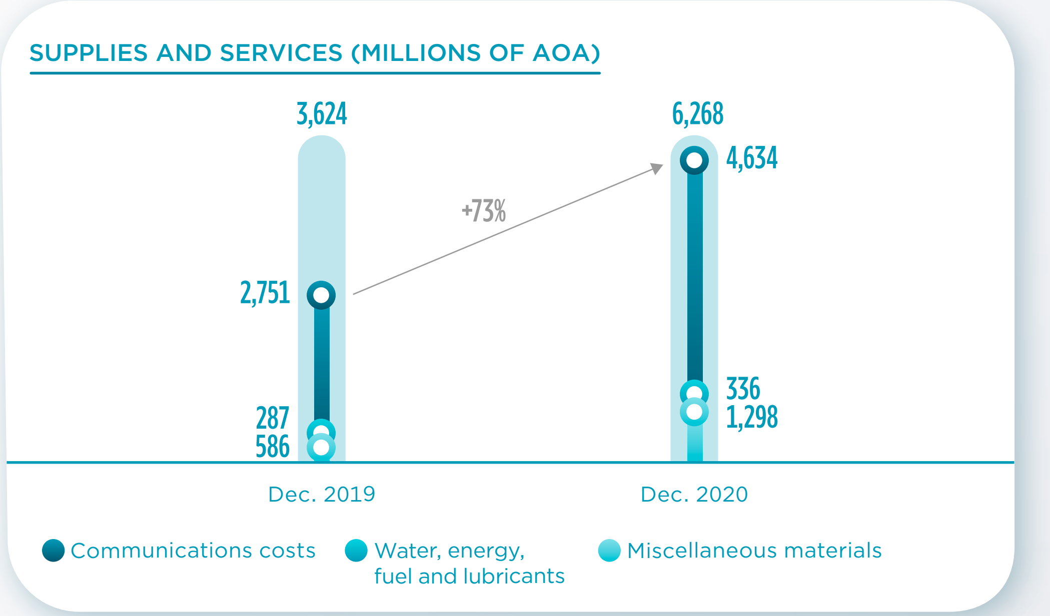
Supplies and services grew 33% over the same period last year, amounting to AOA 17,048 million, impacted by inflation and exchange rate variation. The increase in prices and the growth of the business implied the increase in costs with communications to support the business, as well as the strengthening of cybersecurity, and allowed to mitigate operational risks.

There was a strategic investment in audit and advisory services to strengthen the digital business, adjusted to the new technological paradigm in the international market.

In 2020, advertising costs were decreased AOA 980 million (-75%) as a result of not performing activities/events, as a consequence of Covid-19.

(Millions of AOA)

Supplies and services	Dec./19	Dec./20
Audit and advisory	2,958	4,791
Communications costs	2,751	4,634
Security, maintenance and repair	3,374	3,454
Travelling and representation costs	725	944
Other	513	721
Insurance	288	542
Water, energy, fuel and lubricants	287	336
Advertising costs	1,308	328
Miscellaneous materials	586	1,298
Rents	66	0
Total	**12,856**	**17,048**



Depreciation and amortisation

Regarding the same period last year, the increase in depreciation and amortisation costs is essentially due to the investments made in IT and cybersecurity, as well as by the increase in financial leasing assets (IFRS 16).

5.4. Proposal for application of profits

The application of the 2020 results, amounting to AOA 15,592 million, is proposed as follows:

- Legal reserves (10%), according to current legislation, in the amount of AOA 1,559 million;
- Retained earnings (90%), in the amount of AOA 14,033 million.

06

FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

Financial Statements P. 134
Notes to the Financial Statements P. 139

Financial Statements

BALANCE SHEET AS AT 31 DECEMBER 2019 AND 2020 (Thousands of AOA)

	Notes	31-12-2019	31-12-2020
Assets			
Cash and deposits at central banks	4	190,988,448	222,111,313
Loans and advances to credit institutions repayable on demand	5	24,428,190	110,381,892
Financial assets and liabilities at fair value through profit and loss	6	69,425,364	216,926,542
Financial assets and liabilities at fair value through other comprehensive income	7	34,178,458	5,760,534
Financial assets at amortised costs			
Debt securities	8	529,302,406	410,080,698
Loans and advances to Customers	9	442,701,013	454,270,709
Loans and advances to central banks and other credit institutions repayable on demand	10	17,012,282	83,591,141
Property, plant and equipment	11	61,282,073	68,688,180
Intangible assets	12	35,981,690	39,040,538
Non-current assets held for sale	13	88,628,779	7,279,640
Current tax assets	14	2,056,239	2,418,635
Deferred tax assets	14	2,288,990	3,440,174
Other assets	15	103,205,141	126,000,008
Total assets		**1,601,479,073**	**1,749,990,004**
Liabilities and equity			
Deposits from central banks and other credit institutions	16	176,493,638	14,098,064
Deposits from Customers and other loans	17	1,234,985,588	1,523,970,797
Financial liabilities and liabilities at fair value through profit and loss	6	207,095	3,978,187
Provisions	18	8,382,018	3,932,532
Deferred tax liabilities	14	68,602	111,483
Other liabilities	19	18,024,543	24,942,140
Total liabilities		**1,438,161,484**	**1,571,033,203**
Share capital	20	53,821,603	53,821,603
Share premium	20	34,810,069	34,810,069
Treasury stock	20	(492,182)	(492.182)
Other reserves and retained earnings	21	44,552,606	75,017,467
Revaluation reserves	21	160,631	207,486
Profit/(loss) for the period		30,464,862	15,592,358
Total equity		**163,317,589**	**178,956,801**
Total liabilities and equity		**1,601,479,073**	**1,749,990,004**

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

INCOME STATEMENT FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2020 (Thousands of AOA)

	Notes	31-12-2019	31-12-2020
Interest and similar income	22	119,613,445	105,884,041
Interest and similar expense	22	(53,255,332)	(61,838,894)
Net interest income		**66,358,113**	**44,045,147**
Fees and commissions income	23	16,813,068	15,228,788
Fees and commissions expense	23	(1,786,607)	(3,447,768)
Profit/(loss) from fees and commissions		**15,026,461**	**11,781,020**
Net gains/losses) arising from financial assets and liabilities through profit and loss	24	(287,653)	(5,505,166)
Net gains/(losses) arising from investments at amortised cost	25	1,053,520	12,528,340
Net gains/(losses) arising from foreign exchange differences	26	3,124,635	(8,036,553)
Net gains/(losses) arising from the sale of other assets	27	25,719,887	60,265,290
Other operating income	34	(8,395,016)	(6,688,779)
Net gains/(losses) arising from financial operations		**21,215,373**	**52,563,132**
Operating income		**102,599,947**	**108,389,299**
Staff costs	28	(21,146,974)	(23,317,752)
Supplies and services	29	(12,855,806)	(17,048,086)
Depreciation and amortisation for the period	11, 12 and 30	(6,424,570)	(8,418,211)
Provisions and impairment of other assets net of reversals	13, 15, 18 and 31	(2,764,676)	(10,691,874)
Provisions and impairment of other financial assets net of reversals	5 and 32	-	(24,290)
Impairment for financial assets at amortised cost	8, 9, 10 and 33	(28,870,784)	(34,519,058)
Impairment for financial assets through other comprehensive income	21	175,354	71,145
Profit/(loss) before tax from continuing operations		**30,712,491**	**14,441,173**
Income tax			
Current tax	14	-	-
Deferred tax	14	(247,629)	1,151,185
Profit/(loss) after tax from continuing operations		**30,464,862**	**15,592,358**
Net profit/(loss) for the period		**30,464,862**	**15,592,358**
Weighted average number of ordinary shares issued	35	53,821,603	53,821,603
Basic earnings per share (in Kwanzas)	35	0.57	0.29
Diluted earnings per share (in Kwanzas)	35	0.57	0.29

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2020 (Thousands of AOA)

	Notes	31-12-2019	31-12-2020
Net profit/(loss) for the period		**30,464,862**	**15,592,358**
Other comprehensive income			
Item that may be reclassified into the income statement			
Debt instruments at fair value through other comprehensive income			
Changes in fair value	21	(3,155,529)	18,592
Transfer to profit/(loss) for impairment recognised in the period	21	175,354	71,145
Tax impact	21	793,410	(42,881)
		(2,186,765)	**46,855**
Total comprehensive income for the period		**28,278,097**	**15,639,213**

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

STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2020 (Thousands of AOA)

				Reserves and retained earnings				
	Share Capital	Share premiums	Treasury stock	Fair value reserves	Other reserves and retained earnings	Total	Net profit/ (losses) for the period	Total equity
Balance as at 31 December 2018	**53.821.603**	**34.810.069**	**(492.182)**	**2,347,396**	**17,327,517**	**19,674,913**	**27,225,088**	**135,039,491**
Application of 2018 profits								
Reserves and retained earnings	-	-	-	-	27,225,088	27,225,088	(27,225,088)	-
Fair value changes, net of taxes	-	-	-	(2,186,765)	-	(2,186,765)	-	(2,186,765)
Net profit/(losses) for the period	-	-	-	-	-	-	30,464,862	30,464,862
Balance as at 31 December 2019	**53,821,603**	**34,810,069**	**(492,182)**	**160,631**	**44,552,606**	**44,713,237**	**30,464,862**	**163,317,589**
Application of 2019 profits								
Reserves and retained earnings	-	-	-	-	30,464,862	30,464,862	(30,464,862)	-
Fair value changes, net of taxes	-	-	-	46,855	-	46,855	-	46,855
Net profit/(losses) for the period	-	-	-	-	-	-	15,592,358	15,592,358
Balance as at 31 December 2020	**53,821,603**	**34,810,069**	**(492,182)**	**207,486**	**75,017,467**	**75,224,953**	**15,592,358**	**178,956,801**

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

CASH FLOW STATEMENT FOR THE PERIODS ENDED AT 31 DECEMBER 2019 AND 2020 (Thousands of AOA)

	Notes	31-12-2019	31-12-2020
Cash flows arising from operating activities			
Interest income received		114,636,165	81,947,127
Interest expense paid		(49,129,904)	(60,686,737)
Payments to employees and suppliers		(42,135,806)	(34,537,561)
Cash flows before changes in operating assets and liabilities		**23,370,455**	**(13,277,171)**
Changes in operating assets and liabilities:			
Financial assets at fair value through profit and loss		(39,805,512)	(7,895,034)
Financial assets at fair value through other comprehensive income		(132,955,504)	30,980,997
Financial assets at amortised cost			
Debt securities		33,065,947	104,973,017
Loans and advances to Customers		(22,910,209)	5,040,431
Loans and advances to credit institutions repayable on demand		(3,655,819)	(67,013,004)
Deposits from credit institutions		19,274,779	(161,908,219)
Non-current assets held for sale		1,184,489	6,611,730
Deposits from Customers		184,271,473	266,893,443
Other operating assets and liabilities		(27,221,525)	(39,273,513)
Net cash flows arising from operating activities, before income taxes		**34,618,574**	**125,132,677**
Taxes on income paid		(585,409)	788,789
Net cash flows arising from operating activities		**34,033,165**	**125,921,466**
Cash flows arising from investing activities			
Acquisition of financial investments		(3,283,932)	(4,970,210)
Net cash flows arising from investing activities		**(3,283,932)**	**(4,970,210)**
Net cash flows arising from financing activities			
Reimbursement of bonds and subordinated debt		**(1,444,576)**	(3,874,689)
Net cash flows arising from financing investments		**(1,444,576)**	**(3,874,689)**
Net changes in cash and cash equivalents		**29,304,657**	**117,076,567**
Cash and cash equivalents at the beginning of the period		**186,111,981**	**215,416,638**
Net changes in cash and cash equivalents		29,304,657	117,076,567
Cash and cash equivalents at the end of the period		**215,416,638**	**332,493,205**
Cash and cash equivalents includes:			
Cash	4	16,117,014	23,568,686
Loans and advances to central banks	4	174,871,434	198,542,627
Loans and advances to credit institutions	5	24,428,190	110,381,892
Total		**215,416,638**	**332,493,205**

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

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Note 1. INTRODUCTION

Banco Millennium Atlântico, S.A., which also uses the brand ATLANTICO (hereinafter referred to as "Bank" or "ATLANTICO"), was incorporated by Public Deed on 31 August 2006. Through communication of Banco Nacional de Angola (hereinafter also referred to as "BNA") dated 6 November 2006, ATLANTICO was authorized and definitively registered as ATLANTICO, and started its business activity on 17 November 2006. ATLANTICO operates and has its head office in Angola, at Rua do Centro de Convenções de Talatona, Via S8, GU05B, Edifício ATLANTICO, Bloco 7/8, Bairro Talatona, Distrito Urbano da Samba, Luanda.

The Bank is dedicated to obtaining resources from third-parties in the form of deposits or other, which applies, together with its own resources, in the granting of loans, in deposits at BNA, in investments in credit institutions, in the acquisition of securities and other assets, for which it is duly authorised. The Bank also provides other bank services and performs various types of transactions in foreign currency through a network, as at 31 December 2020, of 101 branches and 25 Customer service points (31 December 2019: 103 branches and 27 Customer service points).

Regarding the shareholder structure, as detailed in Note 20, the Bank is owned mainly by private Angolan shareholders.

In May 2016, the former Banco Privado Atlântico entered into a merger by incorporation with Banco Millennium Angola, creating Banco Millennium Atlântico. For accounting purposes, the merger produces effects on 1 January 2016.

Note 2. ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

In accordance with the provisions of Notice No. 5/2019 of 30 August, from Banco Nacional de Angola, the individual financial statements of Banco Millennium Atlântico, S.A., (Bank or ATLANTICO) are prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IAS/IFRS).

IAS/IFRS include accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and their predecessor bodies.

The individual financial statements of Banco Millennium Atlântico, S.A, presented herein relate to the period ended 31 December 2020. In accordance with the legislation in force, the Bank prepares and presents separate consolidated financial statements.

The accounting policies presented in this Note were applied consistently with those used in the financial statements as at 31 December 2019.

The financial statements are expressed in thousands of Kwanzas (thousands of AOA) rounded to the nearest thousand. These were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, namely financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss.

The preparation of financial statements in accordance with IAS/IFRS requires the Bank to make judgements and estimates and to use assumptions that affect the application of accounting policies and the amounts of income, expenses, assets and liabilities. Changes in such assumptions or differences between them and reality may have an impact on current estimates and judgements. Areas that involve a higher level of judgement or complexity, or where assumptions and significant estimates are used in the preparation of the financial statements are analysed in Note 3.

For the periods ended 2017 and 2018, the Associação Angolana dos Bancos (ABANC) and Banco Nacional de Angola (BNA) issued their interpretation that the full requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies (IAS 29) for the Angolan economy to be considered as hyperinflationary were not met. Accordingly, the Bank's Board of Directors decided not to apply the provisions in IAS 29 in its financial statements at those dates or at 31 December 2019 and 2020, in respect of the opening balances and adjustments that result from the application of the provisions in IAS 29 when an economy ceases to be hyperinflationary. In the period ended 31 December 2019, considering that the cumulative inflation indicator for the years 2017, 2018 and 2019 is less than 100%, and given that no other significant adverse effects have occurred, it is possible to consider that Angola ceases to be considered a hyperinflationary economy in 2019. Therefore, IAS 29 ceases to be applied, prospectively, for periods beginning on 1 January 2019.

The Bank's financial statements for the period ended 31 December 2020 were approved by the Board of Directors on 27 April 2021.

2.2. COMPARABILITY OF THE INFORMATION

The Bank adopted the standards whose application is mandatory for periods beginning on or after 1 January 2020. The accounting policies were applied consistently and are consistent with those used in the prior year financial statements.

The requirements presented by IAS/IFRS are generally applied retrospectively, by adjusting the opening balance sheet to the date of initial application.

2.3. TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are translated into the functional currency (Kwanza) at the exchange rate published on the date of the transaction.

Monetary assets and liabilities expressed in foreign currency are converted into the functional currency at the exchange rate published by the BNA at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement under Net gains/(losses) arising from foreign exchange differences (Note 26).

Non-monetary assets and liabilities expressed in foreign currency and recorded at historical cost are converted to the functional currency at the exchange rate published on the date of the transaction. Non-monetary assets and liabilities recorded at fair value are translated into the functional currency at the exchange rate published on the date the fair value is determined and recognised against the income statement, except for those recognised in financial assets at fair value though other comprehensive income, whose difference is recorded against equity.

The reference exchange rates of the Kwanza against United States Dollar (USD) and Euro (EUR) were as follows:

Currency	31-12-2019	31-12-2020
AOA/USD	482.227	649.604
AOA/EUR	540.817	798.429

2.4. LOANS AND ADVANCES TO CUSTOMERS AND ACCOUNT RECEIVABLES

Loans and advances to Customers and account receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market and are not intended to be sold in the short term. These categories include loans granted to Customers, cash and cash equivalents, other loans and advances to credit institutions and other receivables that are not traded in an active market. These are recorded by the contracted amounts, when originated by the Bank, or by amounts paid, when purchased from other entities.

Loans and advances to Customers and account receivables are initially accounted for at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method and are presented in the balance sheet net of impairment losses. Interest calculated at the effective interest rate is recognised in Net interest income on a straight-line basis.

Loans and advances to Customers and account receivables are derecognised from the balance sheet (write-offs) when (i) the contractual rights of the Bank to their respective cash flows have expired, (ii) the Bank transferred substantially all associated risks and rewards of ownership, or (iii) notwithstanding the fact that the Bank may have retained part, but not substantially all the associated risks and rewards of ownership, control over the assets was transferred.

2.5. FINANCIAL INSTRUMENTS

Classification, initial recognition and subsequent measurement

In accordance with IFRS 9 – Financial instruments, financial assets can be classified into three categories with different measurement criteria:

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

The classification of assets depends on the characteristics of the contractual cash flows and the business model related to them.

With regards to the characteristics of contractual cash flows, the criterion is to assess whether these reflect Solely Payments of Principal and Interest (SPPI).

Business model

The standard identifies two relevant business models for the Bank's activity:

- Business model whose purpose is to hold the asset to collect its contractual cash flows "Hold to collect"; and,
- Business model whose purpose is both to collect contractual cash flows and to sell the financial assets "Hold to collect and sell".

— A debt financial instrument that (i) is managed under a business model whose purpose is to held financial assets in the portfolio and receive all of its contractual cash flows and (ii) has contractual cash flows on specific dates corresponding to solely payments of principal and interest on the outstanding principal – should be measured at amortised cost, unless it is designated at fair value through profit and loss under the fair value option – "Hold to collect".

— A debt financial instrument that (i) is managed under a business model whose purpose is both to collect its contractual cash flows and the sale of financial assets and (ii) contains contractual clauses that give rise to cash flows corresponding to solely payments of principal and interest on the outstanding capital – should be measured at fair value through other comprehensive income (FVOCI), unless it is designated at fair value through profit and loss under the fair value option – "Hold to collect and sale".

— All other debt financial instruments should be measured at fair value through profit and loss (FVTPL).

The Bank assessed its business models based on a wide set of indicators, including its business plan and current risk management policies.

The Bank conducted an assessment of the business model in which the financial instrument is held, at a portfolio level, as this approach reflects the best way in which assets are managed and how the information is made available to management bodies. The information considered in this assessment includes:

- Policies and goals established for the portfolio and the practical operability of these policies. In particular, how the management strategy focuses on receiving contractual interest, keeping a certain interest rate profile, adjusting the lifetime of financial assets to the lifetime of liabilities that sponsor these assets or generating cash flows through the sale of the assets;
- How the portfolio's performance is assessed and reported to the Bank's management bodies;
- Assessing the risks that affect the performance of the business model (and of the financial assets held under this business model) and how these risks are managed;
- The remuneration of business managers – e.g. the extent to which the compensation depends on the fair value of assets under management or contractual cash flows received; and
- Frequency, volume and periodicity of sales in previous periods, the reasons for such sales and the expectations about future sales. However, sales information should not be considered separately, but as part of an overall assessment of how the Bank sets goals for managing financial assets and how cash flows are obtained.

Other business models

This model includes all portfolios managed in ways other than "Hold to collect" or "Hold to collect and sale" and includes particularly portfolios that:

- Are managed with the objective of generating cash flows through sale;
- Are managed, and whose performance is evaluated, on a fair value basis; or
- Meet the definition of held for negotiation.

The performance of financial assets that fall within these models is assessed on a fair value basis, and are measured at fair value through profit and loss as they are neither held to collect contractual cash flows nor held to sell such financial assets.

Assess if contractual cash flows correspond solely to payments of principal and interest (SPPI)

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the compensation for the time value of money, the credit risk associated with the outstanding amount over a given period of time and for other risks and costs associated to the activity (e.g. liquidity risk and administrative costs), as well as a mark-up rate.

In the assessment of financial instruments in which contractual cash flows relate exclusively to the payments of principal and interest, the Bank considered the original contractual terms of the instrument. This assessment included the analysis of existing situations in which the contractual terms can change the periodicity and the amount of cash flows which fail to comply with the SPPI condition. In the assessment process, the Bank considered:

- Contingent events that may change the periodicity and amount of cash flows;
- Leverage characteristics;
- Prepayment and maturity extension terms;
- Provisions that may restrict the Bank's right to claim cash flows relating to specific assets (e.g. non-recourse loans); and
- Characteristics that may change time-value compensation of money (e.g. periodic resetting of interest rates).

As previously mentioned, the "Hold to collect" business model establishes quantitative thresholds based on past experience in order to evaluate the frequency and materiality of sales.

The threshold for frequency is defined according to the number of transactions in a given period. The threshold for materiality is defined according to the weight of the book value of the asset to be disposed over the total portfolio.

The standard provides that sales may occur without it being necessary to change the business model, as long as the thresholds defined by the Bank of frequent and significant sales, close to maturity or due to deterioration of credit risk are not exceeded.

For the period ended 31 December 2020, the sales of financial assets classified in this business model exceed the thresholds defined by the Bank. The number of sales is related to the need for the Bank to adjust its short foreign exchange position within regulatory limits, in compliance with the provisions imposed by BNA under Notice no. 14/2019, of 29 November and joint Directive no. 07/DSB/DRO/DMA/2018, of 02 January (Notice no. 06/2018 of 15 August / Notice no. 12/2018 of 03 December and Directive no. 05/DSB/BRO/DMA/2018, both until January 2019). For this purpose, the Bank submitted to the BNA an exchange rate reset plan, mainly providing for the gradual disposal of the portfolio of treasury bonds indexed to the US dollar and non-indexed.

Accordingly, although the transactions have exceeded the thresholds of the "Hold to Collect" business model, due to the fact that they were carried out under the currency reset plan agreed between the Bank and the BNA, in order to reduce the Bank's short foreign exchange position and comply with the regulatory foreign exchange position requirements, the Bank considers that these sales are within the framework and infrequent and therefore do not represent sufficient grounds to consider changing the business model originally defined for these assets at their origination.

With regards to the other financial instruments, namely equity instruments and derivatives, these are by definition classified at fair value through profit and loss. For equity instruments, there is an irrevocable option to designate that all fair value changes are recognised in other comprehensive income, in which case only dividends are recognised in profit and loss as long as they do not clearly represent a recovery of part of the investment cost as the gains and losses are not reclassified to profit and loss even when they are derecognised.

Reclassification

Financial assets are not reclassified after their initial recognition, except for the period after the Bank changes its business model to the management of financial assets. Financial assets are reclassified to other categories only if the business model used in their management changes. In such case, all affected financial assets are reclassified. The reclassification is applied prospectively from the date of reclassification, and no gains, losses (including impairment losses) or previously recognised interest are restated. Financial assets, at the date of their reclassification, are measured at fair value.

Reclassification of investments in equity instruments measured at fair value through other comprehensive income or financial instruments designated at fair value through profit and loss, is not allowed.

Reclassification of financial liabilities are not allowed.

Derecognition

i. The Bank derecognises a financial asset when, and only when:

- The contractual rights to the cash flows from the financial asset expire; or
- It transfers the financial asset as set out in (ii) and (iii) and the transfer qualifies for derecognition in accordance with (iv).

ii. The Bank transfers a financial asset if, and only if, one of the following situations occurs:

- It transfers the contractual rights to receive the cash flows of the financial asset; or
- Retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions in (iii).

iii. When the Bank retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), the Bank treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;

- The Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and

- The Bank has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, it is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

iv. When the Bank transfers a financial asset (see ii above), it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:

- If the Bank transfers substantially all the risks and rewards of ownership of the financial asset, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer;

- If the Bank retains substantially all the risks and rewards of ownership of the financial asset, it shall continue to recognise the financial asset;

- If the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset. In this case:

  a) If the Bank has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer; and

  b) If the Bank has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

v. The transfer of risks and rewards is evaluated by comparing the Bank's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset.

vi. Whether the Bank has retained control (see iv above) of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the entity has not retained control. In all other cases, the entity has retained control.

Assets pledged as collateral by the Bank through repurchase agreements and other transactions are not derecognised because the Bank holds substantially all the risks and rewards based on the pre-specified repurchase price and therefore the derecognition criteria are not met.

Financial liabilities are derecognised when the underlying obligation is discharged or cancelled or expires.

Modification of loans

In some circumstances, the Bank renegotiates or modifies the contractual cash flows of loans and advances to Customers. In such cases, the Bank assesses whether the new terms of the contract are substantially different from the original terms. The Bank performs this analysis considering, among others, the following factors:

- Whether the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to an amount the borrower is expected to be able to pay;

- Whether any significant new terms have been introduced, such as profit-sharing or equity-based returns, that substantially affect the risk profile of the loan;

- Significant extension of the loan term when the borrower is not in financial difficulty;

- Significant change in the interest rate;

- Change in the currency in which the loan was contracted; and

- Inclusion of collateral, securities or other credit enhancement which significantly affects the credit risk associated with the loan.

If the terms of the contract are substantially different, the Bank derecognises the original financial asset and recognises a new asset at fair value and calculates its new effective interest rate. The date of renegotiation is considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new recognised financial asset is impaired at initial recognition, especially where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are recognised in profit and loss, as a derecognition gain or loss.

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

After the modification, the Bank may determine that the credit risk has improved significantly and that the assets have moved from Stage 3 to Stage 2 (lifetime ECL) or from Stage 2 to Stage 1 (12-month ECL). This situation can only occur when the performance of the modified asset is in line with the new terms of the agreement during a period of twelve consecutive months. Additionally, the Bank continues to monitor whether there has been a significant increase in credit risk on these assets, applying specific models for modified assets.

Impaired financial assets

A financial asset is impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred. Financial assets impaired are referred to as Stage 3 assets. The Bank has adopted the internal definition of non-performing loans as a criterion for identifying credits under Stage 3. The internal definition of non-performing loans is governed by objective and subjective criteria and is used for the Bank's credit risk management.

Purchased or originated credit impaired (POCI)
Purchased or originated credit-impaired financial assets (POCI) are treated differently as these are "impaired". For these assets, the Bank, upon its initial recognition under Stage 3, records the asset at the net amount of the expected loss.

In subsequent measurement, an ECL with a lifetime PD is always calculated and its changes are recorded in the income statement. The associated interest is calculated by applying the effective interest rate to the net book value of the asset.

Asset write-off policy
The Bank recognises a loan written off from assets when it has no reasonable expectations of recovering the full amount. This recording occurs after all actions undertaken by the Bank have proved unsuccessful.

Loans written off from assets must be subject to periodic reconciliation to control the amount included in off-balance sheet accounts, where, in accordance with legal requirements, they must remain recorded for a minimum of 10 years and as long as all collection procedures have not been exhausted.

Guarantees provided and irrevocable commitments

Liabilities for guarantees and irrevocable commitments are recorded under off-balance-sheet items at their fair value, with interest, commissions or other income being recorded in the income statement over their maturity period.

Performance guarantees are initially recognised at fair value, which is usually evidenced by the amount of commissions received over the contract period. Upon the breach of contract, the Bank has the right to revert the guarantee, and the amounts are recognised in Loans and advances to Customers after the loss compensation is transferred to the collateral taker.

Financial assets measured at amortised cost
The Bank measures a financial asset at amortised cost if it meets, simultaneously, the following requirements and is not recorded at FVTPL (use of the Fair Value Option):

- The financial asset is held in a business model whose main purpose is to hold the asset to collect its contractual cash flows (HTC – Held to collect); and

- Its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI – Solely Payments of Principal and Interest).

These instruments are initially recorded at fair value and subsequently valued at amortised cost, based on the effective interest rate method and are subject to impairment tests.

Included in this category are debt securities, loans and advances to Customers and other loans and advances to credit institutions and other account receivables.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity and debt instruments that are recorded at fair value at the time of their initial recognition. Gains and losses on subsequent fair value variation are recorded in a specific equity caption referred to as Accumulated comprehensive income reserve until its sale where they are reclassified to profit and loss for the period, except for equity instruments that are reclassified to retained earnings.

Interest is calculated using the effective interest rate method and recorded in the income statement under Interest and similar income.

Income from variable-income securities is recognised in the income statement under Income from equity instruments (Dividends) at the date these are allocated. According to this criteria, prepaid dividends are recorded as income for the period in which its distribution is approved.

Financial assets and liabilities at fair value through profit and loss
All financial assets that are not measured in accordance with the methods described above are measured at fair value through profit and loss. In addition, at initial recognition, the Bank may irrevocably classify a financial asset, which otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income and at fair value through profit and loss, if the classification significantly eliminates the accounting mismatch that would otherwise exist (Fair Value Option).

Debt instruments whose contractual cash flow characteristics do not comply with the SPPI criteria, and that would otherwise be measured at amortised cost or at fair value through other comprehensive income, are mandatorily measured at fair value through profit and loss.

Financial assets and liabilities at fair value through profit and loss and other financial assets at fair value through profit and loss are initially recognised at fair value. Gains and losses arising from the subsequent fair value variation are recognised in the income statement.

The Bank uses the fair value hierarchy, with three levels in the valuation of financial instruments (assets or liabilities), which reflects the level of judgement, the observability of the data used and the importance of the parameters applied in determining the fair value of the instrument, in accordance with the provisions of IFRS 13 (Note 38).

Gains and losses generated by the subsequent valuation recorded in the income statement, under Gains/(losses) arising from financial assets and liabilities measured at fair value through profit and loss. Interest is reflected under the caption Interest and similar income.

Financial assets at fair value through profit and loss include variable-income securities acquired with the aim of generating gains from short-term fluctuations in market prices. Trading derivatives with net value receivable (positive fair value) and options purchased are included in the financial assets at fair value through profit and loss. Trading derivatives with a net value payable (negative fair value) and options sold are included in the financial liabilities at fair value through profit and loss.

Shares
The Bank classifies under Financial assets and liabilities at fair value through profit and loss the shares held in collective investment undertakings (Investment Funds) managed by management companies of collective investment undertakings (Management Company) certified by the Capital Market Commission (CMC) of Angola, when applicable.

i. Classification and measurement

When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either:

a) At cost;

b) At fair value, in accordance with IFRS 9, where applicable; or

c) Using the equity method as described in IAS 28.

The Bank has elected the second option and has applied the same accounting method consistently to all investments in the same category.

On acquisition, the Bank records these assets at their purchase price, determined by the Management Company, based on accepted financial techniques for determining the fair value of the assets in portfolio, in accordance with the type of investment fund.

ii. Subsequent measurement

The Bank determines the fair value of the shares by multiplying the number of shares held in each Fund by the share price/quotation and the closing price/quotation is updated and made available on a daily and monthly basis by the Management Company.

In order to assess and validate the fair value, the Bank uses valuation techniques that consider the specificity and type of each Investment Fund (Property, Real Estate or other), namely:

- Analysis of the accounting policies and valuation models (determining the fair value) of the investment portfolios held by these investment funds;
- Analysis of the opinions issued by independent auditors on the financial statements of investment funds, checking relevant matters with a potential impact on the price of shares, and
- Analysis of the suitability of the criteria and methodologies used by the Management Company to value the investment portfolio in accordance with the market's regulatory requirements.

The gains and losses arising from changes in the market value or fair value of shares are recorded in the income statement under Net gains/(losses) arising from financial assets and liabilities at fair value through profit and loss (Note 24).

Other credit-risk assets
The impairment of assets that relate to advances, promissory contracts of purchase and sale and other amounts due is determined based on a similar methodology to that used for Loans and advances to Customers. The impairment established for these assets is determined by the credit risk of the counterparty resulting from its financial capacity, the exposure at risk and the contractual features binding the balances, including the term in which they are expected to be received and the applicability of interest rate during the collection period.

When the same borrower has balances simultaneously under loan agreements and under this type of asset, impairment is calculated considering the total exposure, both on an individual or collective basis.

Notwithstanding the discount applicable to those assets through calculation of the current contract value, the balances related to real estate promissory contracts follow a specific impairment calculation methodology based on the following elements:

- Contract seniority;
- Date of the last payment; and
- Percentage of the contract value paid, resulting in a maximum 25% impairment rate on the contract value after discounting the adjustment of the present value and the valuation value of the real estate asset underlying the contract after haircuts (the haircuts defined for non-current assets held for sale, in Directive No. 13/DSB/DRO/2019, are applied).

If the rate resulting from this determination process is lower than the impairment rate determined in the loan agreements (should this exposure be applicable to the borrower) the impairment rate of the loan is applied.

Promissory Contracts for Purchase and Sale (CPCV in the Portuguese version)
i. Recognition of promissory contracts of purchase and sale (CPCV)

For the recognition of real estate CPCV, the Bank has defined and consistently applies an accounting policy in line with the relevant regulatory and legal framework, based on the following principles:

- CPCV comply with the requirements for recognition of contracts with borrowers; and
- The transfer of control of the property to the promissory purchaser is fulfilled upon completion of the CPCV, which establishes the immediate taking of ownership of the asset by the promissory purchaser, transferring to him/her all the risks and rewards inherent to the asset.

Accordingly, the property is derecognised for recognition of the related contract with the borrower – account receivable – and corresponding capital gains resulting from the sale of the property (when applicable).

The capital gains are calculated as the difference between the historical cost and the sale value agreed upon the conclusion of the CPCV.

Considering the principles established by the accounting policy, the Bank only recognises the value of the contract after the requirements previously mentioned have been fulfilled, therefore recording the gains in accordance with IFRS 15.

ii. Impairment losses on CPCV

In accordance with the real estate assets profitability policy approved by the Bank, it is not expected that in the moment subsequent to a CPCV cancellation event the underlying asset would remain on the Bank's balance sheet as a non-current asset held for sale. However, the policy conservatively assumes that this will occur for the purposes of defining the applicable haircut, using that defined by Banco Nacional de Angola to determine what would be a maximum loss associated with a failure to perform the contract in accordance with its terms.

Sale transactions with repurchase agreement
Securities sold under repurchase agreements are held in the portfolio where they were originally recorded. The funds received are recorded as liabilities, on the settlement date, and the interest payable is accrued.

Impairment losses
IFRS 9 defines that the concept of impairment based on expected losses be applied to all financial assets other than financial assets measured at fair value through profit and loss and equity instruments measured at fair value through equity. Thus, when determining the ECL, macroeconomic factors are considered, whose changes impact the expected losses.

The Bank applies the concept of expected credit losses of IFRS 9 to financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, off-balance sheet exposures, finance leases, other account receivables, financial guarantees and loan commitments not recorded at fair value.

There are two methods for calculating impairment losses: i) individual analysis and ii) collective analysis.

The Bank measures the expected loss on an individual or collective basis for portfolios of financial instruments that share similar risk characteristics. The measurement of impairment losses is based on the present value of the expected cash flows of the asset using the asset's original effective interest rate, whether measured individually or collectively.

The objective of individual analysis is to ensure a more careful analysis of the status of Customers with exposures considered individually significant in the Bank. The materiality of the exposures is determined by reference to qualitative and quantitative criteria reflecting the size, complexity and risk associated with the portfolio.

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

The analysis of each Customer/economic group, as well as the existence of impairment losses, should consider, among others, the following factors:

- Contractual aspects, by assessing potential non-compliance with contractual terms, or the existence of loans restructured due to Customers' financial difficulties
- Financial aspects, by assessing the potential reduction in gross revenues, or net income;
- The evaluation of guarantees received, including their nature, effective formalisation, valuation and degree of coverage;
- Other aspects, by assessing potential instability in the management/shareholder structure, or the existence of insolvency proceedings.

In order to identify individually significant exposures, the Bank defined the amount of the institution's own funds as the benchmark for the identification of significant exposures. The criteria defined by the Bank for identifying individually significant customers or economic groups comply with the following assumptions:

- Customers/economic groups for which there is evidence of a significant increase in credit risk or objective evidence of impairment: 0.5% of the amount of the institution's own funds;
- Customers/economic groups for which there is no evidence of a significant increase in credit risk or objective evidence of impairment: 2% of the amount of the institution's own funds.

The materiality criteria adopted by the Bank ensure that portfolio coverage by individual analysis is above 70% of the value of credit exposure recorded in the Bank's assets, for a group of approximately 100 different Customers.

The adoption of the materiality criteria recommended in Instruction no. 8/2019 of 27 August would define the need for individual analysis for an additional set of approximately 50 Customers obtaining only a 10-p.p. increase in coverage. ATL considered that the operational effort involved in the analysis of these Customers is disproportionate to the estimated additional impact on the quality of the impairment calculation process and the calculated impairment amount.

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

For the remaining segments of the loan portfolio, and for the individually significant exposures that do not show signs of impairment, the Bank carries out a collective analysis to determine impairment losses.

The ECL determination to be applied depends on the allocation of the contract to one of three stages. At the initial recognition stage, each contract is allocated to Stage 1 (with the exception of Contracts Purchased or Originated with Objective Evidence of Loss: Purchased or Originated Credit-Impaired – POCI).

For each of the subsequent reporting dates, it is necessary to perform an analysis to the variation in the default risk from that date to the expected maturity of the contract.

The expected loss for credit risk is an estimate weighted by the probability of the present value of the credit losses. This estimate results from the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of several future macroeconomic scenarios discounted at the interest rate of the financial instruments.

Instruments subject to impairment calculation are divided into three stages considering their credit risk level, as follows:

- Stage 1: no significant increase in credit risk since its initial recognition. In this case, impairment losses will correspond to expected credit losses resulting from default events that may occur within 12 months after the reporting date;
- Stage 2: instruments in which there is a significant increase in credit risk since its initial recognition, however no objective evidence of impairment exists. In this case, impairment losses will correspond to expected credit losses resulting from default events that may occur over the expected residual life of the instrument;
- Stage 3: instruments for which there is objective evidence of impairment losses as a consequence of events that resulted in losses. In this case, the amount of impairment will reflect expected credit losses over the expected residual life of the instrument.

With the exception of purchased or originated with credit-impaired financial assets (POCI), impairment losses must be estimated in accordance with the following criteria and by an amount equal to:

- Expected loss on a 12-month credit risk, i.e. estimated total loss resulting from events of default of the financial instrument that may occur within 12 months after the reporting date (referred to as Stage 1); or
- Expected loss for credit risk to maturity, i.e. expected loss that is obtained through the difference between the contractual cash flows and the cash flows the entity expects to receive by the maturity of the contract, resulting from all possible default events over the life of the financial

instrument (referred to as Stage 2 and Stage 3). A provision for an expected credit loss to maturity is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition or if the financial instrument is impaired.

IFRS 9 – Financial instruments fails to define a concept of default. However, the Bank has chosen to update its internal default definition by introducing a set of criteria to reflect a more forward-looking model for the recognition of expected losses on financial assets. For an operation to be classified in default, it is only necessary that one of the criteria is met. A given transaction/customer will cease to be flagged as default if it no longer meets the relevant entry criteria and upon completion of the relevant quarantine period, which varies in accordance with the criteria for flagging the transaction as being at risk of default:

- Transactions overdue for more than 30 days – 12 months (if the materiality criterion is not checked, there is no quarantine period);
- Transactions restructured due to financial difficulties that do not fall within Stage 3 criteria – 24 months (if the transaction has not been delayed by more than 30 days and, the capital exposure after 24 months from the origination date is less than 80% of the initial exposure; otherwise, a further 24-month quarantine is applied);
- Principal and/or interest written off from assets – 12 months.

Impairment requirements of IFRS 9 are complex and require management decisions, estimates and assumptions, particularly in the following areas:

- Assessment of an increase in significant risk since the moment of initial recognition; and
- Incorporation of forward-looking information in the calculation of Expected Credit Loss (ECL).

ECL Calculation

ECLs are weighted estimates of credit losses that will be determined as follows:

- Financial assets with no signs of impairment at the reporting date: the present value of the difference of all cash shortfalls (i.e. the difference between the cash flows due to the Bank under the contract and the cash flows the Bank expects to receive);
- Financial assets with impairment signs at the reporting date: the difference between the gross book value and the present value of the estimated cash flows;
- Unused loan commitments: the present value of the difference between the resulting contractual cash flows that are due to the Bank if the commitment is fulfilled and the cash flows that the Bank expects to receive;
- Financial guarantees: the present value of expected repayments less the amounts that the Bank expects to recover.

The concept supporting the Bank's approach for the determination of impairment losses on loans subject to collective analysis is the definition of homogeneous segments that consider the quality of its assets and the characteristics of credit/Customer risk. The Bank's impairment model considers firstly,non-significant Customers or, individually significant Customers classified in Stage 1 (after individual analysis), which are included in homogeneous segments with similar credit risk, considering the Bank's management model, and subject to the determination of impairment on a collective basis.

For the purpose of determining impairment losses for loans assessed on a collective basis, as mentioned above, and in accordance with the regulatory requirements set out in number 11 of Instruction no. 08/2019 of 27 August, on impairment losses for the loan portfolio, exposures must be grouped by homogeneous groups considering the quality of their assets/credit risk characteristics. The Bank's impairment model divides corporate customers by sector of economic activity and private Customers by credit product.

Accordingly, the Bank ensures that for the purposes of analysing these exposures and determining the risk parameters (PD and LGD), these have similar risk characteristics. Each segment is set up based on assumptions of statistical materiality (in order to estimate its risk profile) and relevance or adequacy to the various processes related to the Bank's credit risk management.

Based on the segmentation defined, the risk parameters that enable the expected loss to be quantified were determined, namely, the probability of the transaction/Customer going into default (PD) and the estimated losses for that transaction/Customer after default (LGD).

In accordance with IFRS 9, the Bank has developed ECL lifetime for financial assets as the present value of the difference between (1) the cash flows to which the entity is entitled under the agreement, and (2) the cash flows that the entity expects to receive. For assets that are not in default, the same principle applies.

The Bank defined the 12-month ECL as the portion of ECL lifetime that represents the expected credit losses that result from default events that may occur within 12 months after the reporting date. Accordingly, this principle applies to assets that are not in default.

The current methodology in the Bank defines that, for assets in default, the lifetime ECL is obtained through the loss value given the default, depending on the elapsed time since the asset entered in default.

With regard to the balances recorded under Cash and deposits at central banks (Note 4), Loans and advances to credit institutions repayable on demand (Note 5), Financial assets at amortised cost (Note 8) and Other loans and advances to central banks and credit institutions (Note 10), an analysis of expected losses is made in accordance with the following assumptions:

- For the balances recorded under Cash and deposits at central banks (Note 4) the Loss Given Default (LGD) is considered to be null since there are no risks of recovery, and no impairment is estimated, in accordance with Directive No. 13/DSB/DRO/2019, of 27 December 2019, of the BNA – Guidelines on the Recommendations for Implementation of the Asset Quality Review (AQA) Methodologies for the 2019 financial year;
- For the balances recorded under Loans and advances to credit institutions repayable on demand (Note 5), the entity's rating is verified, or, if not available, the rating of the country where it is headquartered. In accordance with Directive no. 13/DSB/DRO/2019, a Probability of Default (PD)

equivalent to 1/12 (one twelfth) of the twelve-month PD is considered taking into account the counterparty's rating (or the country where the counterparty is headquartered if it has no rating) and an LGD of 60% for all counterparties that have not significantly increased their credit risk;

- For the balances recorded under Financial assets at amortised cost (Note 8) relating to Angolan public debt securities in national and foreign currency, the PD for sovereign debt of the rating associated with the Angolan State obtained through Moody's study "Sovereign default and recovery rates, 1983-2019" and the LGD associated with the sovereign default events occurred, indicated in the same study, in accordance with Directive no. 13/DSB/DRO/2019, is considered;

- For the balances recorded under Other loans and advances to central banks and credit institutions (Note 10), the entity's rating is verified, or, if not available, the rating of the country where it is headquartered. In accordance with Directive no. 13/DSB/DRO/2019, a 12-month PD is considered taking into account the counterparty's rating (or the country where the counterparty is headquartered if it has no rating) and an LGD of 60% for all counterparties that have not significantly increased their credit risk;

In addition, and notwithstanding the above, a 0% LGD is considered for the portfolio of cash and cash equivalents and investments made with the Banco Nacional de Angola, in accordance with Directive no. 13/DSB/DRO/2019.

Despite the requirements set out in Directive No. 13/DSB/DRO/2019 regarding the use of PDs per rating contained in Moody's publication, the Bank considers a minimum PD of 0.03% in line with best practices.

Significant increase in credit risk

The stage 2 rating is based on the observation of a significant increase in the credit risk level. Since the standard does not determine how to measure this significant increase, the Bank estimates it by comparing the residual Lifetime Forward-Looking PDs at the reporting date with those estimated in the agreement, for the same residual maturity.

The Bank's impairment model provides for a significant increase in the level of credit risk for sovereign risks, supranational entities and financial institutions with ratings assigned by international agencies, and it occurs when the following triggers are met:

- When a downgrade of more than two notches is observed in at least two rating houses in the period elapsed since the origination date of the asset; or

- When there is a default of credit obligations by that counterparty in a period longer than 30 days (activation of the internal rating scale, T1).

Once the significant increase in risk has been determined, the minimum monitoring period is 12 months, irrespective of any rating upgrade during that period, and the impairment rate cannot be reduced during that period.

The remaining borrowers, although classified with internal rating, are not yet considered to have sufficient maturity and amplitude of application of the internal rating models to consider that variable (defined as T1) in determining the significant increase in credit risk, and therefore the objective criteria established for the attribution of stage are applied.

The rating and scoring model defined by the Bank objectively describes the input, materiality and contamination criteria for a given exposure to be classified as having a significant increase in credit risk from the time of its initial recognition, as well as the monitoring period.

The methodology for calculating impairment defined by the Bank provides for an exception in the significant increase in credit risk for the Angolan State, applicable to the security AOTNME710D15, for which the origination of the full nominal amount resulted from the BNA's decision in December 2015, framed by Executive Decree no. 547/15, of 6 October, Order no. 406/15, of 7 December, of the Ministry of Finance, of Instruction no. 19/2015, of 2 December, and of Directive no. 7/DMA/DSP/2015 of 10 December, to translate 80% of the amount that the commercial banks had deposited with the BNA for compliance with the reserve requirements in foreign currency, into Angolan public debt securities issued in United States Dollars. The Bank defined that, by equivalence with the methodology applicable to cash and cash equivalents deposited with the BNA, the impairment to be established for the exposure represented by this security is null, as an LGD of 0% is considered. On this exception, it is also noted that in February 2021 the Associação Angolana dos Bancos (ABANC) sent a letter to the BNA informing that, in view of the fact that the securities concerned continue to be managed by Banks as a financial instrument aimed at safeguarding the obligations established in terms of reserve requirements and the relevant protection of deposits in foreign currency, save for the best opinion of the BNA, it is the understanding of the Bank and of the sector that this debt issue, resulting from the securitisation of reserve requirements, which is temporarily on the balance sheets of the Banks until its maturity scheduled for December 2022, has an LGD of 0%, and no pronouncement contrary to the treatment indicated in such letter is known.

Inputs in ECL measurement

The main inputs used to measure ECLs on a collective basis should include the following variables:

- Probability of Default (PD);

- Loss Given Default (LGD);

- Exposure at Default (EAD);

- Discount rate of cash flows (effective interest rate) (Discount Rate – DR); and

- These parameters will be achieved through internal statistical models and other relevant historical data, tailored to reflect forward-looking information.

PDs will be estimated based on a certain historical period and will be calculated based on statistical models. These models will be based on internal data comprising both quantitative and qualitative factors. If there is a change in the risk of the counterparty or exposure, the estimate of the associated PD will also change.

The risk levels will be a highly relevant input for determining PDs associated with each exposure. The Bank will collect performance and default indicators on its credit risk exposures with analysis by types of Customers and products.

LGD is the extent of the loss that is expected to occur if the exposure goes into default. The Bank estimates LGD parameters based on the historical recovery rates after counterparty defaults. LGD models consider the associated collaterals and the default time.

EAD represents the expected exposure if the exposure and/or the Customer enter into default. The Bank will obtain EAD amounts from the counterparty's current exposure and potential changes to the current allowable amount under contractual conditions, including amortizations and prepayments. For commitments and financial guarantees, the EAD amount considers the credit conversion factor (CCF), which measures the proportion of the off-balance sheet exposure that is converted into equity exposure until the effective date, that is, the prospective potential amount that may be used in accordance with the agreement.

The discount rate to use according to the standard would be the effective interest rate of the contract.

As described above, with the exception of financial assets that consider a 12-month PD once they do not present a significant increase in credit risk, the Bank will calculate the ECL amount considering the risk of default during the maximum contractual period of the contract or, in some specific situations, based on behavioural maturity.

The analysis is updated on a monthly basis. Impairment losses identified are recognised against the income statement. If, in future periods, there is a reduction of the estimated loss, the impairment initially recorded is also reversed against the income statement.

Forward-looking information

According to this new model recommended by IFRS 9, the measurement of expected losses will also require the provision of forward-looking information, including trends and future scenarios, including macroeconomic data. In this context, estimates of expected credit impairment losses will include several macroeconomic scenarios whose probability will be assessed considering past events, the current status and future macroeconomic trends. In addition, IFRS 9 also proposes the identification of alternative scenarios for impairment calculation.

Under IFRS 9, the Bank conducted several correlation tests to incorporate forward-looking information both in its assessment of the significant risk increase and in the measurement of ECL.

A detailed analysis of available macroeconomic data was conducted to determine statistically significant relationships between them and portfolio default rates. Based on this analysis, prospective scenarios were assumed that include, besides the central scenario, best-case and worst-case scenarios. This analysis and consequent incorporation into the impairment model are carried out regularly by the Bank, including identification and testing of other macroeconomic data.

In this context, the Bank used a linear regression model to capture the impact of macroeconomic factors with a significant influence on the probability of default. This model considered three different scenarios: (i) an economic development best-case scenario; (ii) an economic growth best-case scenario; and (iii) a worst-case scenario that included an increase in inflation rates.

Back-testing

Considering the complexity involved in calculating the risk parameters and determining the estimates of impairment loss, so as to ensure the robustness of these elements, the Bank has defined a back-testing process with the aim of ensuring consistency between the estimated parameters (resulting from the calculation process based on historical information) and the observed parameters. This back-testing process must be carried out at least on an annual basis, in line with the regulatory requirements set out in Instruction no. 08/2019 of 27 August.

The back-testing defined, aims to assess the performance of the different risk factors, namely, the base parameters and the calculation assumptions. The proposed methodology consists of the following assumptions:

- Analysis of a sample of transactions comprising the portfolio analysed collectively, on a given reference date;
- The development of the selected sample is monitored for a period of 12 months;
- Subsequently, the evidence resulting from this development is compared with the assumptions used in the model for calculating impairment losses, namely with regard to risk factors.

The PD back-testing methodology aims to assess the difference between the observed PD and the estimated PD (resulting from the calculation process). As the parameter to be applied in the impairment calculation process was estimated based on historical data, it is fundamental to ensure that the difference between them is not significant, therefore the observed PD is calculated for each time period and based on the estimated PD.

The LGD back-testing methodology aims to assess the difference between the recovery value observed in the last 12 months and the estimated LGD (resulting from the calculation process which used the Chain Ladder algorithm). This comparison is made on an aggregate basis and confidence intervals are used for each estimated value.

With respect to the validation of the model/action plan, it may be required, depending on the back-testing results, to carry out corrective measures such as model redevelopment or calibration.

The Bank has set the frequency for monitoring the model and ensuring the improvement and implementation of corrective measures for the inconsistencies that are identified in the validation process.

Financial liabilities

Financial liabilities are mainly composed of deposits from central banks, other credit institutions and Customers' deposits. These liabilities are initially measured at fair value, which normally refers to the consideration received, net of transaction costs, and are subsequently stated at amortised cost, in accordance with the effective interest rate method on a straight-line basis.

Changes in the fair value of financial liabilities arising from changes in the entity's own credit risk are recognised in equity unless this accounting treatment results in an accounting mismatch. Subsequent reclassifications of these changes to profit and loss are not permitted, including on the repurchase of these liabilities.

2.6. EQUITY INSTRUMENTS

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, regardless from its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity.

2.7. PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Property, plant and equipment are recorded at acquisition cost less accumulated depreciation and impairment losses. Costs includes expenses which are directly attributable to the acquisition of goods.

Subsequent costs

Subsequent costs are recognised as a separate asset only when it is likely that future economic benefits will result for the Bank. All other repairs and maintenance expenses are recognised as costs as they are incurred following the accrual principle.

Depreciation

Land is not depreciated. Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Premisses:	25 to 50
Equipment	
Furniture and material	8 to 10
Machinery and tools	4 to 10
IT equipment	3 to 6
Interior facilities	4 to 10
Transport equipment	3 to 4
Security equipment	6 to 15

Whenever there is an indication that an asset may be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount (IAS 36). Impairment losses are recognised in the income statement.

The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of future cash flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

As mentioned in Note 2.11, this caption includes right-of-use assets arising from lease agreements.

2.8. INTANGIBLE ASSETS

Software

The costs incurred with the acquisition of software to third entities are capitalized as well as additional expenses incurred by the Bank necessary for their implementation. These costs are amortised on a straight-line basis over the estimated useful life, which normally corresponds to five years.

Research and development expenditure

Costs directly related to the development of computer applications, whose use can be expected to generate future economic benefits extending beyond one year, are recognised and recorded as intangible assets.

All other charges related to IT services are recognised as costs when incurred.

Goodwill

Goodwill recorded in the financial statements results from the difference between the value defined in the merger of Banco Millennium Angola and the value at which the assets and liabilities of that entity were recorded in the accounts. Goodwill is recognised as an asset and recorded at acquisition cost and is not subject to amortisation.

According to IAS 36, the recoverable amount of goodwill shall be the highest between its value in use (i.e., the present value of the future cash flows expected from its use) and its fair value less costs of sale. Based on these criteria, the Bank performed an evaluation that considers, among others, the following factors:

- An estimate of the future cash flows generated;
- Time value of money;
- A risk premium related with uncertainty; and
- Other factors related with the markets' financial current situation, in particular inflation and exchange rate development and interest rates growth.

The assumptions used for this assessment may change with the change in economic and market conditions.

The review of the assumptions used and the development of macroeconomic and market conditions may result in changes in these assumptions and, consequently, in the recoverable amount of goodwill.

2.9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are accounted in the Bank's financial statements at their historical cost less any impairment losses.

Subsidiaries are entities (including investment funds and securitisation vehicles) controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to the variability in returns resulting from its involvement with that entity and might set hold of them through the power it holds over its relevant activities (de facto control).

Associates are entities over which the Bank has significant influence, but not control over their financial and operating policies. It is assumed that the Bank has significant influence when it holds 20% or more of the voting rights of the investee. If the Bank holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Bank does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Bank is normally demonstrated in one or more of the following ways:

- Representation on the Board of Directors or equivalent governing body;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the Bank and the investee;

• Interchange of the management team; and

• Provision of essential technical information.

Dividends are recorded as income in the period in which the decision to distribute them among subsidiaries and associates is taken.

Impairment losses

The recoverable amount of investments in subsidiaries and associates is reviewed whenever there is evidence of impairment. Impairment losses are determined based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. Impairment losses identified are recorded in the income statement being subsequently reversed, if there is a reduction of the estimated impairment loss, in a subsequent period. The recoverable amount is determined as the highest between the value in use of the assets and the fair value less selling costs, and is calculated using valuation methodologies, supported by discounted cash flow techniques, considering market conditions, time value of money and business risks.

2.10. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non-current asset) and discontinued operations are classified as held for sale when there is an intention to sell the referred assets and liabilities and when the referred assets are available for immediate sale and its sale is highly probable.

The Bank also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, which are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

The Bank also classifies as non-current assets held for sale, the investments held for credit recovery, which are initially measured at the lower of their fair value net of selling costs and the book value of the loan at the date when the recovery occurs or the judicial decision is formalised.

Assets recorded under this caption are not amortised and are measured at the lower of their carrying amount and fair value less costs to sell (at least 5% of the fair value less costs to sell). The fair value of these assets is determined based on periodic valuations performed by independent valuers. Additionally, and in accordance with Directive no. 13/DSB/DRO/2019, this valuation is adjusted based on specific discount rates according to the seniority of the valuation. Whenever the value resulting from these valuations (net of costs to sell) is lower than the book value, impairment losses are recorded under Impairment of other assets net of reversals.

The valuations of this real estate are carried out according to one of the following approaches, applied according to the specific situation of the property:

i. Market Approach

The Market Approach has as reference transaction values of similar and comparable real estate properties to the one studied through market research conducted in the area.

ii. Income Approach

The purpose of this method is to estimate the value of the property from the capitalization of its net income, updated to the present moment, using the discounted cash flow method.

iii. Cost Approach

The Cost Approach is intended to reflect the amount that would be currently required to replace the asset under current conditions, decomposing the value of the property into its fundamental components: Urban Land Value and Urbanity Value; Construction Value; and Indirect Cost Value.

The valuations carried out are conducted by independent valuers. The valuation reports are analysed internally, to assess the adequacy of assumptions, comparing the historical sales values with the revalued values of the properties, in order to keep updated the parameters and valuation processes to the market evolution.

In addition, as these are assets whose fair value level in the IFRS 13 hierarchy corresponds mainly to level 3, given the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Bank carries out internal analyses on the assumptions used, which may imply additional adjustments to their fair value.

Given that circumstances considered unlikely and beyond the Bank's control may occur, the sale of these assets may not be completed until one year after the date of classification. In such circumstances, the Bank remains committed to the plan to dispose of the assets by making efforts, inter alia, such as the engagement of an expert and intermediary agent, active advertising, review of the sale price according to the context so that it is reasonable compared to its current fair value.

When the legal term of 2 years has elapsed without the assets being sold (extendable with the authorisation of the BNA), a new valuation is carried out, aimed at determining the updated market value, with a view to the possible establishment of the corresponding impairment.

2.11. LEASES

In accordance with IFRS 16:

• As lessee, the standard defines a single accounting model, with the recognition of right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments;

• As lessor, the accounting depends on the financial or operational classification.

The Bank has adopted IFRS 16 using the Modified Retrospective approach, which has no impact on equity as, with the exception of prior or accrued lease payments related to that lease recognised in the Balance Sheet immediately before the date of initial application, there are no differences between the right to use the asset and the lease liability at the time of initial recognition (1 January 2019).

Lease definition

The Bank evaluates whether an agreement is or contains a lease on the basis of the lease definition. In accordance with IFRS 16, an agreement is, or contains, a lease if it transfers the right to use an identified asset (the underlying asset) for a specified period of time in return for consideration.

On the commencement date or at the revaluation of an agreement containing a leasing component, the Bank allocates the consideration in the agreement for each leasing component and not the leasing on the basis of its individual relative price. However, for leases in which the entity is a lessee, it has been decided not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

As lessee

From the lessee's point of view, the Bank leases several real estate properties used for the Bank's branches and central services.

As lessee, the Bank previously classified leases as operating or finance leases on the basis of an overall assessment of whether the lease transfers substantially all the risks and rewards associated with ownership of the underlying assets.

The Bank records right-of-use assets under Property, plant and equipment, that is, in the same caption as the underlying assets of the same nature that are its property.

The Bank records lease liabilities under Other liabilities in the Balance Sheet.

The Bank recognises a right-of-use asset and a lease liability at the inception of the lease.

Right-of-use assets
Right-of-use assets are initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurements of lease liabilities. Right-of-use assets are depreciated from the commencement date to the end of the useful life of the underlying asset, or to the end of the lease term if shorter.

Lease liabilities
Lease liabilities are initially measured at the present value of the lease payments to be paid over the lease term, discounted at the implicit rate of the lease or, if the rate cannot be readily determined, at the Bank's incremental financing rate. The Bank generally uses its incremental financing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the expected amount to be paid under a residual value guarantee, or, if appropriate, changes in the assessment of whether a call or renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Judgement in determining the term of the lease
The Bank has applied judgement to determine the lease term of some agreements in which it is the lessee, which include renewal and termination options. The Bank determines the lease term as the non-cancellable period during which it has the right to use an underlying asset together with the periods covered by an option to renew the lease if there is reasonable certainty of exercising that option and the periods covered by a termination option if there is reasonable certainty of not exercising that option.

The assessment of whether the Bank will exercise such options will have an impact on the lease term, which will significantly affect the amount of lease liabilities and right of use assets recognised.

The Bank has the option, namely in property lease agreements, to lease the assets for additional periods of 1 to 5 years. The Bank applies judgement in assessing whether it is reasonably certain to exercise the renewal option, i.e. it considers all relevant factors that create an economic incentive to exercise it or not.

As lessor

When the Bank acts as lessor, at the beginning of the lease it determines whether it should be classified as an operating lease or a finance lease.

In order to classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all the risks and rewards inherent to ownership of the underlying asset. If the lease transfers substantially all the risks and rewards inherent to ownership of the underlying asset, it is classified as a finance lease, otherwise as an operating lease. As part of this assessment, the Bank considers some indicators such as whether the lease is held for most of the economic life of the asset.

Lease agreements are recorded in the balance sheet as loans granted for the equivalent of the net investment made in the leased assets, together with any estimated unsecured residual value. Interest included in rents charged to Customers is recorded as income while capital amortisation, also included in rents, is deducted from the value of the loans and advances to Customers. Recognition of interest reflects a constant periodical return rate over the remaining net investment of the lessor

If an agreement contains both lease and non-lease components, the Bank applies IFRS 15 to allocate the contractual amounts.

Payments made by the Bank under operating lease agreements are recorded as expenses in the periods to which they relate, when applicable.

2.12. TAXES

Income taxes

Income tax recognised in profit and loss comprises current and deferred tax effects. Income tax is recognised in profit and loss, except to the extent that it relates to items recognised directly to reserves in which case it is recognised in reserves. Deferred taxes arising from the revaluation of financial assets available for sale and cash flow hedging derivatives are recognised in equity and are recognised in profit and loss in the moment the results were originated.

Current tax
Current tax is the expected tax payable on the taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Following the publication of Law no. 19/14 of 22 October, which came into force on 1 January 2015, recently amended by Law no. 26/20 of 20 July, the Industrial Tax is subject to provisional assessment in a single instalment to be carried out in August, calculated by applying a rate of 2% on the amount resulting from financial intermediation, calculated in the first six months of the previous fiscal year, excluding income subject to Capital Gains Tax, unless a loss was established in the previous year.

According to the legislation in force, industrial and other tax returns may be subject to revision and correction by the tax authorities within five years following the year to which they relate.

Law no. 26/20 of 20 July has increased the rate of Industrial Tax for activities in the banking sector from 30% to 35%. Moreover, this Law establishes rules with relevant impacts on the determination of taxable profit, such as:

- Costs/income with potential/realised exchange rate changes – In view of the new wording of Articles 13(c) and 14(c) of the Corporate Income Tax Code, as amended by Law 26/20 of 20 July, only realised favourable and unfavourable exchange rate changes are considered as income and costs for tax purposes. In view of the above, the Bank must exclude from the net profit for the period the amounts of potential favourable and unfavourable exchange rate changes recorded in the year.

- Costs with impairment losses on collateralised loans – In view of the new wording of Article 45 of the Industrial Tax Code, as amended by Law no. 26/20 of 20 July, the provisions set up for collateralised loans are not accepted, except for the part not covered.

- Costs with Property Tax – According to the new wording of Article 18(a) of the Corporate Tax Code, as amended by Law no. 26/20 of 20 July, Property Tax is not accepted as a cost deductible from taxable profit.

The assumptions for applying the above rules for the purpose of determining taxable profit are described in Note 3.3.

Deferred tax
Deferred tax assets and liabilities are the amounts of income taxes recoverable or payable in future periods as a result of deductible or taxable temporary differences between the value of assets and liabilities in the balance sheet and their tax base, using the tax rates approved or substantially approved on the balance sheet date and which are expected to be applied when the temporary differences are reversed (IAS 12).

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

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

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

Capital Gains Tax (CGT)
Presidential Legislative Decree no. 2/14 of 20 October, in force since 19 November 2014, reviewed and introduced several legislative changes to the CGT Code, following the Tax Reform project.

CGT is applied generally on income from the Bank's financial investments. The rate varies from 5% (in case of interest, amortization premiums or reimbursement and other forms of remuneration of government securities, bonds, equity securities or other similar securities issued by any company, which are admitted to trading on a regulated market and with a maturity equal or greater than three years) and 15%. Notwithstanding the above, regarding income from government securities, in accordance with the latest understanding of Tax Authorities addressed to ABANC (letter with reference number 196/DGC/AGT/2016 of 17 May 2016), only those arising from securities issued on or after 1 January 2012 are subject to this tax. Furthermore, it should be noted that, according to the position of the Tax Authorities also communicated to ABANC (letter with reference 37/DGC/AGT/2019, dated 15 May 2019), the exchange rate revaluations of public debt securities issued in national currency but indexed to foreign currency, issued since 1 January 2012, should be subject to Industrial Tax.

Furthermore, under the terms of Article 18 of the Industrial Tax Code, the CGT itself is not accepted as a deductible expense for the purposes of determining taxable profit. However, income subject to CGT, as provided for in Article 47 of the Industrial Tax Code, will be deducted from taxable profit.

Special contribution on Foreign Exchange Invisible Current Operations
Special Contribution on Foreign Exchange Transactions of Current Invisibles is levied, at a 10% rate, on transfers made under service agreements of foreign technical or management assistance, governed by the provisions of the respective Regulation, approved by Presidential Decree no. 273/11 of 27 October, as amended by Presidential Decree no. 123/13 of 28 August.

Property tax

Property Tax (IPU/IP)
In 2020, the Property Tax (IPU) was in force until 8 August, as on that date the new Property Tax Code (CIP), approved by Law no. 20/20, of 9 July, came into force.

In this context, until 8 August 2020, the IPU was levied at a rate of 0.5% on the asset value of own property intended for the development of the Bank's normal activity (over AOA 5,000 thousand), and the asset value was deemed to be the greater between the property's assessment value and the acquisition value. With the entry into force of the new CIP, three rate bands are foreseen for urban property (0.1%, AOA 5,000 and 0.5% above AOA 5,000,000, for properties with a property value of up to AOA 5,000,000, between AOA 5,000,000 and AOA 6,000,000 and above AOA 6,000,000, respectively) and specific rates applicable to land for construction (0.6%) and rural property (the sum of hectares).

With regard to properties leased by the Bank, as lessee, until 8 August 2020, the IPU Code was in force, under which the Bank withholds the tax due, at the effective rate of 15%, on the payment or delivery of rents on leased properties. The new IP Code, approved by Law no. 20/20 of 9 July, did not foresee any changes to the rule concerned.

SISA and Real Estate Transfer Tax
Pursuant to Legislative Decree no. 230 of 18 May 1931 and the amendments introduced by Law no. 15/92 of 3 July and Law no. 16/11 of 21 April, SISA (Real Estate Transfer Tax) is levied on all acts involving the perpetual

or temporary transfer of ownership of any value, kind or nature, regardless of the name or form of the ownership title (e.g. acts which involve the transfer of improvements to rural or urban property, real estate transfers through donations with contributions or pensions or the transfer of real estate through donations) at a 2% rate.

SISA remained in force until 8 August 2020, and the part of SISA that relates to the transfer of real estate assets was revoked with the approval of the Property Tax Code (CIP) by Law no. 20/20, of 9 July. Pursuant to the CIP, Property Tax on real estate transfer tax is levied at a rate of 2% on the transfer, whether for valuable consideration or not, of the right of ownership or equivalent rights, namely the usufruct, surface right and easement, including acquisitive prescription (usucaption) on immovable property.

Value Added Tax

The Bank, as a taxable person registered with the Tax Office of Large Taxpayers, is covered by the general VAT system since the entry into force of this tax on 1 October 2019.

As a taxpayer registered at the Tax Office of Large Taxpayers, the Bank, since the entry into force of VAT, has been included in the General VAT System, and is required to comply with all the rules and reporting obligations laid down in this context.

Under the terms of the VAT Code approved by Law no. 7/19 of 24 April and the amendments introduced by Law no. 17/19 of 13 August, they are subject to this tax: (i) the transfer of goods and services carried out within national territory, for consideration, by a taxable person acting as such; and (ii) the import of goods.

Nevertheless, the VAT Code provides for the exemption of certain transactions, namely financial intermediation transactions, including those described in Annex III to this Code, unless they give rise to the payment of a specific and predetermined fee or consideration for their performance. These exemption transactions do not entitle the taxable person to deduct the VAT incurred on the acquisition of goods and services connected with their performance.

Considering the Bank is a taxable person that carries out transactions which grant the right to deduct (i.e. transactions subject to VAT) and transactions which do not grant the right to deduct (i.e. transactions which are exempt from this tax under the aforementioned terms), the VAT incurred by the Bank on its purchases of goods and services is only partially deductible using the pro rata method. In the meantime, AGT, through Instruction no. 3/DNP/DSIVA/AGT/2020 of 10 February, authorised the recovery of VAT through the actual allocation method in certain transactions carried out by financial institutions (e.g. financial leases).

According to the legislation in force, periodic VAT returns may be subject to revision and correction by the tax authorities within five years following the year to which they relate.

Other taxes

The Bank is also subject to indirect taxes, such as custom duties, stamp duty, consumption tax, and other taxes.

Tax replacement

In the course of its business, the Bank acts as a substitute taxpayer, withholding tax from third parties, which is subsequently paid to the State.

Capital Gains Tax (IAC)
In accordance with Presidential Legislative Decree no. 2/14, of 20 October, the Bank withholds IAC at the rate of 10% on interest on term deposits paid to Customers.

Stamp Duty
According to Presidential Legislative Decree no. 3/14 of 21 October, the Bank is responsible for the settlement and delivery of Stamp Duty due by its Customers on most banking operations (e.g. financing, interest charges on financing, among others), and the Bank settles the tax in accordance with the rates set out in the Stamp Duty General Chart.

Industrial Tax
In accordance with the provisions of Article 67 of Law no. 19/14 of 22 October, amended by Law no. 26/20 of 20 July, the rendering of services of any nature by taxpayers with effective management or permanent establishment in Angola is subject to taxation by withholding at a rate of 6.5%.

Furthermore, in accordance with the provisions of Articles 71 and following of Law no. 19/14, of 22 October, amended by Law no. 26/20, of 20 July, the rendering of services of any nature by taxpayers without head office, effective management or permanent establishment in Angola, are subject to Industrial Tax by withholding at a rate of 15%.

Where payments for services rendered to entities resident in Portugal and the United Arab Emirates, Double Taxation Agreements (ADT) may apply and, accordingly, a lower rate of withholding tax may be applicable.

2.13. EMPLOYEE BENEFITS

Defined-contribution plans

For defined-contribution plans, the liabilities related to the benefit attributable to the Bank's employees are recognised as an expense of the period when due. Prepaid contributions are recognised as an asset if a refund or reduction of future payments is available.

Short-term employee benefits

Short-term employee benefits are recorded as a cost once the associated service has been provided. A liability is recognised for the amount expected to be settled if the Bank has a present legal or constructive obligation to pay this amount as a result of a service rendered in the past by the employee and that liability can be estimated reliably.

Holiday allowance

General Labour Law, Law no. 7/15, establishes that the amount of holiday allowance payable to employees in a given year is a right they acquired in the immediately preceding year. As a result, the Bank records the amounts relating to holiday payable in the following year at the end of the year.

Long-term employee benefits

The Bank's net liability for long-term employee benefits is the amount of future benefit that employees are expected to benefit in return for their service in the current period and in past periods. This benefit is discounted in order to determine its present value. Re-measurements are recognised in the results for the period.

Benefits associated with the termination of functions

Benefits associated with the termination of functions are recognised as cost, whichever is earlier, between the time where the Bank can no longer withdraw the offer of these benefits or when the group recognizes costs associated with a restructuring. If benefits are not expected to be net benefits within 12 months, these are then discounted.

Pension fund liabilities

Law no. 07/04 of 15 October, which revoked Law no. 18/90, of 27 October, which regulates the Angolan Social Security system, foresees the attribution of retirement pensions to all Angolan workers registered at the Social Security. The value of these pensions is calculated based on a table proportional to the number of service years applied to the average monthly gross wages received in the periods immediately preceding the date on which the worker ceases to work. According to Decree no. 7/99, of 28 May, the contribution rates for this system are 8% for the employer and 3% for the workers.

By resolution of the Bank's Board of Directors, ATLANTICO is making contributions under a defined contribution plan, corresponding to a fixed percentage of 8% of the monthly pensionable salary of each employee (5% by the Bank and 3% by the employee), in order to ensure employees hired locally or their families, the entitlement to cash benefits covering old-age, disability or death pension supplements. The old-age retirement pension is awarded to employees if they are 60 years old and have at least 5 years of continuous service at the Bank. The disability benefit is granted to employees who have five years of continuous service and who have been diagnosed with total and permanent disability equal to 100%. In case of death, employees may appoint beneficiaries and respective percentages of the reimbursement's distribution.

In December 2017, the Bank has set up a Pension Fund, called ATLANTICO Pension Fund, to which the amounts of contributions made to date have been transferred. Since its setting-up, the Fund has been managed by Fortaleza Seguros, S.A.

ATLANTICO started to discount on a monthly basis the amount equivalent to the salary of the employees who joined the Fund, thus maintaining its contribution of 5% on the salary of those employees. This discount is initially kept under the caption Provisions and at the moment immediately afterwards, is transferred to the Pension Fund.

Variable remuneration paid to employees and directors

The Bank assigns variable remuneration to its employees and directors as a result of their performance (performance bonus). The Board of Directors and the Evaluation and Remuneration Committee establish the respective allocation criteria for each employee and director, respectively, whenever this is attributed. The variable remuneration paid to employees and directors is recorded against profit and loss in the period to which they relate, although payable in the following year (See Note 28).

2.14. PROVISIONS

Provisions are recognised when (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions for loan commitments and financial guarantees is made in accordance with the impairment model implemented when adopting IFRS 9 described in note 2.5.

The provisions measurement is based on the defined principles on IAS 37 regarding the best estimate of the expected cost, the most probable result of the actions in progress and considering the risks and uncertainties inherent to the process.

In cases where the discount effect is material, provisions corresponds to actual value of the expected future payments, discounted by a rate that considers the associated risk of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate and are reversed against profit and loss in the proportion of the payments that are not probable.

The provisions are derecognised through their use for the obligations for which they were initially recognised or for the cases that the situations were no longer observed.

2.15. INTEREST INCOME

Interest income and expense for financial instruments measured at amortised cost are recognised under interest and similar income or interest and similar expenses (net interest income), using the effective interest rate method. Interest income from financial assets at fair value through other comprehensive income is also recognised in Net interest income, as well as from financial instruments at fair value through profit and loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (example: early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction except for assets and liabilities at fair value through profit and loss.

