INDIVIDUAL FINANCIAL STATEMENTS

Annual Report
BANCO DE NEGÓCIOS INTERNACIONAL

2020

BancoBNI
Paixão pelo futuro

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2020 AND 2019

Individual balance sheets as at 31 December 2020 and 2019 (thousands of AOA)

	Notes	31-12-2020	31-12-2019
Cash and deposits at central bank	4	29 366 217	42 984 341
Cash and deposits at other credit institutions	5	13 260 357	16 056 912
Investments in central banks and other credit institutions	6	70 280 407	59 126 341
Financial assets at fair value through profit and loss	7	5 994 417	-
Financial assets at fair value through other comprehensive income	8	469 565	188 039
Investments at amortised cost	9	122 150 678	123 028 097
Credit to customers	10	126 526 782	87 423 422
Non-current assets held for sale	11	24 561 525	8 393 765
Other tangible fixed assets	12	15 793 457	17 757 201
Intangible assets	12	679 279	586 131
Investments in branches, associates and joint ventures	13	-	146 144
Current tax assets	14	405 706	327 452
Deferred tax assets	14	11 846 503	6 690 368
Other assets	15	19 185 742	15 063 856
Total assets		**440 520 635**	**377 772 069**
Deposits from central banks and other credit institutions	16	13 842 398	11 601 441
Customer deposits and other loans	17	344 278 076	310 677 360
Provisions	18	4 272 196	2 904 783
Current tax liabilities	14	3 238 407	-
Deferred tax liabilities	14	3 676 983	-
Subordinated liabilities	19	27 676 556	19 256 384
Other liabilities	20	18 588 974	11 749 637
Total liabilities		**415 573 590**	**356 189 605**
Share Capital	21	26 879 946	19 000 000
Own shares	21	(339 713)	(339 713)
Revaluation reserves	21	(291 038)	(291 038)
Other reserves and retained earnings	22	(4 704 259)	711 483
Net income for the fiscal year	23	3 402 109	2 501 732
Total equity		**24 947 045**	**21 582 464**
Total liabilities and equity		**440 520 635**	**377 772 069**

The annexed accompanying notes are an integral part of these financial statements.

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INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED ON 31 DECEMBER 2020 AND 2019

(thousands of AOA)

	Notes	31-12-2020	31-12-2019
Interest and similar income	24	29 092 144	24 487 093
Interest and similar expense	24	(11 094 453)	(13 309 059)
Net interest income		**17 997 691**	**11 178 034**
Fee and commission income	25	5 504 428	7 353 782
Fee and commission expense	25	(2 143 493)	(3 532 544)
Results of financial assets and liabilities measured at fair value through profit or loss	26	(5 583)	-
Foreign exchange results	27	16 552 612	23 770 180
Income on disposal of other assets	28	2 030 182	102 226
Other operating income	29	10 541 079	10 748
Banking activity product		**50 476 916**	**38 882 426**
Personnel expenses	30	(9 925 767)	(8 784 650)
Supplies and third-party services	31	(9 710 768)	(6 534 890)
Depreciation and amortisation for the fiscal year	12	(1 993 782)	(1 526 636)
Net provisions of anullments	32	(3 128 552)	(2 285 736)
Impairment for credit to customers net of reversals and recoveries	32	(7 599 035)	(9 819 033)
Impairments for other financial assets net of reversals and recoveries	32	(8 563 612)	(1 310 080)
Impairments for other assets net of reversals and recoveries	32	(2 828 636)	(8 085 633)
Income before taxes		**6 726 764**	**535 768**
Income taxes			
Current	14	(3 558 094)	(741 619)
Deferred	14	233 439	2 707 583
Net income for the fiscal year		**3 402 109**	**2 501 732**

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INDIVIDUAL COMPREHENSIVE INCOME STATEMENTS FOR THE YEARS ENDED ON 31 DECEMBER 2020 AND 2019

(thousands of AOA)

	Notes	31-12-2020	31-12-2019
Net Income for the Fiscal Year		3 402 109	2 501 732
Items that will not be reclassified to the income statement		-	-
Items that may be reclassified to the income statement		-	-
Total Comprehensive Income		**3 402 109**	**2 501 732**

The annexed accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN INDIVIDUAL EQUITY FOR THE YEARS ENDED ON 31 DECEMBER 2020 AND 2019

(thousands of AOA)

	Note	Equity	Own Shares	Revaluation reserves	Other reserves and results carried forward	Net income for the fiscal year	Total equity
Balance as at 31 December 2018		**14 642 808**	**(339 713)**	**(291 038)**	**(1 004 384)**	**6 770 096**	**19 777 769**
Distribution of dividends		-	-	-	-	(609 309)	(609 309)
Social Fund		-	-	-	-	(67 701)	(67 701)
Incorporation in reserves and retained earnings		4 357 192	-	-	1 715 867	(6 093 086)	(20 027)
Net income for the fiscal year		-	-	-	-	2 501 732	2 501 732
Balance as at 31 December 2019		**19 000 000**	**(339 713)**	**(291 038)**	**711 483**	**2 501 732**	**21 582 464**
Social Fund	22	-	-	-	-	(37 528)	(37 528)
Investment of the 2019 income	22	-	-	-	2 464 204	(2 464 204)	-
Increase in share capital	22	7 879 946	-	-	(7 879 946)	-	-
Individual net income for the year		-	-	-	-	3 402 109	3 402 109
Balance as at 31 December 2020		**26 879 946**	**(339 713)**	**(291 038)**	**(4 704 259)**	**3 402 109**	**24 947 045**

The annexed accompanying notes are an integral part of these financial statements.

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INDIVIDUAL CASH FLOW STATEMENTS
FOR THE FISCAL YEARS ENDED ON 31 DECEMBER 2020 AND 2019

(thousands of AOA)

	Notes	31-12-2020	31-12-2019
Cash Flow from operating activities			
Interest and income received		25 519 845	20 914 794
Interest and costs paid		(11 094 453)	(13 309 059)
Services and commissions received		5 504 428	7 353 782
Services and commissions paid		(2 143 493)	(3 532 544)
Credit recoveries		11 642 367	244 388
Social fund contributions		(37 528)	(67 702)
Cash payments to employees and suppliers		(19 636 535)	(11 203 188)
Cash flows before changes in operating assets and liabilities		**9 754 631**	**400 471**
(Increases)/Decreases in operating assets:			
Investments in central banks and other credit institutions		(11 254 098)	2 120 074
Financial assets at fair value through other comprehensive income		(281 526)	-
Investments at amortised cost		21 531 877	20 848 506
Credit to customers		(49 613 921)	31 843
Net cash flow from operating assets		**(39 617 668)**	**23 000 423**
Increases/(decreases) in operating liabilities:			
Deposits from central banks and other credit institutions		2 240 957	-
Customer deposits and other loans		(1 372 678)	(2 229 447)
Other liabilities		(383 192)	6 621 274
Net cash flow from operating liabilities		**485 087**	**4 391 827**
Net cash flow from operation activities before tax		(29 377 950)	27 792 721
Tax on profits paid		-	(786 915)
Net cash flow from operation activities		**(29 377 950)**	**27 005 806**
Investment activity cash flows			
Acquisitions of other tangible and intangible assets, net of disposals		(998 762)	(4 151 044)
Acquisitions of interests in branches, associates and joint ventures, net of disposals		-	-
Net cash flow from investment activities		**(998 762)**	**(4 151 044)**
Financing activity cash flows			
Issue/(repayment) of subordinated liabilities	19	8 420 172	3 015 051
Dividends on ordinary shares paid		-	(609 309)
Net cash flow from financing activities		**8 420 172**	**2 405 742**
Changes in cash and cash equivalents		**(21 956 540)**	**25 260 504**
Cash and cash equivalents at the beginning of the period	4 e 5	59 041 557	21 516 503
Effects of the change in exchange rate on cash and cash equivalent		5 541 557	12 264 550
Net change in cash and cash equivalents		(21 956 540)	25 260 504
Cash and cash equivalent at the end of the period	**4 e 5**	**42 626 574**	**59 041 557**

The annexed accompanying notes are an integral part of these financial statements.

ANNEX TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED ON 31 DECEMBER 2020 AND 2019

NOTE 1
INTRODUCTORY NOTE

Banco de Negócios Internacional, S.A., hereinafter also referred to as "Bank" or "BNI", with head office in Luanda, is a private capital bank, which has obtained authorization from the BNA for its incorporation on 27 December 2005, having been incorporated by public deed on 2 February 2006 at the Notary Office of Luanda and started its commercial activity on 13 November 2006.

The Bank's corporate object is the exercise of banking activity, under the terms and within the limits defined by the National Bank of Angola (hereinafter referred to as "BNA"). The Bank is dedicated to obtaining third-party resources, as deposits or others, which it invests, together with its own resources, in the granting of loans, deposits with the BNA, investments in credit institutions, purchase of securities and other assets, for which it is duly authorised.

NOTE 2
MAIN ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

BNI's individual financial statements were prepared on the assumption of continuity of operations and in accordance with the International Accounting and Financial Reporting Standards (IAS/IFRS), in accordance with the provisions of Notice No. 5/2019, of 23 August, of the BNA. The financial statements refer to the Bank's individual activity as at 31 December 2020 and 2019. In accordance with the legislation in force, the Bank prepares and presents separate consolidated financial statements.

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

The accounting standards and their interpretation recently issued, but which have not yet come into force and which the Bank has not yet applied in the preparation of its financial statements, can be analysed in Note 2.2.

The financial statements are expressed in thousands of kwanzas (mAOA), rounded to the nearest thousand and were prepared in accordance with the principle of historical cost, with the exception of assets and liabilities recorded at their fair value, including derivative financial instruments, financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income.

The preparation of the financial statements in accordance with the IFRS requires the Bank to make judgements, employ estimates and resort to assumptions that have a bearing on the application of accounting policies and on reported income, expenses, assets, and liabilities balances. Changes to such assumptions or differences between them in relation to reality may have an impact on current estimates and judgments. The areas that involve a higher level of judgement or complexity, or where significant assumptions and estimates are used in the preparation of the financial statements are analysed in Note 3. The accounting policies are consistent with those used in the preparation of the financial statements of the previous period.

Regarding the fiscal years ending on 2017 and 2018, the Angolan Banking Association ("ABANC") and the National Bank of Angola ("BNA") expressed their interpretation that not all requirements set out in IAS 29 – "Financial Reporting in Hyperinflationary Economies" ("IAS 29") were met so the Angolan economy would be considered hyperinflationary. Consequently, the Bank's Board of Directors decided not to apply the provisions contained in IAS 29 in its financial statements on those dates or on 31 December 2019 and 2020, with regard to opening balances and adjustments resulting from the application of the provisions set out in IAS 29 when an economy ceases to be hyperinflationary. In the fiscal year ending on 31 December 2019, considering that the accumulated inflation indicator for 2017, 2018 and 2019 is less than 100 %, and given that no other significant adverse effects took place, it is possible to consider that Angola is no longer considered a hyperinflationary economy in 2019. Accordingly, IAS 29 ceases to apply, prospectively, for the fiscal years beginning on 1 January 2019.

The Bank has adopted the mandatory standards for the periods beginning on or after 1 January 2020. The accounting policies were consistently applied and are consistent with those used in the preparation of the financial statements of the previous period.

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

The financial statements for the fiscal year ending on 31 December 2020 were approved at a Board of Directors meeting held on 27 April 2021.

2.2 ADOPTION OF (NEW OR REVISED) STANDARDS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)

As at this financial statements' approval date, the following accounting standards, interpretations, amendments and revisions are of mandatory application to the fiscal year beginning on 1 January 2020:

Standard / Interpretation	Applicable in the European Union in fiscal years beginning on or after	
Amendments to references to the Conceptual Framework in IFRS Standards	1-Jan-20	Corresponds to amendments to 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) regarding references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised 'asset' and 'liability' definitions and new orientations on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	1-Jan-20	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, due to its omission, distortion or concealment, is reasonably expected to influence the decisions of primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Business definition	1-Jan-20	Corresponds to amendments to the definition of business, intending to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition further clarifies the definition of a business's output as the supply of goods or services to customers. The changes include examples for identifying the acquisition of a business.
Amendments to IFRS 9, IAS 39 and IFRS 7 standards - interest rate benchmark reform (IBOR Reform)	1-Jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 standards related to the interest rate benchmark reform (known as "IBOR reform"), to reduce the potential impact of the change in reference interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases - "Covid 19 Related Rent Concessions"	1-Jan-20	This amendment introduces an optional practical expedient whereby lessees are exempted from reviewing whether rent concessions, typically rent suspensions or reductions, related to the COVID-19 pandemic, correspond to contractual modifications.

No significant effects were produced on the Bank's financial statements for the year ending on 31 December 2020, due to the adoption of these new standards, interpretations, amendments and revisions mentioned aforementioned.

The following standards, interpretations, amendments and revisions are mandatory in future economic years:

Standard / Interpretation	Applicable in the European Union in fiscal years beginning on or after	
Amendments to IFRS 9, IAS 39 and IFRS 7 - Phase 2 - Interest Rate Benchmark Reform (IBOR Reform)	1-Jan-21	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7 standards, issued on 27 August 2020, related to the second phase of the interest rate benchmark reform project (known as "IBOR reform"), for changes in reference interest rates and impacts on modifications in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to standard IFRS 4 Insurance Contracts - deferral of IFRS 9	1-Jan-21	It corresponds to the amendment to IFRS 4 which extends the application deferral of IFRS 9 for fiscal years starting on or after 1 January 2023.

Standard / Interpretation	Applicable in the European Union in fiscal years beginning on or after	
Amendments to IFRS 3, IAS 16, IAS 37 and Annual improvements 2018-2020	1-Jan-22	These amendments correspond to a set of updates to the various standards mentioned, namely: • IFRS 3 - update of the reference to the 2018 conceptual framework; additional requirements for analysing bonds in accordance with IAS 37 or IFRIC 21 on the acquisition date; and explicit clarification that contingent assets are not recognised in a business combination. • IAS 16 - prohibition on deducting the cost of a tangible asset from income related to the sale of products before the asset is available for use. • IAS 37 - clarification that the costs of fulfilling a contract correspond to costs directly related to the contract. • 2018-2020 annual improvements correspond essentially to amendments in 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41.
IFRS 17 - Insurance Contracts	1-Jan-23	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.
Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current	1-Jan-20	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date.

The Bank does not anticipate that significant effects will be produced in its financial statements with the adoption of these abovementioned new standards, interpretations, amendments and revisions.

2.3 FINANCIAL ASSETS AND LIABILITIES - INTERNATIONAL FINANCIAL REPORTING STANDARD 9 - FINANCIAL INSTRUMENTS ("IFRS 9")

2.3.1 CLASSIFICATION, INITIAL RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

Upon initial recognition, financial assets are classified under one of the following categories:

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

The subsequent classification and valuation of these instruments in the previous categories is carried out based on the two following elements:

- the Bank's business model for the management of financial assets; and
- the characteristics of the contractual cash flows of financial assets.

ASSESSMENT OF THE BUSINESS MODEL

The Bank carries out an assessment of the business model in which the financial instrument is held, at the portfolio level, given that this approach best reflects how the assets are managed and how information is made available to Management bodies. The information considered includes:

- the objectives and policies established for the portfolio and these policies' practical operability;
- the assessment of the risks affecting the performance of the business model (and of the financial assets held under said business model) and how those risks are managed;
- the remuneration of business managers; and
- the frequency, volume and periodicity of sales in previous periods, the reasons for such sales and expectations regarding future sales. However, sales information should not be considered in isolation, but as part of an overall assessment of how the Company establishes financial asset management objectives and how cash flows are obtained.

The business model reflects the way the Bank manages its assets from a cash flow generation perspective, so it is important to understand whether the Bank's objective is:

- to receive the contractual cash flows from the assets (Hold to collect); or
- to receive the contractual cash flows and cash flows resulting from the sale of the assets (Hold to collect and sell).

If none of the above measured situations is applicable (for example, financial assets held for trading), then the financial assets are classified as part of "other" business model and recognised at fair value through profit and loss. Factors considered by the Bank in identifying the business model for a set of assets include past experience with regard to how cash flows are received, how asset performance is assessed and reported to management, how risks are assessed and managed, and how directors are remunerated.

Securities held for trading are held primarily for the purpose of being sold in the short term or are part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These securities are classified under "other" business models and recognised at fair value through profit and loss.

The assessment of the business model does not depend on the intentions for an individual instrument, but rather for a set of instruments, taking into consideration the frequency, value, sales calendar in previous financial years, the reasons for those sales and the expectations in relation to future sales. Infrequent or insignificant sales, or those close to asset maturity and motivated by increases in the credit risk of financial assets or to manage the risk of concentration, among others, may be compatible with the hold to collect business model to receive contractual cash flows. If a financial asset contains a contractual clause that can modify the calendar or the amount of contractual cash flows (such as early amortisation clauses or extension of duration), the Bank determines whether the cash flows generated during the instrument lifespan, due to the exercise of the aforementioned contractual clause, correspond solely to payments of principal and interest on the principal amounts outstanding.

If a financial asset contemplates a periodic interest rate adjustment, but said adjustment's frequency does not coincide with the reference interest rate period (e.g., the interest rate is adjusted every three months), the Bank assesses, at the time of initial recognition, this inconsistency in the interest component to determine whether the contractual cash flows represent only payments of principal and interest on the principal amount outstanding. The contractual terms for financial assets which, at the time of initial recognition, have a minimum effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as liquidation on behalf of the issuer), do not prevent its classification in portfolios at amortised cost or at fair value through other comprehensive income.

ASSESSMENT OF WHETHER THE CONTRACTUAL CASH FLOWS CORRESPOND SOLELY TO PAYMENTS OF PRINCIPAL AND INTEREST (SPPI)

When the business model involves holding assets with the intention of (i) receiving the contractual cash flows ('Hold to collect') or (ii) receiving the contractual cash flows and selling these assets ('Hold to collect and sell'), the Bank assesses whether the financial instrument cash flows corresponding solely to contractual principal payments are consistent with a basic loan agreement, i.e. the interest includes only considerations for the time value of money, credit risk, other normal credit risks and a profit margin consistent with a basic credit contract. When the contractual terms introduce exposure to risk or variability in cash flows inconsistent with a simple loan agreement, the financial asset is classified and measured at fair value through profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows correspond only to payments of principal and interest on principal outstanding ("SPPI" test).

a) Financial assets at amortised cost

Classification

A financial asset is classified in the category of "Financial assets at amortised cost" when the following conditions are cumulatively met:

- it is managed with a business model whose objective is to maintain financial assets to receive contractual cash flows; and
- the contractual terms give rise to cash flows on specific dates, which are solely payments of principal and interest on the principal amounts outstanding (SPPI).

In addition to the debt instruments managed on a business model whose objective is to receive their contractual cash flows (Treasury bills, government bonds, corporate bonds and commercial paper) the category of Financial assets at amortised cost also includes "Investments in central banks and other credit institutions", "Investments at amortised cost", "Credit to customers".

Initial recognition and subsequent measurement

Investments in credit institutions and credits to Customers are recognised on the date the funds are made available to the counterparty (settlement date). Debt securities are recognised on the trade date, that is, when the Bank commits to acquire them.

Financial assets at amortised cost are initially recognised at their fair value, plus transaction costs, and are subsequently measured at amortised cost. Additionally, they are subject, from their initial recognition, to the calculation of impairment losses for expected credit losses.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or to the issue or assumption of a financial liability, which would not have been incurred had the Bank not made the transaction. These include, for example, commissions paid to intermediaries (such as promoters) and mortgage formalisation expenses.

Interest on financial assets at amortised cost is recognised in the net interest income under the "Interest and similar income" item (Note 24), based on the effective interest rate method and in accordance with the principles detailed in Note 2.17.

b) Financial assets at fair value through other comprehensive income

A financial asset is classified in the category of "Financial assets at fair value through other comprehensive income" when the following conditions are cumulatively met:

- it is held in a business model whose objective combines the receipt of contractual cash flows from financial assets and their sale; and
- the contractual terms give rise to cash flows on specific dates, which are solely payments of principal and interest on the principal amounts outstanding.

In addition, the Bank may choose, irrevocably at the time of initial recognition, to classify an equity instrument under the "Financial assets at fair value through other comprehensive income" category, provided that it is neither held for trading nor has a contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. This alternative is made investment by investment and only financial instruments falling within the scope of the definition of capital instruments provided for in the provisions of IFRS 9 and IAS 32 are eligible.

Initial recognition and subsequent measurement

The Bank has the option to, upon initial recognition, designate irrevocably in the category of financial assets at fair value through other comprehensive income, investments in capital instruments that are not classified as held for trading and that, in the event of not exercising said option, would be classified as financial assets mandatorily accounted for at fair value through profit and loss. Impairment losses (and impairment reversals) are not recorded separately from other changes in fair value.

Debt instruments at fair value through Other comprehensive income are initially recognised at their fair value plus Transaction costs and are subsequently measured at fair value. Changes in these financial assets fair value are recorded through Other comprehensive income and, at the time of disposal, the corresponding accumulated gains or losses in Other comprehensive income are reclassified to a specific income item called "Revaluation reserves".

Changes in the fair value of financial assets at fair value through other comprehensive income are recognised according to the following criteria:

i. interest or, where applicable, dividends are recognised in profit and loss under "Interest and similar income" and "Income from equity instruments", respectively. For interest, the procedure is the same as for assets at amortised cost.

ii. exchange differences are recognised in profit and loss under "Exchange results", in the case of monetary financial assets, and as other comprehensive income in the case of non-monetary financial assets.

iii. in the case of debt instruments, impairment losses or gains on their recovery are recognised in profit and loss under "Impairment for other financial assets net of reversals and recovery".

iv. the remaining changes in value are recognised as other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognised in profit and loss for the fiscal year are the same as those that would be recognised if measured at amortised cost.

When a debt instrument valued at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to income for the period. On the other hand, when an equity instrument valued at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, remaining in a reserve item.

c) Financial assets at fair value through profit and loss

A financial asset is classified in the category of "Financial assets at fair value through profit and loss" whenever due to the Bank's business model or due to the characteristics of its contractual cash flows, it is not appropriate to classify the financial assets in any of the previous categories. In the classification of financial assets under this category, the Bank also took into account whether it expects to recover the book value of the asset by selling it to a third party.

Also included in this portfolio are all instruments for which any of the following characteristics are met:

- they originate or are acquired for the purpose of short-term trading;
- they are part of a group of financial instruments identified and managed jointly for which there is evidence of recent actions with the aim of achieving short-term gains; and
- they are derivative instruments that do not meet the definition of a financial guarantee contract or have been designated as hedging instruments.

Initial recognition and subsequent measurement

Considering that the transactions carried out by the Bank during their normal course of its activity are in market conditions, financial assets at fair value through profit and loss are initially recognised at their fair value, with the costs or income associated with the transactions recognised as profit and loss at the initial moment.

Income and expenses from financial instruments at fair value through profit and loss are recognised according to the following criteria:

i. changes in fair value are recorded directly under profit and loss, separating between the instrument's income, which is recorded as interest or dividends according to their nature under "Interest and similar income" and "Income from equity instruments", respectively, and the financial operations' income under "Income from financial assets and liabilities measured at fair value through profit and loss".

ii. the interest and premium/discount intervals (when applicable) is recognised under the "Interest and similar income" item, based on each transaction's effective interest rate, as well as the interest on derivatives intervals associated with financial instruments classified under this category. Dividends are recognised as profit and loss when the right to receive them is attributed.

2.3.2 RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL INSTRUMENTS

The Bank reclassifies financial assets only if the business model used in its management is changed, in this case, and in accordance with the requirements of IFRS 9, all affected financial assets are reclassified.

The reclassification is carried out prospectively from the date of reclassification and any gains, losses (including related to impairment) or interest previously recognised are not restated.

The 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 permitted.

The reclassification of financial liabilities is not permitted.

2.3.3 CREDIT MODIFICATIONS

Occasionally, the Bank renegotiates or modifies contractual cash flows from credits to customers. In this situation, the Bank assesses whether the new contractual terms are substantially different from the original terms. The Bank performs this analysis considering, among others, the following factors:

- if the debtor is struggling financially, if the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;
- if any significant new term has been introduced, such as "profit sharing" or "equity-based return", which substantially affects the credit risk;
- significant extension of the contract's maturity when the debtor is not struggling financially;
- significant change in the interest rate;
- change in the credit's contracted currency; and
- inclusion of collateral, a guarantee or other improvement associated with credit, which significantly affects the credit risk associated with the loan.

If the contractual terms are significantly different, the Bank derecognises the original financial asset and recognises the new asset at fair value, calculating the new effective interest rate. The renegotiation date is considered the initial recognition date for the purpose of calculating the impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognised financial asset is impaired at initial recognition, especially when the renegotiation is related to the debtor's failure to make the originally agreed payments. Differences in the carrying amount are recognised as the profit and loss as a derecognition gain or loss.

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

2.3.4 DERECOGNITION AND MODIFICATION OF FINANCIAL ASSETS

The financial assets granted are derecognised when the cash flows associated with them are extinguished, collected or disposed of to third parties and the Bank (i) substantially transfers all risks and benefits associated with the asset's holding or (ii) neither transfers nor substantially detains all the risks and benefits associated with the asset's holding and does not have control over the asset. Gains and losses from the disposal of credits to Customers on a definitive basis are recorded under Other operating income. These gains or losses correspond to the difference between the assets fixed sale value and book value, net of impairment losses.

The Bank participates in transactions in which it has the contractual right to receive cash flows from assets, but assumes a contractual obligation to pay those cash flows to other entities and substantially transfers all risks and benefits. These transactions result in the derecognition of the asset if the Bank:

- is not under any obligation to make payments, unless it receives equivalent amounts from the assets;
- is prohibited from selling or pledging the assets; and
- is under an obligation to send any cash flow received from the assets without material delays.

The guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities lending and borrowing operations are not derecognised because the Bank substantially holds all risks and rewards based on the predetermined repurchase price, thus not complying with the derecognition criteria.

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

2.3.5 WRITE-OFFS

The Bank recognises a write-off when it concludes that there is no reasonable expectation of recovering an asset in whole or in part. The indicators that show that there is no reasonable recovery expectation are (i) the closure of activity and (ii) the cases in which recovery depends on the receipt of a collateral, but where the collateral value is so low that there is no reasonable expectation of recovering the asset in full.

The rules implemented for the selection of credits that may be subject to write-off are as follows:

- the credits cannot have an associated collateral;
- credits must be fully closed (recorded as overdue credit in full and with no outstanding debt);
- credits cannot have the mark of overdue renegotiated credits or be involved within the scope of an active payment agreement.

2.3.6 IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 determines that the concept of impairment based on expected losses is applied to all financial assets except financial assets measured at fair value through profit and loss and equity instruments measured at fair value through equity, thus anticipating the recognition of credit losses in the financial statements of institutions.

Assets subject to impairment assessment include those belonging to the customer credit portfolio, including credit commitments and financial guarantees, debt instruments and investments and deposits with other credit institutions. Impairment losses are recorded against profit and loss, and are subsequently reversed through the income if there is a reduction in the amount of estimated loss, in a subsequent period.

Off-balance sheet items such as financial guarantees and undrawn credit commitments are also subject to impairment assessment.

The measurement of impairment at each reporting date is made according to the three-stage model of expected credit losses:

- Stage 1 - As from the initial recognition and up to the moment when there is a significant increase in credit risk, impairment is recognised for the amount of expected credit losses if the default occurs within 12 months after the reporting date.
- Stage 2 - If there is a significant increase in credit risk compared to the financial asset's initial recognition date, exposures are classified under Stage 2 and impairment is recognised in the amount of expected credit losses for the remaining period of the financial asset.
- Stage 3 – For financial assets considered in credit impairment, impairment is recognised in the amount of credit losses expected for the remaining period of the financial asset. All exposures that meet, at least, one of the default criteria provided for in the Bank's definition of default are classified under Stage 3.

ASSESSMENT OF SIGNIFICANT INCREASE IN CREDIT RISK

The identification of a significant increase in credit risk requires significant judgments. Movements between Stage 1 and Stage 2 are based, whenever possible, on the comparison of the instrument's credit risk at the reporting date with the credit risk at the time of origin. The assessment is generally carried out at the instrument level, however, it may consider information at the debtor level.

This assessment is carried out at each reporting date based on a set of indicators of a qualitative and/or quantitative non-statistical nature. Instruments with a delay superior to 30 days are generally considered to have seen a significant increase in credit risk. In the case of credit to customers, other criteria are also considered, such as the existence of restructuring due to financial difficulties, non-compliance with the BNA's Information and Credit Risk Centre ("CIRC"), among others.

Non-defaulting exposures, and for which there has been a significant increase in credit risk compared to the date of initial recognition, are classified under Stage 2.

The Stage 2 classification is based on the observation of a significant increase in the level of credit risk. Since the standard does not determine how to measure this significant increase, the Bank estimates it by comparing Lifetime Forward-Looking residual PDs at the reporting date with those estimated at contracting date, 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 rating awarded by international agencies, and occurs when the following objective triggers occur:

- in the observation of a downgrade of more than two notches in at least two houses of rating in the period elapsed since the asset's origin date; 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).

After determining the significant risk increase, the minimum surveillance period is 12 months, even if there is a rating upgrade in that period and the impairment rate cannot be reduced during that period.

DEFINITION OF DEFAULT

The definition of default was developed taking into account the credit risk management processes, namely with regard to the credit recovery component, as well as the best international practices in this area. The definition of default may differ between segments and considers both qualitative and quantitative factors. The default criteria are applied when managing private customers and corporate debtors. Default occurs when there is more than 90 days of material delay and/or when it is considered less likely that the debtor will comply with its obligations in full, for example due to the existence of reduced capital or multiple restructuring of credit operations. The definition of default is applied consistently from period to period.

Non-compliance exposures are classified under Stage 3.

MEASUREMENT OF EXPECTED CREDIT LOSSES

The expected credit losses are a probability-weighted estimate of the reductions in the value of cash flows resulting from non-compliance over the relevant horizon. For credit commitments, the estimates of expected credit losses consider a portion of the limit expected to be drawn down over the relevant period. For financial guarantees, credit loss estimates are based on payments expected under the guarantee agreement.

The expected credit losses are based on a set of possible profit and loss and consider all reasonable and bearable information available including expectations about future cash flows and the historical experience of credit losses (in the case of credit to customers). The measurement of expected credit losses is primarily the product of the instrument's Probability of Default ("PD")1, Loss Given Default ("LGD")2 and Exposure at Default (EAD)3 discounted to the reporting date using the effective interest rate.

Regarding the balances of the "Cash and deposits at other credit institutions", "Investments in other credit institutions" and "Investments at amortised cost" items, the entity's rating, or if not available, of the country where it is based, is verified. Based on studies by external rating agencies, the companies' PD with the entity's rating and the LGD associated with the default events verified is considered. For the balances of Angolan public debt securities in local currency, classified under "Investments at amortised cost", the PD for sovereign debt rating and the LGD of sovereign default events are considered. Expected credit losses are discounted to the reporting date using the effective interest rate.

INDIVIDUAL ANALYSIS

In the "'Credit to Customers" balances, the assessment of the existence of impairment losses in individual terms is determined, on a case-by-case basis, through an analysis of the total credit exposure. For each credit considered individually significant, the Bank assesses, at each balance sheet date, the existence of objective evidence of impairment.

The materiality criteria indicated for the identification of individually significant customers by BNI, are in accordance with Instruction no. 08/2019, of 27 August, on impairment losses for the loan portfolio ("Instruction No. 08/2019"), namely Customers/economic groups whose exposure is equal to or greater than 0.5 % of the Bank's own funds must be analysed individually. In addition, Customers/economic groups whose credit exposures are not individually significant, but for which objective evidence of impairment is observed, should also be analysed whenever they are equal or greater than 0.1% of the Bank's own funds.

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

In determining impairment losses, on an individual basis, the following factors are considered:

- each customer's total exposure to the Bank and the existence of overdue credit;
- the economic and financial viability of the customer's business and its ability to generate sufficient means to cope with the debt in the future;

- the existence, nature and estimated value of the collateral associated with each credit;
- the customer's assets in situations of liquidation or bankruptcy;
- the existence of privileged creditors;
- the customer's indebtedness to the financial sector;
- the amount and estimated recovery times; and
- other factors.

Without prejudice to the requirements established in IFRS 9 regarding the weighting to be attributed to each of the financial projection scenarios, the Bank uses the following weights associated with the scenarios:

- base scenario: 70 %;
- favourable scenario: 10 %; and
- adverse scenario: 20 %.

For the purpose of valuing the real estate collateral, for irrevocable powers of attorney to establish a mortgage be considered credit risk mitigating, the Bank meets the following criteria:

- 100 % discount: When the Bank only has a mortgage promise without an irrevocable power of attorney (duly certified Notary Public document).
- 70 % discount: When the Bank only has a mortgage promise with an irrevocable power of attorney (duly certified Notary Public document).
- 40-70 % discount: When the Bank has additional guarantee documents that reinforce its robustness while mitigating credit risk. The following documents are considered relevant information:
  - Building Registration Certificate;
  - Urban Building Certificate;
  - Deed of purchase and sale;
  - Deed of Constitution of Surface Right; and
  - Registration of property built on State grounds.

Impairment losses are calculated by comparing the current value of expected future cash flows discounted at the original effective interest rate of each contract and the book value of each credit, with the losses being recorded against profit and loss. The book value of impairment credits is presented under the net balance sheet of impairment losses. For credits with a variable interest rate, the discount rate used corresponds to the effective annual interest rate, applicable in the period in which the impairment was determined.

COLLECTIVE ANALYSIS

The balances of "Credit to Customers" not subject to individual analysis are grouped according to similar risk characteristics, taking into account the type of customer, the sector, the type of product, the existing collateral, the state of delay and other relevant factors. Collective impairment reflects: (i) the expected amount of principal and interest that will not be recovered, and (ii) the impact of delays in recovering principal and interest. The time value of money is directly incorporated into the calculation of each transaction's impairment.

The estimated expected credit loss on a collective basis is obtained for each specific exposure, considering a portfolio's segmentation level that reflects how the Bank manages its risks. The relevant parameters (PD and LGD) are modelled on historical loss experience in operations with similar credit risk characteristics, adjusted for the current economic situation and future expectations. The approaches were designed to maximise the use of available information (both historical, current and forward-looking) reliable and bearable for each segment with a collective nature.

When measuring expected credit losses from credit to customers, the following segments are considered:

- Companies;
- Public entities;
- Employees;

- Individuals with rents; and
- Individuals with revolving operations.

PD is the probability that an exposure will default at a given point in time based on the exposure status at the beginning of the observation period. The PD is calculated based on historical information from the Bank's credit portfolio, on which current and foresight information is incorporated. The incorporation of prospective information in the calculation of the expected loss is thus carried out via the PD parameter.

LGD is the percentage of loss expected to occur if the exposure defaults. The Bank estimates the LGD parameter based on the history of recovery rates after the exposures have defaulted, taking into account the time in default and the likelihood that exposures will return to a regular situation after the default.

2.4 CLASSIFICATION OF FINANCIAL LIABILITIES

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be effected through the delivery of cash or another financial asset, regardless of its legal form.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortised cost, based on the effective rate method, with the exception of financial liabilities designated at fair value through profit and loss, which are recorded at fair value.

The Bank designates, in its initial recognition, certain financial liabilities at fair value through profit and loss (Fair Value Option) provided that, at least, one of the following requirements is met:

- financial liabilities are managed, valued and analysed internally based on their fair value;
- derivative operations are contracted in order to hedge these assets or liabilities economically, thus ensuring consistency in the valuation of assets or liabilities and derivatives (accounting mismatch); or
- financial liabilities contain embedded derivatives.

Financial liabilities are derecognised when the underlying obligation is settled, expires or is cancelled. Non-derivative financial liabilities include deposits from central banks and other credit institutions, customer resources, and other loans.

2.5 DERIVATIVE FINANCIAL INSTRUMENTS

The Bank may carry out operations of derivative financial instruments within the scope of its activity, managing its own positions based on market development expectations or meeting their customer needs.

All derivative instruments are recorded on their trade date at fair value and changes in fair value are recognised in profit and loss, unless they qualify as cash flow hedges or net investment in operating units. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value). Derivative financial instruments are classified as hedge (provided all designation conditions are met) or trading, depending on their purpose.

HEDGE DERIVATIVES

The Bank decided to continue to apply the hedge accounting requirements provided for in IAS 39 at the time of the first adoption of IFRS 9, as provided for in the latter standard.

The Bank designates derivatives and other financial instruments to hedge against interest rate and exchange risks, resulting from its business. Derivatives that do not qualify for hedge accounting are recorded as trading.

Hedge derivatives are recorded at fair value and gains or losses resulting from revaluation are recognised in accordance with the hedge accounting model adopted.

A hedge relationship exists where:

- at the start date of the relationship, there is formal hedging documentation;
- the hedge is expected to be highly effective;
- the hedge effectiveness can be reliably measured;
- coverage is assessed on an ongoing basis and effectively determined to be highly effective over the financial reporting

period; and

- when it comes to a planned transaction, this is highly likely and presents an exposure to cash flows variations that could ultimately affect the profit and loss.

i) Fair value hedge

Changes in the fair value of derivatives designated and qualified as fair value hedges are recognised in profit and loss, together with changes in the fair value of the asset, liability or group of assets and liabilities to be hedged in respect of the hedged risk. If the hedging relationship no longer meets hedge accounting requirements, the derivative financial instrument is transferred to the trading category and hedge accounting is, then, discontinued (the adjustment made to the accounting amount of a hedging instrument, in which the effective interest rate method is used, is amortised through profit and loss for the period until its maturity and recognised in the net interest income). If the hedged asset or liability corresponds to a fixed income instrument, the accumulated gains or losses due to changes in the interest rate risk associated with the hedge item up to the coverage discontinuation date are amortised through profit and loss by the remaining period of the hedged item.

ii) Cash flow hedges

Changes in the fair value of derivatives, which qualify for cash flow hedges, are recognised as equity - revaluation reserves - in the effective part of the hedging relationships. Changes in the fair value of the ineffective portion of hedging relationships are recognised in the income statement, when they occur.

The amounts accumulated in equity are reclassified to profit and loss for the fiscal year in the periods when the hedged item affects results.

When the hedge instrument is derecognised, or when the hedging relationship ceases to comply with the requirements of hedge accounting or is revoked, the hedging relationship is discontinued prospectively. Thus, the changes in fair value accumulated in equity up to the date of discontinuation of coverage can be:

- deferred for the remaining period of the hedged instrument; or
- recognised immediately as profit and loss for the fiscal year, if the hedged instrument is extinguished.

In the case of discontinuation of a hedging relationship for a future transaction, the changes in the derivative's fair value recorded in equity remain there until the future transaction is recognised in the income statement. When the transaction is no longer expected to occur, the cumulative gains or losses recognised against equity are immediately recognised as profit and loss.

As at 31 December 2020 and 2019, the Bank did not have hedge derivatives.

2.6 FOREIGN CURRENCY TRANSACTIONS

As transacções em moeda estrangeira são convertidas para a moeda funcional (Kwanza) à taxa de câmbio em vigor na data da transacção. Os activos e passivos monetários denominados em moeda estrangeira, são convertidos para a moeda funcional à taxa de câmbio em vigor na data de balanço. As diferenças cambiais resultantes da conversão são reconhecidas em resultados. Os activos e passivos não monetários denominados em moeda estrangeira e registados ao custo histórico são convertidos para a moeda funcional à taxa de câmbio em vigor na data da transacção. Os activos e passivos não monetários registados ao justo valor são convertidos para a moeda funcional à taxa de câmbio em vigor na data em que o justo valor é determinado e reconhecido por contrapartida de resultados, com excepção daqueles reconhecidos ao justo valor através de outro rendimento integral, cuja diferença é registada por contrapartida de reservas.

As at 31 December 2020 and 2019, the exchange rates of AOA against the currencies relevant to the Bank's activity were as follows:

	2020	2019
USD	649,604	482,227
EUR	798,429	540,817

On their contract date, the purchases and sales of foreign currency in cash and on time are immediately recorded in the spot or term currency position, the content and revaluation criterion of which are as follows:

SPOT CURRENCY POSITION:

The spot currency position in each currency is given by the net balance of that currency's assets and liabilities, as well as the spot transactions awaiting settlement and forward transactions maturing on the next two working days. The spot currency position is revalued daily based on the average exchange rate published by the BNA on that date, giving rise to changes in the currency position account (national currency), against profit and loss.

FORWARD CURRENCY POSITION:

The forward currency position in each currency corresponds to the net balance of forward transactions awaiting settlement, excluding those maturing within the next two business days. All contracts relating to these transactions (currency forwards) are revalued at market forward exchange rates or, if none are available, are calculated on the basis of the interest rates applicable to each transaction's residual maturity. The difference between the equivalent in kwanzas to the applied forward revaluation rates and the equivalent to the contracted rates, which represent the cost or the profit or the cost of revaluation of the forward currency position, shall be recorded in assets or liabilities under the "Foreign Exchange Results" item.

2.7 OTHER TANGIBLE ASSETS

Other tangible assets are recorded at acquisition cost, less accumulated depreciation and impairment losses. The cost includes expenses directly attributable to the acquisition of the goods. This cost includes: (a) the "deemed cost" determined at the date of transition to IFRS, which corresponds to the net value carried forward from the previous standard, including legal revaluations; and (b) the acquisition cost of assets acquired or constructed after that date.

Works/improvements carried out in third-party buildings/facilities are capitalised, being depreciated by the lower between their useful life and the period of time that Management expects to occupy these facilities.

Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will flow to the Bank. Maintenance and repair expenses are recognised as a cost as they are incurred in accordance with the accrual principle.

Land is not depreciated. Depreciation is calculated using the straight-line method, according to the following periods of expected useful life:

Amortisation of other tangible assets	Years of useful life
Own-use properties (buildings)	**25 a 50**
Equipment	
Furniture and Material	8 e 10
Machinery and Tools	4 e 10
Computer Equipment	3 a 6
Interior Installations	4 a 10
Transport material	4
Safety equipment	10

When there is an indication that an asset may be impaired, IAS 36 - Impairment of Assets - requires that its recoverable amount be estimated, and an impairment loss should be recognised whenever the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the income statement. Whenever it is found that the original signs of impairment cease to exist, the impairment losses are reversed up to the value that the assets would have had if the losses had never been recognised.

The recoverable value is determined as the highest between its net selling price and its value in use, which is calculated based on the current value of the estimated future cash flows expected to be obtained from the continued use of the asset and the disposal at the end of its useful life.

2.8 INTANGIBLE ASSETS

The costs incurred with the acquisition of software from third-party entities are capitalised, as well as the additional expenses borne by the Bank necessary for its implementation. These costs are amortised on a straight-line basis over the estimated useful life of the software, which is normally between 3 and 5 years. Costs directly related to the development of computer applications, which are expected to generate future economic benefits beyond one fiscal year, are recognised and recorded as intangible assets.

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

2.9 INVESTMENT PROPERTIES

The Bank classifies as "investment properties" the properties held for lease or for capital appreciation or both.

Investment properties are initially recognised at acquisition cost, including directly related transaction costs and, subsequently, at their fair value. Fair value changes determined at each balance sheet date are recognised as profit and loss. Investment properties are not amortised.

Subsequent related expenditures are capitalised when the Bank will likely obtain future economic benefits in excess of the level of performance initially estimated.

The fair value of the Bank's investment properties is determined based on reports from duly accredited independent appraisers with relevant recent experience in valuing similar properties. Income from rents and expenses for the fiscal year are recognised in the income statement, as well as changes in fair value.

2.10 ASSETS ASSIGNED WITH REPURCHASE AGREEMENT AND SECURITIES LOAN

Securities sold with a repurchase agreement (repo) for a fixed price or at a price equalling the selling price plus an interest inherent to the term of the transaction are not unknown to the balance sheet. The corresponding liability is recorded in amounts payable to other credit institutions or customers, as appropriate. The difference between the sales value and the repurchase amount is treated as interest and is deferred during the life of the agreement, using the effective rate method.

Securities purchased with a resale agreement (reverse repo) for a fixed price or at a price equalling the purchase price plus an interest inherent to the term of the transaction are not recognised in the balance sheet, and the purchase value is recorded as loans to other credit institutions or customers as appropriate. The difference between the sales value and the repurchase amount is treated as interest and is deferred during the life of the agreement, using the effective rate method.

Securities transferred through loan agreements are not unknown in the balance sheet, but are classified and valued in accordance with the accounting policy referred to in Note 2.3. Securities received through loan agreements are not recognised in the balance sheet.

2.11 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are accounted for in the Bank's individual financial statements at 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 arising from its involvement with that entity and may seem to take possession of it through its power over the relevant activities of that entity (de facto control).

Associates are entities over which the Bank has significant influence but does not exercise control over its financial and operating policy. The Bank is presumed to have significant influence when it has the power to exercise more than 20 % of the voting rights of the associate. If the Bank holds, directly or indirectly, less than 20 % of the voting rights, it is presumed that the Bank has no significant influence, except where such influence can be clearly shown.

The existence of significant influence on the part of the Bank is usually shown 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 on dividends or other distributions;
- material transactions between the Bank and the participated;

- exchange of management personnel; and
- provision of essential technical information.

The recoverable amount of investments in subsidiaries and associates is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. Impairment losses identified are recorded against profit and loss, and are subsequently reversed through the profit and loss if there is a reduction in the amount of estimated loss, in a subsequent period. The recoverable amount is determined based on the Greater between the value in use of the assets and the fair value minus selling costs, calculated with the support of valuation methodologies, supported by discounted cash flow techniques, considering market conditions, time value and business risks.

In addition to recognising the impairment of investments in subsidiaries, BNI recognises additional losses if it has taken on obligations, or if it has made payments benefiting these entities.

Dividends received from subsidiary companies are recorded as gains relative to equity holdings, when attributed.

2.12 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED TRANSACTIONS

Assets are classified as non-current assets held for sale when their book value is intended to be realised primarily through a sale transaction rather than through their continued use in the Bank's activities.

Non-current assets, groups of non-current assets held for sale (groups of assets together with their respective 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 said assets and liabilities and the assets or groups of assets are available for immediate sale and its sale is highly likely to take place (within one year).

The Bank also classifies as non-current assets held for sale all non-current assets or groups of assets acquired only for the purpose of later sale, which are available for immediate sale and whose sale is very likely to take place.

Immediately prior to their classification as non-current assets held for sale, the measurement of all non-current assets and all assets and liabilities included in a group of assets held for sale is carried out in accordance with the applicable IFRS. After their reclassification, these assets or groups of assets are measured at the lowest between their cost and the lowest of their fair value deducted from the costs of sale or book value, depending on the asset category.

The classification of expenses and income associated with a discontinued operating unit is only carried out on the Income Statement when the asset to be disposed of corresponds to an operational segment or a significant geographical area.

When, due to changes in BNI's circumstances, non-current assets no longer comply with the conditions to be classified as held for sale, these assets will be reclassified according to the nature of the assets and will be remeasured at the lower of i) the book value before being classified as held for sale, adjusted for any depreciation expenses, and ii) the recoverable values of the items on their reclassification by nature date. These adjustments are recognised in the profit and loss for the fiscal year.

When it comes to discontinued operations, in accordance with the provisions set out in the International Financial Reporting Standard 5 - Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), the Bank does not recognise potential capital gains on these assets.

2.13 ASSETS RECEIVED AS CREDIT RECOVERY

The Bank classifies properties held as credit recovery under the "Non-current assets held for sale" item when there is an expectation of sale within a maximum of one year and under the "Other assets" item when this period is exceeded. Properties are initially measured at the lower of their fair value net of selling costs and the book value of the existing credit at the date the asset is given in lieu of payment or legal settlement of the asset judicially acquired.

These properties' evaluations are carried out according to one of the following methodologies, applied according to the specific situation of the property:

a) Market Method

The Market Comparison Criterion uses as reference the values of real estate transactions of similar and comparable properties to the one object of this study, obtained through a market study carried out in the area.

b) Income Method

This method aims to estimate the value of the property based on the capitalization of its net income, updated to the present moment, using the discounted cash flow method.

c) Cost Method

The Cost Method is a criterion that decomposes the value of the property into its fundamental components: value of the urban soil and the value of the urbanity; value of the construction; and value of indirect costs.

The evaluations are carried out by independent entities specialised in this type of services. The appraisal reports are analysed internally to assess the adequacy of the processes, comparing the sale values with the revalued values of the properties.

Subsequently, these assets are measured at the lower of their cost and their fair value less costs to sell, with unrealised losses being recorded in the profit and loss for the fiscal year. When the book value corresponds to the fair value less costs to sell, the level of fair value in the hierarchy of the International Financial Reporting Standard 1 - Fair Value Measurement ("IFRS 13") corresponds to level 3.

2.14 LEASES

The Bank adopted International Financial Reporting Standard 16 - Leases ("IFRS 16") with reference to 1 January 2019 to replace IAS 17 - Leases ("IAS 17")

On the start date of each contract, BNI assesses whether the scope of the contract corresponds to a lease or whether it

contains a lease. A lease is defined as a contract, or part of a contract, under which the right to control the use of an identifiable asset, for a specified period of time, is attributed in exchange for consideration.

To determine whether a contract assigns the right to control the use of an identifiable asset for a certain period of time, BNI assesses whether, during the asset's period of use, it cumulatively has: i) the right to obtain substantially all economic benefits derived from the use of identifiable assets; and ii) the right to control the use of the identifiable asset.

On the date of the lease's entry into force, BNI recognises an asset under right of use at the value of its cost which corresponds to the initial amount of the adjusted lease liability of: i) any advance payments; (ii) rental incentives received; and iii) initial direct costs incurred.

To the asset under right of use, you may add the estimate of removing and/or restoring the underlying asset and/or the location where it is located, when required by the lease agreement.

The asset under right of use is, then, depreciated using the straight-line method, from the effective date until the lowest between the end of the asset's useful life and the end of the lease. Additionally, the asset under right of use is reduced by impairment losses, when applicable, and adjusted by remeasurements of the lease liability.

On the lease's effective date, BNI recognises lease liabilities measured at the present value of the future lease payments, which include fixed payments less lease incentives receivable, variable lease payments, and amounts expected to be paid as a guaranteed residual value.

Lease payments also include the exercise price of purchase or renewal options reasonably certain to be exercised by BNI, or payments of lease termination penalties, if the lease term reflects the Entity's option to terminate the contract.

The services purchased from the lessor under the lease are separated and registered according to their nature and are not considered as a component of the lease for the purpose of determining the value of the Lease Liability.

In calculating the present value of future lease payments, BNI uses an incremental interest rate of financing if the interest rate implied in the lease is not easily determinable.

Subsequently, the value of the lease liabilities is increased by the amount of interest and decreased by the lease payments (rents).

2.15 TAXES

INCOME TAXES

Income taxes recorded as profit and loss include the effect of current taxes and deferred taxes. The tax is recognised in the income statement, except when related to items that are transacted in equity, which implies their recognition in equity. Deferred taxes recognised in equity arising from the revaluation of financial assets at fair value under other comprehensive income and cash flow hedging derivatives are, when applicable, later recognised in profit and loss when the corresponding gains and losses are recognised in the income statement.

I. CURRENT TAX

Current taxes correspond to the amount calculated in relation to the taxable income for the period, using the tax rate in force or substantially approved by the authorities at the balance sheet date and any adjustments to the taxes of previous years.

With 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 object of provisional settlement in a single instalment to be made in August, calculated through the application of a 2 % rate on the profit and loss derived from the financial intermediation transactions, calculated in the first six months of the previous fiscal year, excluding income subject to Capital Gains Tax, unless there is a loss in the previous year.

Law No. 26/20 of 20 July increased the Industrial Tax rate for banking sector activities from 30 % to 35 %. On the other hand, said Law creates rules with relevant impacts on the determination of taxable profit such as:

- costs/income with potential/realised currency valuations - In view of the new wording of Articles 13(c) and 14(c) of the Industrial Tax Code, by way of Law No. 26/20 of 20 July, only favourable and unfavourable realised currency variations are considered as income and costs for tax purposes. In view of the foregoing, the Bank will exclude from the net income for the year the amounts of potential favourable and unfavourable exchange variations recorded in the fiscal year.
- costs with impairment losses on loans with guarantee - In view of the new wording of Article 45 of the Industrial Tax Code, by way of Law No. 26/20, of 20 July, the provisions on loans covered by warrantee are not accepted, except in the part not covered.
- costs with Property Tax - According to the new wording of Article 18(a) of the Industrial Tax Code, by way of Law No. 26/20 of 20 July, the Property Tax is not accepted as a cost deductible from the tax base.

The assumptions for the application of the above rules in determining taxable income are described in Note 3.3.

II. DEFERRED TAX

Deferred taxes are calculated, according to the balance sheet liability method, on temporary differences between the book values of assets and liabilities and their tax base, using the tax rates approved or substantially approved at the balance sheet date, expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for differences resulting from the initial recognition of assets and liabilities that do not affect both accounting and tax profit and differences related to investments in subsidiaries to the extent that they are not likely to reverse in the future.

Deferred tax assets are recognised when it is probable that future taxable profits will absorb deductible temporary differences for tax purposes (including reportable tax losses).

III. CAPITAL GAINS TAX

The Presidential Legislative Decree No. 2/14, of 20 October, in force since 19 November 2014, reviewed and introduced several legislative amendments to the CGT Code, following the Tax Reform project.

The CGT generally focuses on income from the Bank's financial investments. The rate varies between 5 % (in the case of interest, amortisation or repayment premiums and other forms of remuneration of public debt securities, bonds, participation certificates or other similar securities issued by any company, admitted to trading on a regulated market, with a 3-year or more maturity on their issue) and 15 %. Without prejudice to the above, with regard to income from public debt securities, according to the latest understanding of the Tax Authorities addressed to ABANC (letter with reference number 196/DGC/AGT/2016, dated 17 May 2016), only those deriving 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 transmitted to ABANC (letter with reference 37/DGC/AGT/2019, of 15 May 2019), 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.

In turn, pursuant to Article 18 of the Industrial Tax Code, the CGT itself is not accepted as deductible expenditure for the purposes of establishing the tax base, and the income subject to a CGT is deducted from taxable profit, in accordance with Article 47 of the Industrial Tax Code.

IV. SPECIAL CONTRIBUTION ON FOREIGN EXCHANGE OPERATIONS OF INVISIBLE CURRENTS

The Special Contribution on Foreign Exchange Operations of Invisible Currents covers, at a rate of 10 %, transfers made under service agreements for foreign technical assistance or management services, regulated by the provisions of the corresponding Regulation, approved by Presidential Decree No. 273/11 of 27 October, as amended by Presidential Decree No. 123/13 of 28 August.

INCOME TAXES

I. URBAN PROPERTY TAX ("UPT") / PROPERTY TAX ("PT")

In 2020, the Urban Property Tax ("UPT") was in force until 8 August. On that date, the new Property Tax Code ("PTC") came into force, approved by Law No. 20/20, of 9 July.

In this context, until 8 August 2020, the UPT was applied, at a 0.5 % rate, on the equity value of own properties intended for the development of the Bank's normal activity (greater than AOA 5 000 000); the Asset value was considered the greatest between the properties valuation value and the acquisition value. In turn, with the entry into force of the new PTC, three rate are foreseen for urban buildings (0.1 %, AOA 5 000 and 0.5 % above AOA 5 000 000, for properties, respectively, with an asset value of up AOA 5 000 000, between AOA 5 000 000 and AOA 6 000 000 and above AOA 6 000 000) and specific rates applicable to land for construction (0.6 %) and rustic buildings (sum of hectares).

With regard to properties leased by the Bank, as lessee, until 8 August 2020, the UPT 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 from leased properties. The new PTC, approved by Law No. 20/20 of 9 July, did not provide for changes to the rule in question.

II. SISA AND IP ON FREE OR COSTLY TRANSMISSIONS OF REAL ESTATE

Under the terms of Legislative Diploma No. 230, of 18 May 1931, as well under the changes introduced by Law No. 15/92, of 3 July, and Law No. 16/11, of 21 April, SISA is levied on all acts that imply perpetual or temporary transfer of ownership of any value, type or nature, whatever the denomination or form of the title (e.g., acts that imply transfer of improvements in rustic or urban buildings, transfers of real estate by means of donations with receipts or pensions or the transmission of real estate by means of donations), at the rate of 2 %.

SISA was in force until 8 August 2020, having been revoked, with respect to the transmission of properties, with the approval of the Property Tax Code ("PTC"), by Law No. 20/20, of 9 July. Under the terms of the PTC, the Property Tax on free or onerous transfers of real estate assets, at a rate of 2 %, on expensive or free transfers of the property right or partial figures of this right, namely usufruct, land right and serfdom, including acquisitions by adverse possession, over properties.

VALUE ADDED TAX

The Bank, as a taxable person registered with the Large Taxpayers Office, is covered by the general VAT scheme since the entry into force of this tax on 1 October 2019.

