

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.