If a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

Specifically, with regard to the policy for recording interest on overdue loans, the following aspects are considered in accordance with IFRS 15 and IFRS 9:

- Interest income for overdue loans secured by collaterals up to the limit of prudently evaluated coverage is charged against profit and loss on the assumption that there is a reasonable probability of recoverability; and
- Interest already recognised and unpaid relating to loans past due for more than 90 days, which are not covered

by collateral are written off, and are only recognised when received, as their recovery is considered to be remote, and recognised off balance sheet.

For financial assets classified under stage 3, interest is recognised in the income statement, in Net interest income, based on their carrying amount net of impairment.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains/ (losses) arising from assets and liabilities at fair value through profit and loss.

2.16. DIVIDENDS

Dividends (income from equity instruments) are recognised in the income statement when the right to receive the dividends is attributed. Dividends are recorded under net income from financial operations, net results of other financial instruments at fair value through profit and loss or other income, depending on the classification of the underlying instrument.

2.17. FEE AND COMMISSION INCOME

Fees and commissions are recognised according to performance obligations:

- Fees and commissions which are earned as services are rendered are recognised in profit and loss in the period to which they relate in accordance with IFRS 15;
- Fees and commissions that are earned from a service rendered, are recognised as income when the service is completed in accordance with IFRS 15;
- Fees and commissions that are an integral part of the effective interest rate of a financial instrument, are recognised in net interest income in accordance with IFRS 9.

2.18. FIDUCIARY ACTIVITIES

Assets held under fiduciary activities are not recognised in the Bank's financial statements. Fees and commissions arising from this activity are recognised in the income statement in the period to which they relate.

2.19. FINANCIAL RESULTS

Financial results includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, including embedded derivatives and dividends received associated with these portfolios.

These results also include gains on sales of financial assets at fair value through other comprehensive income and investments at amortised cost. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

2.20. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including Cash and deposits at central banks and Loans and advances to credit institutions repayable on demand (Notes 4 and 5), and do not include impairment losses.

2.21. FINANCIAL GUARANTEES AND COMMITMENTS

Financial guarantees are contracts which require 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 comply with a payment. Commitments are firm commitments with the purpose of providing credit 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 and the initial fair value is amortised over the useful life of the guarantee or commitment. Subsequently the liability is recorded at the higher of the amortised amount and the present value of any payment expected to be settled.

2.22. EARNINGS PER SHARE

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

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

If the result per share is changed as a result of a premium or discount issue or other 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.

Note 3.
CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

IAS/IFRS set out a range of accounting treatments and require the Board of Directors to apply judgement and make estimates in deciding which treatment is most appropriate. The main accounting estimates and judgements used in the application of the accounting principles by the Bank are presented in this Note, with the objective of improving the understanding of how their application affects the results reported by the Bank and their disclosure. A broad description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

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

3.1. IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST OR FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The critical judgements with the greatest impact on the recognised amounts of impairment of financial assets at amortised cost and at fair value through other comprehensive income are as follows:

- Evaluation of the business model: the classification and measurement of financial assets depends on the SPPI test results and on the business model definition. The Bank determines the business model based on how it wants to manage financial assets and business objectives. The Bank monitors whether the classification of the business model is appropriate based on the analysis of the early derecognition of assets at amortised cost or at fair value through equity, considering whether a prospective change of the asset is required;

- Significant increase in credit risk: as described in policy 2.5 – Financial instruments, the determination of the transfer of an asset from stage 1 to stage 2 for impairment purposes is carried out based on a significant increase in its credit risk, and IFRS 9 does not objectively define what represents a significant increase in credit risk;

- With specific regard to the significant increase in credit risk for sovereign risks, supranational entities and financial institutions with ratings assigned by international agencies, it is the Board of Directors' understanding that a downgrade of more than two notches by at least two rating agencies in the period since the origination date of the asset is reasonable and in compliance with the requirements of IFRS 9;

- Banks' definition for assets with similar credit risk characteristics: when expected credit losses are measured within a collective model, financial instruments are bundled based on the same risk characteristics. The Bank monitors the suitability of the credit risk characteristics to ensure that appropriate reclassification of assets is carried out in the event of a change in the credit risk characteristics;

- Models and assumptions used: the Bank uses several models and assumptions when measuring the estimate of expected credit losses. The judgement 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. Accordingly, the collective impairment calculation considers several scenarios with a specific weighting, based on the internally defined methodology on scenario – definition of multiple perspectives of macroeconomic development, with a relevant probability of occurrence.

These aspects have special emphasis on the impairment of debt securities issued by the Republic of Angola (Note 8), and consequently on the analysis of their recoverability.

Impairment losses on loans and advances to Customers and account receivables

The Bank reviews its loan portfolio regularly in order to assess the existence of impairment losses, as described in the accounting policy in Note 2.5.

The process of evaluating the loan portfolio and account receivables to determine whether an impairment loss should be recognised is subject to several estimates and judgements. This process includes factors such as probability of default, credit ratings, the value of the collaterals associated to each operation, recovery rates and cash flow estimates, either from future cash flows or the time of their receipt.

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

The calculation of impairment associated to loans and account receivables is based, among other factors and when applicable, on the evaluation of collaterals of loan operations, such as mortgages of real estate. These evaluations were performed under the assumption that all conditions of the real estate market will be maintained, during the lifetime of the operations, and reflected the best estimate of the fair value of those collaterals at the balance sheet date.

The property valuations are prepared by independent experts registered with the Capital Market Commission of Angola (Comissão do Mercado de Capitais), which have implied a set of assumptions whose verification is subject to uncertainty in view of the current circumstances of the real estate market. Additionally, the Bank also uses estimates as to the date of recovery and sale of the real estate collateral.

Furthermore, the recovery of loans and advances granted to Customers and other account receivables (Notes 9 and 15), which has underlying business plans of the borrowers and evaluation of collateral, may be significantly impacted by the development of macroeconomic indicators in Angola.

3.2. FAIR VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

The fair value of a financial instrument is the price at which an orderly sale transaction of an asset or transfer of a liability would be completed between market players at the balance sheet date.

Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which considers the market conditions, time value, yield curve and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair value.

With particular emphasis on the measurement of real estate assets, held directly and indirectly (Notes 6 and 13), whose impairment tests are based on valuations made by independent experts registered with the Capital Market Commission of Angola and which have implied a set of assumptions whose verification is subject to uncertainty in view of the current circumstances of the real estate market.

Consequently, the use of different methodologies or of different assumptions or judgements in applying a particular model may have produced financial results that differ from those reported.

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3.3. INCOME TAXES

The Bank is subject to Industrial Tax and is considered a Group A taxpayer.

Income taxes (current or deferred) are recognised in profit and loss for the year, except where transactions giving rise to it have been carried in other equity items. In such situations, the corresponding tax is also carried against equity, and does not affect profit and loss for the year.

The calculation of the estimated current tax for the period ended 31 December 2020 was calculated in accordance with Law no. 26/20 of 20 July, and the applicable tax rate is 35%, whereas for the period ended 31 December 2019 it was calculated in accordance with Law no. 19/14 of 22 October and the applicable tax rate is 30%.

Tax returns are subject to review and correction by tax authorities for a 5-year period, which may extend to 10 years. This may result, due to different interpretations of tax law, in possible corrections to the taxable profit for the years 2015 to 2019. However, no significant correction is to be expected in respect to those years and, if it occurs, no significant impacts on the financial statements are expected.

Taxes losses generated in each year, as provided for in the Industrial Tax Code, may be deducted from taxable profit in the following five years.

In order to determine the overall amount of income tax payable, certain interpretations and estimates were required. There are several transactions and calculations for which the assessment of taxes payable is uncertain during the normal course of business, with emphasis on the aspects set out in Note 2.12, resulting from the new wording of Law no. 26/20, of 20 July, namely, (i) unrealised or potential foreign exchange gains, (ii) impairment losses on collateralised loans and (iii) property tax, as well as assumptions made by the Bank in determining income tax and deferred taxes, which are still subject to ratification by the Angolan Tax Authorities (AGT).

Deferred taxes are calculated using the tax rates expected to be in force when the temporary differences are reversed, which correspond to the rates enacted or substantively enacted at the balance sheet date. Accordingly, for the years ended 31 December 2020 and 2019, deferred tax was broadly determined based on a rate of 35% and 30%, respectively.

In accordance with the Board of Directors' understanding of the requirements of IAS 12, deferred tax liabilities should be recognised in their entirety, whereas a deferred tax asset should only be recognised if it is certain that future taxable profit will be sufficient to allow the benefit of the loss to be realised. Accordingly, the Bank, calculated deferred tax assets up to the limit of the deferred tax liabilities, and these amounts have been offset in the financial statements.

Other interpretations and estimates could result in a different level of current and deferred income taxes recognised in the period or in an analysis of their recoverability (Note 14).

3.4. RECOVERABILITY OF GOODWILL

For the purposes of assessing goodwill, the Bank uses estimated data for the coming periods, based on the budget and future prospects to which it applies a discount rate, which includes a risk premium appropriate to the estimated future cash flows. Based on these assumptions the recoverable amount is higher than the book value, which supports the non-recognition of impairment on this asset.

In this context, the recoverability of goodwill arising from the merger process of Banco Privado Atlântico, S.A. with Banco Millennium Angola, S.A. (Note 12), depends on a set of assumptions and macroeconomic projections prepared by the Bank whose verification is uncertain, with emphasis on the development of the Angolan economy and the success of the Bank's future operations (Note 2.8).

3.5. MEASUREMENT OF PROMISSORY CONTRACTS OF PURCHASE AND SALE

The Bank recognises at the initial moment, when the requirements for derecognition of the asset are met, the value of the contract with a borrower and related capital gains, including exchange rate revaluation, in the case of indexed CPCV.

In contracts with payment plans with a term longer than one year and no agreed interest rate, the Bank records the discount effect associated to the contracted payment plan, adjusting the fair value of the financial asset to its present value.

The calculation of impairment is based on a maximum loss associated with a failure to perform the contract according to its terms. The Bank defined a maximum rate of 25% as a threshold for the classification in Stage 3 of the individually significant exposures (as a result of the credit impairment model), applying this concept in the CPCV, according to the verification of the defined risk criteria (Note 2.5).

In addition to the evaluation factors described above, the Bank monitors the financial capacity of the borrower and its continuing interest in keeping the promise contracted on a regular basis, reflecting the results of this monitoring in the assessment of impairment.

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

Additionally, the measurements and impairment tests on the CPCV (Notes 15) are based, among other factors, on valuations made by independent experts registered with the Capital Market Commission of Angola, which have implied a set of assumptions whose verification is subject to uncertainty in view of the current circumstances of the real estate market.

Note 4.
CASH AND DEPOSITS AT CENTRAL BANKS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Cash		
In national currency	12,582,075	18,255,642
In foreign currency	3,534,939	5,313,044
	16,117,014	**23,568,686**
Demand deposits at the Banco Nacional de Angola		
In national currency	85,712,294	79,334,412
In foreign currency	89,159,140	119,208,215
	174,871,434	**198,542,627**
	190,988,448	**222,111,313**

The caption Demand deposits at the Banco Nacional de Angola (BNA) includes mandatory deposits whose purpose is to satisfy legal reserve requirements. These deposits do not bear interest.

As at 31 December 2020, the reserve requirements were determined in accordance with the provisions of Instruction no. 16/2020 of 2 October and Directive no. 04/DMA/2020 of 6 October. As at 31 December 2019 they were determined in accordance with Instruction no. 17/2019 of 24 October and Directive no. 08/DMA/DRO/2019 of 24 October.

Reserve requirements are established in national and foreign currency according to the respective denomination of the liabilities that form their reserve base.

As at 31 December 2020, the minimum reserve requirements for demand deposits with the BNA were calculated by applying the ratios summarised in the following table:

		National currency	Foreign currency
Rates on Reserve Base			
Central Government, Local Governments and Local Administration	**Daily calculation**	22%	100%
Other sectors	**Weekly calculation**	22%	17%

The amount of up to 80% of the assets representing the value of disbursements of loans in national currency granted to projects in the agriculture, livestock, forestry and fisheries sectors may be deducted from the requirement in national currency, provided they have a residual maturity greater than or equal to 24 months. The same applies to the total amount of loans granted for the production of essential goods that show a deficit in national production supply, raw materials and the investment required for their production, including in investment for the acquisition of technology, machinery and equipment under the terms of Notice no. No. 10/2020 of 01 April, on granting credit to the real sector of the economy, whatever the residual maturity.

During 2015, Banco Nacional de Angola converted part of ATLANTICO's reserve requirements in USD, into securities denominated in the same currency, whose amount at 31 December 2020 and 2019, amounted to AOA 126,432,308 thousand and AOA 93,585,794 thousand, respectively (Note 8). These debt securities were accounted at their acquisition cost and subsequently measured as described in accounting policy 2.5.

According to Instruction no. 16/2020 of 02 October (which revoked Instruction no. 17/2019 of 24 October), in force since 02 October 2020, combined with Directive no. 04/DMA/2020 of 06 October, the minimum reserve requirements may be established at 20% with the amounts deposited with the Banco Nacional de Angola and 80% in treasury bonds in foreign currency, and the securities identified in the previous paragraph are eligible for this purpose.

As at 31 December 2020, the total amount of liabilities (Central Government, Local Governments, Local Administrations and Other Sectors) amounts to AOA 213,858,895 thousand. On that same date, 59% of the total amount due was covered by treasury bonds in foreign currency.

Note 5.
LOANS AND ADVANCES TO CREDIT INSTITUTIONS REPAYABLE ON DEMAND

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Loans and advances to credit institutions in Angola		
Deposits payable on demand	508,865	176,109
Cheques receivable	814,531	4,193,671
	1,323,396	**4,369,780**
Loans and advances to credit institutions abroad		
Deposits payable on demand	23,104,794	106,036,402
Impairment losses (Note 32)	-	(24,290)
	23,104,794	**106,012,112**
Total	**24,428,190**	**110,381,892**

As at 31 December 2020 and 2019, the balance of Cheques receivable relates to cheques submitted for settlement in the business day sessions following the reference date of the financial statements.

As at 31 December 2020, Loans and advances to credit institutions abroad repayable on demand – Demand deposits shows (i) an amount of AOA 552,485 thousand which aims to ensure the provisioning in the corresponding Bank for the daily settlement of the use of VISA cards and (ii) an amount of AOA 2,161,235 thousand which aims to ensure the provisioning in the Bank for the fulfilment of signed agreements related to import documentary credit facilities, for later settlement with the Customer.

As at 31 December 2020 and 2019, Loans and advances to credit institutions repayable on demand, in the country and abroad, do not bear interest.

The methodology for calculating impairment loss is described in Note 2.5.

Note 6.
FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Financial assets at fair value through profit and loss		
Other variable income securities		
Shares	56,701,261	204,931,937
Loans and advances to Customers	12,711,039	8,354,190
Derivatives		
Derivative financial instruments with positive fair value	13,064	3,640,415
	69,425,364	**216,926,542**
Financial liabilities at fair value through profit and loss		
Derivatives		
Derivative financial instruments with negative fair value	207,095	3,978,187
	207,095	**3,978,187**

As at 31 December 2020 and 2019, the amount of Other variable-income securities refers to shares held in the following Collective Investment Undertakings (Investment Funds):

(Thousands of AOA)

31-12-2020	Issuer	Country	Activity/ Tipology *	Currency	Equity share	Book value
Financial assets at fair value through profit and loss						
Other variable income securities						
Atlântico Property – FIIF	Private	Angola	CIU	AOA	99.32%	194,669,287
Atlântico Liquidez – FIMA	Private	Angola	CIU	AOA	64.35%	6,425,937
Atlântico Protecção – FIMF	Private	Angola	CIU	AOA	100.00%	1,813,588
FIPA Fund	Private	Luxembourg	CIU	USD	5.13%	1,149,784
FIPA II Fund	Private	Luxembourg	CIU	USD	8.42%	873,341
						204,931,937

*Collective Investment Undertaking

(Thousands of AOA)

31-12-2019	Issuer	Country	Activity/ Tipology *	Currency	Equity share	Book value
Financial assets at fair value through profit and loss						
Other variable income securities						
Atlântico Property – FIIF (ODELL Retail & Logistics, until October 2019)	Private	Angola	CIU	AOA	100.00%	46,848,713
Atlântico Liquidez – FIMA (ODELL Liquidez in 2019)	Private	Angola	CIU	AOA	61.05%	5,488,736
Atlântico Proteção – FIMF (ODELL Protecção in 2019)	Private	Angola	CIU	AOA	100.00%	2,920,836
FIPA Fund	Private	Luxembourg	CIU	USD	5.13%	794,660
FIPA II Fund	Private	Luxembourg	CIU	USD	8.42%	648,316
						56,701,261

* Collective Investment Undertaking

The Atlântico investment funds, mentioned above, are managed by SG Hemera Capital Partners – SGOIC, S.A., formerly Atlântico Gestão de Activos – SGOIC, S.A., a role that was performed by Odell Global Investors – Sociedade Gestora de Organismos de Investimento Colectivo, S.A. until 26 September 2019, whereas the FIPA investment funds are managed by ACP – Angola Capital Partners. These funds are valued according to the share prices published daily by these Management Companies, as disclosed in Note 2.5.

During 2019 and 2020, the Bank acquired new shares of the Atlantic Property Fund through the following capital increases:

• On 27 December 2019, by subscribing 37,104 shares of the Fund for the amount of AOA 38,181,644 thousand, of which 35,403 shares by contribution in kind through transfer of real estate corresponding to AOA 36,431,520 thousand and 1,701 shares by contribution in cash corresponding to AOA 1,750,124 thousand;

• On 30 June 2020, by subscribing 35,246 shares of the Fund for the amount of AOA 44,828,452 thousand, of which 32,729 shares by contribution in kind through transfer of real estate corresponding to AOA 41,626,944 thousand and 2,517 shares by contribution in cash corresponding to AOA 3,201,508 thousand; and

• On 31 December 2020, by subscribing 81,830 shares in the amount of AOA 102,834,673 thousand, of which 78,095 shares by contribution in kind through transfer of real estate corresponding to AOA 98,141,184 thousand and 3,735 shares by contribution in cash corresponding to AOA 4,693,489 thousand. Additionally, on this date, the fund started to hold a second participant, with the Bank now holding 99.32% of the capital (100% before this date).

Capital increases made by contribution in kind of real estate received as payment in kind of a loan, previously recorded under Non-current assets held for sale (Note 13), were previously valued, and their transfer amount corresponds to the arithmetic average of the value of three valuations, obtained from three independent expert valuers, registered with the Capital Market Commission (CMC) of Angola. Accordingly, the Bank derecognised the properties against the subscription of shares at their market value, and the difference between the book value of the derecognised properties and the market value of the shares was recognised as capital gains or losses on the sale of other assets under Net gains/(losses) arising from the sale of other assets (Note 27).

At 31 December 2020 and 2019, the amounts recorded under Loans and advances to customers refer to seven loan transactions under funding, whose cash flows do not comply with the SPPI criterion (solely payments of principal and interest). The nominal amounts of these loans correspond to AOA 30,610,558 thousand, in local and foreign currency, which as at 31 December 2020 are classified in stage 3 of impairment, due to default over 90 days, with a fair value of AOA 8,354,190 thousand and AOA 12,711,039 thousand, respectively.

At 31 December 2020 and 2019, the amounts recorded under Derivatives – Derivative financial instruments with positive fair value and Derivatives – Derivative financial instruments with negative fair value is related to SWAP operations in EUR/USD currencies, contracted with Banco Comercial Português, S.A (Banco Millennium BCP, S.A.), with a view to hedge the foreign exchange position.

As provided in IFRS 13, as at 31 December 2020 and 2019, financial instruments are measured in accordance with the following valuation hierarchy levels:

(Thousands of AOA)

	Level 1 Active market quotations	Level 2 Observable inputs in the market	Level 3 Other valuation techniques	Total
Financial assets at fair value through profit and loss				
Other variable income securities				
Shares	-	-	204,931,937	204,931,937
Loans and advances to Customers	-	-	8,354,190	8,354,190
Derivatives				
Derivative financial instruments with positive fair value	-	3,640,415	-	3,640,415
Balance as at 31 December 2020	**-**	**3,640,415**	**213,286,127**	**216,926,542**
Financial liabilities at fair value through profit and loss				
Derivatives				
Derivative financial instruments with negative fair value	-	3,978,187	-	3,978,187
Balance as at 31 December 2020	**-**	**3,978,187**	**-**	**3,978,187**
Financial assets at fair value through profit and loss				
Other variable income securities				
Shares	-	10,153,291	46,547,970	56,701,261
Loans and advances to Customers	-	-	12,711,039	12,711,039
Derivatives				
Derivative financial instruments with positive fair value	-	13,064	-	13,064
Balance as at 31 December 2019	**-**	**10,166,355**	**59,259,009**	**69,425,364**
Financial liabilities at fair value through profit and loss				
Derivatives				
Derivative financial instruments with negative fair value	-	207,095	-	207,095
Balance as at 31 December 2019	**-**	**207,095**	**-**	**207,095**

The main parameters used, during the year ended 31 December 2020 and 2019, in the valuation model, as well as the description of the valuation levels established by IFRS 13, are described in Note 38.

As at 31 December 2020 and 2019, the breakdown of financial assets at fair value through profit and loss by maturity is as follows:

(Thousands of AOA)

	Below 3 months	1 to 5 years	Above 5 years	Undefined maturity	Total
Financial assets at fair value through profit and loss					
Other variable income securities					
Other variable income securities	-	-	-	204,931,937	204,931,937
Loans and advances to Customers	8,350,900	-	3,290	-	8,354,190
Derivatives					
Derivative financial instruments with positive fair value	3,640,415	-	-	-	3,640,415
Balance as at 31 December 2020	**11,991,315**	**-**	**3,290**	**204,931,937**	**216,926,542**
Financial liabilities at fair value through profit and loss					
Derivatives					
Derivative financial instruments with negative fair value	3,978,187	-	-	-	3,978,187
Balance as at 31 December 2020	**3,978,187**	**-**	**-**	**-**	**3,978,187**

(Thousands of AOA)

	Below 3 months	1 to 5 years	Above 5 years	Undefined maturity	Total
Financial assets at fair value through profit and loss					
Other variable income securities					
Other variable income securities	-	-	-	56,701,261	56,701,261
Loans and advances to Customers	12,590,568	13,896	106,575	-	12,711,039
Derivatives					
Derivative financial instruments with positive fair value	13,064	-	-	-	13,064
Balance as at 31 December 2019	**12,603,632**	**13,896**	**106,575**	**56,701,261**	**69,425,364**
Financial liabilities at fair value through profit and loss					
Derivatives					
Derivative financial instruments with negative fair value	207,095	-	-	-	207,095
Balance as at 31 December 2019	**207,095**	**-**	**-**	**-**	**207,095**

Note 7.
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This caption is analysed as follows:

(Thousands of AOA)

	Cost [1]	Potential added value		Interest	Book value
		Positive	Negative		
Financial liabilities at fair value through other comprehensive income					
Bonds and other fixed income securities					
Issued by public entities	2,803,495	86,168	-	163,140	3,052,803
Issued by other entities	2,190,828	-	(18,120)	86,068	2,258,777
Shares	448,954	-	-	-	448,954
Balance as at 31 December 2020	**5,443,277**	**86,168**	**(18,120)**	**249,208**	**5,760,534**
Financial liabilities at fair value through other comprehensive income					
Bonds and other fixed income securities					
Issued by public entities	31,033,187	-	(302,967)	1,018,035	31,748,255
Issued by other entities	1,854,719	141,701	-	88,100	2,084,520
Shares	345,683	-	-	-	345,683
Balance as at 31 December 2019	**33,233,589**	**141,701**	**(302,967)**	**1,106,135**	**34,178,458**

[1] Acquisition cost for shares and other equity instruments and amortised cost for debt securities.

In accordance with the accounting policy described in Note 2.5, debt securities at fair value through other comprehensive income are impaired as a result of the adoption of IFRS 9, as set out in the defined model.

All exposures relating to debt securities disclosed under this caption are positioned at stage 1.

As at 31 December 2020 and 2019, Bonds and other fixed-income securities includes the impairment transferred to profit and loss in the amount of AOA 350,293 thousand and AOA 534,514 thousand, respectively.

As at 31 December 2020, Bonds and other fixed-income securities presents the following changes:

(Thousands of AOA)

	31-12-2019	Acquisitions	Maturities	Disposals	Exchange rate effect for the period (Note 26)	Changes in fair value reserve	31-12-2020
Bonds and other fixed income securities							
Issued by public entities							
Bonds indexed to the exchange rate of the United States Dollar	7,168,411	-	(4,820,444)	(933,490)	(1,386,581)	(27,896)	-
Non-readjustable bonds	24,579,844	2,001,554	-	(22,779,394)	-	(749,202)	3,052,803
Issued by other entities							
Foreign currency bonds	2,084,520	-	-	-	343,135	(168,878)	2,258,777
	33,832,775	**2,001,554**	**(4,820,444)**	**(23,712,884)**	**(1,386,581)**	**(777,098)**	**5,311,580**

During 2020, the amount of Bonds and other fixed-income securities – Issued by public entities shows a significant decrease, as a result of the sales made under the exchange rate rese t plan being implemented by the Bank (Note 2.5).

Shares includes the financial investment in EMIS – Empresa Interbancária de Serviços, S.A. (EMIS), which was set up to manage electronic facilities for payments and other complementary services. As at 31 December 2020 and 2019, the Bank holds a 10.40% and 7.90% interest, respectively, in the share capital of this company as well as additional financial investments, with the total investment amounting to AOA 448,954 thousand and AOA 345,683 thousand, respectively. The Bank's position in this institution was increased during 2020, with the acquisition of 2.50% of the share capital in the amount of AOA 103,271 thousand.

As at 31 December 2020 and 2019, the analysis of financial assets at fair value through other comprehensive income, by valuation levels, is as follows:

(Thousands of AOA)

	Level 1 Active market quotations	Level 2 Observable inputs in the market	Level 3 Other valuation techniques	Total
Bonds and other fixed income securities				
Issued by public entities	-	3,052,803	-	3,052,803
Issued by other entities	-	2,258,777	-	2,258,777
Shares	-	-	448,954	448,954
Balance as at 31 December 2020	**-**	**5,311,580**	**448,954**	**5,760,534**
Bonds and other fixed income securities				
Issued by public entities	-	31,748,255	-	31,748,255
Issued by other entities	-	2,084,520	-	2,084,520
Shares	-	-	345,683	345,683
Balance as at 31 December 2019	**-**	**33,832,775**	**345,683**	**34,178,458**

In accordance with IFRS 13, financial instruments are measured using the valuation levels described in Note 38.

As at 31 December 2020 and 2019, the breakdown of financial assets at fair value through other comprehensive income, by maturity, is as follows:

(Thousands of AOA)

	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Undefined maturity	Total
Bonds and other fixed income securities						
Issued by public entities	1,242,044	768,361	1,042,398	-	-	3,052,803
Issued by other entities	-	-	2,258,777	-	-	2,258,777
Shares	-	-	-	-	448,954	448,954
Balance as at 31 December 2020	**1,242,044**	**768,361**	**3,301,175**	**-**	**448,954**	**5,760,534**
Bonds and other fixed income securities						
Issued by public entities	804,772	4,406,114	26,537,369	-	-	31,748,255
Issued by other entities	-	-	2,084,520	-	-	2,084,520
Shares	-	-	-	-	345,683	345,683
Balance as at 31 December 2019	**804,772**	**4,406,114**	**28,621,889**	**-**	**345,683**	**34,178,458**

Changes in the fair value reserve during the year are detailed in Note 21.

Note 8.
FINANCIAL ASSETS AT AMORTISED COST — DEBT SECURITIES

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Investments at amortised cost		
Bonds and other fixed income securities		
Issued by public entities		
Bonds indexed to the exchange rate of the United States Dollar	279,117,189	99,936,283
Foreign currency bonds	236,409,487	318,470,851
Non-readjustable bonds	22,054,224	11,663,341
	537,580,900	**430,070,475**
Impairment losses	(8,278,494)	(19,989,777)
Total	**529,302,406**	**410,080,698**

The fair value of the investment portfolio at amortised cost is disclosed in Note 38, within the scope of the disclosure requirements set out in IFRS 7 and IFRS 9.

In accordance with the accounting policy described in Note 2.5, debt securities measured at amortised cost are impaired as a result of the adoption of IFRS 9, as set out in the defined model (Note 2.5).

In September 2020 the international rating agencies Moody's and Fitch Ratings downgraded the credit risk rating of the sovereign debt of the Republic of Angola, thus reflecting the deterioration of the international market's perception of the Angolan economy. The ratings published by the rating agencies refer to the negative impacts of the sharp drop in the price of oil, the COVID-19 pandemic, the progressive devaluation of the Kwanza, as well as the high level of public debt, factors that, according to these entities, place the Angolan economy in a vulnerable situation, increasing the risk of a default.

Directive no. 13/DSB/DRO/2019, which includes the recommendations for implementation of the methodologies for Asset Quality Review (AQA), states that "In the specific case of impairment losses for national public debt in national and foreign currency (measured at amortised cost), the following criteria should be considered: (i) 12-month probability of default (PD) for Angola's rating published in Moody's study "Sovereign default and recovery rates" applicable to the period concerned; and (ii) loss given default (LGD) associated with the sovereign default events verified, as indicated in the same study. Such methodology has been adopted by the Bank as its accounting policy for this matter.

In accordance with the accounting policy described in Note 2.5, and considering that the assessment of the significant increase in credit risk for the determination of the impairment stage should be based on the date of origination of the assets, in view of the information available at the approval of the financial statements as at 31 December 2020, the Bank concluded that:

- The background and analysis of the development of the Angolan economy over the last decade, namely the development of macroeconomic indicators, shows that the most pronounced deterioration of the economy took place during 2016;

- Significant increase in credit risk is considered to exist for securities with an issue date prior to 23 September 2016, corresponding to the date when, until 31 December 2020, there is a downgrade of 3 notches in at least two rating agencies (Moody's and Fitch), which implies the transfers of these assets from Stage 1 to Stage 2 impairment, and the application of PD in accordance with the residual maturity of the security and the LGD of 60%;

- No significant increase in credit risk is considered to exist for securities originated after 23 September 2016, which implies maintaining the operations in Stage 1, and applying 12-month PD of 11.325% and loss given default (LGD) of 60% according to the study, i.e. an impairment rate of 6.795% (12-month expected loss).

Since the origination date of the securities held in the portfolio on the reporting date is after 23 September 2016, with the exception of the security described in Note 2.5, the Bank decided to maintain the operations in Stage 1, considering an implicit impairment rate of 6.795% (PD of 11.325% and LGD of 60%), observing an increase in credit risk compared to the implicit impairment rate previously considered of 1.545% (PD of 2.619% and LGD of 59%). The impact arising from this event resulted in a net increase of impairment losses in the period in the amount of AOA 11,711,284 thousand, recorded under Impairment for financial assets at amortised cost in the income statement.

At 31 December 2020, the caption Financial assets at amortised cost - Debt securities includes the amount of AOA 126,432,308 thousand relating to an issue of Treasury Bonds of the Republic of Angola denominated in United States Dollars which, according to information obtained from the Bank, was originated in December 2015 as a result of a conversion process of the balance of deposit accounts in foreign currency held by the Bank with Banco Nacional de Angola (BNA), for the purposes of compliance with reserve requirements, under Executive Decree no. 547/15, of 6 October, Order no. 406/15, of 7 December, of the Ministry of Finance, Instruction no. 19/2015, of 2 December, and BNA Directive no. 7/DMA/DSP/2015 of 10 December. It is also noted that in February 2021 the Associação Angolana dos Bancos (ABANC) sent a letter to the BNA informing that, in view of the fact that the securities concerned continue to be managed by Banks as a financial instrument aimed at safeguarding the obligations established in terms of reserve requirements and the relevant protection of deposits in foreign currency, save for the best opinion of the BNA, it is the understanding of the Bank and of the sector that this debt issue, resulting from the securitisation of reserve requirements, which is temporarily on the balance sheets of the Banks until its maturity scheduled for December 2022, has an LGD of 0%, and no pronouncement contrary to the treatment indicated in such letter is known. In this context, it is the understanding of the Bank's Board of Directors that given the way in which these securities were originated, without a decision by the Bank, they should be treated similarly to other assets used to fulfil the reserve requirements, without credit risk, and therefore it has not recorded any impairment loss for these securities in its individual financial statements as at 31 December 2020.

During 2020, Financial instruments at amortised cost present the following changes:

(Thousands of AOA)

	31-12-2019	Acquisi-tions	Maturities	Disposals	Exchange rate effect for the period (Note 26)	Changes in amortised cost	31-12-2020
Investments at amortised cost							
Bonds and other fixed income securities							
Issued by public entities							
Bonds indexed to the exchange rate of the United States Dollar	279,117,189	-	(103,020,605)	(99,350,637)	22,103,015	1,087,321	99,936,283
Foreing currency bonds	236,409,487	-	-	-	80,155,534	1,905,830	318,470,851
Non-readjustable bonds	22,054,224	326,815	(10,982,675)	(181,500)	-	446,477	11,663,341
	537,580,900	**326,815**	**(114,003,280)**	**(99,532,137)**	**102,258,548**	**3,439,628**	**430,070,475**

The amount of Bonds indexed to the exchange rate of the United States Dollar shows a significant decrease as a result of sales made under the exchange rate resetting plan being implemented by the Bank (Note 2.5).

In the period ending 31 December 2020, sales of financial assets classified in this business model exceed the defined thresholds of significance. However, the Bank considers that since these are infrequent sales, associated to a plan with a regulatory framework that justifies sales above the threshold, this does not jeopardise or changes the business model originally defined/classified for this portfolio of assets.

As at 31 December 2020 and 2019, the breakdown of financial instruments held to maturity, by maturity, is as follows:

(Thousands of AOA)

	Below 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Investments at amortised costs					
Bonds and other fixed income securities					
Issued by public entities					
Bonds indexed to the exchange rate of the United States Dollar	-	16,540,964	50,533,265	32,862,054	99,936,283
Foreign currency bonds	-	-	318,470,851	-	318,470,851
Non-readjustable bonds	3,272,561	1,309,617	7,081,163	-	11,663,341
Impairment losses	(216,135)	(779,244)	(16,843,075)	,(2,151,323)	(19,989,777)
Balance as at 31 December 2020	**3,056,426**	**17,071,337**	**359,242,204**	**30,710,731**	**410,080,698**
Investments at amortised costs					
Bonds issued by public entities					
Bonds indexed to the exchange rate of the United States Dollar	27,096,207	77,489,138	111,219,155	63,312,689	279,117,189
Foreign currency bonds	-	-	236,409,487	-	236,409,487
Non-readjustable bonds	-	10,662,095	11,392,129	-	22,054,224
Impairment losses	(414,072)	(1,364,566)	(5,541,793)	(958,063)	8,278,494
Balance as at 31 December 2019	**26,682,135**	**86,786,667**	**353,478,978**	**62,354,626**	**529,302,406**

As at 31 December 2020 and 2019, investments at amortised cost are as follows:

(Thousands of AOA)

31-12-2020	Issuer	Country	Activity	Index	Average rate	Nominal value	Acquisition cost	Interest incurred	Premiums/ discounts	Impairment losses	Book value
Investments at amortised costs											
Bonds and other fixed income securities											
Issued by public entities											
Bonds indexed to the exchange rate of the United States Dollar	State	Angola	Government	USD	7.78%	98,848,963	24,732,364	1,667,411	(580,091)	(6,275,777)	93,660,506
Foreign currency bonds	State	Angola	Government	n.a	5.30%	316,565,021	316,565,021	1,905,830	-	(12,944,229)	305,526,623
Non-readjustable bonds	State	Angola	Government	n.a	13.46%	11,216,863	11,216,863	365,035	81,442	(769,772)	10,893,569
						426,630,847	**352,514,248**	**3,938,276**	**(498,648)**	**(19,989,777)**	**410,080,698**

(Thousands of AOA)

31-12-2019	Issuer	Country	Activity	Index	Average rate	Nominal value	Acquisition cost	Interest incurred	Premiums/ discounts	Impairment losses	Book value
Investments at amortised costs											
Bonds and other fixed income securities											
Issued by public entities											
Bonds indexed to the exchange rate of the United States Dollar	State	Angola	Government	USD	5.30%	274,954,453	102,195,641	4,295,019	(132,289)	(4,293,187)	274,823,995
Foreign currency bonds	State	Angola	Government	n.a	12.43%	20,943,744	21,094,784	921,080	189,406	(333,101)	21,721,129
Non-readjustable bonds	State	Angola	Government	n.a	7.27%	234,998,862	234,998,862	1,410,626	-	(3,652,205)	232,757,282
						530,897,058	**358,289,286**	**6,626,724**	**57,117**	**(8,278,494)**	**529,302,406**

Changes occurred in impairment losses of financial assets as an adjustment to the investment amounts at amortised cost were as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Opening balance	678,703	8,278,494
Charge for the period/(Reversals) (Note 33)	8,014,653	8,695,223
Exchange rate and other differences (Note 26)	(414,862)	3,016,060
Balance as at 31 December	**8,278,494**	**19,989,777**

Note 9.
LOANS AND ADVANCES TO CUSTOMERS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Domestic credit		
Corporate		
Loans	324,656,878	334,912,279
Current account loans	41,847,634	23,200,986
Overdrafts	2,718,806	1,469,410
Credit cards	281,799	200,593
	369,505,117	**359,783,268**
Retail		
Loans	16,904,690	25,485,227
Employees	4,484,406	4,328,017
Consumer credit	3,204,329	4,217,883
Credit cards	927,000	2,786,859
Mortgage loans	2,815,354	2,648,637
Overdrafts	888,963	2,388,825
	29,224,742	**41,855,448**
	398,729,859	**401,638,716**
Foreign credit		
Retail		
Employees	498,444	275,408
Credit card	951,720	21,386
Consumer credit	3,646	4,014
Loans	14,611	706
Overdrafts	35,510	265
	1,503,931	**301,779**
Total credit in compliance	**400,233,790**	**401,940,495**
Overdue loans		
Below 1 year	8,052,183	4,530,475
1 to 3 years	39,445,122	43,579,220
Above 3 years	34,910,647	54,435,492
	82,407,952	**102,545,187**
Total loans and advances to Customers	**482,641,742**	**504,485,682**
Total interest receivable from loans and advances to Customers	69,317,982	95,195,593
Total loans and interest receivable from Customers	**551,959,724**	**599,681,275**
Impairment losses	(109,258,712)	(145,410,566)
Net total of loans and advances to Customers	**442,701,013**	**454,270,709**

For loans granted or restructured under this Notice, the total cost of the loan on the borrower, including the interest rate and commissions, cannot exceed 7.5% per annum (all-in-cost). In turn, the Bank can deduct the full amount of the loan in the value of the reserve requirements established. In this context, in relation to the new loans granted under Notice 10/2020, which have an interest rate limit of 7.5% and release of reserve requirements, it is the Bank's understanding that the fair value of the loans does not differ from their nominal value, considering that the interest rate of the operations exceeds the borrower's credit risk spread at the initial moment.