The Bank, as a taxpayer registered with the Large Taxpayers Office, has been obligatorily covered, since the VAT's entry into force, under this tax's General Scheme, being obliged to comply with all reporting rules and obligations provided for in this scope.

Under the VAT Code, approved by Law No. 7/19 of 24 April and the amendments introduced by Law No. 17/19 of 13 August, the following are subject to VAT: (i) the transfer of goods and services rendered in the national territory, for consideration, by a taxable person acting as such; and (ii) the importation of goods.

However, the VAT Code provides for certain transactions to be exempted, in particular financial intermediation transactions, including those described in Annex III to that Code, unless they give way to payment of a specific and predetermined fee or payment for its implementation. These exempt transactions do not confer the right to deduct the VAT incurred by the taxable person in the acquisition of goods and services related to their realization.

Considering that the Bank is a taxable person who jointly carries out transactions that confer the right to deduct (i.e., transactions taxed on VAT) and transactions that do not confer the right to deduct (i.e., transactions exempt from this tax under the abovementioned terms), the VAT incurred by the Bank in its purchases of goods and services is only partially deductible through the pro rata method. However, through Instruction No. 3/DNP/DSIVA/AGT/2020 of 10 February, the AGT authorized the recovery of VAT through the actual allocation method in certain transactions carried out by financial institutions (e.g., leasing transactions).

According to the legislation in force, periodic VAT returns may be subject to review and correction by the tax authorities in the five years following the year to which they refer.

OTHER TAXES

The Bank is also subject to indirect taxes, namely, customs duties, Stamp Duty, Consumption Tax, as well as other fees.

TAX SUBSTITUTION

In the course of its activity, the Bank assumes the figure of a tax substitute, withholding taxes related to third parties, which it subsequently delivers to the State.

I. CAPITAL GAINS TAX ("CGT")

In accordance with Presidential Legislative Decree No. 2/14 of 20 October, the Bank withholds CGT at the rate of 10 % on interest on term deposits paid to customers.

II. STAMP DUTY

According to Presidential Legislative Decree No. 3/14 of 21 October, the Bank is responsible for the payment and delivery of Stamp Duty due by its customers on most banking operations (e.g., financing, collection of interest on financing, among others), and the Bank pays the tax in accordance with the rates set out in the Stamp Duty Table.

III. INDUSTRIAL TAX

In accordance with Article 67 of Law No. 19/14 of 22 October, as amended by Law No. 26/20 of 20 July, the provision of services of any kind provided by taxpayers with effective management or permanent establishment in Angola are subject to taxation, for withholding tax, at the rate of 6.5 %.

In turn, 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 provision of services of any nature by taxpayers without head office, effective management or permanent establishment in Angola, who carry out service activities of any nature without effective management or permanent establishment in Angola, are subject to Industrial Tax, withholding tax, at the rate of 15 %.

For payments for services made to entities resident in Portugal and the United Arab Emirates, there is the possibility of applying the Double Taxation Agreements ("DTA") and, as such, it may be possible to apply a lower withhold at source rate.

2.16 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when (i) the Bank has a present obligation (legal or arising from past practices or published policies that imply the recognition of certain responsibilities), (ii) it is likely that its payment will be required and (iii) when a reliable estimate of the value of that obligation can be made.

The provisions are measured taking into account the principles set out in the International Accounting Standard 37 - Provisions, Contingent Liabilities and Contingent Asset ("IAS 37") regarding the best estimate of the expected cost, the most likely outcome of the lawsuits in progress and taking into account the risks and uncertainties inherent in the process.

In cases where the effect of the discount is material, provisions corresponding to the current value of the expected future payments, discounted at a rate that considers the risk associated with the obligation.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate, being reversed against profit and loss in proportion to the payments that are not likely to take place.

The provisions are derecognised through their use for the obligations they were initially constituted for or in cases where they are no longer observed.

Should future disbursements be unlikely, such liabilities are accounted for as contingent liabilities. Contingent liabilities are always subject to disclosure, except in cases where the possibility of their realization is remote.

Provisions related to judicial and tax proceedings, opposing BNI to Third-party entities, are set up in accordance with internal risk assessments by the Board of Directors, with the support and advice of its legal advisers.

In the course of the Bank's business, financial guarantees and credit commitments are given to third parties which, as off-balance sheet items (see Note 33), and therefore contingent liabilities, may become credit exposures to be recorded in the Bank's balance sheet. The Bank assesses, at each reporting date, the potential credit risk involved in these contracts in accordance with the ECL model (see Note 2.3) and whenever losses are estimated due to credit risk, a provision is recorded on the balance sheet.

2.17 INTEREST RECOGNITION

The profit and loss related to interest on active financial instruments and liabilities measured at amortised cost are recognised under the "Similar interest and income" or "Similar interest and charges" items (net interest income) by the effective interest rate method. Interest on financial assets at the effective rate available for sale is also recognised in the net interest income as well as financial assets and liabilities at fair value through profit and loss.

The effective interest rate corresponds to the rate that discounts estimated future payments or receipts over the expected life of the financial instrument (or, when appropriate, for a shorter period) to the net present balance sheet value of the financial asset or liability.

In determining the effective interest rate, the Bank estimates future cash flows considering all the financial instrument's contractual terms (e. g., prepayment options), not considering future impairment losses. The calculation includes commissions paid or received considered to be an integral part of the effective interest rate, transaction costs and all premiums or discounts directly related to the transaction, except for financial assets and liabilities at fair value through profit and loss.

In the case of financial assets or groups of similar financial assets for which impairment losses have been recognised, the interest recorded in the profit and loss is determined based on the interest rate used to discount future cash flows when measuring the impairment loss.

Interest income recognised in profit and loss associated with contracts classified under Stage 1 or Stage 2 is determined by applying the effective interest rate for each contract on its gross balance sheet value, which corresponds to its amortised cost, before deduction of the corresponding impairment. For financial assets included under Stage 3, interest is recognised as profit and loss based on its net impairment book value. Interest is always recognised on a prospective basis, i.e. for financial assets that enter Stage 3, interest is recognised on the amortised cost (net of impairment) in subsequent years.

For derivative financial instruments, other than those classified as hedging instruments for interest rate risk, the interest component is not separated from changes in its fair value, being classified as Profit and loss on assets and liabilities valued at fair value through profit and loss. For interest rate risk hedging derivatives and associated with financial assets or financial liabilities recognised in the Fair Value Option category, the interest component is recognised under "Interest and similar income" or "Interest and similar charges" (net interest income).

2.18 DIVIDEND RECOGNITION

Dividends (income from equity instruments) are recognised in profit and loss when the right to receive them is attributed.

2.19 RECOGNITION OF SERVICES AND COMMISSIONS INCOME

Income from services and commissions is recognised according to the following criteria:

- when they are obtained as the services are provided, their recognition in profit and loss is made in the period to which they refer;
- when they result from the provision of services, their recognition is made when the service is completed.

When they are an integral part of a financial instrument's effective interest rate, income from services and commissions is recorded in the net interest income.

2.20 FIDUCIARY ACTIVITIES

Assets held under fiduciary activities are not recognised in the Bank's financial statements. The profit and loss obtained with services and commissions from these activities is recognised in the income statement in the period in which they occur.

2.21 PROFIT AND LOSS ON FINANCIAL TRANSACTIONS

Income from financial operations includes gains and losses from financial assets and liabilities at fair value through profit and loss, including embedded derivatives and dividends associated with these portfolios.

This profit and loss also includes capital gains from the sales of financial assets at fair value through other comprehensive income. Changes in the fair value of hedge derivatives and hedged instruments, when applicable to fair value hedging relationships, are also recognised here.

2.22 CASH AND CASH EQUIVALENTS

For the statement of cash flows and their equivalents, they include the amounts recorded in the balance sheet with a maturity of less then three months from the balance sheet date and with a reduced risk of change of fair value, which includes cash and balances with other credit institutions. Cash and cash equivalents exclude mandatory deposits made with Central Banks.

2.23 FINANCIAL AND PERFORMANCE GUARANTEES AND COMMITMENTS

Financial guarantees are contracts which oblige the Bank to make specified payments in order to reimburse the holder for a loss incurred because a debtor failed to make a payment. Commitments are firm commitments to provide credit under predetermined conditions.

Performance guarantees are contracts that result in the compensation of one of the parties if said party fails to comply with the contractual obligation. Performance guarantees are initially recognised at fair value, which is normally evidenced by the value of the commissions received during the term of the contract. At the time of breach of contract, the Bank has the right to reverse the guarantee, the amounts being recognised under Credit to Customers, after the transfer of loss compensation to the beneficiary of the guarantee has taken place.

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, with the initial fair value being amortised over the useful life of the guarantee or commitment. Subsequently, the liability is recorded at the higher of the amortised value and the present value of any expected settlement payment.

2.24 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit and loss attributable to the Bank's shareholders by the weighted average number of outstanding common shares, excluding the average number of own shares held by the Bank.

For diluted earnings per share, the average number of outstanding common shares is adjusted to reflect the effect of all potential common shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion to shares decreases the earnings per share.

If earnings per share change as a result of a premium or discount being issued, or if another event changes the potential number of common shares or if there are changes in the accounting policies, the earnings per share calculation for all periods presented are adjusted retrospectively.

NOTE 3
MAIN ESTIMATES AND JUDGMENTS USED IN THE PREPARATION OF FINANCIAL STATEMENTS

The IFRS establish a series of accounting treatments and require the Board of Directors to make judgments and make the necessary estimates to decide which accounting treatment is most appropriate. The main accounting estimates and judgments 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 Bank's reported profit and loss and related 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 many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the profit and loss reported by the Bank could be different if a different treatment were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present the Bank's financial position and the results of its operations in all material respects in a true and appropriate manner.

