

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:

(Thousands of AOA)

	01-01-2020 (restated)	IAS 29 Adoption	31-12-2019
ASSETS			
Cash and deposits at central banks	190,988,448	-	190,988,448
Loans and advances to credit institution repayable on demand	24,428,190	-	24,428,190
Financial assets at fair value through profit or 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	529,302,406	-	529,302,406
Loans and advances to Customers	442,701,013	-	442,701,013
Other loans and advances to central banks and credit institutions	17,012,282	-	17,012,282
Property, plant and equipment	105,186,688	43,904,615	61,282,073
Intangible assets	11,691,206	(24,290,484)	35,981,690
Non-current assets held for sale	96,134,874	7,506,095	88,628,779
Current tax assets	2,056,239	-	2,056,239
Deferred tax assets	2,288,990	-	2,288,990
Other assets	103,205,141	-	103,205,141
Total Assets	1,628,599,299	27,120,226	1,601,479,073
LIABILITIES AND EQUITY			
Deposits from central banks and other credit institutions	176,493,638	-	176,493,638
Deposits from Customers and other loans	1,234,985,588	-	1,234,985,588
Financial liabilities at fair value through profit or loss	207,095	-	207,095
Provisions	8,382,018	-	8,382,018
Deferred tax liabilities	68,602	-	68,602
Other liabilities	18,024,543	-	18,024,543
Total Liabilities	1,438,161,484	-	1,438,161,484
Share capital	142,324,747	88,503,144	53,821,603
Share premium	70,707,406	35,897,337	34,810,069
Treasury shares	(841,657)	(349,475)	(492,182)
Revaluation reserves	160,631	-	160,631
Other reserves and retained earnings	(21,913,312)	(66,465,918)	44,552,606
Individual net profit/(loss) for the period	-	(30,464,862)	30,464,862
Total Equity	190,437,815	27,120,226	163,317,589
Total Liabilities and Equity	1,628,599,299	27,120,226	1,601,479,073

(Thousands of AOA)

	31-12-2020 (restated)	IAS 29 Adoption	Impairment for securities	31-12-2020
ASSETS				
Cash and deposits at central banks	222,111,313	-	-	222,111,313
Loans and advances to credit institution repayable on demand	110,381,892	-	-	110,381,892
Financial assets at fair value through profit or 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	396,354,958	-	(13,725,740)	410,080,698
Loans and advances to Customers	454,270,709	-	-	454,270,709
Other loans and advances to central banks and credit institutions	83,591,141	-	-	83,591,141
Property, plant and equipment	110,390,646	41,702,466	-	68,688,180
Intangible assets	14,295,527	(24,745,011)	-	39,040,538
Non-current assets held for sale	7,796,893	517,253	-	7,279,640
Current tax assets	2,418,635	-	-	2,418,635
Deferred tax assets	3,440,174	-	-	3,440,174
Other assets	126,000,008	-	-	126,000,008
Total Assets	1,753,738,972	17,474,708	(13,725,740)	1,749,990,004
LIABILITIES AND EQUITY				
Deposits from central banks and other credit institutions	14,098,064	-	-	14,098,064
Deposits from Customers and other loans	1,523,970,797	-	-	1,523,970,797
Financial liabilities at fair value through profit or loss	3,978,187	-	-	3,978,187
Provisions	3,932,532	-	-	3,932,532
Deferred tax liabilities	111,483	-	-	111,483
Other liabilities	24,942,140	-	-	24,942,140
Total Liabilities	1,571,033,203	-	-	1,571,033,203
Share capital	142,324,747	88,503,144	-	53,821,603
Share premium	70,707,406	35,897,337	-	34,810,069
Treasury shares	(841,657)	(349,475)	-	(492,182)
Revaluation reserves	207,486	-	-	207,486
Other reserves and retained earnings	(21,913,313)	(96,930,780)	-	75,017,467
Individual net profit/(loss) for the period	(7,778,900)	(9,645,518)	(13,725,740)	15,592,358
Total Equity	182,705,769	17,474,708	(13,725,740)	178,956,801
Total Liabilities and Equity	1,753,738,972	17,474,708	(13,725,740)	1,749,990,004

(Thousands of AOA)

	31-12-2020 (restated)	IAS 29 Adoption	Impairment for securities	31-12-2020
Interest and similar income	105,884,041	-	-	105,884,041
Interest and similar expense	(61,838,894)	-	-	(61,838,894)
Net interest income	44,045,147	-	-	44,045,147
Fees and commission income	15,228,788	-	-	15,228,788
Fees and commission expense	(3,447,768)	-	-	(3,447,768)
Profit/(loss) from fees and commissions	11,781,020	-	-	11,781,020
Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss	(5,505,166)	-	-	(5,505,166)
Net gains/(losses) arising from investments at amortised cost	12,528,340	-	-	12,528,340
Net gains/(losses) arising from foreign exchange differences	(8,036,553)	-	-	(8,036,553)
Net gains/(losses) arising from the sale of other assets	53,288,581	(6,976,709)	-	60,265,290
Other operating income/(expense)	(6,888,508)	(199,729)	-	(6,688,779)
Net gains/(losses) arising from financial operations	45,386,694	(7,176,438)	-	52,563,132
Operating income	101,212,861	(7,176,438)	-	108,389,299
Staff costs	(23,317,752)	-	-	(23,317,752)
Supplies and services	(17,048,086)	-	-	(17,048,086)
Depreciation and amortisation for the period	(10,887,291)	(2,469,080)	-	(8,418,211)
Provisions and impairment of other assets	(10,691,874)	-	-	(10,691,874)
Impairment of other financial assets	(24,290)	-	-	(24,290)
Impairment of other financial assets at amortised cost	(48,244,798)	-	(13,725,740)	(34,519,058)
Impairment of financial assets at fair value through other comprehensive income	71,145	-	-	71,145
Profit/(loss) before tax from continuing operations	(8,930,085)	(9,645,518)	(13,725,740)	14,441,173
Income tax				
Deferred tax	1,151,185	-	-	1,151,185
Profit/(loss) after tax from continuing operations	(7,778,900)	(9,645,518)	(13,725,740)	15,592,358
Individual net profit/(loss) for the period	(7,778,900)	(9,645,518)	(13,725,740)	15,592,358

(Thousands of AOA)

	Net Equity (restated)			
	Net Equity 31-12-2020	Other changes 2020	Net profit/ (loss) 2020	Net Equity 01-01-2020
Amounts previously reported	178,956,801	46,854	15,592,358	163,317,589
CHANGES IN ACCOUNTING ESTIMATES AND ERRORS				
Impacts of IAS 29 adoption	17,474,708	-	(9,645,518)	27,120,226
Impairment for public debt securities	(13,725,740)	-	(13,725,740)	-
Restated balances	182,705,769	46,854	(7,778,900)	190,437,815

- As described in Note 2.1, the adoption of the IAS 29 Standard entailed monetary revaluation of eligible assets and liabilities, i.e., non-monetary items against the equity items (Notes 20 and 21). Therefore, the captions Property, plant and equipment (Note 11), Intangible assets (Note 12) and Non-current assets held for sale (Note 13) were retrospectively revalued in the accumulated amount of AOA 17,474,708 thousand. Additionally, the caption Intangible assets includes an amount of goodwill on which the valuation performed by the Bank with reference to 31 December 2017, after the effects of the adoption of IAS 29 in that year, concluded that the estimated recoverable amount is lower than its carrying amount, which resulted in the recognition of impairment on the full amount of this asset at that date (Note 12).
- As described in Note 8, during 2021, the Board of Directors retrospectively recognised impairment losses in the amount of AOA 13,725,740 thousand on Treasury Bonds with an impact on Financial assets at amortised cost - Debt securities against profit or loss for that period.