At 31 December 2020 and 2019, exposures and impairment established by situation and risk segment is detailed as follows:

(Thousands of AOA)

	Exposure as at 31-12-2020					Impairment losses as at 31-12-2020		
Segment	Total exposure	Credit in compliance	From which restructured	Credit overdue	From which restructured	Total impairment	Credit in compliance	Credit overdue
Corporate								
Loans	495,667,715	423,267,781	30,722,604	72,399,934	46,619,989	110,408,748	66,929,524	43,479,224
Current account loans	30,079,474	23,766,485	-	6,312,989	-	4,647,031	549,712	4,097,319
Overdrafts	18,017,574	1,816,400	-	16,201,174	-	7,869,841	266,908	7,602,933
Credit cards	200,611	200,611	-	-	-	11,711	11,711	-
	543,965,374	**449,051,277**	**30,722,604**	**94,914,097**	**46,619,989**	**122,937,331**	**67,757,855**	**55,179,476**
Retail								
Loans	36,657,951	30,661,792	5,997,394	5,996,159	1,043,259	19,923,035	10,026,808	9,896,227
Consumer credit	4,764,809	4,759,757	144,176	5,052	-	379,324	329,925	49,399
Employees	4,634,021	4,619,566	-	14,455	-	438,211	327,252	110,959
Overdrafts	4,152,345	2,538,296	-	1,614,049	-	1,391,713	518,485	873,228
Credit cards	2,808,244	2,808,244	-	-	-	87,176	87,176	-
Mortgage loans	2,698,531	2,697,156	27,506	1,375	-	253,776	139,316	114,460
	55,715,901	**48,084,811**	**6,169,076**	**7,631,090**	**1,043,259**	**22,473,235**	**11,428,962**	**11,044,273**
	599,681,275	**497,136,088**	**36,891,680**	**102,545,187**	**47,663,248**	**145,410,566**	**79,186,817**	**66,223,749**

(Thousands of AOA)

Segment	Exposure as at 31-12-2019					Impairment losses as at 31-12-2019		
	Total exposure	Credit in compliance	From which restructured	Credit overdue	From which restructured	Total impairment	Credit in compliance	Credit overdue
Corporate								
Loans	445,274,262	390,464,916	57,350,114	54,809,346	34,725,436	82,495,848	55,644,061	26,851,787
Current account loans	52,278,729	42,483,932	-	9,794,797	-	4,753,894	1,338,359	3,415,535
Overdrafts	17,183,019	3,593,260	-	13,589,759	-	8,325,503	786,133	7,539,370
Credit cards	281,859	281,859	-	-	-	12,540	12,540	-
	515,017,869	**436,823,967**	**57,350,114**	**78,193,902**	**34,725,436**	**95,587,785**	**57,781,093**	**37,806,692**
Retail								
Loans	22,223,934	18,596,329	4,981,007	3,627,605	385,409	12,107,626	5,601,668	6,505,958
Consumer credit	3,470,162	3,464,222	22,856	5,940	1	388,175	365,987	22,188
Employees	5,004,989	5,002,967	-	2,022	-	274,315	226,908	47,407
Overdrafts	1,517,075	941,083	-	575,992	-	502,028	14,133	487,896
Credit cards	1,878,720	1,878,720	-	-	-	55,077	55,077	-
Mortgage loans	2,846,975	2,844,484	-	2,491	-	343,706	144,328	199,378
	36,941,855	**32,727,805**	**5,003,863**	**4,214,050**	**385,410**	**13,670,927**	**6,408,101**	**7,262,827**
	551,959,724	**469,551,772**	**62,353,977**	**82,407,952**	**35,110,846**	**109,258,712**	**64,189,194**	**45,069,519**

As at 31 December 2020 and 2019, restructured loans gross of impairment losses are detailed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Opening balance of restructured credit portfolio (gross of impairment losses)	**47,696,210**	**97,464,823**
Restructured credits in the period	49,266,152	3,106,325
Accrued interest on restructured credit portfolio	3,189,363	277,791
Settlement of restructured credits (partial or total)	(2,686,902)	(63,696)
Write-off of restructured credits	-	(16,230,315)
Closing balance of restructured credit portfolio (gross of impairment losses)	**97,464,823**	**84,554,928**

As at 31 December 2020 and 2019, restructured loans and impairment losses established by segment and stage are detailed as follows:

1. By segment

(Thousands of AOA)

Segment	31-12-2020			
	Credit			Impairment losses
	Falling due	Overdue	Total	
Corporate	30,722,604	46,619,990	77,342,594	26,894,206
Retail				
Consumer credit	144,176	-	144,176	25,073
Mortgage loans	27,506	-	27,506	13,137
Other	5,997,394	1,043,258	7,040,652	2,194,856
	36,891,680	**47,663,248**	**84,554,928**	**29,127,272**

(Thousands of AOA)

Segment	31-12-2019			
	Credit			Impairment losses
	Falling due	Overdue	Total	
Corporate	57,350,113	34,725,437	92,075,550	23,440,888
Retail				
Consumer credit	22,856	-	22,856	2,005
Mortgage loans	-	-	-	-
Other	4,981,008	385,409	5,366,417	933,603
	62,353,977	**35,110,846**	**97,464,823**	**24,376,496**

2. By stage

(Thousands of AOA)

	31-12-2020				
	Stage of impairment				Impairment losses
	Stage 1	Stage 2	Stage 3	Total	
Corporate	-	7,635,023	69,707,570	77,342,593	26,894,206
Retail					
Consumer credit	-	144,176	-	144,176	25,073
Mortgage loans	-	27,506	-	27,506	13,137
Other	-	4,914,030	2,126,623	7,040,653	2,194,856
	-	**12,720,735**	**71,834,193**	**84,554,928**	**29,127,272**

(Thousands of AOA)

	31-12-2019				
	Stage of impairment				Impairment losses
	Stage 1	Stage 2	Stage 3	Total	
Corporate	-	33,787,191	58,288,359	92,075,550	23,440,888
Retail					
Consumer credit	-	22,857	-	22,857	2,005
Mortgage loans	-	-	-	-	-
Other	-	-	5,366,416	5,366,416	933,603
	-	**33,810,048**	**63,654,775**	**97,464,823**	**24,376,496**

As at 31 December 2020 and 2019, the breakdown of loans and advances to Customers by maturity, excluding interest receivable, is presented as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Below 3 months	25,791,809	18,314,643
3 to 12 months	37,208,996	23,124,716
1 to 5 years	131,788,088	150,944,573
Above 5 years	205,444,897	209,556,563
Undefined maturity	82,407,952	102,545,187
	482,641,742	**504,485,682**

The distribution of loans and advances to Customers, including interest receivable, by interest rate type are as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Fixed rate	57,958,616	86,818,590
Variable rate	494,001,108	512,862,685
	551,959,724	**599,681,275**

Changes occurred in impairment losses of loans and advances to Customers and interest receivable are as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Opening balance	78,952,043	109,258,712
Charges for the period/Reversals (Note 33)	20,856,131	25,435,691
Charge-off	(6,861,851)	(5,437,954)
Exchange rate and other differences (Note 26)	16,312,389	16,154,117
Closing balance	**109,258,712**	**145,410,566**

The breakdown of loans and advances to Customers by stage of impairment is as follows:

(Thousands of AOA)

	31-12-2020			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	85,974,928	277,104,754	236,601,593	599,681,275
Impairment losses	(1,414,060)	(25,817,822)	(118,178,684)	(145,410,566)
	84,560,868	**251,286,932**	**118,422,909**	**454,270,709**

(Thousands of AOA)

	31-12-2019			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	99,486,212	251,931,267	200,542,245	551,959,724
Impairment losses	(1,065,994)	(23,389,439)	(84,803,279)	(109,258,712)
	98,420,218	**228,541,828**	**115,738,966**	**442,701,013**

As at 31 December 2020 and 2019, the gross credit transfer matrix by Stages is presented as follows:

(Thousands of AOA)

	31-12-2020			
	Stage 1	Stage 2	Stage 3	Total
Stage as at 01-01-2020				
Stage 1	47,956,151	8,542,357	5,374,090	61,872,598
Stage 2	14,591,868	202,441,348	22,246,493	239,279,709
Stage 3	-	24,801,480	201,998,183	226,799,663
Exposures originated during 2020	23,426,909	41,319,569	6,982,827	71,729,305
	85,974,928	**277,104,754**	**236,601,593**	**599,681,275**

(Thousands of AOA)

	31-12-2019			
	Stage 1	Stage 2	Stage 3	Total
Stage as at 01-01-2019				
Stage 1	39,825,756	79,033,621	575,101	119,434,478
Stage 2	2,819,942	121,521,499	986,261	125,327,702
Stage 3	-	408,608	165,284,674	165,693,282
Exposures originated during 2019	56,840,514	50,967,539	33,696,209	141,504,262
	99,486,212	**251,931,267**	**200,542,245**	**551,959,724**

As at 31 December 2020 and 2019, the detail of exposure and impairment established by segment and by range of days past due is presented as follows:

1. By segment

(Thousands of AOA)

Segment	Exposure as at 31-12-2020									Impairment losses as at 31-12-2020			
	Total exposure	Credit in Stage 1	Of which recovered	Credit in Stage 2	Of which under recovery	Of which restructured	Credit in Stage 3	Of which under recovery	Of which restructured	Total impairment	Credit in Stage 1	Credit in Stage 2	Credit in Stage 3
Corporate													
Loans	495,667,715	50,034,302	12,891,809	260,512,410	24,286,270	7,635,023	185,121,003	51,565,844	69,707,570	110,408,748	727,758	23,528,037	86,152,953
Current account loans	30,079,474	18,964,274	60,508	4,304,058	789,492	-	6,811,142	552,760	-	4,647,031	224,563	379,342	4,043,126
Overdrafts	18,017,574	119,056	28,453	1,678,204	33	-	16,220,314	279,793	-	7,869,841	71	150,785	7,718,985
Credit cards	200,611	170,159	1,777	20,235	4,849	-	10,217	1,041	-	11,711	2,597	1,661	7,453
	543,965,374	**69,287,791**	**12,982,547**	**266,514,907**	**25,080,644**	**7,635,023**	**208,162,676**	**52,399,438**	**69,707,570**	**122,937,331**	**954,989**	**24,059,825**	**97,922,517**
Retail													
Loans	36,657,951	4,658,067	-	5,129,324	188,824	4,914,030	26,870,560	2,366,508	2,126,623	19,923,035	181,761	875,289	18,865,985
Consumer credits	4,764,809	2,664,597	1,275,166	2,100,212	1,868,866	144,176	-	-	-	379,324	129,229	250,095	-
Employees	4,634,021	4,197,425	111,276	436,596	331,503	-	-	-	-	438,211	69,100	369,111	-
Overdrafts	4,152,345	491,748	1,383	2,161,567	857	-	1,499,030	600,634	-	1,391,713	1,142	47,773	1,342,798
Credit cards	2,808,244	2,562,484	4,667	176,433	41,901	-	69,327	33,202	-	87,176	37,285	2,507	47,384
Mortgage loans	2,698,531	2,112,816	216,827	585,715	369,477	27,506	-	-	-	253,776	40,554	213,222	-
	55,715,901	**16,687,137**	**1,609,319**	**10,589,847**	**2,801,428**	**5,085,712**	**28,438,917**	**3,000,344**	**2,126,623**	**22,473,235**	**459,071**	**1,757,997**	**20,256,167**
	599,681,275	**85,974,928**	**14,591,866**	**277,104,754**	**27,882,072**	**12,720,735**	**236,601,593**	**55,399,782**	**71,834,193**	**145,410,566**	**1,414,060**	**25,817,822**	**118,178,684**

(Thousands of AOA)

Segment	Exposure as at 31-12-2019									Impairment losses as at 31-12-2019			
	Total exposure	Credit in Stage 1	Of which recovered	Credit in Stage 2	Of which under recovery	Of which restructured	Credit in Stage 3	Of which under recovery	Of which restructured	Total impairment	Credit in Stage 1	Credit in Stage 2	Credit in Stage 3
Corporate													
Loans	445,274,262	53,534,638	2,257,741	233,526,892	79,678,843	33,787,191	158,212,732	25,017,215	58,288,359	82,495,848	451,017	21,769,541	60,275,290
Current account loans	52,278,729	35,709,425	-	9,791,038	1,717,377	-	6,778,266	498,720	-	4,753,894	411,319	306,358	4,036,217
Overdrafts	17,183,019	51,256	220	3,987,741	58,281	-	13,144,022	105,288	-	8,325,503	19,359	427,957	7,878,187
Credit cards	281,859	242,916	1,684	25,016	3,066	-	13,927	5,050	-	12,540	2,973	1,251	8,316
	515,017,869	**89,538,235**	**2,259,645**	**247,330,687**	**81,457,567**	**33,787,191**	**178,148,947**	**25,626,273**	**58,288,359**	**95,587,785**	**884,668**	**22,505,107**	**72,198,010**
Retail													
Loans	22,223,934	333,142	2,052	61,793	20,744	-	21,828,999	6,120,834	5,366,416	12,107,626	10,833	11,150	12,085,643
Consumer credits	3,470,162	711,328	386,484	2,758,834	2,643,320	22,857	-	-	-	388,175	44,735	343,440	-
Employees	5,004,989	4,812,926	89,281	192,063	137,838	-	-	-	-	274,315	65,734	208,581	-
Overdrafts	1,517,075	266,721	712	733,664	650,461	-	516,690	6,299	-	502,028	1,409	15,535	485,084
Credit cards	1,878,720	1,687,952	4,848	143,159	21,791	-	47,609	19,176	-	55,077	19,109	1,426	34,542
Mortgage loans	2,846,975	2,135,908	76,920	711,067	405,507	-	-	-	-	343,706	39,506	304,200	-
	36,941,855	**9,947,977**	**560,297**	**4,600,580**	**3,879,661**	**22,857**	**22,393,298**	**6,146,309**	**5,366,416**	**13,670,927**	**181,326**	**884,332**	**12,605,269**
	551,959,724	**99,486,212**	**2,819,942**	**251,931,267**	**85,337,228**	**33,810,048**	**200,542,245**	**31,772,582**	**63,654,775**	**109,258,712**	**1,065,994**	**23,389,439**	**84,803,279**

2. By range of days overdue

(Thousands of AOA)

	Exposure as at 31-12-2020							Impairment losses as at 31-12-2020						
	Stage 1	Stage 2			Stage 3			Stage 1	Stage 2			Stage 3		
	≤ 30 days	≤ 30 days	>30 days	≤ 90 days	≤ 30 days	>30 days	≤ 90 days	≤ 30 days	≤30 days	> 30 days	≤ 90 days	≤ 30 days	> 30 days	≤ 90 days
Corporate														
Loans	50,034,302	249,132,652	10,873,477	506,282	88,173,838	584,447	96,362,717	727,757	22,366,071	1,111,337	50,628	45,494,666	268,945	40,389,344
Current account loans	18,964,274	4,019,058	285,000	-	552,760	-	6,258,382	224,563	225,469	153,873	-	124,200	-	3,918,926
Overdrafts	119,055	17,881	1,287,634	372,689	275,834	13,336	15,931,145	71	247	111,716	38,823	272,846	4,414	7,441,724
Credit cards	170,159	20,235	-	-	10,217	-	-	2,597	1,661	-	-	7,453	-	-
	69,287,790	**253,189,826**	**12,446,111**	**878,971**	**89,012,649**	**597,783**	**118,552,244**	**954,988**	**22,593,448**	**1,376,926**	**89,451**	**45,899,165**	**273,359**	**51,749,994**
Retail														
Loans	4,658,067	205,010	10,316	4,913,999	15,900,599	121,622	10,848,338	181,761	50,092	4,673	820,525	9,623,641	108,318	9,134,025
Consumer credits	2,664,597	2,038,834	61,377	1	-	-	-	129,229	226,427	23,668	-	-	-	-
Employees	4,197,425	358,049	78,363	184	-	-	-	69,100	281,254	87,820	37	-	-	-
Overdrafts	491,749	1,502,145	149,346	510,076	597,138	2,592	899,299	1,142	27,186	10,008	10,579	493,329	2,279	847,190
Credit cards	2,562,482	176,433	-	-	69,329	-	-	37,285	2,507	-	-	47,384	-	-
Mortgage loans	2,112,818	396,982	188,731	-	-	-	-	40,555	106,145	107,076	-	-	-	-
	16,687,138	**4,677,453**	**488,133**	**5,424,260**	**16,567,066**	**124,214**	**11,747,637**	**459,072**	**693,611**	**233,245**	**831,141**	**10,164,354**	**110,597**	**9,981,215**
	85,974,928	**257,867,279**	**12,934,244**	**6,303,231**	**105,579,715**	**721,997**	**130,299,881**	**1,414,060**	**23,287,059**	**1,610,171**	**920,592**	**56,063,519**	**383,956**	**61,731,209**

(Thousands of AOA)

	Exposure as at 31-12-2019							Impairment losses as at 31-12-2019						
	Stage 1	Stage 2			Stage 3			Stage 1	Stage 2			Stage 3		
	≤ 30 days	≤ 30 days	>30 days	≤ 90 days	≤ 30 days	>30 days	≤ 90 days	≤ 30 days	≤30 days	> 30 days	≤ 90 days	≤ 30 days	> 30 days	≤ 90 days
Corporate														
Loans	53,534,639	232,575,566	951,326	-	94,655,520	105,356	63,451,855	451,017	21,735,765	33,776	-	31,948,010	73,695	28,253,585
Current account loans	35,709,425	4,103,097	5,687,941	-	588,767	300,000	5,889,499	411,319	159,444	146,914	-	182,675	19,856	3,833,686
Overdrafts	51,256	2,965,510	956,843	65,391	1,103,323	3,236	12,037,460	19,358	398,975	26,908	2,074	370,176	1,235	7,506,777
Credit cards	242,916	25,016	-	-	13,927	-	-	2,973	1,251	-	-	8,316	-	-
	89,538,236	**239,669,189**	**7,596,110**	**65,391**	**96,361,537**	**408,592**	**81,378,814**	**884,667**	**22,295,435**	**207,598**	**2,074**	**32,509,177**	**94,786**	**39,594,048**
Retail														
Loans	333,142	58,442	3,351	-	14,095,037	489,009	7,244,953	10,833	10,120	1,030	-	5,580,714	438,807	6,066,122
Consumer credits	711,328	2,667,823	91,011	-	-	-	-	44,735	321,252	22,188	-	-	-	-
Employees	4,812,926	147,887	38,909	5,267	-	-	-	65,735	161,132	42,730	4,718	-	-	-
Overdrafts	266,722	664,094	28,932	40,635	5,491	966	510,235	1,410	11,266	3,455	814	1,264	832	482,987
Credit cards	1,687,952	143,159	-	-	47,609	-	-	19,109	1,426	-	-	34,542	-	-
Mortgage loans	2,135,908	405,507	38,322	267,238	-	-	-	39,505	104,822	20,709	178,670	-	-	-
	9,947,978	**4,086,912**	**200,525**	**313,140**	**14,148,137**	**489,975**	**7,755,188**	**181,327**	**610,018**	**90,112**	**184,202**	**5,616,520**	**439,639**	**6,549,109**
	99,486,212	**243,756,101**	**7,796,635**	**378,531**	**110,509,676**	**898,567**	**89,134,002**	**1,065,994**	**22,905,453**	**297,710**	**186,276**	**38,125,697**	**534,425**	**46,143,157**

As at 31 December 2020 and 2019, the detail of the credit portfolio, by segment and by granting year, is as follows:

(Thousands of AOA)

Segment	31-12-2020							31-12-2020							
	2017 and preceding years			2018			2019			2020			Total		
	Number of transactions	Amount	Impairment	Number of transactions	Amount	Impairment	Number of transactions	Amount	Impairment	Number of transactions	Amount	Impairment	Number of transactions	Amount	Impairment
Corporate															
Loans	294	319,397,896	72,794,234	81	68,054,824	21,852,156	67	47,479,360	8,295,660	51	60,735,635	7,466,698	493	495,667,715	110,408,748
Current account loans	16	3,552,763	3,008,182	5	115,065	112,489	5	662,875	189,669	46	25,748,771	1,336,691	72	30,079,474	4,647,031
Overdrafts	1,664	16,534,136	7,736,241	274	1,422,225	91,546	331	41,352	33,254	54	19,861	8,800	2,323	18,017,574	7,869,841
Credit cards	303	89,027	8,862	35	20,570	1,119	212	65,236	1,145	73	25,778	585	623	200,611	11,711
	2,277	**339,573,822**	**83,547,519**	**395**	**69,612,684**	**22,057,310**	**615**	**48,248,823**	**8,519,728**	**224**	**86,530,045**	**8,812,774**	**3,511**	**543,965,374**	**122,937,331**
Retail															
Loans	1,790	11,200,556	9,065,697	94	14,287,910	8,529,865	92	6,424,402	1,538,494	57	4,745,083	788,979	2,033	36,657,951	19,923,035
Consumer credits	72	1,415,887	69,115	102	273,595	90,113	131	1,936,579	108,552	769	1,138,748	111,544	1,074	4,764,809	379,324
Employees	1,927	3,489,582	251,285	331	427,744	93,467	617	418,695	88,516	67	298,000	4,943	2,942	4,634,021	438,211
Overdrafts	57,920	3,478,664	1,309,382	41,090	139,788	25,719	169,556	517,884	49,490	2,642	16,009	7,122	271,208	4,152,345	1,391,713
Credit cards	2,098	2,178,968	69,176	596	154,928	5,544	1,566	360,337	9,949	464	114,011	2,507	4,724	2,808,244	87,176
Mortgage loans	20	1,753,387	126,410	4	230,868	79,943	4	524,715	31,459	4	189,561	15,964	32	2,698,531	253,776
	63,827	**23,517,044**	**10,891,065**	**42,217**	**15,514,833**	**8,824,651**	**171,966**	**10,182,612**	**1,826,460**	**4,003**	**6,501,412**	**931,059**	**282,013**	**55,715,901**	**22,473,235**
	66,104	**363,090,866**	**94,438,584**	**42,612**	**85,127,517**	**30,881,961**	**172,581**	**58,431,435**	**10,346,188**	**4,227**	**93,031,457**	**9,743,833**	**285,524**	**599,681,275**	**145,410,566**

(Thousands of AOA)

Segment	31-12-2019							31-12-2019							
	2016 and preceding years			2017			2018	2018		2019			Total		
	Number of transactions	Amount	Impairment	Number of transactions	Amount	Impairment	Number of transactions	Amount	Impairment	Number of transactions	Amount	Impairment	Number of transactions	Amount	Impairment
Corporate															
Loans	446	245,513,854	56,029,049	79	35,478,579	4,069,233	107	88,210,802	13,458,347	89	76,071,027	8,939,219	721	445,274,262	82,495,848
Current account loans	21	3,593,182	2,948,147	-	-	-	9	1,585,776	237,343	82	47,099,771	1,568,404	112	52,278,729	4,753,894
Overdrafts	1,642	16,951,714	8,281,843	270	68,428	38,374	206	14,768	2,834	87	148,109	2,452	2,205	17,183,019	8,325,503
Credit cards	395	102,107	7,017	143	57,752	1,696	84	36,748	1,580	285	85,252	2,247	907	281,859	12,540
	2,504	**266,160,857**	**67,266,056**	**492**	**35,604,759**	**4,109,303**	**406**	**89,848,094**	**13,700,104**	**543**	**123,404,159**	**10,512,322**	**3,945**	**515,017,869**	**95,587,785**
Retail															
Loans	1,947	7,171,181	5,868,353	73	591,170	508,886	63	9,080,071	4,937,496	54	5,381,512	792,891	2,137	22,223,934	12,107,626
Consumer credits	263	1,431,644	280,482	89	107,548	8,185	127	588,812	31,220	163	1,342,158	68,288	642	3,470,162	388,175
Employees	929	1,625,389	116,143	1,,115	2,355,495	118,459	339	583,924	31,400	600	440,181	8,313	2,983	5,004,989	274,315
Overdrafts	23,978	1,332,963	442,733	5,973	31,706	14,302	30,866	72,321	17,273	3,072	80,085	27,720	63,889	1,517,075	502,028
Credit cards	1,499	298,453	17,517	656	1,080,639	27,081	543	144,816	2,534	1,382	354,812	7,945	4,080	1,878,720	55,077
Mortgage loans	25	1,507,306	272,949	5	768,423	16,392	3	36,559	38,711	4	534,687	15,654	37	2,846,975	343,706
	28,641	**13,366,936**	**6,998,177**	**7,911**	**4,934,981**	**693,305**	**31,941**	**10,506,503**	**5,058,634**	**5,275**	**8,133,435**	**920,811**	**73,768**	**36,941,855**	**13,670,927**
	31,145	**279,527,793**	**74,264,233**	**8,403**	**40,539,740**	**4,802,608**	**32,347**	**100,354,597**	**18,758,738**	**5,818**	**131,537,594**	**11,433,133**	**77,713**	**551,959,724**	**109,258,712**

As at 31 December 2020 and 2019, the analysis of the amount of gross credit exposure and the amount of impairment established for exposures reviewed individually and collectively, by segment, business sector and geography, is as follows:

1. By segment

(Thousands of AOA)

2020	Individual impairment		Colective impairment		Total	
	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses
Corporate						
Loans	431,630,128	96,167,994	64,037,587	14,240,754	495,667,715	110,408,748
Current account loans	8,693,076	3,066,425	21,386,398	1,580,606	30,079,474	4,647,031
Overdrafts	14,617,502	5,004,616	3,400,072	2,865,225	18,017,574	7,869,841
Credit cards	2,103	494	198,508	11,217	200,611	11,711
	454,942,809	**104,239,529**	**89,022,565**	**18,697,802**	**543,965,374**	**122,937,331**
Retail						
Loans	18,496,367	8,871,911	18,161,584	11,051,124	36,657,951	19,923,035
Consumer credits	1,593,273	79,862	3,171,536	299,462	4,764,809	379,324
Employees	-	-	4,634,021	438,211	4,634,021	438,211
Overdrafts	1,417,667	25,597	2,734,678	1,366,116	4,152,345	1,391,713
Credit cards	2,383	1,455	2,805,861	85,721	2,808,244	87,176
Mortgage loans	188,555	9,460	2,509,976	244,316	2,698,531	253,776
	21,698,245	**8,988,285**	**34,017,656**	**13,484,950**	**55,715,901**	**22,473,235**
	476,641,054	**113,227,814**	**123,040,221**	**32,182,752**	**599,681,275**	**145,410,566**

(Thousands of AOA)

2019	Individual impairment		Colective impairment		Total	
	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses
Corporate						
Loans	360,820,688	69,515,251	84,453,574	12,980,597	445,274,262	82,495,848
Current account loans	14,042,209	2,973,189	38,236,520	1,780,705	52,278,729	4,753,894
Overdrafts	14,909,958	5,794,842	2,273,061	2,530,661	17,183,019	8,325,503
Credit cards	3,834	909	278,025	11,631	281,859	12,540
	389,776,689	**78,284,191**	**125,241,180**	**17,303,594**	**515,017,869**	**95,587,785**
Retail						
Loans	12,669,510	4,586,299	9,554,424	7,521,327	22,223,934	12,107,626
Consumer credits	1,230,533	35,257	2,239,629	352,918	3,470,162	388,175
Employees	-	-	5,004,989	274,315	5,004,989	274,315
Overdrafts	-	-	1,517,076	502,028	1,517,075	502,028
Credit cards	12	-	1,878,708	55,077	1,878,720	55,077
Mortgage loans	192,504	5,516	2,654,471	338,190	2,846,975	343,706
	14,092,559	**4,627,072**	**22,849,297**	**9,043,855**	**36,941,855**	**13,670,927**
	403,869,248	**82,911,263**	**148,090,477**	**26,347,449**	**551,959,724**	**109,258,712**

2. By business sector

(Thousands of AOA)

2020	Real estate		Wholesale and retail trade		Construction		Manufacturing industry		Retail		Other		Total	
	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses
Individual impairment	171,486,536	31,790,059	81,147,423	19,023,384	95,746,006	31,402,875	84,162,892	19,115,028	21,698,242	8,988,285	22,399,955	2,908,183	476,641,054	113,227,814
Colective impairment	4,416,615	496,278	11,579,739	6,397,049	24,319,325	1,639,054	22,391,148	4,824,959	32,428,789	12,810,938	27,904,605	6,014,474	123,040,221	32,182,752
	175,903,151	**32,286,337**	**92,727,162**	**25,420,433**	**120,065,331**	**33,041,929**	**106,554,040**	**23,939,987**	**54,127,031**	**21,799,223**	**50,304,560**	**8,922,657**	**599,681,275**	**145,410,566**

(Thousands of AOA)

2019	Real estate		Wholesale and retail trade		Construction		Manufacturing industry		Retail		Other		Total	
	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses
Individual impairment	149,136,179	30,085,328	63,261,055	8,822,400	72,699,093	12,481,925	82,318,365	23,550,568	19,247,703	2,253,966	17,206,853	5,717,076	403,869,248	82,911,263
Colective impairment	3,889,910	585,906	23,137,438	4,738,178	20,159,427	3,992,414	44,488,815	1,189,218	32,363,209	5,855,262	24,051,678	9,986,471	148,090,477	26,347,449
	153,026,089	**30,671,234**	**86,398,493**	**13,560,578**	**92,858,520**	**16,474,339**	**126,807,180**	**24,739,786**	**51,610,912**	**8,109,228**	**41,258,531**	**15,703,547**	**551,959,724**	**109,258,712**

3. By geography

(Thousands of AOA)

2020	Angola		Portugal		Other countries		Total	
	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses
Individual impairment	473,659,701	111,667,708	2,981,353	1,560,106	-	-	476,641,054	113,227,814
Colective impairment	122,726,363	32,168,046	287,059	6,995	26,799	7,711	123,040,221	32,182,752
	596,386,064	**143,835,754**	**3,268,412**	**1,567,101**	**26,799**	**7,711**	**599,681,275**	**145,410,566**

(Thousands of AOA)

2019	Angola		Portugal		Other countries		Total	
	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses	Exposure	Impairment losses
Individual impairment	401,614,290	82,035,832	2,254,958	875,431	-	-	403,869,248	82,911,263
Colective impairment	146,574,176	26,317,428	512,840	9,029	1,003,461	20,992	148,090,477	26,347,449
	548,188,466	**108,353,260**	**2,767,798**	**884,460**	**1,003,461**	**20,992**	**551,959,725**	**109,258,712**

As at 31 December 2020 and 2019, the analysis of the fair value of guarantees underlying the loan portfolio of the corporate, construction and real estate development and housing segments is as follows:

(Thousands of AOA)

Fair value	31-12-2020				31-12-2020							
	Corporate				Construction and real estate development				Mortgage loans			
	Real estate		Asset-backed loans		Real estate		Asset-backed loans		Real estate		Asset-backed loans	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50 M AOA	9	121,984	947	2,183,095	1	12,128	105	202,960	1	12,128	105	202,960
>= 50 M AOA and < 100 M AOA	8	431,450	44	2,836,799	-	-	6	394,383	-	-	6	394,383
>= 100 M AOA and < 500 M AOA	26	1,641,108	86	15,709,096	6	1,622,088	20	4,906,075	6	1,622,088	20	4,906,075
>= 500 M AOA and < 1.000 M AOA	13	1,846,843	20	11,918,557	3	1,079,469	4	1,795,735	3	1,079,469	4	1,795,735
>= 1.000 M AOA and < 2.000 M AOA	11	5,108,881	5	6,416,228	5	2,817,565	3	2,252,392	-	-	-	-
>= 2.000 M AOA and < 5.000 M AOA	24	21,826,881	2	6,608,105	3	4,979,746	3	8,436,995	-	-	-	-
>= 5.000 M AOA	11	79,005,209	3	43,930,746	16	152,135,250	3	19,390,321	16	152,135,250	3	19,390,321
	102	**109,982,358**	**1,107**	**89,602,626**	**34**	**162,646,346**	**144**	**37,378,861**	**26**	**154,848,936**	**138**	**26,689,475**

(Thousands of AOA)

Fair value	31-12-2019				31-12-2019							
	Corporate				Construction and real estate development				Mortgage loans			
	Real estate		Asset-backed loans		Real estate		Asset-backed loans		Real estate		Asset-backed loans	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50 M AOA	10	141,001	1,017	6,972,330	1	14,456	111	358,628	9	234,364	6	36,512
>= 50 M AOA and < 100 M AOA	10	620,522	127	8,732,736	-	-	7	485,651	9	466,849	-	-
>= 100 M AOA and < 500 M AOA	32	4,646,914	118	20,143,092	8	2,394,727	33	6,418,501	17	1,519,555	1	138,317
>= 500 M AOA and < 1.000 M AOA	11	1,482,157	12	7,371,878	3	1,264,054	5	1,532,333	-	-	-	-
>= 1.000 M AOA and < 2.000 M AOA	14	5,912,901	6	8,229,106	6	4,785,366	4	4,,050,348	1	5,772	-	-
>= 2.000 M AOA and < 5.000 M AOA	17	20,859,809	1	3,044,800	4	4,854,130	5	9,587,848	-	-	-	-
>= 5.000 M AOA	9	71,877,681	4	41,480,467	17	135,489,051	3	30,787,345	1	12,206	-	-
	103	**105,540,985**	**1,285**	**95,974,409**	**39**	**148,801,783**	**168**	**53,220,654**	**37**	**2,238,747**	**7**	**174,829**

As at 31 December 2020 and 2019, the loan-to-value ratio of the corporate, construction and property development and housing segments is presented as follows:

(Thousands of AOA)

Segment/Ratio	2020 Number of properties	2020 Number of asset-backed loans	2020 Credit in Stage 1	2020 Credit in Stage 2	2020 Credit in Stage 3	2020 Impairment losses
Corporate						
Unsecured	-	-	10,896,602	9,898,855	51,587,378	30,559,086
< 50%	49	144	6,342,275	1,863,990	22,953,218	11,108,501
≥ 50% and < 75%	6	127	611,283	5,087,889	15,381,544	5,189,616
≥ 75% and < 100%	2	151	10,712,506	36,831,965	126,038	2,513,969
≥ 100%	45	818	3,467,869	10,247,940	4,458,339	1,380,240
Construction and real estate development						
Unsecured	-	-	3,597,634	57,927,050	22,175,826	15,863,795
< 50%	4	21	-	10,693,709	14,474,088	2,620,643
≥ 50% and < 75%	6	7	-	-	15,590,318	3,810,978
≥ 75% and < 100%	5	7	-	3,038,784	-	411,445
≥ 100%	34	109	343,005	23,299,098	24,763,638	9,579,477
Mortgage loans						
Unsecured	-	-	1,914,981	585,714	-	251,025
< 50%	8	4	175,342	-	-	2,679
≥ 50% and < 75%	-	-	-	-	-	-
≥ 75% and < 100%	2	-	21,819	-	-	71
≥ 100%	1	1	675	-	-	-
	162	**1,389**	**38,083,982**	**159,474,994**	**171,510,388**	**83,291,525**

(Thousands of AOA)

Segment/Ratio	2019 Number of properties	2019 Number of asset-backed loans	2019 Credit in Stage 1	2019 Credit in Stage 2	2019 Credit in Stage 3	2019 Impairment losses
Corporate						
Unsecured	-	-	11,618,811	17,559,928	35,494,076	23,401,578
< 50%	24	204	7,734,972	442,448	13,263,971	5,263,597
≥ 50% and < 75%	6	142	1,176,874	15,795,429	12,694,719	3,627,994
≥ 75% and < 100%	4	167	2,403,997	16,449,773	837,765	386,496
≥ 100%	69	772	2,242,599	28,968,433	8,179,217	2,956,593
Construction and real estate development						
Unsecured	-	-	2,121,114	42,829,386	16,673,305	12,354,760
< 50%	2	16	-	13,784,860	2,440,346	1,177,312
≥ 50% and < 75%	6	8	-	3,497,839	22,393,100	8,396,510
≥ 75% and < 100%	1	9	-	-	10,903	4,410,435
≥ 100%	30	135	887,543	34,270,565	2,984,888	4,332,217
Mortgage loans						
Unsecured	-	-	1,692,239	381,343	149,290	12,601,738
< 50%	1	5	146,383	-	-	1,179,754
≥ 50% and < 75%	1	-	-	40,665	-	8,409,275
≥ 75% and < 100%	3	-	-	-	345,761	4,709,018
≥ 100%	32	2	207,785	24,164	462,006	4,553,477
	179	**1,460**	**30,232,318**	**174,044,832**	**115,929,348**	**97,760,754**

As at 31 December 2020 and 2019, the analysis of the fair value and the net book value of properties received as recovery or foreclosure, by type of real estate and seniority, is as follows:

1. By type of property

(Thousands of AOA)

Type of real estate	31-12-2019			31-12-2020		
	Number of properties	Fair value of the asset	Net book value	Number of properties	Fair value of the asset	Net book value
Land						
Urban	41	155,855,143	70,904,685	5	4,452,877	2,943,846
Constructed buildings						
Commercial	8	19,933,291	12,910,859	2	6,815,208	3,070,428
Mortgage loans	24	4,119,067	3,011,107	2	2,042,745	1,122,642
	73	**179,907,501**	**86,826,651**	**9**	**13,310,830**	**7,136,916**

2. By seniority

(Thousands of AOA)

Time since recovery/foreclosure	31-12-2020				
	< 1 year	≥ 1 to < 2.5 years	≥ 2.5 to < 5 years	≥ 5 years	Total
Land					
Urban	193,800	1,063,640	1,686,406	-	2,943,846
Constructed buildings					
Commercial	624,204	2,446,224	-	-	3,070,428
Mortgage loans	307,467	815,173	-	-	1,122,642
	1,125,473	**4,325,037**	**1,686,406**	**-**	**7,136,916**

(Thousands of AOA)

Time since recovery/foreclosure	31-12-2019				
	< 1 year	≥ 1 to < 2.5 years	≥ 2.5 to < 5 years	≥ 5 years	Total
Land					
Urban	47,708,534	21,509,745	1,686,406	-	70,904,685
Constructed buildings					
Commercial	2,844,608	10,066,251	-	-	12,910,859
Mortgage loans	2,195,934	815,173	-	-	3,011,107
	52,749,076	**32,391,169**	**1,686,406**	**-**	**86,826,651**

As at 31 December 2020 and 2019, the distribution of the loan portfolio measured by internal risk degrees, is presented as follows:

(Thousands of AOA)

Segment	31-12-2020				31-12-2020					
	Low risk level			Medium risk level	High risk level				No rating	
	B1	B2	B3	C	D	E	F	G	-	Total overall
Corporate										
Loans	-	32,268,779	40,153,487	86,058,501	20,578,344	51,702,395	6,921,784	87,669,379	170,315,046	495,667,715
Current account loans	-	-	99,650	955,515	,9,047,641	7,287,160	-	8,319,719	4,369,789	30,079,474
Overdrafts	-	-	1,231,094	443,226	3,588	1,880,898	1,883	7,913,286	6,543,599	18,017,574
Credit cards	-	315	4,465	7,852	6,573	6,383	-	4,504	170,519	200,611
	-	**32,269,094**	**41,488,696**	**87,465,094**	**29,636,146**	**60,876,836**	**6,923,667**	**103,906,888**	**181,398,953**	**543,965,374**
Retail										
Loans	255,633	225,995	150,999	5,165,336	478,888	385,499	-	314,575	29,681,026	36,657,951
Consumer credit	590	177,321	1,620,063	401,094	18,575	745	-	-	2,546,421	4,764,809
Employees	16	-	-	-	91	-	-	-	4,633,914	4,634,021
Overdrafts	-	224	3,163	5,890	571	-	-	5,663	4,136,834	4,152,345
Credit cards	1,488	10,101	13,283	6,863	410	191	-	-	2,775,908	2,808,244
Mortgage loans	-	47,702	311,384	24,540	-	-	-	-	2,314,905	2,698,531
	257,727	**461,343**	**2,098,892**	**5,603,723**	**498,535**	**386,435**	**-**	**320,238**	**46,089,008**	**55,715,901**
	257,727	**32,730,437**	**43,587,588**	**93,068,817**	**30,134,681**	**61,263,271**	**6,923,667**	**104,227,126**	**227,487,960**	**599,681,275**

(Thousands of AOA)

Segment	31-12-2019				31-12-2019					
	Low risk level			Medium risk level	High risk level				No rating	
	B1	B2	B3	C	D	E	F	G	-	Total overall
Corporate										
Loans	-	27,814,485	43,814,438	62,652,824	15,316,944	47,432,771	1,475,933	72,449,163	174,317,704	445,274,262
Current account loans	-	959,243	6,971,771	10,704,552	10,513,510	8,414,490	2,068,673	8,747,060	3,899,430	52,278,729
Overdrafts	-	47,177	3,065	959,883	1,692,687	1,678,635	1,883	6,001,777	6,797,912	17,183,019
Credit cards	-	2,526	5,820	9,741	7,258	7,758	67	2,703	245,986	281,859
	-	**28,823,431**	**50,795,094**	**74,327,000**	**27,530,399**	**57,533,654**	**3,546,556**	**87,200,703**	**185,261,032**	**515,017,869**
Retail										
Loans	230,285	174,553	100,676	4,224,566	469,626	132,058	-	8,423	16,883,747	22,223,934
Consumer credit	9,853	163,750	1,494,032	151,714	25,991	991	-	-	1,623,831	3,470,162
Employees	-	-	-	-	-	-	-	-	5,004,989	5,004,989
Overdrafts	206	1,231	6,583	9,631	8,225	1	-	5,429	1,485,769	1,517,075
Credit cards	1,998	7,774	13,092	5,979	1,843	173	-	-	1,847,861	1,878,720
Mortgage loans	-	4,312	239,094	15	-	-	-	-	2,603,554	2,846,975
	242,342	**351,620**	**1,853,477**	**4,391,905**	**505,685**	**133,223**	**-**	**13,852**	**29,449,751**	**36,941,855**
	242,342	**29,175,051**	**52,648,571**	**78,718,905**	**28,036,084**	**57,666,877**	**3,546,556**	**87,214,555**	**214,710,783**	**551,959,724**

As at 31 December 2020 and 2019, the disclosure of risk factors associated with the impairment model, by segment, is as follows:

2020	Impairment as at 31-12-2020				
	Probability of default (%)				Loss due to the default (%)
	< 30 days without evidence	< 30 days with evidence	Between 30 and 60 days	Between 60 and 90 days	
Corporate					
Loans	4%	16%	52%	72%	74%
Current account loans	4%	16%	52%	72%	75%
Overdrafts	4%	16%	-	72%	75%
Credit cards	2%	3%	-	-	85%
Retail					
Loans	5%	16%	50%	72%	80%
Consumer credits	6%	22%	50%	79%	86%
Employees	1%	11%	50%	67%	86%
Overdrafts	2%	2%	30%	49%	86%
Credit cards	2%	3%	-	-	85%
Mortgage loans	2%	15%	34%	-	86%

2019	Impairment as at 31-12-2019				
	Probability of default (%)				Loss due to the default (%)
	< 30 days without evidence	< 30 days with evidence	Between 30 and 60 days	Between 60 and 90 days	
Corporate					
Loans	3%	12%	43%	62%	86%
Current account loans	3%	12%	43%	62%	78%
Overdrafts	3%	12%	43%	62%	76%
Credit cards	1%	2%	23%	35%	85%
Retail					
Loans	5%	40%	43%	66%	85%
Consumer credits	4%	19%	36%	54%	85%
Employees	4%	9%	35%	44%	85%
Overdrafts	1%	2%	23%	35%	85%
Credit cards	1%	2%	23%	35%	85%
Mortgage loans	6%	12%	26%	43%	85%

As at 31 December 2020 and 2019, financial leases, by residual maturity, is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Outsanding rents and residual values		
Below 1 year	3,897,453	5,721,716
1 to 5 years	2,717,798	8,125,918
Above 5 years	6,686,064	8,217,617
	13,301,315	**22,065,251**
Outstanding interest		
Below 1 year	405,382	523,914
1 to 5 years	1,370,720	885,895
Above 5 years	1,798,872	2,328,020
	3,574,974	**3,737,829**
Outstanding capital		
Below 1 year	3,523,159	5,197,803
1 to 5 years	1,347,078	7,240,024
Above 5 years	4,887,192	5,889,595
	9,757,429	18,327,422
Impairment losses	(1,070,582)	(2,504,474)
	8,686,847	15,822,948

There are no finance lease agreements with contingent rents.

Note 10.
OTHER LOANS AND ADVANCES TO CENTRAL BANKS AND CREDIT INSTITUTIONS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Loans and advances to credit institutions in Angola		
Operations with resale agreement	12,433,000	34,156,023
Interest receivable	81,965	36,312
	12,514,965	**34,192,335**
Loans and advances to credit institutions abroad		
Loans and advances	4,496,521	49,786,098
Interest receivable	796	852
	4,497,317	**49,786,950**
Impairment losses	-	(388,144)
	17,012,282	**83,591,141**

As at 31 December 2020 and 2019, Other loans and advances to central banks and credit institutions, excluding interest receivable and impairment, had the following structure, by residual maturities:

(Thousands of AOA)

	31-12-2019	31-12-2020
Below 3 months	16,523,369	83,145,616
3 to 12 months	406,152	796,505
	16,929,521	**83,942,121**

As at 31 December 2020 and 2019, the breakdown of Other loans and advances to central banks and credit institutions, including interest receivable and impairment losses, by currency, is as follows:

(Thousands of AOA)

	31-12-2019			31-12-2020		
	Gross exposure	Impairment losses	Net exposure	Gross exposure	Impairment losses	Net exposure
AOA	12,515,509	-	12,515,509	34,228,646	(288,501)	33,940,145
USD	3,279,799	-	3,279,799	48,591,230	(94,785)	48,496,445
EUR	1,216,973	-	1,216,973	1,159,409	(4,857)	1,154,552
	17,012,282	**-**	**17,012,282**	**83,979,285**	**(388,144)**	**83,591,141**

As at 31 December 2020 and 2019, Other loans and advances to central banks and credit institutions bears interest at an average annual rate of 19.50% and 13.96%, respectively, for national currency and, 0.66% and 1.00%, respectively, for foreign currency.

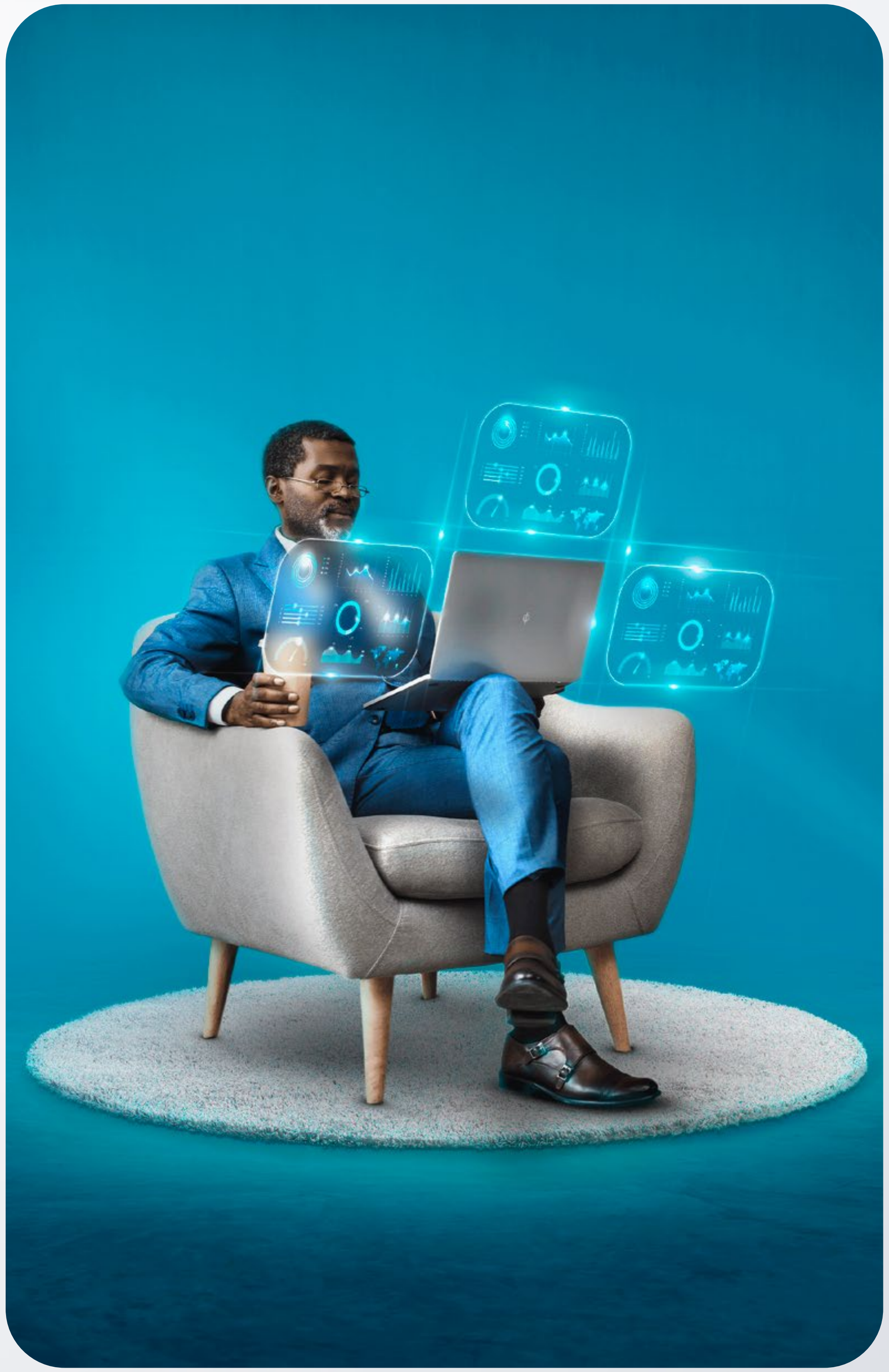
As at 31 December 2020 and 2019, Other loans and advances to credit institutions abroad include liquidity investments that are mainly acting as collateral for documentary credit transactions for Customers' imports.

All exposures relating to debt securities disclosed under this caption are positioned at Stage 1.

As at 31 December 2020, changes in impairment losses for other loans and advances to central banks and credit institutions are as follows:

(Thousands of AOA)

	31-12-2020
Opening balance	-
Charges for the period	(388,144)
Closing balance	**(388,144)**



Note 11.
PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2020 and 2019, this caption and the changes during these periods are presented as follows:

(Thousands of AOA)

2020	Gross amount					Depreciations, amortisations and impairment losses				Net amount	
	Balance as at 31-12-2019	Acquisitions	Disposals, write-offs and other regularisations	Transfers	Balance as at 31-12-2020	Balance as at 31-12-2019	Depreciations for the period	Disposals, write-offs and other transfers	Balance as at 31-12-2020	31-12-2019	31-12-2020
Property, plant and equipment											
Real estate											
For own use	21,282,345	3,356,393	(84,254)	1,039	24,555,522	1,532,117	445,647	740,224	2,717,988	19,750,228	21,837,534
Improvements in rented buildings	7,767,037	1,352,426	(110,861)	(1,039)	9,007,563	2,273,198	289,105	-	2,562,303	5,493,839	6,445,260
Other	5,667,202	-	(49,216)	-	5,617,986	-	-	-	-	5,667,202	5,617,986
Other assets under construction											
For own use	17,347,782	420,665	(470,408)	-	17,298,039	-	-	-	-	17,347,782	17,298,039
	52,064,366	**5,129,483**	**(714,740)**	**-**	**56,479,110**	**3,805,315**	**734,752**	**740,224**	**5,280,291**	**48,259,051**	**51,198,819**
Equipment											
IT equipment	8,895,979	2,818,018	(127,338)	(1,928)	11,584,731	5,563,673	1,333,282	(124,897)	6,772,058	3,332,306	4,812,673
Indoor facilities	1,494,159	275,552	(2,435)	704	1,767,980	891,031	192,136	(2,428)	1,080,739	603,128	687,241
Furniture and material	3,159,630	121,705	(3,693)	-	3,277,642	1,970,863	324,782	(3,666)	2,291,979	1,188,767	985,663
Security equipment	2,460,740	32,549	-	-	2,493,289	1,444,422	247,196	-	1,691,618	1,016,318	801,672
Machinery and tools	1,078,033	62,971	-	-	1,141,004	810,755	107,008	-	917,763	267,278	223,241
Transport equipment	3,203,899	292,574	(690,980)	-	2,805,493	2,298,563	475,567	(690,257)	2,083,873	905,336	721,620
Other equipment	252,834	15,584	-	1,278,218	1,546,636	751,529	158,353	412,799	1,322,681	(498,695)	223,955
	20,545,274	**3,618,954**	**(824,446)**	**1,276,994**	**24,616,776**	**13,730,836**	**2,838,324**	**(408,449)**	**16,160,711**	**6,814,438**	**8,456,065**
Other assets under construction	406,341	-	(406,340)	-	1	-	-	-	-	406,341	1
Property, plant and equipment	1,279,942	-	(764)	(1,278,218)	960	395,347	103	(394,606)	844	884,595	117
	1,686,283	**-**	**(407,104)**	**(1,278,218)**	**961**	**395,347**	**103**	**(394,606)**	**844**	**1,290,936**	**118**
Righ-of-use assets											
Real estate	5,608,352	5,126,204	(42,388)	-	10,692,168	690,704	1,306,906	(338,621)	1,658,989	4,917,648	9,033,179
	5,608,352	**5,126,204**	**(42,388)**	**-**	**10,692,168**	**690,704**	**1,306,906**	**(338,621)**	**1,658,989**	**4,917,648**	**9,033,179**
	79,904,275	**13,874,641**	**(1,988,677)**	**(1,224)**	**91,789,015**	**18,622,202**	**4,880,085**	**(401,452)**	**23,100,835**	**61,282,073**	**68,688,180**

(Thousands of AOA)

2019	Gross amount					Depreciations, amortisations and impairment losses				Net amount	
	Balance as at 31-12-2018	Acquisitions	Disposals, write-offs and other regularisations	Transfers	Balance as at 31-12-2019	Balance as at 31-12-2018	Depreciations for the period	Disposals, write-offs and other transfers	Balance as at 31-12-2019	31-12-2018	31-12-2019
Property, plant and equipment											
Real estate											
For own use	36,805,474	2,071,342	(9,827,434)	-	29,049,382	4,514,269	668,985	(1,377,939)	3,805,315	32,291,205	25,244,067
Other	8,190,585	347,850	(2,871,233)	-	5,667,202	-	-	-	-	8,190,585	5,667,202
Other assets under construction											
For own use	17,689,478	4,541,946	(4,883,642)	-	17,347,782	-	-	-	-	17,689,478	17,347,782
	62,685,537	**6,961,138**	**(17,582,309)**	**-**	**52,064,366**	**4,514,269**	**668,985**	**(1,377,939)**	**3,805,315**	**58,171,268**	**48,259,051**
Equipment											
IT equipment	6,520,912	2,379,944	(4,877)	-	8,895,979	4,748,934	988,719	(173,980)	5,563,673	1,771,978	3,332,306
Indoor facilities	1,378,663	119,010	(3,514)	-	1,494,159	704,765	174,559	11,707	891,031	673,898	603,128
Furniture and material	3,100,040	62,179	(2,589)		3,159,630	1,662,201	322,630	(13,968)	1,970,863	1,437,839	1,188,767
Security equipment	2,386,256	74,484	-	-	2,460,740	1,192,657	251,843	(78)	1,444,422	1,193,599	1,016,318
Machinery and tools	967,697	110,581	(245)	-	1,078,033	634,586	117,305	58,864	810,755	333,111	267,278
Transport equipment	3,077,322	247,162	(120,585)	-	3,203,899	1,858,466	607,276	(167,179)	2,298,563	1,218,856	905,336
Other equipment	239,609	13,232	(7)		252,834	101,419	271,912	378,198	751,529	138,190	(498,695)
	17,670,499	**3,006,592**	**(131,817)**	**-**	**20,545,274**	**10,903,028**	**2,734,244**	**93,564**	**13,730,836**	**6,767,471**	**6,814,438**
Other assets under construction	355,830	61,353	(10,843)	-	406,340	-	-	-	-	355,830	406,340
Property, plant and equipment	1,270,247	9,738	(43)	-	1,279,942	855,712	53,754	(514,119)	395,347	414,535	884,595
	1,626,077	**71,091**	**(10,886)**	**-**	**1,686,282**	**855,712**	**53,754**	**(514,119)**	**395,347**	**770,365**	**1,290,935**
Righ-of-use assets											
Real estate	-	5,608,353	-	-	5,608,353	-	690,704	-	690,704	-	4,917,649
	-	**5,608,353**	**-**	**-**	**5,608,353**	**-**	**690,704**	**-**	**690,704**	**-**	**4,917,649**
	81,982,113	**15,647,174**	**(17,725,012)**	**-**	**79,904,275**	**16,273,009**	**4,147,687**	**(1,798,494)**	**18,622,202**	**65,709,104**	**61,282,073**

As at 31 December 2020 and 2019, the caption Right-of-use assets corresponds to the impact of the adoption of IFRS 16, as at 1 January 2019, as described in Note 2.11.

As at 31 December 2020 and 2019, the caption Assets under construction includes the amount of AOA 17,005,774 thousand and AOA 16,877,374, respectively, related to the construction of the Bank's new headquarters building in Luanda Bay. During the period ended 31 December 2020, the Bank made payments amounting to AOA 128,400 thousand under the construction contract.

During 2020 and 2019, there were transfers between other tangible assets and intangible assets (Note 12).

Note 12.
INTANGIBLE ASSETS

As at 31 December 2020 and 2019, the changes in this caption during these periods are presented as follows:

For the purposes of assessing Goodwill, estimated data for the coming periods were used, based on the budget, future prospects and a discount rate. The recoverable amount is higher than the balance sheet value.

(Thousands of AOA)

2020	Gross amount					Depreciations, amortisations and impairment losses				Net amount	
	Balance as at 31-12-2019	Acquisitions	Disposals, write-offs and other regularisations	Transfers	Balance as at 31-12-2020	Balance as at 31-12-2019	Amortisations for the period	Disposals, write-offs and other regularisations	Balance as at 31-12-2020	31-12-2019	31-12-2020
Intangible assets											
Automated-data processing system	15,698,749	6,919,053	(172,692)	1,224	22,446,334	5,869,833	3,517,003	(46,231)	9,340,605	9,828,916	13,105,729
Other	723,431	53,775	-	-	777,206	457,254	21,124	8,543	486,921	266,177	290,285
	16,422,180	**6,972,828**	**(172,692)**	**1,224**	**23,223,540**	**6,327,087**	**3,538,126**	**(37,688)**	**9,827,526**	**10,095,093**	**13,396,014**
Goodwill											
Banco Millennium Angola, S.A. incorporation	25,632,743	-	-	-	25,632,743	-	-	-	-	25,632,743	25,632,743
	25,632,743	**-**	**-**	**-**	**25,632,743**	**-**	**-**	**-**	**-**	**25,632,743**	**25,632,743**
Work in progress	253,854	-	-	-	253,854	-	-	242,074	242,074	253,854	11,780
	253,854	**-**	**-**	**-**	**253,854**	**-**	**-**	**242,074**	**242,074**	**253,854**	**11,780**
	42,308,777	**6,972,828**	**(172,692)**	**1,224**	**49,110,137**	**6,327,087**	**3,538,126**	**204,386**	**10,069,599**	**35,981,690**	**39,040,538**

(Thousands of AOA)

2019	Gross amount					Depreciations, amortisations and impairment losses				Net amount	
	Balance as at 31-12-2019	Acquisitions	Disposals, write-offs and other regularisations	Transfers	Balance as at 31-12-2019	Balance as at 31-12-2018	Amortisations for the period	Disposals, write-offs and other regularisations	Balance as at 31-12-2019	31-12-2018	31-12-2019
Intangible assets											
Automated-data processing system	10,154,807	5,415,589	(82,110)	210,463	15,698,749	3,619,240	2,266,156	(15,563)	5,869,833	6,535,567	9,828,916
Other	695,140	43,325	(15,034)	-	723,431	446,527	10,727	-	457,254	248,613	266,177
	10,849,947	**5,458,914**	**(97,144)**	**210,463**	**16,422,180**	**4,065,767**	**2,276,883**	**(15,563)**	**6,327,087**	**6,784,180**	**10,095,093**
Goodwill											
Banco Millennium Angola, S.A. incorporation	25,632,743	-	-		25,632,743					25,632,743	25,632,743
	25,632,743	**-**	**-**	**-**	**25,632,743**	**-**	**-**	**-**	**-**	**25,632,743**	**25,632,743**
Work in progress	208,650	255,667	-	(210,463)	253,854	-	-	-	-	208,650	253,854
	208,650	**255,667**	**-**	**(210,463)**	**253,854**	**-**	**-**	**-**	**-**	**208,650**	**253,854**
	36,691,340	**5,714,581**	**(97,144)**	**-**	**42,308,777**	**4,065,767**	**2,276,883**	**(15,563)**	**6,327,087**	**32,625,573**	**35,981,690**

Goodwill refers to the difference between the fair value of the assets and liabilities and the amount determined within the scope of the valuation made at the time of the merger between Banco Privado Atlântico, S.A. and Banco Millennium Angola, S.A. According to the accounting policy described in Note 2.8, goodwill is subject to impairment tests in accordance with the model defined, under IAS 36.

The impairment assessment made is based on reasonable and supportable assumptions that represent the Board of Directors best estimate of economic conditions that could affect goodwill in future periods.

For the purposes of assessing Goodwill, estimated data for the coming periods were used, based on the budget, future prospects and a discount rate, which includes a risk premium appropriate to the estimated future cash flows (Note 3.4). Based on these assumptions, the recoverable amount is higher than the balance sheet value.

During 2020 and 2019, there were transfers between intangible assets and other tangible assets (Note 11).

Note 13.
NON-CURRENT ASSETS HELD FOR SALE

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Non-current assets held for sale		
Real estate	92,303,461	7,900,879
Impairment losses	(3,674,682)	(621,239)
	88,628,779	**7,279,640**

As at 31 December 2020 and 2019, the amounts disclosed relate to properties and similar received in kind in the amount of AOA 7,684,150 thousand and AOA 90,427,328 thousand, respectively, and facilities not in use by the Bank in the amount of AOA 216,729 thousand and AOA 1,876,133 thousand, respectively, available for immediate sale, and the Bank has recorded impairment for these assets in the total amount of AOA 621,239 thousand and AOA 3,674,682 thousand, respectively.

The caption Non-current assets held for sale includes buildings whose legalisation procedures are still ongoing with the relevant entities, and no adjustments are expected as a result of the completion of those procedures.

As at 31 December 2020 and 2019, changes in Non-current assets held for sale and in associated impairment losses were as follows:

The amounts disclosed relate to properties and similar received in kind, as well as facilities not in use by the Bank, available for immediate sale.

(Thousands of AOA)

31-12-2020	Balance as at 31-12-2019					Impairment		Balance as at 31-12-2020		
	Gross amount	Impairment losses	Net amount	Increases	Disposals	Charges	Reversals, charge-offs and transfers	Gross amount	Impairment losses	Net amount
Properties received in lieu of payment	90,427,327	(3,600,676)	86,826,651	1,125,474	(83,955,993)	(547,234)	3,600,676	7,684,150	(547,234)	7,136,916
Other real estate	1,876,133	(74,006)	1,802,127	-	(1,659,404)	(74,006)	74,006	216,729	(74,006)	142,724
	92,303,461	**(3,674,682)**	**88,628,779**	**1,125,474**	**(85,615,397)**	**(621,239)**	**3,674,682**	**7,900,879**	**(621,239)**	**7,279,640**

(Thousands of AOA)

31-12-2019	Balance as at 31-12-2018					Impairment		Balance as at 31-12-2019		
	Gross amount	Impairment losses	Net amount	Increases	Disposals	Charges	Reversals, charge-offs and transfers	Gross amount	Impairment losses	Net amount
Properties received in lieu of payment	65,193,336	(1,675,341)	63,517,995	37,669,875	(12,435,883)	(3,217,665)	1,292,329	90,427,327	(3,600,676)	86,826,651
Other real estate	2,574,727	(302,061)	2,272,666	-	(698,594)	-	228,055	1,876,133	(74,006)	1,802,127
	67,768,063	**(1,977,402)**	**65,790,661**	**37,669,875**	**(13,134,477)**	**(3,217,665)**	**1,520,384**	**92,303,461**	**(3,674,682)**	**88,628,779**

In 2020 and 2019, Increases relate to real estate received as payment in kind, as part of the recovery of a set of loans granted to Customers.

During 2020 and 2019, the Bank disposed of properties by (i) contributions in kind to the Atlântico Property Fund (Note 6); (ii) entering into promissory contracts of sale and purchase (Note 15); and (iii) direct sales to third parties.

As at 31 December 2020, disposals by bidders, purchasers, types of contract and number of properties, is summarised as follows:

(Thousands of AOA)

Type of operation	Number of properties	Book value	Value of the rent	Cost of sale	Gains/ (Losses) (Note 27)
Subscription of shares	74	86,388,215	139,768,128	(4,727,962)	48,103,356
Promissory contracts of sale and purchase	17	32,148,562	45,724,767	(1,488,744)	12,087,461
Direct sale	3	313,869	401,411	(13,069)	74,472
	94	**118,850,646**	**185,894,305**	**(6,229,775)**	**60,265,290**

The disposals related to the subscription of shares in the Atlântico Property Fund (Note 6), are detailed as follows:

- On 31 December 2020, a contribution in kind was made through the transfer to the Fund of properties for the total amount of AOA 98,141,184 thousand;
- On 29 June 2020, a contribution in kind was made through the transfer to the Fund of properties, for the total amount of AOA 41,626,944 thousand; and
- On 27 December 2019, a contribution in kind was made through the transfer to the Fund of properties for the total amount of AOA 36,431,520 thousand.

Gains and losses resulting from the difference between the amount recorded in the balance sheet and the sale value charged on the promissory contracts of purchase and sale (Note 15) and direct sales to third parties, were recorded in the income statement, under Net gains/(losses) arising from the sale of other assets (Note 27).

Where the asset is not disposed of within two years, the Bank assesses whether the requirements continue to be met, in particular if the sale has not taken place for reasons other than the Bank. The Bank shall ensure that all necessary actions have been taken to enable the sale and that the asset continues to be actively marketed and at reasonable selling prices given the market circumstances (Note 2.10).

As at 31 December 2020 and 2019, the fair value of properties received as a recovery of loans is presented in Note 9.

Note 14.
TAXES

At 31 December 2020 and 2019, the caption current taxes, by nature, is presented as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Current tax assets		
Other taxes receivable	2,056,239	2,418,635
	2,056,239	**2,418,635**

As at 31 December 2020 and 2019, the caption Current tax assets includes mainly taxes recoverable through the provisional settlement of Industrial Tax for the 2017 and 2018 periods, in the amount of AOA 694,824 thousand and AOA 543,364 thousand, respectively, and a tax credit duly authorised by the Angolan Tax Authorities (AGT) in the amount of AOA 580,295 thousand.

Additionally, for the 2019 and 2020 periods, the Bank was exempted, by means of letters from AGT, from the settlement and payment of the provisional Industrial Tax, in accordance with the provisions of Article 66(10) of the Industrial Tax Code, as amended by Law 26/20 of 20 July.

Deferred tax assets and liabilities as at 31 December 2020 and 2019 are analysed as follows:

(Thousands of AOA)

	Assets		Liabilities		Net	
	31-12-2019	31-12-2020	31-12-2019	31-12-2020	31-12-2019	31-12-2020
Deferred tax assets/(liabilities)						
Loans to Customers (direct and indirect)	418,349	1,577,220	-	-	418,349	1,577,220
Securities portfolio	152,159	152,159	68,602	111,483	83,557	40,676
Other provisions for risks and charges	1,718,482	1,710,795	-	-	1,718,482	1,710,795
Potential exchange rate changes	-	-	-	20,747,663	-	(20,747,663)
Unaccepted impairment for the period	-	-	-	(12,316,891)	-	12,316,891
Tax losses carried forward	-	-	-	(8,430,772)	-	8,430,772
	2,288,990	**3,440,174**	**68,602**	**111,483**	**2,220,388**	**3,328,691**

In 2020, Law no. 26/20 was published which introduced several amendments to the corporate income tax system provided for in the Industrial Tax Code, namely to Articles no. 13 and 14 (Income or gains/Costs or expenses) and Article no. 45 (Provisions).

In particular, a rewording of the rules on income and gains of a financial nature has been carried out, as provided for in Articles 13(c) and 14(c) of the Industrial Tax Code, so that only realised favourable and unfavourable exchange rate changes will now be considered as income and costs of this nature. Moreover, Article 45 of the Industrial Tax Code has been amended, with the introduction of a new number 4 to the list of articles, which now states that "Provisions set up for collateralised loans are not accepted, except for the part not covered.

Accordingly, for the purposes of calculating current and deferred tax, the Bank considered the effects arising from the changes in the Industrial Tax Code, namely those related to (i) costs and income with unrealised exchange rate valuations and devaluations and (ii) costs with impairment losses on amounts of loans secured by collaterals.

It should be noted that these tax changes are under review and discussion between Associação Angolana de Bancos (ABANC) and the Angolan Tax Authority (AGT), with some uncertainties persisting as to (i) the procedures for calculating these adjustments, (ii) the type of deferred tax assets and liabilities to be considered on the effects of unrealised exchange rate changes and (iii) the type and valuation of collaterals for purposes of determining impairment losses not accepted for tax purposes.

In view of the above and in accordance with the provisions of IAS 12, deferred tax liabilities should be recognised in their entirety, whereas a deferred tax asset should only be recognised if it is certain that future taxable profit will be sufficient to allow its recoverability to be evidenced within the period laid down in the tax law. Accordingly, the Bank, using the best possible estimate, calculated the Industrial Tax for 2020, considering the changes disclosed in the AGT letter (reference no. 1633/GAGA/GJ/AGT/2021, of 8 April), and the projections of the tax results for the next 5 years, and calculated (i) deferred tax liabilities related to potential exchange rate changes in the amount of AOA 20. 747,663 thousand, considering the net effect of this nature of deferred tax, (ii) deferred tax assets related to impairment losses on loans secured by collaterals in the period in the amount of AOA 12. 12,316,891 thousand and (iii) deferred tax assets related to tax losses generated in the period and in previous periods in the amount of AOA 8,430,772 thousand, which were recorded as an offset, considering that they relate to income taxes levied by the same tax authority and that taxable temporary differences are expected to be reversed in the same period.

As these deferred tax assets and liabilities are offset, their impact on the income statement is null, and no materially relevant future financial impacts are anticipated, resulting from the aforementioned Law and further clarifications to be made by the AGT.

Changes occurred in deferred taxes recorded in the balance sheet were offset as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Opening balance	**1,674,607**	**2,220,388**
Recognised in the income statement	(247,629)	1,151,185
Recognised in reserves – other comprehensive income	**793,410**	**(42,881)**
Closing balance (assets/(liabilities))	**2,220,388**	**3,328,691**

Tax recognised in the income statement and reserves during the periods ended on 31 December 2020 and 2019 have the following sources:

(Thousands of AOA)

	31-12-2019		31-12-2020	
	Recognised in the income statement	Recognised in reserves	Recognised in the income statement	Recognised in reserves
Loans to Customers (direct and indirect)	(1,261,985)	-	1,158,872	-
Securities portfolio	(51,452)	793-410	-	(42,881)
Provisions	1,014,808	-	(7,687)	-
Other	51,000	-	-	-
Deferred taxes	**(247,629)**	**793,410**	**1,151,185**	**(42,881)**
Total tax recognised	**(247,629)**	**793-410**	**1,151,185**	**(42,881)**

The estimated industrial tax of the Bank for the periods ended 31 December 2020 and 2019, can be analysed as follows:

(Thousands of AOA)

	31-12-2019		31-12-2020	
	%	Value	%	Value
Profit before tax		**30,712,491**		**14,441,173**
Tax rate	30.0		35.0	
Tax based on the tax rate		9,213,747		5,054,411
Life and health insurance (Article 18)	0.09	27,825	0.29	41,655
Exceeding amortisations (Article 40)	1.16	356,421	1.37	197,365
Provisions (Article 36)	13.59	4,174,580	28.95	4,180,178
Currency valuations (Article 13/14)	-	-	(410.49)	(59,279,038)
Credit provisions (Article 13/14)	-	-	291.54	42,102,017
Capital Gains Tax and Property Tax (Article 18)	10.67	3,278,240	18.44	2,663,631
Fines and charges (Article 18)	0.08	24,370	3.07	443,852
Grants (Article 18)	3.39	1,042,128	2.54	366,169
Social welfare charges (Article 15)	0.45	139,715	0.44	63,312
Charges related to previous and extraordinary periods (Article 18)	1.18	361,933	13.00	1,876,728
Non-specified expenditure	3.73	1,144,665	5.97	861,620
Income subject to Capital Gain Tax (Article 47)	(128.98)	(39,613,364)	(269.19)	(38,874,245)
Provisions (Article 45)	(8.51)	(2,614,434)	(55.93)	(8,077,371)
Other	(8.20)	(2,519,361)	(22.15)	(3,198,646)
Tax payable – current tax liabilities	**-**	**-**	-	-
Other charges – Industrial tax	-	-	-	-
Income tax for the period		**-**		-

As at 31 December 2020, the Bank recorded deferred tax assets on the amount of recoverable tax losses carried forward, as explained above, amounting to AOA 8,430,772 thousand, of which AOA 7,012,603 thousand were generated in 2020 and AOA 1,418,169 thousand were generated in previous years.

Additionally, as at 31 December 2020, the Bank has an additional amount of AOA 7,838,331 thousand of tax losses carried forward generated in 2020, over which the Bank does not recognise a deferred tax asset.

In accordance with the applicable legislation, losses are usable for a period of five years (until 2025).

Income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan Government, whose issue is regulated by Presidential Decree no. 259/10, of 18 November and Presidential Decree no. 31/12, 30 of January, is exempted from all taxes.

In addition, Presidential Legislative Decree no. 5/11, of 30 December (revised and republished through Presidential Legislative Decree no. 2/14, of 20 October) implemented a rule of subjection to CGT over income of public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan Government.

