

## 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 2021:

##### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 – Interest Rate Benchmark Reform (IBOR Reform)**

Corresponds to additional amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 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.

##### **Amendment to IFRS 4 – Insurance Contracts, deferral of IFRS 9**

This amendment aims to extend the exemption date from adopting IFRS 9 from 1 January 2021 to 1 January 2023, thus aligning with the date from which the adoption of IFRS 17 becomes applicable.

##### **Amendment to IFRS 16 – Leases – “Covid-19 Related Rent Concessions beyond 30 June 2021”**

This amendment aims to extend to 30 June 2022 the application of the optional practical expedient by which lessees are exempted from reviewing whether rent concessions up to that date, typically rent suspensions or rent reductions, related to the Covid-19 pandemic correspond to lease modifications.

There were no significant effects on the Bank’s financial statements 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 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; and
- Annual improvements 2018-2020 correspond essentially to amendments to four standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41.

It shall be applicable in 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 in periods beginning on or after 1 January 2023.

##### **Amendment to IAS 1 – Presentation of financial statements – Classification of liabilities as current and non-current**

This amendment published by IASB 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 IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosures of Accounting Policies**

This amendment published by the IASB clarifies that material accounting policies, rather than significant accounting policies, should be disclosed. It shall be applicable in periods beginning on or after 1 January 2023.

**Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates**

This amendment published by IASB changes the definition of accounting estimate for monetary amount in financial statements subject to measurement uncertainty. It shall be applicable in periods beginning on or after 1 January 2023.

**Amendment to IAS 12 Income Taxes – Deferred Taxes**

This amendment published by IASB clarifies that the exemption of initial recognition of deferred taxes does not apply in transactions that produce equal amounts of taxable and deductible temporary differences. It shall be applicable in periods beginning on or after 1 January 2023.

**Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information**

This amendment published by IASB introduces changes on comparative information to present when an Entity simultaneously adopts IFRS 17 and IFRS 9. It shall be applicable in 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.

**NOTE 41****Comparability of information – Adoption of IAS 29 and adjustment for impairment of public debt securities**

In 2021, the Bank's Board of Directors (i) applied the provisions of IAS 29 for the first time, with reference to the 2017 and 2018 financial years and (ii) adjusted the impairment of public debt securities.

The application of the IAS 29 Standard after the period in which the characteristics of a hyperinflationary economic environment are observed, must respect the terms set out in IAS 8 Standard – Accounting Policies, Changes in Accounting Estimates and Errors, with regard to the change of accounting policies, and the corresponding impacts must be reflected retrospectively. Accordingly, the Bank has retrospectively applied the new policy in its financial statements (restatement), with reference to the first comparative period presented, i.e., 1 January 2020.

As at 31 December 2020, the impairment calculation methodology defined by the Bank provided for an exemption, applicable 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 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. In this context, during 2020, it was 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 financial statements. However, during 2021 the Bank reviewed its understanding on this matter and recorded the impairment for the referred financial instrument, thereby complying with the requirements of the IFRS 9 Standard. In addition, the new policy was applied retrospectively under the terms of IAS 8, and therefore the comparatives as at 31 December 2020 have been amended accordingly.

Accordingly, the balance sheet as at 1 January 2020 was restated, and the impact of this restatement consisted of an increase in the Bank's equity, as at 1 January 2020, in the amount of AOA 27,120,226 thousand, a decrease in net income, as at 31 December 2020, in the amount of AOA 23,371,258 thousand and an increase in equity, as at 31 December 2020, in the amount of AOA 3,748,968 thousand. These impacts are presented in the following tables: