

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 Protecção - 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
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