Nevertheless, in accordance with the provisions of Article 47 of the Industrial Tax Code and the Law Amending the Industrial Tax Code (Law no. 19/14 of 22 October, in force since 1 January 2015, and Law no. 26/20 of 20 July, respectively), income subject to Capital Gains Tax will be deducted in the determination of the taxable amount.

Thus, to determine taxable profit for the years ended on 31 December 2020 and 2019, such income was deducted from taxable profit.

Likewise, the expenditure calculated with the settlement of Capital Gains Tax is not accepted for tax purposes for the calculation of taxable profit, as set out in Article 18(1) of the Industrial Tax Code.

Notwithstanding the above, regarding income from public debt securities, in accordance with the latest understanding of Tax Authorities addressed to ABANC (letter with reference number 196/DGC/AGT/2016 of 17 May 2016), only those arising from securities issued on or after 01 January 2013 are subject to this tax.

It should also be noted that, according to AGT's position, the exchange revaluations of public debt securities issued in national currency but indexed to foreign currency, issued since 1 January 2013, should be subject to Business Tax.

Note 15.
OTHER ASSETS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Debtors from promissory contracts of purchase and sale	51,699,990	87,945,114
Sundry debtors	27,093,586	33,189,965
Other assets		
Pending transactions	21,436,194	12,530,587
Deferred costs	7,187,876	5,956,602
Administrative public sector	49,233	4,138,160
Escrow accounts	2,943,724	3,849,569
Precious metals, coins, medals and other resources	2,210	2,210
Other assets	143,892	596,417
	31,763,129	**27,073,544**
	110,556,705	**148,208,624**
Impairment losses (Note 31)	(7,351,564)	(22,208,616)
	103,205,141	**126,000,008**

At 31 December 2020 and 2019, the caption Other assets – Debtors from promissory contracts of purchase and sale refers to amounts receivable under real estate sale agreements, whose accounting policy is described in Note 2.5. The real estate properties were previously recorded under Non-current assets held for sale (Note 13) and the gains and losses arising from their sale were recorded under Net gains/(losses) arising from the sale of other assets (Note 27), whose accounting policy is described in Note 2.10.

At 31 December 2020 and 2019, the caption Other assets – Sundry debtors refers to other assets with credit risk, namely: (i) debt acknowledgement agreements through the assignment of the contractual position in loan agreements with Customers; (ii) promissory contracts for the assignment of surface rights; and (iii) mandate contracts, which are contracts entered into by the Bank with third parties, accounted for in accordance with the accounting policy described in Note 2.5.

Changes occurred in impairment losses in Other assets are disclosed as follows

(Thousands of AOA)

	31-12-2019	31-12-2020
Opening balance	7,306,020	7,351,564
Charges for the period/(Reversals) (Note 31)	(615,611)	13,309,100
Charge-off	(1,437)	(653)
Exchange differences and others (Note 26)	662,592	1,548,605
Closing balance	**7,351,564**	**22,208,616**

The increase of impairment occurred during the period ended 31 December 2020 includes the amount of AOA 9,755,072 thousand, associated with the operations granted during the same period, as described in accounting policy 2.5.

Note 16.
DEPOSITS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Deposits from central banks		
Transactions with repurchase agreement	20,033,025	-
	20,033,025	-
Deposits from other credit institutions		
Loans	150,976,417	8,500,000
Deposits	1,667,229	-
	152,643,646	**8,500,000**
Other deposits	3,275,629	5,544,081
Interest payable	541,338	53,983
	176,493,638	**14,098,064**

As at 31 December 2019, Deposits from central banks — Transactions with repurchase agreement referred to four REPOs (repurchase agreements) in national currency, contracted with the BNA, with an average maturity of 60 days, remunerated at an average rate of 22.63%.

As at 31 December 2020 and 2019, Deposits from central banks and other credit institutions – Loans refer to short-term liquidity facilities, in the country and abroad, remunerated at market rates.

The caption Deposits from central banks and other credit institutions is detailed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Domestic		
Loans	29,000,000	8,500,000
Other deposits	3,275,629	5,544,081
Interest payable	528,079	53,983
Transactions with repurchase agreement	20,033,025	-
	52,836,733	**14,098,064**
Abroad		
Loans	121,976,417	-
Deposits	1,667,229	-
Interest payable	13,259	-
	123,656,905	**-**
	176,493,638	**14,098,064**

As at 31 December 2020 and 2019, Deposits from central banks and other credit institutions related to loans and deposits, excluding interest payable, had the following structure, by residual maturities:

(Thousands of AOA)

	31-12-2019	31-12-2020
Below 3 months	152,643,646	8,500,000
	152,643,646	**8,500,000**

As at 31 December 2020 and 2019, the caption Deposits from central banks and other credit institutions bears interest at an average rate of 12.28% and 22.79%, respectively, for national currency, and 4.21% for foreign currency at 31 December 2019.

Note 17.
DEPOSITS FROM CUSTOMERS AND OTHER LOANS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Deposits payable on demand of residents		
In national currency		
Corporate	188,932,269	197,719,360
Retail	81,901,702	109,875,211
	270,833,971	**307,594,571**
In foreign currency		
Corporate	165,124,558	228,430,806
Retail	36,034,737	42,340,813
	201,159,295	**270,771,619**
	471,993,266	**578,366,190**
Deposits payable on demand of non-residents		
In national currency		
Corporate	875,625	474,206
Retail	4,527,661	5,722,947
	5,403,286	**6,197,153**
In foreign currency		
Corporate	1,341,835	985,691
Retail	1,369,034	2,271,520
	2,710,869	**3,257,211**
	8,114,155	**9,454,364**
Total deposits payable on demand	**480,107,421**	**587,820,554**
Deposits payable on demand in national currency		
Corporate	142,849,966	180,891,796
Retail	83,333,335	112,396,191
Non-resident	2,112,407	2,432,401
	228,295,708	**295,720,388**
Deposits payable on demand indexed to the United States Dollar		
Corporate	32,588,575	6,176,901
Retail	6,565,006	1,075,803
	39,153,581	**7,252,704**
Deposits payable on demand in foreign currency		
Corporate	248,103,621	320,740,763
Retail	228,297,546	296,201,522
Non-resident	2,597,530	3,251,894
	478,998,698	**620,194,179**
Total deposits payable on demand	**746,447,986**	**923,167,271**
Total interest payable on deposits payable on demand	8,430,180	12,982,972
Total deposits and interest payable on demand	**754,878,167**	**936,150,243**
Total deposits from Customers	**1,234,985,588**	**1,523,970,797**

As at 31 December 2020 and 2019, term deposits from Customers, excluding interest payable, had the following structure, by residual maturity periods:

(Thousands of AOA)

	31-12-2019	31-12-2020
In national currency		
Below 3 months	158,088,360	199,810,096
3 to 6 months	24,977,145	39,514,491
6 to 12 months	45,230,203	56,395,801
Above 12 months	-	-
	228,295,708	**295,720,388**
Indexed to the United States Dollar		
Below 3 months	9,176,162	-
6 to 12 months	27,436,300	6,176,901
Above 12 months	2,541,119	1,075,803
	39,153,581	**7,252,704**
In foreign currency		
Below 3 months	177,331,536	267,931,128
3 to 6 months	142,115,368	168,131,059
6 to 12 months	159,551,794	184,131,992
Above 12 months	-	-
	478,998,698	**620,194,179**
	746,447,986	**923,167,271**

At 31 December 2020 and 2019, term deposits from Customers, excluding interest payable, had the following structure by currency and average interest rate:

(Thousands of AOA)

	31-12-2019		31-12-2020	
	Average interest rate	Amount	Average interest rate	Amount
in Kwanza	8.53%	228,295,708	8.23%	295,720,388
Indexed to the United States Dollar	2.90%	39,153,581	3.00%	7,252,704
In United States Dollar	3.02%	429,498,197	2.48%	549,931,247
In Euro	2.29%	48,653,370	2.00%	69,038,286
In Pound	1.00%	348,706	1.00%	487,255
in Swiss Franc	0.25%	498,425	0.25%	737,391
		746,447,986		**923,167,271**

Note 18.
PROVISIONS

As at 31 December 2020 and 2019, the caption Provisions is analysed as follows:

(Thousands of AOA)

	Provisions for guarantees and other commitments	Other provisions for liabilities and charges	Total
Balance as at 31 December 2018	**991,544**	**4,169,557**	**5,161,101**
Charges for the period/Reversals (Note 31)	(432,466)	2,115,473	1,683,007
Charge-off	-	(465,517)	(465,517)
Reclassifications/Transfers	-	(41,819)	(41,819)
Exchange differences and other (Note 26)	279,749	1,765,497	2,045,246
Balance as at 31 December 2019	**838,827**	**7,543,191**	**8,382,018**
Charges for the period/Reversals (Note 31)	85,476	533,010	618,486
Charge-off	-	(7,935,326)	(7,935,326)
Exchange differences and other (Note 26)	93,579	2,773,776	2,867,355
Balance as at 31 December 2020	**1,017,882**	**2,914,650**	**3,932,532**

As at 31 December 2020 and 2019, the caption Provisions for guarantees and commitments records provisions for documentary credit granted and guarantees provided.

The balance of Other provisions for risks and charges covers certain properly identified contingencies arising from the Bank's activity which are reviewed on each reporting date with the purpose to reflect the best estimate of the amount and associated probability of payment.

At 31 December 2020 and 2019, the balance of the caption Other provisions for risks and charges includes the amount of AOA 2,386,732 thousand and AOA 7,407,843 thousand, respectively, relating to contributions to be made by the Bank in the pension fund. In the period ended 31 December 2020, the charge-off recorded mainly relate to the offsetting/execution of payments to the defined contribution pension fund (Note 2.13).

Note 19.
OTHER LIABILITIES

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Other liabilities		
Lease liabilities	6,017,264	9,640,819
Accrued expenses	3,598,482	5,883,458
Tax charges payable – withheld from third parties	3,336,207	3,770,793
Administrative and marketing costs	216,325	1,371,520
Liabilities with employees	1,126,545	1,248,734
VAT payable from assessment/captive	418,491	1,030,281
Sundry debtors	2,208,925	212,462
Social Security contribution	133,652	132,507
Other	968,651	1,651,566
	18,024,543	**24,942,140**

As at 31 December 2020 and 2019, the caption Lease liabilities corresponds to the present value of lease payments to be settled over the lease term, recognised under IFRS 16, as described in Note 2.11.

At 31 December 2020 and 2019, the maturity analysis of lease liabilities by residual maturities is presented as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
1 to 5 years	236,810	2,263,858
Above 5 years	5,780,453	7,376,960
Total lease liabilities	**6,017,264**	**9,640,819**

As at 31 December 2020 and 2019, Accrued expenses includes the amount of AOA 1,258,756 thousand, relating to a restriction imposed on a Customer by order of the Court of Luanda, and the Bank is the trustee of this amount until the process is closed. In addition, this caption includes amounts payable to service providers associated with telecommunications, security, cash transportation, cleaning services, among others.

As at 31 December 2020 and 2019, the balance of Tax charges payable – withheld from third parties includes the Capital Gains Tax (IAC) payable on interest on term deposits, on lending and borrowing on the money market, and on Treasury bonds and other securities in the portfolio, and labour income tax (IRT) payable to Tax Authorities in the month following the month to which it relates.

As at 31 December 2020 and 2019, the balance of Liabilities with employees includes the amount of AOA 1,036,004 thousand and AOA 914,413 thousand, respectively, related to holiday allowances.

Note 20.
SHARE CAPITAL, SHARE PREMIUMS AND TREASURY STOCK

ORDINARY SHARES

The Bank was incorporated with a share capital of AOA 801,728 thousand (equivalent to USD 10,000,000 at the exchange rate in force on 6 and 21 November 2006), represented by 1,000,000 nominal shares of ten US Dollars (USD) each, fully subscribed and paid up in cash.

In June 2009, a capital increase amounting to AOA 6,510,772 thousand (equivalent to USD 55,000,000), represented by 5,500,000 new shares with a nominal value of USD 10 each, was fully subscribed and paid up by the incorporation of retained earnings (AOA 268,346 thousand), conversion of a subordinated loan (AOA 300,886 thousand), cash inflows (AOA 3,504,040 thousand) and through the issue of preferred shares without voting rights in the amount of AOA 2,437,500 thousand (equivalent to USD 32,500,000). Preferred shares were issued for USD 25.14 each, which included a share premium of USD 15.14 per share.

In June 2011, a capital increase amounting to AOA 4,949,243 thousand (equivalent to USD 52,500,000), represented by 5,250,000 new shares with a nominal value of USD 10 each, was fully subscribed and paid up by the incorporation of retained earnings (AOA 3,764,524 thousand) and cash inflows (AOA 1,183,719 thousands).

In November 2011, a further injection of capital amounting to AOA 4,763,650 thousand (equivalent to USD 50,000,000), represented by 5,000,000 new shares with a nominal value of USD 10 each, was fully subscribed and paid up through cash inflows. As part of this new capital increase, additional cash inflows amounting to AOA 2,029,207 thousand were made with the purpose to maintain the equivalent in Kwanzas of all the USD shares incorporated, based on the exchange rate of 13 December 2011.

In September 2013, ATLANTICO incorporated in its share capital, share premiums of preferred shares, issued in June 2009, amounting to AOA 1,467,930 thousand, through the issue of 1,144,740 new ordinary shares, with a nominal value of AOA 1,000 each, in the amount of AOA 1,144,740 thousand and the adjustment of the nominal value of 1,292,760 preferred shares to AOA 1,000, in the amount of AOA 323,190 thousand. In addition, on the same date, ATLANTICO increased its capital by incorporating retained earnings, in the amount of AOA 205,400, therefore the Bank's share capital became equivalent to USD 200,000,000, at the exchange rate of 6 September 2013.

In December 2013, the Bank converted preferred shares without voting rights in the amount of AOA 1,292,760 thousand into ordinary shares in equal number and nominal value. Also in December 2013, a capital increase amounting to AOA 14,897,900 thousand, represented by 14,897,900 new shares with the nominal value of AOA 1,000, was fully subscribed, through the incorporation of retained earnings in the amount of AOA 4,879,700 thousand (equivalent to USD 50,000,000 at the exchange rate of 17 December 2013) and cash inflows in the amount of AOA 9,759,400 thousand (equivalent to USD 100,000,000 at the exchange rate of 17 December 2013). As at 31 December 2013, this capital increase was not yet fully paid up, with cash advances amounting to AOA 975,940 thousand still to be undertaken. As part of this new capital increase, retained earnings amounting to AOA 258,800 thousand were also incorporated as to maintain the share capital of ATLANTICO in Kwanzas, corresponding to USD 350,000,000 at the exchange rate of 17 December 2013. In 2014, cash inflows amounting to AOA 975,940 thousand were made and the above-mentioned capital increase was fully paid up.

As a result of the operations described above, as at 31 December 2015, the Bank's share capital amounted to AOA 34,157,900 thousand, represented by 34,157,900 ordinary shares with a nominal value of AOA 1,000.

In 2016, with the merger and contribution in kind made with the assets of Banco Millennium Angola, S.A, the capital increase referred to in the minutes under the transaction carried out amounted to AOA 21,939,787 thousand, corresponding to 21,939,787 new shares. Simultaneously, a share premium of AOA 40,782,829 thousand was also generated.

Considering the existence of own shares received within the merger, it was decided to cancel the own shares held. On this basis, the share capital of ATLANTICO is reduced from AOA 56,097,687 thousand to AOA 53,821,603 thousand, as a result of the extinction of 2,276,084 fully paid-up own shares of which, as a result of the merger, ATLANTICO will become holder, based on Articles 461 and 372(4)(a), of the Commercial Companies Code.

As at 31 December 2020 and 2019, the Bank's share capital in the amount of AOA 53,821,603 thousand was represented by 53,821,603 ordinary shares, with a nominal value of AOA 1,000, fully subscribed and paid up by different shareholders.

As at 31 December 2020 and 2019, the Shareholder structure is as follows:

	31-12-2019		31-12-2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Interlagos Equity Partners	16,022,691	29.77%	16,022,691	29.77%
BCP África, SGPS, LDA.	12,120,625	22.52%	12,120,625	22.52%
Atlântico Financial Group, S.à.r.l.	10,656,677	19.80%	10,656,677	19.80%
Jasper Capital Partners – Investimentos e Participações, S.A.	8,137,826	15.12%	8,137,826	15.12%
Quadros – Gestão de Activos, S.A.	2,222,832	4.13%	2,222,832	4.13%
Economus – Capital, LDA.	1,614,648	3.00%	1,614,648	3.00%
Fundação ATLÂNTICO	1,076,432	2.00%	1,076,432	2.00%
Gemcorp Fund I	1,022,610	1.90%	1,022,610	1.90%
Treasury stock	489,777	0.91%	489,777	0.91%
Other entities	457,484	0.85%	457,484	0.85%
	53,821,603	**100.00%**	**53,821,603**	**100.00%**

SHARE PREMIUMS

The capital increase made in 2016 under the merger by incorporation led to a share premium of AOA 40,782,829 thousand. The balance of share premiums was reduced in the amount of AOA 4,589,246 as a result of the dividends distributed in 2016 related to 2015 from Banco Millennium Angola, S.A. and in the amount of AOA 1,361,574 thousand, under the acquisition of own shares. Moreover, the amount related to costs with the capital increase amounts to AOA 21,940 thousand. As at 31 December 2020 and 2019, the caption Share premiums amounted to AOA 34,810,069 thousand.

TREASURY STOCK

During 2016, the Bank acquired its own shares amounting to AOA 492,182 thousand with a corresponding share premium of AOA 1,361,574 thousand under a settlement of an amount receivable by a shareholder. The share price calculation within this operation was based on the same market multiple adopted for the ATLANTICO merger with Banco Millennium Angola, S.A.

Note 21.
RESERVES AND RETAINED EARNINGS

LEGAL RESERVE

This caption consists entirely of Legal reserve, which can only be used to cover previous year losses or to increase share capital.

Angolan legislation applicable to the banking sector requires that 10% of the profit for the year must be transferred to the legal reserve until it is equal to the share capital.

REVALUATION RESERVE (FAIR VALUE RESERVES)

Fair value reserve represents the potential capital gains and losses relating to the financial assets' portfolio at fair value through other comprehensive income, net of impairment recognised in the income statement in the period and/or in previous periods. The value of this reserve is disclosed net of deferred taxes.

Changes in fair value reserve, net of deferred taxes, can be analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Balance at the beginning of the period	**2,347,396**	**160,631**
Fair value changes (net of disposals)	(3,155,529)	18,592
Impairment recognised	175,354	71,145
Deferred taxes recognised in reserves	793,410	(42,881)
Balance at the end of the period	**160,631**	**207,486**

REVALUATION RESERVES, RESERVES FOR MONETARY ADJUSTMENT OF SHARE CAPITAL, OTHER RESERVES AND RETAINED EARNINGS

As at 31 December 2020 and 2019, changes occurred in these captions are analysed as follows:

(Thousands of AOA)

	Fair value reserve			Other reserves and retained earnings			
	Gross fair value reserve	Deferred tax reserves	Total fair value reserve	Legal reserve	Other reserves and retained earnings	Total other reserves and retained earnings	Total reserves and retained earnings
Balance as at 31 December 2018	**3,209,648**	**(,862,252)**	**2,347,396**	**15,846,346**	**1,481,670**	**17,327,517**	**19,674,913**
Fair value changes	(2,980,175)	793,410	(2,186,765)	-	-	-	(2,186,765)
Legal reserves	-	-	-	2,722,510	-	2,722,510	2,722,510
Transfer to retained earnings	-	-	-	-	24,502,579	24,502,579	24,502,579
Balance as at 31 December 2019	**229,473**	**(68,842)**	**160,631**	**18,568,856**	**25,984,249**	**44,552,606**	**44,713,237**
Fair value changes	89,737	(42,881)	46,855	-	-	-	46,855
Legal reserves	-	-	-	3,046,486	-	3,046,486	3,046,486
Transfer to retained earnings	-	-	-	-	27,418,375	27,418,375	27,418,375
Balance as at 31 December 2020	**319,210**	**(111,723)**	**207,486**	**21,615,342**	**53,402,624**	**75,017,467**	**75,224,953**

By unanimous resolution of the General Meeting held on 28 April 2020, it was decided to apply the amount corresponding to the net profit obtained in the previous period (2019): 90% in free reserves and 10% in legal reserves.

Note 22.
NET INTEREST INCOME

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Interest and similar income		
Interest from financial assets at amortised cost		
Interest from loans to Customers	77,542,704	66,980,206
Interest from debt securities	26,729,347	36,418,844
Interest from deposits and other investments	597,400	244,831
Interest from financial assets at fair value through other comprehensive income	14,041,621	2,240,160
Interest from financial assets at fair value through profit and loss	702,373	-
	119,613,445	**105,884,041**
Interest and similar expenses		
Interest from deposits of Customers	38,065,653	47,133,581
Interest from loans of central banks and other financial institutions	13,309,407	11,912,874
Interest from leases	1,880,272	2,792,439
	53,255,332	**61,838,894**
Net interest income	**66,358,113**	**44,045,147**

As at 31 December 2020 and 2019, interest income from loans and advances to Customers includes (i) the positive amount of AOA 994,314 thousand and AOA 1,835,576 thousand, respectively, related to commissions and other income accounted in accordance with the effective interest rate method, as established in IFRS and detailed in Note 2.3 and (ii) the amount of AOA 15,711,440 thousand and AOA 6,071,773 thousand, respectively, related to financial assets in Stage 3.

As at 31 December 2020 and 2019, the caption Interest on loans and advances to Customers also includes the amount of AOA 344,310 thousand and AOA 361,861 thousand, relating to the effect of loans and advances to employees, in accordance with IAS 19.

As at 31 December 2020, loans at fair value through profit and loss, described in Note 6, are in default for more than 90 days (Stage 3), and for this reason the Bank no longer recognises interest on these operations, in accordance with the accounting policy described in Note 2.15.

Note 23.
NET FEE AND COMMISSION INCOME

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Fee and commission income		
Electronic transactions	2,142,534	3,881,666
VISA fees	2,169,633	3,140,997
Transfers issued/received	2,641,791	2,897,401
Other fees and commissions	1,228,995	1,573,156
Maintenance of demand deposits account	1,000,424	1,023,988
Documentary credits openings	4,914,483	903,124
Credit facilities openings/extension and maintenance	1,457,265	751,031
Guarantees provided	687,345	640,240
Structuring operations and financial advisory	56,508	222,157
Withdrawals	168,076	111,780
Foreign currency transactions	174,965	79,697
Customs – revenue collection	171,049	3,551
	16,813,068	**15,228,788**
Fee and commission expense		
Foreign transactions	(685,925)	(613,746)
Electronic transactions	(626,627)	-
Other fees and commissions	(474,055)	(2,834,022)
	(1,786,607)	**(3,447,768)**
	15,026,461	**11,781,020**

As at 31 December 2020 and 2019, the caption Fee and commission income – Electronic transactions, is essentially related to gains obtained with commissions from transactions carried out in the Bank's own Automated Teller Machines (ATM) and Point-of-Sale (POS), which recorded a significant growth in 2020 justified by the increase in the number of transactions carried out in these payment subsystems.

As at 31 December 2020 and 2019, the increase in Fee and commission expense – Other fee and commissions, is essentially due to the increase in the number of transactions carried out by ATLANTICO Customers in ATMs belonging to other Banks.

Note 24.
NET GAINS/(LOSSES) ARISING FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019			31-12-2020		
	Gains	Losses	Total	Gains	Losses	Total
Financial assets at fair value through profit/(loss)						
Other variable income securities						
Shares	1,408,904	-	1,408,904	1,230,190	-	1,230,190
Loans and advances to Customers	-	(1,690,686)	(1,690,686)	-	(6,808,003)	(6,808,003)
Derivatives	-	(5,871)	(5,871)	72,647	-	72,647
	1,408,904	**(1,696,557)**	**(287,653)**	**1,302,837**	**(6,808,003)**	**(5,505,166)**

This caption includes the potential result of the fair value and the result of the disposal of securities recorded in the financial assets portfolio at fair value through profit and loss, fair value of loans and advances to Customers whose contractual cash flows do not comply with SPPI (Solely Payments of Principal and Interest), and the capital gains and losses on derivatives in the portfolio, as disclosed in Note 2.5.

With regard to Loans and advances to Customers, in addition to the losses in fair value, an increase of approximately AOA 3,000,000 thousand of positive exchange rate changes was recorded, which justifies a net impact of approximately AOA 4,000,000 thousand on the balance sheet.

Note 25.
NET GAINS/(LOSSES) ARISING FROM INVESTMENTS AT AMORTISED COST

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019			31-12-2020		
	Gains	Losses	Total	Gains	Losses	Total
Bonds and other fixed income securities						
Issued by public entities	1,125,648	(72,129)	1,053,520	12,528,340	-	12,528,340
	1,125,648	**(72,129)**	**1,053,520**	**12,528,340**	**-**	**12,528,340**

The significant increase under Net gains/(losses) arising from investments at amortised cost in the period ended 31 December 2020, is mainly related to the disposal of treasury bonds indexed to the US Dollar, associated with the exchange rate reset plan (Notes 2.5 and 8).

Note 26.
NET GAINS/(LOSSES) ARISING FROM FOREIGN EXCHANGE DIFFERENCES

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Gains/(losses) arising from currency transactions	6,373,933	6,146,924
Gains/(losses) arising from revaluation of assets and liabilities	(3,249,298)	(14,183,478)
	3,124,635	**(8,036,553)**

As at 31 December 2020 and 2019, the caption Gains/(losses) arising from revaluation of assets and liabilities includes the foreign exchange gains and losses (i) obtained on the revaluation of the foreign exchange position of monetary assets and liabilities denominated in, or indexed to, foreign currency, in accordance with the accounting policy described in Note 2.3.

Note 27.
NET GAINS/(LOSSES) ARISING FROM THE SALE OF OTHER ASSETS

As at 31 December 2020 and 2019, the balance of this caption corresponds mainly to gains obtained from the disposal of non-current assets held for sale (Note 13), with emphasis on the following transactions:

(Thousands of AOA)

	31-12-2019	31-12-2020
Subscription of shares (Note 6)	2,722,455	48,103,356
Promissory contracts of sale and purchase (CPCV) (Note 15)	22,997,432	12,087,461
Direct sale	-	74,472
	25,719,887	**60,265,290**

Note 28.
STAFF COSTS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Wages and salaries	13,728,932	14,945,325
Mandatory social charges	2,988,012	3,238,440
Other staff costs	4,430,030	5,133,987
	21,146,974	**23,317,752**

As at 31 December 2020 and 2019, the caption Other staff costs includes the amount of AOA 510,684 thousand and AOA 537,686 thousand, respectively, relating to loans granted to employees and management bodies as defined in IAS 19.

The number of Bank employees, considering permanent and fixed-term contract employees, is broken down by professional category at the end of each year, as follows:

	31-12-2019	31-12-2020
Senior management functions	117	118
Management functions	313	292
Specific functions	606	557
Administrative and other functions	776	742
	1,812	**1,709**

Note 29.
SUPPLIES AND SERVICES

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Communication costs	2,750,579	4,634,384
Audit and advisory	2,621,959	4,314,289
Security and surveillance	1,861,327	1,846,034
Maintenance and repair	1,701,009	1,767,427
Travel hotel and representation costs	1,236,754	1,597,992
Consumables	585,924	1,298,321
Other	288,375	543,237
Water energy and fuel	287,267	335,659
Advertising costs	1,307,986	328,067
IT services	148,248	316,079
Rental costs	66,378	66,597
	12,855,806	**17,048,086**

As at 31 December 2020, the increase in Communication costs is essentially justified by the Bank's investment on strengthening cybersecurity and the increase in turnover compared to the same period in the previous year.

As at 31 December 2020, the increase in Audit and advisory compared with the same period of the previous period is mainly due to the Bank's focus on developing and strengthening the digital business.

Note 30.
DEPRECIATION AND AMORTISATION FOR THE PERIOD

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Property, plant and equipment (Note 11)		
Real estate	668,985	734,752
IT equipment	988,719	1,333,282
Indoor facilities	174,559	192,136
Furniture and material	322,630	324,782
Security equipment	251,843	247,196
Machinery and tools	117,305	107,008
Transport equipment	607,276	475,567
Other equipment	271,912	158,353
Other property, plant and equipment	53,754	103
Right-of-use assets – real estate	690,704	1,306,906
	4,147,687	**4,880,085**
Intangible assets (Note 12)		
Automated data-processing system	2,266,156	3,517,003
Other intangible assets	10,727	21,124
	2,276,883	**3,538,126**
	6,424,570	**8,418,211**

Note 31.
PROVISIONS AND IMPAIRMENT OF OTHER ASSETS NET OF REVERSALS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Charges for the period		
Non-current assets held for sale (Note 13)	(3,217,665)	(621,239)
Other assets (Note 15)	-	(13,308,447)
Provisions (Note 18)	(2,115,473)	(618,486)
Reversals for the period		
Non-current assets held for sale (Note 13)	1,520,384	3,674,682
Other assets (Note 15)	615,611	-
Provisions (Note 18)	432,466	181,616
	(2,764,676)	**(10,691,874)**

As at 31 December 2020 and 2019, the caption Provisions includes the amount of AOA 112,503 thousand and AOA 2,019,235 thousand, respectively, relating to contributions to the ATLANTICO Pension Fund, as defined in Note 2.13.

Note 32.
PROVISIONS AND IMPAIRMENT OF OTHER FINANCIAL ASSETS NET OF REVERSALS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Charges for the period net of reversals		
Loans and advances to foreign credit institutions (Note 5)	-	24,290
	-	**24,290**

Note 33.
IMPAIRMENT FOR FINANCIAL ASSETS AT AMORTISED COST

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Charges for the period net of reversals		
Debt securities (Note 8)	8,014,653	8,695,223
Loand and advances to Customers (Note 9)	20,856,131	25,435,691
Other loans and advances to central banks and credit intitutions (Note 10)	-	388,144
	28,870,784	**34,519,058**

Note 34.
OTHER OPERATING INCOME

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Other operating income		
Non-recurring income from credit operations	55,495	905,732
Direct and indirect taxes	(4,724,228)	(5,418,676)
Deposit collateral provision	(2,566,238)	(817,912)
Contributions and donations	(674,774)	(359,262)
Other	(485,271)	(998,661)
	(8,395,016)	**(6,688,779)**

As at 31 December 2020 and 2019, the caption Direct and indirect taxes includes the amount of AOA 2,069,785 thousand and AOA 2,094,457 thousand, respectively, referring to Capital Gains Tax.

As at 31 December 2020, the caption Deposit Guarantee Fund corresponds to payments of the periodic contribution to the Deposit Guarantee Fund, in accordance with BNA Notice no. 1/19 of 11 January. As at 31 December 2019, this caption refers mainly to the payment of the initial capitalisation contribution of the Deposit Guarantee Fund, made in March 2019, which results from the application of a risk weight of 0.23% on the eligible deposits of the previous year, in accordance with BNA Notice no. 1/19 of 11 January.

Note 35.
EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to the Bank's shareholders by the weighted average number of ordinary shares outstanding during the year.

(Thousands of AOA)

	31-12-2019	31-12-2020
Net profit attributable to the shareholders of the Bank	**30,464,862**	**15,592,358**
(-) Remuneration of perpetual liabilities	-	-
(+) Gains/losses recorded in reserves	-	-
Adjusted net consolidated profit attributable to the shareholders of the Bank	**30,464,862**	**15,592,358**
Weighted average number of ordinary shares (thousand)	53,821,603	53,821,603
Weighted average number of treasury stock in portfolio (thousand)	(492,182)	(492,182)
Weighted average number of ordinary shares outstanding (thousands)	**53,329,421**	**53,329,421**
Basic earnings per share attributable to the shareholders of the Bank (AOA thousand)	**0.57**	**0.29**

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by adjusting the effect of all potential dilutive ordinary shares to the weighted average number of ordinary shares outstanding and to the net profit attributable to the Bank's shareholders.

As at 31 December 2020 and 2019, the diluted earnings per share, considering the effect of treasury stock, is 0.29 and 0.57, respectively.

Note 36.
OFF-BALANCE SHEET ACCOUNTS

This caption is analysed as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Guarantees granted	69,398,163	36,348,557
Guarantees received	(1,996,520,658)	(2,389,930,280)
Commitments to third parties	13,521,899	17,525,228
Liabilities for services rendered	641,585,214	320,990

Guarantees received and commitments to third parties include exposures that are subject to ECL calculation according to the impairment model defined by the Bank and in accordance with the requirements of IFRS 9.

Bank guarantees granted are financial operations that do not translate into mobilisation of Funds by the Bank.

As at 31 December 2020 and 2019, the exposure and impairment losses associated with guarantees received, by stage, are detailed as follows:

(Thousands of AOA)

	31-12-2020			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	27,187,214	3,434,809	5,726,535	36,348,557
Impairment losses (Note 18)	(84,769)	(66,583)	(866,531)	(1,017,883)
	27,102,445	**3,368,225**	**4,860,004**	**35,330,674**

(Thousands of AOA)

	31-12-2019			
	Stage 1	Stage 2	Stage 3	Total
Gross amount	58,199,435	9,491,887	1,706,841	69,398,163
Impairment losses (Note 18)	(173,092)	(120,821)	(548,730)	(842,643)
	58,026,343	**9,371,066**	**1,158,111**	**68,555,520**

Documentary credits correspond to commitments by the Bank, on behalf of its Customers, which ensure the payment of a specified amount to the supplier of a given good or service, within a fixed term, against the presentation of the documentation confirming the shipment of goods or the rendering of services. The irrevocable condition arises from the fact that the commitment is non-cancellable or amended without the agreement of all parties involved.

Revocable and irrevocable commitments represent contractual agreements to extend credit to the Bank's Customers (for example unused credit lines). These agreements are generally, contracted for fixed periods of time or with other expiring requirements, and usually require the payment of a commission. Substantially, all credit commitments require that Customers maintain certain conditions verified at the time the credit was granted.

Notwithstanding the particular characteristics of these commitments, the analysis of these operations follows the same basic principles of any commercial operation, namely the solvency of the Customer and of the underlying business, and the Bank requires that these operations be duly covered by collaterals when necessary. Considering that is expected that the majority of these commitments expire without having being used, the indicated amounts do not represent necessarily future cash flow needs.

Financial instruments recorded as Guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in Note 2.5. The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Bank in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

For financial assets recognised in the Balance Sheet, the maximum exposure to credit risk is represented by the net book value of impairment. For off-balance sheet items, the maximum collateral exposure is the maximum amount that the Bank would have to pay if collaterals were forfeited. For loans and other commitments related to irrevocable credit, the maximum exposure is the total amount of commitments undertaken.

The Bank provides custody services, asset management, investment management and advisory services that involve taking decisions of buying and selling several types of financial instruments. For certain services rendered, targets and profitability levels are set out for assets under management.

In the context of fiduciary activities, the Bank provides custody services to its Customers. Recognition in off-balance sheet items is described in the accounting policy of Note 2.21.

Note 37.
TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24, the Bank considers the following to be related parties:

a) All entities holding qualified shareholdings:

- Shareholders holding, directly or indirectly, a percentage equal to or greater than 10% of ATLANTICO's share capital;

b) All entities that are directly or indirectly owned by more than 10% by the shareholders, falling within the previous point;

c) All entities in which ATLANTICO owns, directly or indirectly, at least 10% of the share capital or voting rights of the subsidiary company or that, for any reason, allows for the exercise of the control and / or significant influence in the management of the subsidiary company;

d) Any person or entity, irrespective of its legal form, that has a relationship with the shareholder, is one of the following:

- Spouse or unmarried partner, parents, grandparents, children, grandchildren and household members;
- Entities in which some of the above listed persons hold a qualified shareholding;

e) Entities that are directly or indirectly in a control or group relationship with ATLANTICO;

f) Members of the management and/or supervisory bodies of ATLANTICO as well as any person or entity, irrespective of its legal form, that has a relationship with a member of the management and/or supervisory bodies of one of the following:

- Spouse or unmarried partner, parents, grandparents, children, grandchildren and household members;
- Entities controlled by the member of the administrative and/or supervisory bodies, and entities in which they hold a qualified shareholding;
- Entities controlled by one of the persons listed in the first sub-paragraph of point f);

g) Entities whose majority of the members of the administrative or management bodies match with those of the ATLANTICO or, in case of distinct people, are connected between by marriage, unmarried partnership or kinship in direct line up to the second degree;

h) Key management personnel of ATLANTICO and their family members: first-line Directors, their spouses, descending and ascending relatives, in direct line up to the second degree;

i) Entity hired by ATLANTICO to provide post-employment benefit plans for ATLANTICO employees.

The members of the Board of Directors, the Supervisory Board and the General Meeting, the shareholders, subsidiaries and other shareholdings, effective as at 31 December 2020, as well as other related entities with which the Bank maintained balances or transactions in the 2020 period, are as follows:

NAME OF THE RELATED ENTITY

Shareholders
Interlagos Equity Partners, S.A.
BCP Africa SGPS, Lda.
Atlântico Financial Group, SARL
Jasper Capital Partners – Investimento Particular S.A.

Members of the Board of Directors
António João Assis de Almeida
Miguel Maya Dias Pinheiro
Daniel Gustavo Carvalho dos Santos
Augusto Costa Ramiro Baptista
Ana Patrícia Pereira Gabriel Tavares
Éder Nuno Vicente Samuel de Sousa
Hermenegilda de Fátima Agostinho Lopes Benge
Odyle Vieira Dias Cardoso
Paulo Fernando Cartaxo Tomás
João da Conceição Ribeiro Mendonça

Members of the Supervisory Board
Diogo Baptista Russo Pereira da Cunha
Luís Carlos Costa Prazeres
José Miguel Nunes Anacoreta Correia
Maria Cristina Santos Ferreira
Elpídio Ferreira Lourenço Neto
José Pedro Porto Dordio

Members of the Board of the General Meeting
Cláudia Cristina Silva Gomes Pires Pinto
Patrícia Alexandra Correia Dias

Other related entities
BCP – Banco Comercial Português S.A.
Human Experience Consulting, Lda.
Banco Privado Atlântico Europa, S.A.
Fundo Atlântico Protecção – FIMF
Fundo Atlântico Liquidez – FIMA
Fundo Atlântico Property – FIIF

As at 31 December 2020 and 2019, the value of the Bank's transactions with related parties and the related costs and income recognised in the period under review are summarised as follows:

(Thousands of AOA)

	31-12-2020				
	Shareholders	Board of Directors	Other key management and family members	Other related parties	Total
Assets					
Loans and advances to credit institutions repayable on demand	16,458,192	-	-	23,009,752	39,467,944
Financial assets at fair value through profit and loss	-	-	-	202,908,812	202,908,812
Deposits with credit institutions	47,120,220	-	-	-	47,120,220
Loans and advances to Customers	18,129,113	2,214,818	3,984,946	1,837	24,330,714
Other assets	6,654,480	-	-	638,853	7,293,333
Total assets	**88,362,005**	**2,214,818**	**3,984,946**	**226,559,254**	**321,121,023**
Liabilities					
Deposits from central banks and other credit institutions	-	-	-	-	-
Deposits from Customers	23,355,951	11,698,625	7,972,701	17,071,046	60,098,323
Total liabilities	**23,355,951**	**11,698,625**	**7,972,701**	**17,071,046**	**60,098,323**

(Thousands of AOA)

	31-12-2019				
	Shareholders	Board of Directors	Other key management and family members	Other related parties	Total
Assets					
Loans and advances to credit institutions repayable on demand	7,289,654	-	-	1,344,604	8,634,258
Financial assets at fair value through profit and loss	-	-	-	54,885,423	54,885,423
Deposits with credit institutions	1,852,909	-	-	-	1,852,909
Loans and advances to Customers	7,818,226	1,959,512	8,734,867	29,091,954	47,604,559
Other assets	5,971,381	-	-	184,672	6,156,053
Total assets	**22,932,170**	**1,959,512**	**8,734,867**	**85,506,653**	**119,133,202**
Liabilities					
Deposits from central banks and other credit institutions	113,335,811	-	-	8,653,865	121,989,676
Deposits from Customers	3,306,323	13,323,732	7,051,156	9,124,571	32,805,782
Other liabilities	-	-	-	1,750,124	1,750,124
Total liabilities	**116,642,134**	**13,323,732**	**7,051,156**	**19,528,560**	**156,545,582**

(Thousands of AOA)

	31-12-2020				
	Shareholders	Board of Directors	Other key management and family members	Other related parties	Total
Interest from loans to Customers	8,340,927	1,129,848	2,003,863	734	11,475,372
Interest and similar income	**8,340,927**	**1,129,848**	**2,003,863**	**734**	**11,475,372**
Interest from deposits of Customers	(86,144)	(1,599,377)	(551,250)	(1,037,218)	(3,273,988)
Interest and similar expenses	**(86,144)**	**(1,599,377)**	**(551,250)**	**(1,037,218)**	**(3,273,988)**
Net interest income	**8,254,782**	**(469,529)**	**1,452,613**	**(1,036,483)**	**8,201,384**
Net gains/(losses) arising from the sale of other assets	**-**	**-**	**-**	**48,103,356**	**48,103,356**

(Thousands of AOA)

	31-12-2019				
	Shareholders	Board of Directors	Other key management and family members	Other related parties	Total
Interest from loans to Customers	8,281,435	2,694,129	1,292,461	34,525	12,302,550
Interest and similar income	**8,281,435**	**2,694,129**	**1,292,461**	**34,525**	**12,302,550**
Interest from deposits of Customers	(2,160,845)	(941,913)	(541,185)	(4,873,061)	(8,517,005)
Interest and similar expenses	**(2,160,845)**	**(941,913)**	**(541,185)**	**(4,873,061)**	**(8,517,005)**
Net interest income	**6,120,590**	**1,752,216**	**751,276**	**(4,838,536)**	**3,785,546**
Net gains/(losses) arising from the sale of other assets	**-**	**-**	**-**	**2,722,455**	**2,722,455**

In the periods ended 31 December 2020 and 2019, the Bank has a set of transactions with related parties. These transactions include the shares held in Atlântico Funds (Note 6), whose balances as at 31 December 2020 and 2019, amount to AOA 202,908,812 thousand and AOA 55,258,285 thousand, respectively, as well as the result generated from the sale of other assets (Note 27).

The remuneration costs and other benefits granted to the Bank's key management personnel (short- and long-term) are disclosed in Note 28.

All transactions with related parties are carried out at regular market prices, using the principle of fair value.

Note 38.
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is based on quoted market prices, whenever available. Otherwise, fair value is determined based on cash-flow discounting techniques. Cash flows for the different instruments are calculated according with its financial characteristics and discount rates used include both the market interest rate curve and the current risk levels of the respective issuer.

Therefore, the fair value obtained is influenced by parameters used in the evaluation model, that necessarily have some degree of subjectivity and exclusively reflect the value attributed to different financial instruments.

As at 31 December 2020 and 2019, the fair value of financial instruments is presented as follows:

(Thousands of AOA)

	31-12-2020						
	Book value (net)	Fair value of financial instruments			Difference	Assets valued at historical cost	Total book value
		Measured at fair value	Measured at amortised cost	Total			
Assets							
Financial assets at fair value through profit and loss							
Shares	204,931,937	204,931,937	-	204,931,937	-	-	204,931,937
Hedging derivatives	3,640,415	3,640,415	-	3,640,415	-	-	3,640,415
Credit that does not comply with SPPI	8,354,190	8,354,190	-	8,354,190	-	-	8,354,190
	216,926,542	**216,926,542**	**-**	**216,926,542**	**-**	**-**	**216,926,542**
Financial assets at fair value through other comprehensive income							
Securities	5,311,579	5,311,579	-	5,311,579	-	-	5,311,579
Other assets	448,954	448,954	-	448,954	-	-	448,954
	5,760,534	**5,760,534**	**-**	**5,760,534**	**-**	**-**	**5,760,534**
Financial assets at amortised cost							
Debt securities	410,080,698	-	410,080,698	410,080,698	-	-	410,080,698
Loans and advances to Customers	454,270,709	-	454,270,709	454,270,709	-	-	454,270,709
Other loans and advances to central banks and credit institutions	83,591,141	-	83,591,141	83,591,141	-	-	83,591,141
	947,942,547	**-**	**947,942,547**	**947,942,547**	**-**	**-**	**947,942,547**
	1,170,629,623	**222,687,076**	**947,942,547**	**1,170,629,623**	**-**	**-**	**1,170,629,623**
Liabilities							
Financial liabilities at fair value through profit and loss							
Hedging derivatives	3,978,187	3,978,187		3,978,187	-	-	3,978,187
	3,978,187	**3,978,187**	**-**	**3,978,187**	**-**	**-**	**3,978,187**
Financial liabilities at amortised cost							
Borrowings from credit institutions	8,553,983	-	8,553,983	8,553,983	-	-	8,553,983
Deposits from Customers and other loans – Term deposits	936,150,243	-	936,150,243	936,150,243	-	-	936,150,243
	944,704,226	**-**	**944,704,226**	**944,704,226**	**-**	**-**	**944,704,226**
	948,682,413	**3,978,187**	**944,704,226**	**948,682,413**	**-**	**-**	**948,682,413**

(Thousands of AOA)

	31-12-2019						
	Book value (net)	Fair value of financial instruments			Difference	Assets valued at historical cost	Total book value
		Measured at fair value	Measured at amortised cost	Total			
Assets							
Financial assets at fair value through profit and loss							
Shares	56,701,261	56,701,261	-	56,701,261	-	-	56,701,261
Hedging derivatives	13,064	13,064	-	13,064	-	-	13,064
Credit that does not comply with SPPI	12,711,039	12,711,039	-	12,711,039	-	-	12,711,039
	69,425,364	**69,425,364**	**-**	**69,425,364**	**-**	**-**	**69,425,364**
Financial assets at fair value through other comprehensive income							
Securities	33,832,775	33,832,775	-	33,832,775	-	-	33,832,775
Other assets	345,683	345,683	-	345,683	-	-	345,683
	34,178,458	**34,178,458**	**-**	**34,178,458**	**-**	**-**	**34,178,458**
Financial assets at amortised cost							
Debt securities	529,302,406	-	529,302,406	529,302,406	-	-	529,302,406
Loans and advances to Customers	442,701,013	-	442,701,013	442,701,013	-	-	442,701,013
Other loans and advances to central banks and credit institutions	17,012,282	-	17,012,282	17,012,282	-	-	17,012,282
	989,015,701	**-**	**989,015,701**	**989,015,701**	**-**	**-**	**989,015,701**
	1,092,619,523	**103,603,822**	**989,015,701**	**1,092,619,523**	**-**	**-**	**1,092,619,523**
Liabilities							
Financial liabilities at fair value through profit and loss							
Hedging derivatives	207,095	207,095	-	207,095	-	-	207,095
	207,095	**207,095**	**-**	**207,095**	**-**	**-**	**207,095**
Financial liabilities at amortised cost							
Borrowings from credit institutions	173,218,009	-	173,218,009	173,218,009	-	-	173,218,009
Deposits from Customers and other loans – Term deposits	754,878,167	-	754,878,167	754,878,167	-	-	754,878,167
	928,096,176	**-**	**928,096,176**	**928,096,176**	**-**	**-**	**928,096,176**
	928,303,271	**207,095**	**928,096,176**	**928,303,271**	**-**	**-**	**928,303,271**

The Bank uses the following hierarchy for fair value, with 3 levels in the valuation of financial instruments (assets and liabilities), which reflects the level of judgement, the observability of the data used and the importance of the parameters used in determining the fair value of the instrument, in accordance with the provisions of IFRS 13:

- **Level 1:** Fair value is determined based on unadjusted quoted prices, captured in transactions in active markets involving identical instruments to the ones being 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 there is access;

- **Level 2:** Fair value is determined based on evaluation techniques supported by observable inputs in active markets, being direct data (prices, rates, spreads, etc.) or indirect data (derivatives), and evaluation assumptions similar to what an unrelated party would use in estimating the fair value of that financial instrument. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities but whose markets have the lowest liquidity; and

- **Level 3:** Fair value is determined based on unobservable inputs in active markets using techniques and assumptions that market participants would use to value the same instruments, including assumptions about inherent risks, the valuation technique used and the inputs used and review processes to test the accuracy of the values obtained.

The Bank considers an active market for a given financial instrument at the measurement date, depending on the turnover and liquidity of the transactions carried out, the relative volatility of quoted prices and the readiness and availability of the information, and the following conditions should apply:

- Existence of frequent daily prices trading in the last year;

- The above quotations change regularly; and

- There are executable quotes from more than one entity.

A parameter used in a valuation technique is considered 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 the conditions of an active market are met, with the exception of the condition of trading volumes; and

- The parameter value can be obtained by the inverse calculation of prices of financial instruments or derivatives where the remaining parameters required for initial assessment are observable in a liquid market or an OTC market that comply with the preceding paragraphs.

As at 31 December 2020 and 2019, all financial assets recorded at fair value were classified in levels 2 and 3, even though, in some situations, these were prices verified on the Angolan capital market (BODIVA). Because this market started its activity at the end of 2016, given the low liquidity and depth of the capital market and the early stage it is now, they were not considered to have the necessary conditions to be classified at level 1.

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 DEPOSITS AT CENTRAL BANKS, LOANS AND ADVANCES TO CREDIT INSTITUTIONS REPAYABLE ON DEMAND AND OTHER LOANS AND ADVANCES TO CENTRAL BANKS AND CREDIT INSTITUTIONS

Considering the short maturity of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

These financial instruments are accounted at fair value for Angolan public debt securities. The fair value is based on market quotations available at BODIVA, whenever these are available. Otherwise, fair value is estimated through numerical models based on discounted cash-flow techniques, using the interest rate curve adjusted for factors associated, predominantly the credit risk and liquidity risk, determined in accordance with the market conditions and respective maturities.

Interest rates are determined based on information disseminated by financial content providers and BNA. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are also used in the projection of the non-deterministic cash flows, such as indexes.

For investment funds, the best fair value estimate considered is the financial statements of these bodies at the Bank's balance sheet date and, where possible, with the Auditor's Report.

FINANCIAL ASSETS AT AMORTISED COST – DEBT SECURITIES

The fair value of these instruments is based on market prices, whenever these are available. Otherwise, fair value is estimated through the update of expected cash-flows of future capital and interest for these instruments.

For disclosure purposes, it is presumed that Treasury Bills (where applicable) have short-term residual maturities and that Treasury Bonds in foreign currency bear interest rates in line with the comparable market rates in force, therefore their book value substantially represents the fair value of these assets.

LOANS AND ADVANCES TO CUSTOMERS

The fair value of loans and advances to Customers is calculated based on the update of expected principal and interest future cash flows, considering that the payments of the instalments occur in the contractually defined dates. The expected future cash flows of homogeneous credit portfolios, such as mortgage loans, are estimated on a portfolio basis. The discount rates used are the current rates charged for loans with similar characteristics.

OTHER ASSETS

Other assets classified at fair value through profit and loss were valued in accordance with the assumptions defined in the internal model for the valuation of assets at fair value in the level 3 hierarchy. The model estimates the fair value of these assets by the sum of the discounted cash flows at a valuation benchmark rate defined based on the assumptions made in the internal model. The fair value of other assets at amortised cost is presumed to be their carrying amount.

DEPOSITS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

The fair value of loans and advances to Customers is calculated based on the update of expected principal and interest future cash flows, considering that the payments of the instalments occur in the contractually defined dates.

DEPOSITS FROM CUSTOMERS

The fair value of these financial instruments is calculated based on the expected principal and interest future cash flows. The discount rate used reflects the rates charged 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 material differences in their fair value.

Concerning the exchange rates, the Bank uses in its valuation models the spot rate observed in the market at the time of the valuation.

During the period ended 31 December 2020, the Bank did not reclassify securities.

As at 31 December 2019, the fair value of the reclassified securities is as follows:

(Thousands of AOA)

	Fair value 31-12-2019
Investments at amortised cost	
Bonds and other fixed income securities	
Issued by public entities	
Bonds indexed to the exchange rate of the United States Dollar	48,341,308
Foreign currency bonds	102,832,050
	151,173,358

The fair value gains or (losses) that would have been recognised under Other comprehensive income had the financial assets not been reclassified, in the period between the reclassification date and 31 December 2019 are as follows:

(Thousands of AOA)

	31-12-2019
Investments at amortised cost	
Bonds and other fixed income securities	
Issued by public entities	
Bonds indexed to the exchange rate of the United States Dollar	355,571
Foreign currency bonds	(563,483)
	(207,912)
Tax effect	62,374
	(145,538)

As at 31 December 2020 and 2019, the credit quality of financial assets, is presented as follows:

(Thousands of AOA)

	Rating origin	Rating level	31-12-2020		
			Gross exposure	Impairment losses	Net exposure
Loans and advances to Customers	External rating	N/D	-	-	-
	Internal rating	Low	76,575,753	(19,834,937)	56,740,816
		Medium	93,068,816	(15,991,448)	77,077,368
		High	202,548,744	(22,748,261)	179,800,483
	No rating	N/D	227,487,963	(86,835,920)	140,652,042
Other assets	External rating	AAA to AA-	-	-	-
		A+ to A-	45,893,416	(3,843)	45,889,572
		BBB+ to BBB-	99,537,337	(59,182)	99,478,155
		BB+ to BB-	5,498,696	(5,688)	5,493,008
		B+ to B-	9,263,139	(55,219)	9,207,921
		<B-	668,566,514	(20,278,278)	648,288,235
	Internal rating	N/D			-
	No rating	N/D	516,430,017	(29,067,614)	487,362,403
			1,944,870,394	**(194,880,390)**	**1,749,990,004**

(Thousands of AOA)

	Rating origin	Rating level	31-12-2019		
			Gross exposure	Impairment losses	Net exposure
Loans and advances to Customers	External rating	N/D	-	-	-
	Internal rating	Low	81,822,559	(15,649,736)	66,172,824
		Medium	78,718,906	(10,657,200)	68,061,706
		High	176,464,069	(21,407,338)	155,056,732
	No rating	N/D	214,954,189	(61,544,438)	153,409,751
Other assets	External rating	AAA to AA-	-	-	-
		A+ to A-	351,778	-	351,778
		BBB+ to BBB-	25,088,007	-	25,088,007
		BB+ to BB-	734,415	-	734,415
		B+ to B-	2,751,307	-	2,751,307
		<B-	759,145,757	(8,278,494)	750,867,263
	Internal rating	N/D			-
	No rating	N/D	390,040,431	(11,055,141)	378,985,290
			1,730,071,420	**(128,592,347)**	**1,601,479,073**

Note 39.
RISK MANAGEMENT

The Bank is subject to different types of risk in the course of its business. Risk management is carried out centrally with respect to the specific risks of each business.

The risk management policy aims to define the profile for each risk identified as material to the Bank, with a view to protecting the Bank's soundness, as well as the guidelines for implementing a risk management system that allows the identification, assessment, monitoring, control and reporting of all material risks inherent to the Bank's activity.

In this context, the monitoring and control of the main financial risks - credit, market and liquidity - and non-financial risks - operational - to which the Bank's activity is subject to, are of particular importance.

MAIN RISK CATEGORIES

Credit – Credit risk is the uncertainty of recovery of an investment and its return, due to the debtor's (or guardian, if applicable) inability to fulfil its financial commitments to the Bank, causing a financial loss to the creditor. Credit risk is reflected in debt securities or other receivables.

Market – Market risk reflects the potential loss that can be registered 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 the respective volatilities. Therefore, Market Risk encompasses the risk of interest rate, exchange rate and other price risks.

Liquidity – Liquidity risk reflects the inability of the Bank to meet its liabilities associated with financial liabilities on each maturity date without incurring significant losses as a result of a deterioration in the conditions of access to financing (financing risk) and/or sale of its assets for amounts lower than the amounts usually practised in the market (market liquidity risk).

Real Estate – Real estate risk is the probability of negative impacts on income and/or capital due to unfavourable changes in the market price.

Operating – Operating risk is the probability of failures or inappropriateness of internal procedures, information systems, human behaviour, or external events.

INTERNAL ORGANISATION

The Risk Management Department (DGR) is part of ATLANTICO's organisational structure and takes autonomous and independent direct accountability for the risk management system. This Department has no direct responsibility over any risk-taking function, which depends on the hierarchical and functional structure of the Board of Directors (CA) and is monitored on a daily basis by a director appointed by the Executive Committee (CE).

The Board of Directors is responsible for defining, approving and implementing a risk management system that identifies, assesses, controls and monitors all the material risks to which the Bank is exposed, in order to ensure that they remain at the previously defined level and that they will not significantly affect the Bank's financial position.

It is the responsibility of the Board of Directors to: (i) approve the operating regulations of the DGR; (ii) ensure adequate material and human resources for the performance of risk management functions; (iii) ensure that risk management activities have sufficient independence, status and visibility and are subject to periodic reviews; (iv) approve the exposure limits to the different material risks to which the Bank is exposed; and (v) set general guidelines for the risk management system and definition of the Bank's risk profile, formalised in the risk management policy.

DGR is responsible for identifying, assessing and monitoring materially relevant risks to the Bank, as well as monitoring the adequacy and effectiveness of measures taken to address any shortcomings in the risk management system.

The Bank's structural units are responsible for the effective control of risks and compliance with the internal procedures defined by the CE.

The risk management system is documented through policies, internal rules (processes) and procedure manuals.

During 2016, the BNA issued a set of Notices and Instructions with special focus on risk management and reporting by Financial Institutions. The Bank is currently implementing them in order to report and comply with them within the legally applicable deadlines.

RISK ASSESSMENT

Credit Risk

Credit risk models play a key role in the credit decision process. Therefore, the loan portfolio's decision-making process is based on a set of policies, through scoring models for Private and Business Customers' portfolios and rating for the corporate segment.

Credit decisions depend on risk classifications and compliance with several rules on the financial standing and behaviour of the proposers. There are relative scoring models for the main credit portfolios of private Customers, namely mortgage loans and individual loans, including the necessary segmentation between Customers and non-Customers (or recent Customers).

The main goals of credit risk management are:

- Define the provisioning rules/impairment calculations;
- Define the process of risk analysis;
- Analyse the sectoral and geographical risks;
- Analyse concentration risks;
- Define and monitoring the internal boundaries for counter parties;
- Monitoring the implementation of risks cutback plans, through a follow-up of the overdue credit portfolio.

In order to mitigate the credit risk, the portfolio analysis includes the following criteria:

- Customer's background, to seek the existence of credit defaults, pledges or debts;
- Exposure limits to credit risk, where, in accordance with the counterparties' credit capacity, it is established an internal rating, as well as the definition of maximum limits to counterparties;
- Default risk, where the Customers with ratings of high default probability are rejected;
- Personal or real guarantees at the credit conception, in order to mitigate the Bank's exposure to the respective counterparty.

Information regarding the Bank's exposure to credit risk for financial assets and off-balance sheet credit is as follows:

(Thousands of AOA)

	31-12-2020		
	Gross book value	Impairment losses	Net book value
Balance sheet items			
Cash and deposits at central banks	222,111,313	-	222,111,313
Loans and advances to credit institutions repayable on demand	110,406,182	(24,290)	110,381,892
Financial assets at fair value through profit and loss	216,926,542	-	216,926,542
Financial assets at fair value through other comprehensive income	5,760,534	-	5,760,534
Financial assets at amortised cost			
Debt securities	430,070,475	(19,989,777)	410,080,698
Loans and advances to Customers	599,681,275	(145,410,566)	454,270,709
Other loans and advances to central banks and credit institutions	83,979,285	(388,144)	83,591,141
Other assets	148,208,624	(22,208,616)	126,000,008
	1,817,144,230	**(188,021,393)**	**1,629,122,837**
Off-balance sheet items			
Documentary credit	20,949,990	(788,682)	20,161,309
Guarantees provided	15,398,567	(229,201)	15,169,366
	36,348,557	**(1,017,883)**	**35,330,674**
	1,853,492,787	**(189,039,276)**	**1,664,453,512**

(Thousands of AOA)

	31-12-2019		
	Gross book value	Impairment losses	Net book value
Balance sheet items			
Cash and deposits at central banks	190,988,448	-	190,988,448
Loans and advances to credit institutions repayable on demand	24,428,190	-	24,428,190
Financial assets at fair value through profit and loss	69,425,364	-	69,425,364
Financial assets at fair value through other comprehensive income	34,178,458	-	34,178,458
Financial assets at amortised cost			
Debt securities	551,959,724	(109,258,712)	442,701,013
Loans and advances to Customers	537,580,900	(8,278,494)	529,302,406
Other loans and advances to central banks and credit institutions	17,012,282	-	17,012,282
Other assets	110,556,705	(7,351,564)	103,205,141
	1,536,130,071	**(124,888,770)**	**1,411,241,302**
Off-balance sheet items			
Documentary credit	58,380,008	(692,846)	57,687,162
Guarantees provided	11,018,155	(149,797)	10,868,358
	69,398,163	**(842,643)**	**68,555,520**
	1,605,528,234	**(125,731,413)**	**1,479,796,822**

As at 31 December 2020 and 2019, the exposure to credit risk by financial asset class, rating level and stage, is presented as follows:

(Thousands of AOA)

	31-12-2020					
	Loans and advances to Customers		Guarantees provided and credit letters	Total exposure	Impairment losses	
	Falling due	Overdue			Amount	Impairment/ Total exposure
Real estate	136,478,782	39,395,154	-	175,873,937	32,286,338	18%
Wholesale and retail trading	78,006,529	14,720,635	6,715,230	99,442,394	25,449,644	26%
Buildings and construction	111,028,756	9,036,576	13,577,709	133,643,041	33,185,909	25%
Manufacturing industry	84,698,773	21,855,271	6,474,761	113,028,805	23,995,895	21%
Private	47,522,005	6,605,028	1,227,585	55,354,618	22,437,297	41%
Others	39,401,242	10,932,523	8,353,272	58,687,037	9,073,365	15%
	497,136,088	**102,545,187**	**36,348,557**	**636,029,832**	**146,428,448**	**146%**

(Thousands of AOA)

	31-12-2019					
	Loans and advances to Customers		Guarantees provided and credit letters	Total exposure	Impairment losses	
	Falling due	Overdue			Amount	Impairment/ Total exposure
Real estate	89,423,829	30,202,963	106,068	119,732,860	30,671,234	26%
Wholesale and retail trading	65,537,408	16,762,035	34,227,738	116,527,181	13,724,781	12%
Buildings and construction	107,501,342	9,425,787	7,042,093	123,969,222	25,015,058	20%
Manufacturing industry	62,515,043	15,256,065	8,395,001	86,166,109	16,356,160	19%
Private	34,146,754	4,573,104	831,506	39,551,364	16,139,204	41%
Institucional	626,581	104	-	626,685	44,432	7%
Others	109,800,815	6,187,894	18,795,758	134,784,467	8,150,486	6%
	469,551,772	**82,407,952**	**69,398,164**	**621,357,888**	**110,101,355**	**130%**

As at 31 December 2020 and 2019, the geographical concentration of credit risk is presented as follows:

(Thousands of AOA)

	31-12-2020			
	Geographical area			
	Angola	Portugal	Other	Total
Loans and advances to Customers	596,386,064	3,268,412	26,799	599,681,275
Loans provided and credit letters	36,244,612	-	103,945	36,348,557
	632,630,676	**3,268,412**	**130,744**	**636,029,832**

(Thousands of AOA)

	31-12-2019			
	Geographical area			
	Angola	Portugal	Other	Total
Loans and advances to Customers	548,188,466	2,767,798	1,003,460	551,959,724
Loans provided and credit letters	69,098,332	-	299,832	69,398,164
	617,286,798	**2,767,798**	**1,303,292**	**621,357,888**

At 31 December 2020 and 2019, the exposure to credit risk by financial asset class, rating level and stage, is presented as follows:

(Thousands of AOA)

	31-12-2020				
	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Financial assets purchased or originated with impairment for credit losses	Total
Loans and advances to Customers					
Low level	6,046,784	43,084,998	27,227,295	217,487	76,576,565
Medium level	13,303,998	53,087,731	26,662,972	14,114	93,068,816
High level	43,439,609	97,821,581	55,515,164	5,772,390	202,548,744
No rating	23,184,537	83,110,443	120,214,960	977,210	227,487,151
Gross book value	**85,974,928**	**277,104,754**	**229,620,392**	**6,981,202**	**599,681,275**
Impairment losses	(1,414,060)	(25,817,822)	(113,893,388)	(4,285,296)	(145,410,566)
Net book value	**84,560,868**	**251,286,932**	**115,727,003**	**2,695,906**	**454,270,709**

(Thousands of AOA)

	31-12-2019				
	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Financial assets purchased or originated with impairment for credit losses	Total
Loans and advances to Customers					
Low level	24,473,205	37,671,657	19,977,972	-	82,122,834
Medium level	7,302,559	40,790,866	30,764,159	-	78,857,584
High level	42,042,408	88,365,029	54,903,803	-	185,311,240
No rating	25,668,040	85,103,715	61,200,101	33,696,210	205,668,066
Gross book value	**99,486,212**	**251,931,267**	**166,846,035**	**33,696,210**	**551,959,724**
Impairment losses	(1,065,994)	(23,389,439)	(75,060,675)	(9,742,604)	(109,258,712)
Net book value	**98,420,218**	**228,541,828**	**91,785,360**	**23,953,606**	**442,701,013**

With regard to the quality of credit risk of the financial assets, the Bank, based on internal rating levels, is developing the necessary tools to disclose information along these lines.

Nevertheless, it is important to consider the following aspects related to credit risk mitigation of the Bank's financial assets:

- Real estate guarantees and financial collaterals, which allow a direct reduction in the position value, are important for credit risk mitigation. Personal protection guarantees, with a substitution effect in the position at risk, are also considered.

- Credit operations collateralised by financial guarantees are considered for direct reductions, namely deposits, Angolan state bonds and other similar guarantees.

- Regarding real mortgage guarantees, the valuation of assets is performed by independent valuers registered with the Capital Market Commission (CMC) of Angola. The revaluation of the assets is performed through assessments on-the-site, performed by a technical valuer, in accordance with best market practices.

- The model for calculating impairment losses on the loans and advances to Customers portfolio was implemented in 2018, governed by the general principles defined in IFRS 9, as well as the guidelines and iterations of IAS/IFRS implementation with Banco Nacional de Angola, in order to align the calculation process with the best international practices.

- The Bank's impairment model begins with the segmentation of the credit portfolio Customers into separate groups, according to their stage and depending on the existence of signs of impairment (which include internal and external information) and the size of the set of exposures of each economic/Customer group.

- The assessment of impairment losses on an individual basis is determined through an analysis of 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 expected impairment loss (ECL);

- For each one of the Customers/active loans, a set of impairment signs is verified, which includes internal and external information. This information increases impairment values since these represent an increase in the risk of default.

- It should be noted that a restructured loan is a sign of impairment and, therefore, the loan portfolio marked as restructured is included in the loans with signs of impairment.

- In the group of homogeneous populations, Customer exposures are subject to collective analysis.

- The amount of impairment for Customers subject to individual analysis is calculated using the discounted cash flow method and macroeconomic scenarios with impacts on the recovery strategy, i.e., the amount of impairment corresponds to the difference between the value of the loan and the sum of the expected cash flows related to the various operations of the Customer, adjusted to the macroeconomic scenarios and updated according to the effective interest rate of each operation.

Market Risk

Market Risk is controlled, in a short- and long-term vision, for the bank portfolio. The main actors in the daily management of Market and Liquidity Risk are the Treasury and Markets Department and the Risk Department.

The Treasury and Markets Department is responsible for the selection and performance of market operations and for liquidity management, considering the limits defined in the Bank's risk profile.

The Risk Department is responsible for the identification, measurement and monitoring of risks, always ensuring that the defined limits are met.

The Bank also complies with Notice no. 08/2016 of 16 May, regarding the Interest Rate Risk in the banking portfolio (financial instruments not held in the portfolio of financial assets at fair value through profit and loss).

As at 31 December 2020 and 2019, the total portfolios of financial assets at fair value through other comprehensive income and at amortised cost are mainly concentrated in loans and advances to Customers, representing 48% and 43%, respectively, and in public debt securities (National Treasury Bonds), representing 43% and 52%, respectively.

The assessment of the interest rate risk originated by operations from the banking portfolio is made by risk sensitivity analysis.

Based on the financial characteristics of each contract, cash flows are projected according to the dates of rate resetting and possible behavioural assumptions considered.

The aggregation of the expected cash flows, at each range of days, for each of the currencies analysed, allows the determination of the interest rate gaps by resetting maturity.

Following the recommendations of Instruction no. 09/2019 of 27 August of Banco Nacional de Angola (Instruction no. 06/2016 of 08 August, until August 2019), the Bank calculates its exposure to the balance sheet interest rate risk based on the methodology defined in the Instruction.

As at 31 December 2020 and 2019, assets and liabilities gross of impairment are broken down by rate type as follows:

(Thousands of AOA)

	31-12-2020				
	Exposure to		Not subject to risk of interest rate	Derivatives	Total
	Fixed rate	Variable rate			
Assets					
Cash and deposits at central banks	-	-	222,111,313	-	222,111,313
Loans and advances to credit institutions repayable on demand	-	-	110,381,892	-	110,381,892
Financial assets at fair value through profit and loss	-	8,354,190	204,931,937	3,640,415	216,926,542
Financial assets at fair value through other comprehensive income	3,044,971	2,266,608	448,955	-	5,760,534
Financial assets at amortised cost					
Debt securities	410,080,698	-	-	-	410,080,698
Loans and advances to Customers	86,818,590	512,862,685	-	-	599,681,275
Other loans and advances to central banks and credit institutions	83,591,141	-	-	-	83,591,141
Other assets	-	-	126,000,008	-	126,000,008
	583,535,400	**523,483,483**	**663,874,105**	**3,640,415**	**1,774,533,404**
Liabilities					
Deposits from central banks and other credit institutions	5,544,093	8,553,971	-	-	14,098,064
Deposits from Customers and other deposits	936,150,243	-	587,820,554	-	1,523,970,797
Financial liabilities at fair value through profit and loss	-	-	-	3,978,187	3,978,187
Other liabilities	-	-	24,942,140	-	24,942,140
	941,694,336	**8,553,971**	**612,762,694**	**3,978,187**	**1,566,989,188**
	(358,158,936)	**514,929,512**	**51,111,411**	**(337,772)**	**207,544,216**

(Thousands of AOA)

	31-12-2019				
	Exposure to		Not subject to risk of interest rate	Derivatives	Total
	Fixed rate	Variable rate			
Assets					
Cash and deposits at central banks	-	-	190,988,448	-	190,988,448
Loans and advances to credit institutions repayable on demand	-	-	24,428,190	-	24,428,190
Financial assets at fair value through profit and loss	-	12,711,039	56,701,261	13,064	69,425,364
Financial assets at fair value through other comprehensive income	31,748,255	2,084,520	345,683	-	34,178,458
Financial assets at amortised cost					
Debt securities	529,302,406	-	-	-	529,302,406
Loans and advances to Customers	57,958,616	494,001,108	-	-	551,959,724
Other loans and advances to central banks and credit institutions	17,012,282	-	-	-	17,012,282
Other assets	-	-	103,205,141	-	103,205,141
	636,021,559	**508,796,667**	**375,668,723**	**13,064**	**1,520,500,013**
Liabilities					
Deposits from central banks and other credit institutions	126,932,534	49,561,104	-	-	176,493,638
Deposits from Customers and other deposits	754,878,167	-	480,107,421	-	1,234,985,588
Financial liabilities at fair value through profit and loss	-	-	-	8,382,018	8,382,018
Other liabilities	-	-	18,024,543	-	18,024,543
	881,810,701	**49,561,104**	**498,131,964**	**8,382,018**	**1,437,885,787**
	(245,789,142)	**459,235,563**	**(122,463,241)**	**(8,368,954)**	**82,614,226**

As at 31 December 2020 and 2019, the financial instruments with exposure to interest rate risk according to the maturity or resetting date had the following structure:

(Milhares de Kwanzas)

	31-12-2020									
	Re-establishment dates/Maturity dates									
	On demand	Below 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	-	222,111,313	-	-	-	-	-	-	-	222,111,313
Loans and advances to credit institutions repayable on demand	-	110,381,892	-	-	-	-	-	-	-	110,381,892
Financial assets at fair value through profit and loss	8,341,168	10,094	-	-	-	-	-	2,928	-	8,354,190
Financial assets at fair value through other comprehensive income	-	-	1,242,044	-	768,361	3,301,174	-	-	-	5,311,579
Financial assets at amortised cost										
Debt securities	-	-	2,786,027	1,427,081	17,485,426	182,166,372	176,114,937	30,100,856	-	410,080,698
Loans and advances to Customers	65,014,070	139,347,602	51,748,177	53,231,482	59,633,380	47,567,122	4,953,278	32,775,598	-	454,270,709
Other loans and advances to central banks and credit institutions	-	76,504,658	6,289,978	-	796,504	-	-	-	-	83,591,141
Other assets	-	-	-	-	-	103,584,555	-	-	22,415,453	126,000,008
	73,355,238	**548,355,559**	**62,066,227**	**54,658,562**	**78,683,671**	**336,619,222**	**181,068,215**	**62,879,383**	**22,415,453**	**1,420,101,530**
Liabilities										
Deposits from Customers and other deposits										
Demand deposits	-	117,564,111	58,782,055	29,391,028	29,391,028	78,376,074	78,376,074	195,940,185	-	587,820,554
Term deposits	4,197,580	204,352,412	239,565,088	230,235,253	257,799,909	-	-	-	-	936,150,243
Liquidity inflows	-	8,553,983	-	-	-	-	-	-	-	8,553,983
Other liabilities	-	-	-	-	-	24,942,140	-	-	-	24,942,140
	4,197,580	**330,470,506**	**298,347,143**	**259,626,281**	**287,190,937**	**103,318,214**	**78,376,074**	**195,940,185**	**-**	**1,557,466,920**
Net exposure	**69,157,657**	**217,885,053**	**(236,280,916)**	**(204,967,719)**	**(208,507,265)**	**233,301,008**	**102,692,141**	**(133,060,802)**	**22,415,453**	**(137,365,390)**

(Thousands of AOA)

	31-12-2019									
	Re-establishment dates/Maturity dates									
	On demand	Below 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	-	190,988,448	-	-	-	-	-	-	-	190,988,448
Loans and advances to credit institutions repayable on demand	-	24,428,190	-	-	-	-	-	-	-	24,428,190
Financial assets at fair value through profit and loss	12,689,665	15,488						5,887	-	12,711,039
Financial assets at fair value through other comprehensive income	-	590,380	213,587	18,176	4,387,937	25,971,995	2,650,700	-	-	33,832,775
Financial assets at amortised cost										
Debt securities	-	6,079,456	16,254,927	5,054,944	84,055,652	207,715,654	151,588,504	58,553,269	-	529,302,406
Loans and advances to Customers	60,188,970	127,113,326	56,683,383	52,396,692	86,124,208	42,707,977	2,581,022	14,905,436	-	442,701,013
Other loans and advances to central banks and credit institutions	-	12,357,568	4,248,966	-	405,748	-	-	-	-	17,012,282
Other assets	-		-	-	-	80,154,954	-	-	23,050,187	103,205,141
	72,878,634	**361,572,856**	**77,400,864**	**57,469,812**	**174,973,545**	**356,550,580**	**156,820,226**	**73,464,591**	**23,050,187**	**1,354,181,294**
Liabilities										
Deposits from Customers and other deposits										
Demand deposits	-	96,021,484	48,010,742	24,005,371	24,005,371	64,014,323	64,014,323	160,035,807	-	480,107,421
Term deposits	6,587,960	163,724,431	162,778,528	176,776,737	245,010,510	-	-	-	-	754,878,167
Liquidity inflows	-	138,660,935	34,557,074	-	-	-	-	-	-	173,218,009
Other liabilities	-	-	-	-	-	18,024,543	-	-	-	18,024,543
	6,587,960	**398,406,850**	**245,346,344**	**200,782,108**	**269,015,881**	**82,038,866**	**64,014,323**	**160,035,807**	**-**	**1,426,228,140**
Net exposure	**66,290,674**	**(36,833,995)**	**(167,945,481)**	**(143,312,296)**	**(94,042,336)**	**274,511,714**	**92,805,903**	**(86,571,216)**	**23,050,187**	**(72,046,845)**

As at 31 December 2020 and 2019, the average interest rates for the main categories of financial assets and liabilities, as well as the related average balances and income and expenses for the period are as follows:

(Thousands of AOA)

	31-12-2019			31-12-2020		
	Average balance for the period	Interest for the period	Average interest rate	Average balance for the period	Interest for the period	Average interest rate
Financial assets						
Cash and deposits	28,095,286	-	0.00%	74,101,542	-	0.00%
Financial assets at amortised cost						
Loans and advances to Customers	431,379,790	77,542,704	17.98%	451,278,877	66,980,206	14.84%
Debt securities	452,073,608	26,729,347	5.91%	475,193,703	36,418,844	7.66%
Other loans and advances to central banks and credit institutions	19,340,883	597,400	3.09%	46,743,259	244,831	0.52%
Financial assets at fair value through profit and loss	45,065,378	702,373	1.56%	155,166,274	-	0.00%
Financial assets at fair value through other comprehensive income	109,514,321	14,041,621	12.82%	18,320,545	2,240,160	12.23%
	1,085,469,266	**119,613,445**		**1,220,804,199**	**105,884,041**	
Financial liabilities						
Deposits from Customers	1,191,157,255	38,065,653	3.20%	1,381,511,187	47,133,581	3.41%
Interest from loans of central banks and other financial institutions	161,765,720	13,309,407	8.23%	127,715,085	11,912,874	9.33%
Other liabilities - Leases	6,953,282	1,880,272	27.04%	11,169,856	2,792,439	25.00%
	1,359,876,257	**53,255,332**		**1,520,396,127**	**61,838,894**	
Net interest income		**66,358,113**			**44,045,147**	

The sensitivity to the balance sheet interest rate risk, by currency, is calculated through the difference between the present value of the interest rate mismatch, discounted at market interest rates in force, and the discounted value of the same cash flows simulating parallel shifts of the market interest rate yield curve.

As at 31 December 2020 and 2019, the breakdown of assets and liabilities, by currency, net of impairment, is presented as follows:

(Thousands of AOA)

	31-12-2020					
	Kwanza	Kwanza indexed at the United States Dollar	United States Dollar	Euros	Other currency	Total
Assets						
Cash and deposits at central banks	97,590,054	-	120,897,736	2,853,720	769,803	222,111,313
Loans and advances to credit institutions repayable on demand	3,258,686	-	61,266,100	42,905,495	2,951,611	110,381,892
Financial asset at fair value through profit and loss	203,057,961	-	5,598,345	8,270,236	-	216,926,542
Financial assets at fair value through other comprehensive income	3,493,926	-	2,266,608	-	-	5,760,534
Financial assets at amortised cost						
Debt securities	9,227,870	82,381,977	318,470,851	-	-	410,080,698
Loans and advances to Customers	331,649,194	34,628,965	82,672,589	5,319,955	6	454,270,709
Other loans and advances to central banks and credit institutions	33,804,191	-	48,591,230	1,195,720	-	83,591,141
Property, plant and equipment	68,688,180	-	-	-	-	68,688,180
Intangible assets	39,040,538	-	-	-	-	39,040,538
Non-current assets held for sale	7,279,640	-	-	-	-	7,279,640
Current tax assets	2,418,635	-	-	-	-	2,418,635
Deferred tax assets	3,440,174	-	-	-	-	3,440,174
Other assets	13,565,110	482,746	102,067,217	9,803,655	81,280	126,000,008
	816,514,159	**117,493,688**	**741,830,676**	**70,348,781**	**3,802,700**	**1,749,990,004**
Liabilities						
Interest from loans of central banks and other financial institutions	14,098,052	-	12	-	-	14,098,064
Deposits from Customers	623,268,533	-	812,474,571	86,731,043	1,496,650	1,523,970,797
Financial liabilities at fair value through profit and loss	-	-	3,978,187	-	-	3,978,187
Provisions	775,242	52,290	22,327	3,082,654	19	3,932,532
Deferred tax liabilities	111,483	-	-	-	-	111,483
Other liabilities	20,846,395	-	1,974,303	2,121,406	36	24,942,140
	659,099,705	**52,290**	**818,449,400**	**91,935,103**	**1,496,705**	**1,571,033,203**
	157,414,454	**117,441,398**	**(76,618,724)**	**(21,586,322)**	**2,305,995**	**178,956,801**

(Thousands of AOA)

	31-12-2019					
	Kwanza	Kwanza indexed at the United States Dollar	United States Dollar	Euros	Other currency	Total
Assets						
Cash and deposits at central banks	98,294,369	-	90,743,585	1,399,185	551,309	190,988,448
Loans and advances to credit institutions repayable on demand	504,495	-	2,529,825	20,284,756	1,109,114	24,428,190
Financial asset at fair value through profit and loss	55,850,206	-	1,004,832	12,570,326	-	69,425,364
Financial assets at fair value through other comprehensive income	-	32,093,132	2,085,326	-	-	34,178,458
Financial assets at amortised cost						
Debt securities	21,748,999	274,824,002	232,729,405	-	-	529,302,406
Loans and advances to Customers	351,506,676	34,075,923	53,754,564	3,363,842	8	442,701,013
Other loans and advances to central banks and credit institutions	12,515,024	-	3,280,301	1,216,957	-	17,012,282
Property, plant and equipment	61,282,073	-	-	-	-	61,282,073
Intangible assets	35,981,690	-	-	-	-	35,981,690
Non-current assets held for sale	88,628,779	-	-	-	-	88,628,779
Current tax assets	2,056,239	-	-	-	-	2,056,239
Deferred tax assets	2,288,990	-	-	-	-	2,288,990
Other assets	29,721,103	5,989,804	61,573,608	5,857,748	62,878	103,205,141
	760,378,643	**346,982,861**	**447,701,446**	**44,692,814**	**1,723,309**	**1,601,479,073**
Liabilities						
Interest from loans of central banks and other financial institutions	52,818,310	-	114,989,257	8,686,071	-	176,493,638
Deposits from Customers	507,681,101	39,290,772	622,004,964	64,885,207	1,123,544	1,234,985,588
Financial liabilities at fair value through profit and loss	207,095	-	-	-	-	207,095
Provisions	236,796	5,786,724	75,587	2,282,646	265	8,382,018
Deferred tax liabilities	-	33,486	35,116	-	-	68,602
Other liabilities	15,173,747	-	917,914	1,892,667	40,215	18,024,543
	576,117,049	**45,110,982**	**738,022,838**	**77,746,591**	**1,164,024**	**1,438,161,484**
	184,261,594	**301,871,879**	**(290,321,392)**	**(33,053,777)**	**559,285**	**163,317,589**

As at 31 December 2020 and 2019, the sensitivity analysis of the book value of financial instruments to changes in exchange rates is presented as follows:

(Thousands of AOA)

	31-12-2020					
	-20%	-10%	-5%	5%	10%	20%
Currency						
United States Dollar	(150,847,398)	(75,423,699)	(37,711,850)	37,711,850	75,423,699	(150,847,398)
Kwanza indexed at the United States Dollar	(23,498,738)	(11,749,369)	(5,874,684)	5,874,684	11,749,369	(23,498,738)
Euro	(14,069,756)	(7,034,878)	(3,517,439)	3,517,439	7,034,878	(14,069,756)
Other currency	(760,540)	(380,270)	(190,135)	190,135	380,270	(760,540)
	(189,176,432)	**(94,588,216)**	**(47,294,108)**	**47,294,108**	**94,588,216**	**(189,176,432)**

(Milhares de Kwanzas)

	31-12-2019					
	-20%	-10%	-5%	5%	10%	20%
Currency						
United States Dollar	58,064,278	29,032,139	14,516,070	(14,516,070)	(29,032,139)	58,064,278
Kwanza indexed at the United States Dollar	(60,374,376)	(30,187,188)	(15,093,594)	15,093,594	30,187,188	(60,374,376)
Euro	6,610,755	3,305,378	1,652,689	(1,652,689)	(3,305,378)	6,610,755
Other currency	(111,858)	(55,929)	(27,964)	27,964	55,929	(111,857)
	4,188,800	**2,094,401**	**1,047,200**	**(1,047,200)**	**(2,094,401)**	**4,188,801**

On the date of this report, the Bank's assets and liabilities do not have relevant revaluation impacts, considering that the exchange rate of the Kwanza against the EUR and USD, reference currencies in the foreign exchange market, are close to those published by Banco Nacional de Angola on 31 December 2020.

Liquidity Risk

The assessment of the liquidity risk is made using internal metrics, defined by the Bank's management, namely, exposure limits. This control is reinforced with the monthly execution of sensitivity analysis, in order to characterise the Bank's risk profile and ensure that fulfils its obligations in a liquidity crisis scenario.

The purpose of liquidity management is to maintain adequate liquidity levels to meet short, medium- and long-term funding needs. Liquidity risk is monitored on a daily basis and several reports are prepared for control, monitor and support to the decision-making process of the Risk Committee.

The evolution of the liquidity situation is performed based particularly on future cash flows estimated for various time horizons, considering the Bank's balance sheet. To the calculated values is added the analysis day's liquidity position and the amount of assets considered highly liquid in the portfolio of uncommitted assets, determining the cumulative liquidity gap for different time horizons. Additionally, it is also performed a monitoring of the liquidity positions from a prudential point of view, calculated according to the rules required by the Banco Nacional de Angola, in Instruction no. 09/2019 of 27 August (revoked Instruction no. 06/2016 of 8 August).

As at 31 December 2020 and 2019, the total contractual cash flows by residual maturities of the Bank's financial assets and liabilities, are presented as follows:

(Thousands of AOA)

	31-12-2020									
	Residual contractual maturities									
	On demand	Below 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	-	222,111,313	-	-	-	-	-	-	-	222,111,313
Loans and advances to credit institutions repayable on demand	-	110,381,892	-	-	-	-	-	-	-	110,381,892
Financial assets at fair value through profit and loss	-	-	11,991,315	-	-	-	-	3,290	204,931,937	216,926,542
Financial assets at fair value through other comprehensive income	-	-	1,817,783	-	768,361	2,725,435	-	-	448,954	5,760,534
Financial assets at amortised cost										
Debt securities	-	-	1,600,430	1,455,995	17,071,337	179,721,164	179,683,209	30,548,562	-	410,080,698
Loans and advances to Customers	-	23,685,163	20,051,741	18,451,117	33,837,060	73,973,753	87,288,968	128,055,482	68,927,426	454,270,709
Other loans and advances to central banks and credit institutions	-	76,556,583	6,241,961	-	792,597	-	-	-	-	83,591,141
Other assets	-	-	-	-	-	103,584,555	-	-	22,415,453	126,000,008
	-	**432,734,951**	**41,703,230**	**19,907,112**	**52,469,355**	**360,004,907**	**266,972,177**	**158,607,334**	**296,723,770**	**1,629,122,836**
Liabilities										
Interest from loans of central banks and other financial institutions	-	5,544,081	8,553,983	-	-	-	-	-	-	14,098,064
Deposits from Customers	6,352,090	790,352,393	240,467,910	229,486,023	257,312,382	-	-	-	-	1,523,970,797
Financial liabilities at fair value through profit and loss	-	-	-	3,978,187	-	-	-	-	-	3,978,187
Other liabilities	-	-	-	-	-	-	24,942,140	-	-	24,942,140
	6,352,090	**795,896,474**	**249,021,892**	**233,464,210**	**257,312,382**	**-**	**24,942,140**	**-**	**-**	**1,566,989,188**
Liquidity gap	**(6,352,090)**	**(363,161,523)**	**(207,318,662)**	**(213,557,098)**	**(204,843,027)**	**360,004,907**	**242,030,037**	**158,607,334**	**296,723,770**	**62,133,648**
Accrued liquidity gap	**(6,352,090)**	**(369,513,613)**	**(576,832,275)**	**(790,389,373)**	**(995,232,399)**	**(635,227,492)**	**(393,197,456)**	**(234,590,122)**	**62,133,648**	

(Thousands of AOA)

	31-12-2019									
	Residual contractual maturities									
	On demand	Below 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Above 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	-	190,988,448	-	-	-	-	-	-	-	190,988,448
Loans and advances to credit institutions repayable on demand	-	24,428,190	-	-	-	-	-	-	-	24,428,190
Financial assets at fair value through profit and loss	-	-	12,603,632	-	-	13,896	-	106,575	56,701,261	69,425,364
Financial assets at fair value through other comprehensive income	-	-	804,772	-	4,406,114	28,621,889	-	-	345,683	34,178,458
Financial assets at amortised cost										
Debt securities	-	6,446,459	21,213,649	5,360,099	82,840,959	200,126,232	158,551,682	54,763,326	-	529,302,406
Loans and advances to Customers	-	-	25,791,809	17,183,621	20,025,375	27,249,037	104,539,051	165,504,167	82,407,953	442,701,013
Other loans and advances to central banks and credit institutions	-	-	16,606,534	-	405,748	-	-	-	-	17,012,282
Other assets	-	-	-	-	-	80,154,954	-	-	23,050,187	103,205,141
	-	**221,863,097**	**77,020,396**	**22,543,720**	**107,678,196**	**336,166,007**	**263,090,734**	**220,374,067**	**162,505,084**	**1,411,241,301**
Liabilities										
Interest from loans of central banks and other financial institutions	-	-	176,493,638	-	-	-	-	-	-	176,493,638
Deposits from Customers	11,496,535	468,610,886	181,766,299	248,258,442	324,853,426	-	-	-	-	1,234,985,588
Financial liabilities at fair value through profit and loss	-	-	207,095	-	-	-	-	-	-	207,095
Other liabilities	-	-	-	-	-	-	18,024,543	-	-	18,024,543
	11,496,535	**468,610,886**	**358,467,032**	**248,258,442**	**324,853,426**	**-**	**18,024,543**	**-**	**-**	**1,429,710,863**
Liquidity gap	**11,496,535**	**690,473,982**	**435,487,428**	**270,802,162**	**432,531,622**	**336,166,007**	**281,115,277**	**220,374,067**	**162,505,084**	**2,840,952,164**
Accrued liquidity gap	**11,496,535**	**701,970,518**	**1,137,457,945**	**1,408,260,107**	**1,840,791,729**	**2,176,957,736**	**2,458,073,013**	**2,678,447,080**	**2,840,952,164**	

As at 31 December 2020 and 2019, the liquidity ratio calculated in accordance with Instruction no. 19/2016 of 30 August, amounts to 335% and 353%, respectively.

This Instruction defines as the minimum advisable, a liquidity ratio of 100% for cash flows in national currency and aggregate cash flows in all currencies, and 150% for exposure to cash flows in foreign currency. The BNA has defined the same minimum observation ratios as those for liquidity.

The Bank has observation ratios of 1 to 3 months at 607%, 3 to 6 months at 519% and 6 to 12 months at 615%.

Real Estate Risk

As at 31 December 2020 and 2019, the exposure to real estate (direct and indirect) is as follows:

(Thousands of AOA)

	31-12-2019	31-12-2020
Shares held in real estate funds (Note 6)	46,848,713	194,669,287
Properties received in lieu of credit (Note 13)	90,246,647	7,684,150
Properties reclassified from fixed assets (Note 11)	2,056,814	216,729
	139,152,174	**202,570,166**

Operating Risk

The Bank's Risk Department performs the corporate operational risk management function of the Bank, which is supported by the existence of counterparts in different organisational units that ensure the adequate implementation of operational risk management in the Bank.

The Bank has initiated a set of guidelines and actions aimed at better alignment of systems, human resources and processes in order to allow an effective continuous mitigation of Operating Risk, making a continuous investment to be in line with the best international practices.

The management of ATLANTICO's Operational Risk is based on an organisational model by processes, which allows the Bank to adopt an end-to-end perspective of the value chain of products and services in Operational Risk management, involving the entire organisation and enhancing transversal responsibility.

The identification of events that might generate Operating Risk and respective assessment is performed at the level of the organic units by the process owners of the different Operating Risk processes.

Operating Risk management is performed using three instruments:

- Identification of events of losses resulting from Operating Risks and respective mitigation actions performed by Departments;
- Risk self-assessment meetings organized by those responsible for each process and which allow the Bank to take a qualitative approach to identifying potential risks through a structured analysis from a procedural perspective;
- Identification and quantification of Key Risk Indicators (KRI), that is, metrics that identify changes in the risk profile or in the effectiveness of process controls, allowing the preventive implementation of corrective actions.

Capital Management and Solvency Ratio

The Bank's own funds are calculated in accordance with the applicable regulatory standards, namely with Notice no. 02/2016 of 28 April and Instruction no. 18/2016 of 08 August and the BNA letter ref: 1880/DRO/18, of 3 December, which recommends including the results of the current period.

The solvency ratio reflects the ratio of regulatory own funds and the sum of the value of regulatory own funds requirements for credit risk and counterparty credit risk (Notice No. 3/2016), own funds requirements for market risk and credit risk of counterparties in the trading portfolio (Notice 04/2016) and own funds requirements for operational risk (Notice no. 05/2016).

Angolan financial institutions shall 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%.

Regulatory Own Funds comprise:

- Original Own Funds — comprise (i) paid-up share capital; (ii) share premiums relating to elements included in the previous paragraph; (iii) reserve for monetary adjustments of paid-up share capital; (iv) positive retained earnings from previous periods; (v) legal, statutory and other reserves resulting from undistributed income/profit, or incorporated for capital increase; (vi) positive net income of the previous period; (vii) provisional positive net income of the current period; (viii) portion of the reserve and net income related to deferred tax assets, provided that they relate to losses containing as a negative element original own funds, and (ix) instruments whose issue conditions were previously approved by Banco Nacional de Angola.

- Negative elements of the Original Own Funds — Comprise: (i) own shares in the portfolio, at the book value in the balance sheet; (ii) negative income, retained from previous periods; (iii) negative net income from the previous period; (iv) negative latent income relating to revaluation of securities; (v) negative latent income relating to the revaluation of available-for-sale securities and cash flow hedges and investments abroad; (vi) provisional negative net income for the current period; (vii) intangible assets net of depreciations; (viii) deferred costs relating to pension liabilities; (ix) portion of the reserve and net income related to deferred tax liabilities, provided that they relate to gains containing as a positive element original own funds; (x) positive revaluation differences resulting from the application of the equity method; (xi) lack of provisions under the provisions of Notice 12/2014, of 17 December, on the constitution of provisions; and (xii) actuarial losses not recognised in profit and loss.

- Additional Own Funds — comprise (i) fixed-term preferred shares; (ii) generic funds and provisions; (iii) reserves resulting from real estate for own use; (iv) subordinated debt, in the form of loans or bonds issued, whose issuance conditions were previously approved by Banco Nacional de Angola; (v) positive latent income relating to the revaluation of available-for-sale securities and cash flow hedges and investments abroad, up to 45% (forty five percent) of their value (by the amount of the net effect of the hedge) before taxes; (vi) other instruments whose issuance conditions have been previously approved by Banco Nacional de Angola.

- Deductions to original and additional own funds — comprise:

i. Instruments issued or obtained by other financial institutions, of which the Institutions are holders, provided for in Article 5(2)(a) and (i) and Article 7(2)(a),(d) and (f), both of Notice 02/2016. This deduction should consider the book value in the balance sheet, net of provisions, and should met the following conditions:

a) If the Institution has a participation above 10% (ten percent) of the investee's share capital, all of the aforementioned instruments shall be deducted, or

b) If the Institution has a participation below or equal to 10% (ten percent) of the investee's share capital, and if above ten 10% (ten percent) of the investor's share capital, all of the aforementioned instruments shall be deducted, except 10% (ten percent) of the investor's own funds, determined before this deduction;

ii. The surplus against the limits established in Notice 9/2016, on prudential limits on large risks.

Positive income referred to in the previous points may only be considered when certified by the chartered accountant, member of the supervisory board or statutory auditor and by the external auditor.

As at 31 December 2020 and 2019, the summary of the Bank's capital requirement calculations, are as follows:

(Thousands of AOA)

		31-12-2019	31-12-2020
Regulatory own funds requirements			
Credit and counterparty risk		59,016,619	69,187,644
Operating risk		13,639,753	11,366,317
Market risk and counterparty credit risk in the trading portfolio		3,458,533	5,091,005
	A	**76,114,905**	**85,644,966**
Regulatory own funds			
Original own funds		127,398,142	139,813,925
Additional own funds		103,263	-
Discounts from basic and complementary own funds		(16,844,246)	(34,254,032)
	B	**110,657,159**	**105,559,893**
Regulatory solvency ratio	**C=B/A*10%**	**14.54%**	**12.33%**

Note 40
RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

VOLUNTARY POLICY CHANGES

During the period there were no voluntary changes in accounting policies, compared to those considered in the preparation of the previous year financial information.

NEW STANDARDS AND INTERPRETATIONS APPLICABLE TO THE PERIOD

The following standards, interpretations, amendments and revisions have mandatory application for the first time in annual periods beginning on 1 January 2020:

Amendments to references to the Conceptual Framework in IFRS standards

Corresponds to amendments in several standards (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, and SIC 32) related to references to the Conceptual Framework revised in March 2018. The revised Conceptual Framework includes revised definitions of an asset and liability and new guidance on measurement, derecognition, presentation and disclosure.

Amendment to IFRS 3 – Business definition

Corresponds to amendments in the definition of a business and clarifies the identification of the acquisition of a business or an acquired set of activities and assets. The revised definition also clarifies the definition of a business output by focusing on goods and services rendered to Customers. The amendments include guidance and examples to help entities assess an acquisition of a business.

Amendment to IAS 1 and IAS 8 – Definition of Material

Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if its omission, distortion or concealment is reasonably expected to influence the decisions of the primary users of the financial statements based on the financial statements.

Amendment to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (IBOR Reform)

Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7 related to the interest rate benchmark reform (IBOR reform), with the purpose of decreasing the potential impact of the change in interest rate benchmark on financial reporting, namely in hedge accounting.

Amendment to IFRS 16 – COVID-19 related rent concessions

It introduces an optional practical expedient whereby lessees are exempted from reviewing whether rent concessions, typically rent suspensions or rent reductions, related to the COVID-19 pandemic are lease modifications. It shall be applicable to periods beginning on or after 1 June 2020.

There were no significant effects on the Bank's financial statements for the period ended 31 December 2020 arising from the adoption of these new standards, interpretations, amendments and revisions referred to above.

NEW STANDARDS AND INTERPRETATIONS ALREADY ISSUED, WHICH WILL COME INTO FORCE IN FUTURE PERIODS

The following standards, interpretations, amendments and revisions have mandatory application in future periods:

Amendments to IFRS 9, IAS 39 and IFRS 7 – Phase 2 – Interest Rate Benchmark Reform (IBOR Reform)

Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on 27 August 2020, related to the second phase of the Interest Rate Benchmark Reform (IBOR reform), concerning changes to interest rate benchmark and the impacts at the level of modifications of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. They shall be applicable to periods beginning on or after 1 January 2021.

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

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

- IFRS 3 – updated reference to the 2018 conceptual framework; additional requirements for analysis of liabilities under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognised in a business combination;

- IAS 16 – prohibition of deducting from the cost of a tangible asset income related to the sale of products before the asset is available for use;

- IAS 37 – clarification that costs of compliance with a contract correspond to costs directly related to the contract;

- Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41

They shall be applicable to periods beginning on or after 1 January 2022.

IFRS 17 – Insurance Contracts

This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 – Insurance Contracts. It shall be applicable for periods beginning on or after 1 January 2023.

Amendment to IAS 1 – Classification of liabilities as current and non-current

Clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date. It shall be applicable in periods beginning on or after 1 January 2023.

Amendment to IFRS 4 – Insurance Contracts

Corresponds to amendment to IFRS 4 that extends the deferral of application of IFRS 9 to periods beginning on or after 1 January 2023.

The Bank does not foresee significant effects on its financial statements with the adoption of these new standards, interpretations, amendments and revisions referred to above.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Phase 2 – Interest Rate Benchmark Reform (IBOR Reform)

Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on 27 August 2020, related to the second phase of the Interest Rate Benchmark Reform (IBOR reform), concerning changes to interest rate benchmark and the impacts at the level of modifications of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The Bank does not foresee significant effects on its financial statements with the adoption of these new standards, interpretations, amendments and revisions referred to above.

Note 41
COVID-19

In March 2020, the spread of the disease resulting from the new coronavirus (COVID-19) was declared a pandemic by the World Health Organization, which significantly affected the world and Angolan economies, with particular emphasis on the continuation of the economic recession and the lowering of the Republic of Angola's credit rating.

With regard to the public health pandemic associated with the new COVID-19 virus, the Board of Directors of 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: securing the life and health of employees and their safety conditions through the provision of preventive information and adequate means of protection, maintaining essential services in operation, ensuring the operability and functioning of infrastructures and assessing the equity impacts on the value of assets, which were duly recorded in the Bank's financial statements as at 31 December 2020.

On this date, the pandemic is still ongoing worldwide and its evolution shows some levels of uncertainty, which could affect the development of the Angolan economy and, consequently, the achievement of the main accounting estimates considered by the Board of Directors in the preparation of the Bank's consolidated financial statements, which are disclosed in Note 3 to the Consolidated Financial Statements. Therefore, the realisation of the Bank's consolidated assets at their balance sheet values on 31 December 2020 may be influenced by the development of the Angolan economy and the success of its future operations.

The financial statements have been prepared on a going concern basis as the Bank is considered to have the required resources to continue operations and business for the foreseeable future. The assessment is based on a broad range of information relating to current and future conditions. However, the COVID-19 pandemic has introduced an increased level of uncertainty and the need to consider the impact on operations, profitability, capital and liquidity.

Note 42
EVENTS AFTER THE REPORTING PERIOD

2021 STATE BUDGET LAW – VAT WITHHOLDING ON POS TRANSACTIONS

Law no. 42/20 of 31 December, which approves the 2021 State Budget, provides for the implementation of the obligation to withhold 2.5% VAT on receipts from economic agents at Point-of-Sale (POS) terminals for the transfer of goods and rendering of services. At the date of this report, working meetings were underway between AGT, EMIS and ABANC for the implementation of this rule.

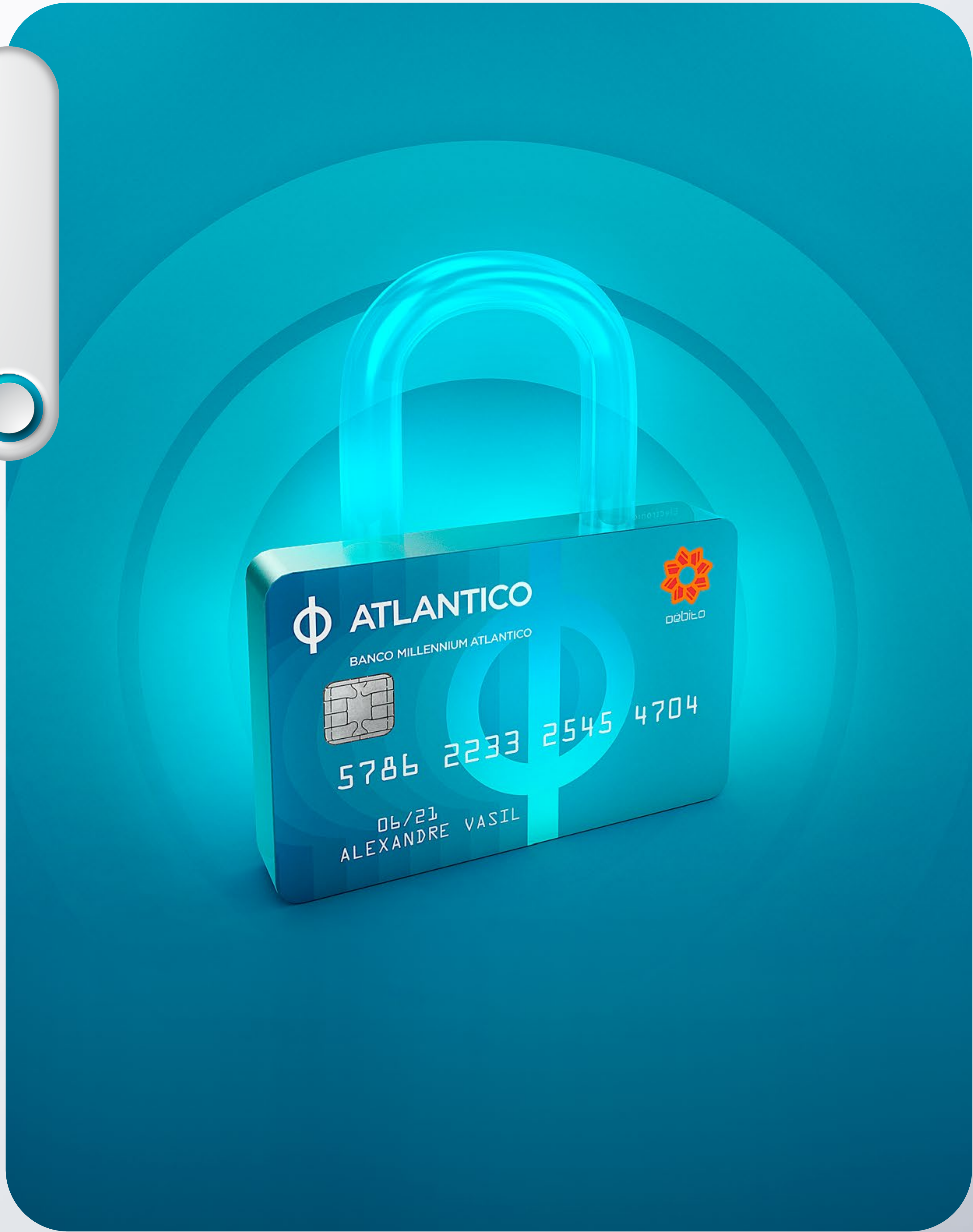
Note 43
EXPLANATION ADDED FOR TRANSLATION

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.

07

CERTIFICATES

Report and Opinion of the Supervisory Board P.328
Independent Auditor's Report P.330



Report and Opinion of the Supervisory Board

Dear Shareholders,

1. The Supervisory Board hereby submits its report and opinion on the individual and consolidated financial statements of Banco Millennium Atlântico, S.A., submitted by the Board of Directors, for the financial year of 2020, thereby complying with the legal provisions of Article 441.2 (91) (g), 442.2 and 443 of the Portuguese Companies Act and of Article 30(g)(1) of the Company's Articles of Association.

2. The Supervisory Board met, whenever deemed necessary, with the members of the Board of Directors and of the Executive Committee responsible for the financial areas, and was informed, in due course, of the resolutions of the Executive Committee, of the Board of Directors and of the resolutions and recommendations of the Shareholders.

3. In the course of its duties, the Supervisory Board had the opportunity to observe the professionalism, commitment and transparency of the procedures adopted by the Executive Committee as well as by the Board of Directors and other employees of the Bank.

4. The Supervisory Board carried out all the verifications deemed useful and necessary. It also assessed the preparation of the financial statements, analysed the content of the external auditor's report and took note of the qualifications and emphasis therein and which are reproduced herein. It further obtained from the Bank, namely from the Board of Directors and the Executive Committee, all the clarifications required and ensured compliance with the legal and regulatory provisions, the Company's Articles of Association and the rules issued by the supervisory authorities, as well as with the general policies, rules and practices established internally.

5. Additionally, the Supervisory Board did not identify any events that were not in accordance with the Company's Articles of Association, the legal requirements or the applicable accounting policies, criteria, standards and practices.

6. All considered, including the contents of the balance sheet and financial statements for the financial year and the external auditor's report, it is our opinion that the Annual General Meeting should:

   - Approve the management report of the Board of Directors and the financial statements, on an individual and consolidated basis, of Banco Millennium Atlântico, S.A. for the financial year ended 31 December 2020;

   - Approve the appropriation of results for the financial year of 2020, proposed by the Board of Directors in the following terms:

     a) Legal reserve (10%), in the amount of AOA 1,559,235.80 thousand; and
     b) Retained earnings (90%), in the amount of AOA 14,033,122.20 thousand.

   - Propose a motion of praise and acknowledgement for the performance of the Board of Directors.

Luanda, 27 April 2021

The Supervisory Board,

Nuno Gonçalo de Teodósio e Cruz e Cachado de Oliveira - Chairman of the Supervisory Board

António Guilherme Rodrigues Frutuoso de Melo – Member of the Supervisory Board

José Pedro Porto Pais Dordio - Member of the Supervisory Board

Nélson Luís Vieira Teixeira - Member of the Supervisory Board

Maria Cristina Santos Ferreira – Accountant Expert - Supervisory Board

Deloitte.

Deloitte & Touche - Auditores, Lda.
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Luanda, Angola

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INDEPENDENT AUDITOR'S REPORT

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

To the Shareholders
of Banco Millennium Atlântico, S.A.

Introduction

1. We have audited the accompanying individual financial statements of Banco Millennium Atlântico, S.A. (hereinafter referred to as "the Bank"), which comprise the Balance Sheet as of December 31, 2020 that presents a total of 1 749 990 004 thousand of kwanzas and shareholders' equity of 178 956 801 thousand of kwanzas, including a net profit of 15 592 358 thousands of kwanzas, the individual statements of profit and loss, other comprehensive income, changes in equity and cash flows for the year then ended and the corresponding notes.

Board of Directors responsibility for the Financial Statements

2. Board of Directors is responsible for the preparation and fair presentation of these individual financial statements in accordance with the International Financial Reporting Standards ("IFRS") and for such internal control that it determines necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an independent opinion on these individual financial statements based on our audit, which was conducted in accordance with Technical Standards from Angolan Institute of Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the individual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the individual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the individual financial statements.

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5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

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

7. As of December 31, 2020 the financial statement line "Financial assets at amortized cost - Debt securities" includes 126 432 308 thousand kwanzas related to an issue of Treasury Bonds of the Republic of Angola denominated in United States Dollars maturing in December 2022 which, according to information obtained from the Bank, was originated in December 2015 as a result of a conversion process of the balance of deposit accounts in foreign currency held by the Bank with the National Bank of Angola ("BNA"), for the purposes of compliance with mandatory reserves, under Executive Decree no. No. 547/15, of October 6, the Order No. 406/15, of December 7, of the Ministry of Finance, the Instruction No. 19/2015, of December 2, and the Directive No. 7/DMA/DSP/2015 of December 10 of the BNA. In this context, as disclosed in Note 8 of the Notes of financial statements, it is the understanding of the Bank's Board of Directors that given the way these securities were originated, without an investment decision imputable to the Bank, they should have a treatment similar to other assets used for compliance with the required reserves, and therefore it has not recorded any impairment loss for these securities in its individual financial statements as of December 31, 2020. However, in accordance with the requirements of IFRS 9 and because it is a financial instrument with credit risk, we believe that an impairment loss should have been recorded in 2020 in the amount of 13 725 740 thousand kwanzas. Considering the above, on December 31, 2020 the item "Financial assets at amortized cost - Debt securities" and the results for the year are overstated by that amount, excluding tax effects.

Opinion

8. In our opinion, except for the effects of the matters described in paragraphs 6 and 7 of "Basis for qualified opinion" section, the individual financial statements referred to in paragraph 1 above present fairly, in all material respects, for the purposes indicated in paragraph 10 below, the financial position of Banco Millennium Atlântico, S.A. as of December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

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Emphasis of a Matter

9. As disclosed in Note 41 of the Notes of financial statements, in March 2020 the spread of the disease resulting from the new coronavirus ("Covid-19") was declared as pandemic by the World Health Organization, which significantly affected the world and Angolan economies, with particular emphasis on the continuation of the economic recession and the reduction of the Republic of Angola's credit rating. On this date, the pandemic is still active worldwide and its evolution reveals some levels of uncertainty, which may affect the evolution of the Angolan economy and, consequently, the achievement of the main accounting estimates considered by the Board of Directors in the preparation of the Bank's individual financial statements, which are disclosed in Note 3 of the financial statements. Thus, the realization of the Bank's assets at their balance sheet values on December 31, 2020 may be influenced by the evolution of the Angolan economy and by the success of its future operations.

   Our opinion is not modified with respect to this matter.

Other matters

10. The attached financial statements refer to the individual activity of the Bank and were prepared by the Board of Directors for approval by the General Meeting of Shareholders and to comply with the legal and Banco Nacional de Angola requirements for the presentation of individual financial statements. As disclosed in Note 6 of the Notes of financial statements, the item "Financial assets at fair value through profit or loss" includes units of participation in investment funds ("Funds") mainly held by the Bank, measured at fair value in the amount of 202 908 812 thousand kwanzas. The attached financial statements do not include the effect of the full consolidation of these Funds, which will be done in consolidated financial statements to be approved and published separately.

11. The individual financial statements for the year ended December 31, 2019 are presented by the Board of Directors for comparative purposes and in order to comply with the requirements for the publication of accounts. These individual financial statements were audited by another external auditor whose independent auditor's report dated April 22, 2020 contained a qualified audit opinion on the matter described in paragraph 6 above and an emphasis of a matter.

Luanda, April 28, 2021

Deloitte & Touche – Auditores, Limitada
Represented by José António Mendes Garcia Barata
OCPCA member no. 20130163

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

2020 ANNUAL REPORT

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