3.1 FAIR VALUE OF DERIVATIVE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

The fair value is based on market quotations, when available. In the absence of quotation, said value is determined using prices from similar recent transactions carried out under market conditions, or using valuation methodologies based on discounted future cash flow techniques taking into consideration market conditions, time value, profitability curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a given model could give rise to different financial results from those reported in Notes 7 and 8.

3.2 IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST OR AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

The determination of impairment losses for financial assets involves judgments and estimates regarding the following aspects, among others:

a) Significant increase in credit risk:

Impairment losses correspond to expected losses in the event of default within a 12-month timeframe, for Stage 1 assets, and expected losses considering the probability of a default event occurring at some point up to the financial instrument's maturity date, for Stage 2 and Stage 3 assets. An asset is classified as being a Stage 2 asset whenever there is a significant increase in the corresponding credit risk since its initial recognition. When assessing the existence of a significant increase in credit risk, the Bank takes into account qualitative, quantitative, reasonable and sustainable information.

In September 2020, the international rating agencies Moody's and Fitch Ratings reduced the Republic of Angola's sovereign debt rating, reflecting the deterioration of the international market's perception of the Angolan economy. In the notes published by the rating agencies, the negative impacts of the sharp drop in fuel price, the COVID-19 pandemic, the progressive devaluation of the Kwanza, as well as the high public debt, factors that, according to these entities, put the Angolan economy in a fragile situation increasing the risk of a default event.

Regarding the criteria for allocation to the impairment stages:

- the contextualization and analysis of the evolution of the Angolan economy over the last decade, namely the evolution of the macroeconomic indicators, shows that the most pronounced deterioration of the economy happened in 2016;
- the Bank assesses whether the profitability associated with the risk is adjusted to the issuer's risk and if it is within the limits defined in the Bank's risk profile. If these two criteria are met, the financial instruments may be classified as Stage 1.
- the transition of positions to the other stages is determined by observing a default event (Stage 3 classification) or by the deterioration of the counterparty's rating level (Stage 2 classification), namely:
  - there is a significant increase in credit risk for securities issued before 23 September 2016, corresponding to the date on which, until 31 December 2020, there is a decrease of 3 notches in, at least, two rating agencies (Moody's and Fitch), which implies transfer of these assets from Stage 1 to Stage 2 of impairment, and the application of PD according to the residual maturity of the title and a LGD of 60 %;
  - it is considered that there is no significant increase in the credit risk for securities originated after 23 September 2016, which implies the maintenance of operations in Stage 1, and the investment of PD at 12 months of 11.325 % and a Loss Given Default ("LGD") of 60 % according to the study, that is, an impairment rate of 6.795 % (estimated loss at 12 months).
- exposures relating to Sovereigns noted as investment grade by recognised agencies may qualify as a valid criterion for the application of the exemption from the Low Risk criterion, thus qualifying for 12-month loss clearance. The transition from low risk positions to the other stages would be determined by the observation of a default event (Stage 3 classification) or by the counterparty being assigned a non-investment grade rating (Stage 2 classification).
- regarding assets with Angolan State risk and considering the aforementioned:
  - securities acquired before 23 September 2016 are classified as Stage 1;
  - securities acquired after 23 September 2016 are classified as Stage 2;

If there is a default event by the Angolan State, confirmed by the National Bank of Angola, the debt will move to Stage 3.

b) Definition of asset groups with common credit risk characteristics:

When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of credit risk characteristics on a regular basis to assess whether it maintains its similarity. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, the asset segmentation is reviewed. This review may result in the creation of new portfolios or in the transfer of assets to existing portfolios that better reflect their credit risk characteristics.

c) Probability of default:

The probability of default represents a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given time period, which is calculated based on historical data, assumptions and expectations about future conditions.

d) Loss given default:

Corresponds to an estimate of loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, via cash flows generated by the customer's business or credit collateral. The determination of the loss estimate given the default is based, among other aspects, on the different recovery scenarios, historical information, costs involved in the recovery process and estimated valuation of collateral associated with credit operations.

The Bank periodically reviews financial instruments in order to assess the existence of impairment losses, as referred to in the accounting policy described in Note 2.3.

Alternative methodologies and the use of other assumptions and estimates could result in different levels of impairment losses recognised and reported in Notes 5, 6 and 9, with the consequent impact on the Bank's profit and loss.

e) Models and assumptions used:

The Bank uses several models and assumptions to measure the estimate of expected credit losses. The judgement is applied in the identification of the most appropriate model for each asset typology and in the determination of the assumptions used in these models. In addition, in compliance with the IFRS 9 regulation, which explains the need for the impairment result to consider multiple scenarios, an incorporation methodology of cenarization in risk parameters was implemented. Thus, the collective impairment calculation considers several scenarios with a specific weighting, based on the internal methodology defined on scenarios - definition of multiple perspectives of macroeconomic developments, with a relevant probability of occurrence.

3.3 TAX ON PROFITS

To determine the overall amount of taxes on profits, it was necessary to make certain interpretations and estimates. There are several transactions and calculations for which the determination of taxes payable is uncertain during the normal business cycle, with emphasis on the aspects set out in Note 2.15, arising from the new wording of Law No. 26/20 of 20 July, namely, (i) costs/income with potential/realised currency valuations, (ii) costs with impairment losses on secured credits and (iii) costs with Property Tax, as well as the assumptions made by the Bank in determining income tax for the fiscal year and deferred taxes, still subject to ratification by the General Tax Authority.

Other interpretations and estimates could result in a different level of income taxes, current and deferred, recognised in the fiscal year and presented in Note 14.

The Tax Authorities can review the calculation of the tax base carried out by the Bank over a period of five years. Thus, it is possible that corrections to the tax base may occur primarily as a result of differences in the interpretation of tax legislation. Due to its probability, the Board of Directors considers that they will not have a materially relevant effect in the financial statements.

3.4 PROPERTIES RECEIVED IN LIEU OF PAYMENT

The Bank classifies properties held as credit recovery under the "Non-current assets held for sale" item (Note 11) when there is an expectation of sale within a maximum of one year and under the "Other assets" item (Note 15) when this period is exceeded. Properties are initially measured at the lower of their fair value net of selling costs and the book value of the existing credit at the date the asset is given in lieu of payment or legal settlement of the asset judicially acquired.

As stated in Note 2.12, these properties' evaluations are carried out according to one, or to a combination, of the following methodologies, applied according to the specific situation of the property: market, yield or cost method.

The evaluations are carried out by independent entities specialised in this type of services. The appraisal reports are analysed internally to assess the adequacy of the processes, comparing the sale values with the revalued values of the properties. The Bank adjusts the market value of independent appraisers' valuations by applying a 20 % haircut to reflect immediate sales value and 5 % sales costs. These percentages are in line with the Bank's experience and with the regulator's guidelines in the Asset Quality Assessment programme.

These properties' evaluations are carried out according to one of the following methodologies, applied according to the specific situation of the property:

i. Market Method

The Market Method uses as reference the values of real estate transactions of similar and comparable properties to the one object of this study, obtained through a market study carried out in the area.

ii. Yield Method

This method aims to estimate the value of the property based on the capitalization of its net income, updated to the present moment, using the discounted cash flow method.

iii. Cost Method

The Cost Method aims to reflect the amount that would, currently, be required to replace the asset in its current conditions, breaking down the value of the property into its fundamental components: Urban Land Value and Urbanity Value; Construction Value; and Indirect Costs Value.

NOTE 4
CASH AND DEPOSITS AT CENTRAL BANKS

This item has the following amounts breakdown:

AOA'000

	31-12-2020	31-12-2019
Cash	**6 305 847**	**6 277 429**
In national currency	**3 776 514**	**4 165 032**
In foreign currency	**2 529 333**	**2 112 397**
In EUR	1 960 902	1 864 795
In USD	415 627	130 588
In GBP	150 759	115 435
In ZAR	1 402	1 084
In NAD	644	495
Demand deposits at BNA	**23 060 370**	**36 706 912**
In national currency	12 937 660	28 437 237
In foreign currency USD	9 577 430	413 252
In foreign currency EUR	545 280	7 856 423
Total	**29 366 217**	**42 984 341**

The "Cash and deposits at central banks" item includes deposits made with the National Bank of Angola ("BNA") in order to meet the legal requirements regarding the establishment and maintenance of mandatory reserves. Demand deposits are not remunerated.

As at 31 December 2020, mandatory reserves are calculated in accordance with Directive No. 04/DMA/DRO/2020 of 6 October, which repealed Directive No. 08/DMA/DRO/2019 of 24 October, which provides for a reserve base in national and foreign currency, whose coefficient to be applied on the daily balances of the items that make up the reserve base defined in paragraph 2 of Instruction No. 16/2020 of 2 October is 22 % for national currency and 17 % for foreign currency. The Mandatory Reserve coefficient to be applied to the daily balances of the accounts of the Central Government, Local Governments and Municipal Administrations is 100 % for foreign currency.

As at 31 December 2020, the amount of up to 80 % of assets representing the value of credit disbursements in national currency granted to projects in the agricultural, livestock, forestry and fisheries sectors may be deducted from the national currency chargeability, provided their residual maturity is greater than or equal to 24 months, as well as the entire credit granted pursuant to Notice No. 10/2020 of 1 April, on the granting of credit to the real sector of the economy, whatever the residual maturity may be.

According to Instruction No. 16/2020 of 2 October (which revoked Instruction No. 17/2019 of 24 October), in force since 2 October 2020, combined with Directive No. 04/DMA/2020 of 6 October, the reserve requirement may be constituted at 2 % with the amounts deposited with the National Bank of Angola and 80 % in Treasury Bonds in foreign currency.

NOTE 5
CASH AND DEPOSITS AT OTHER CREDIT INSTITUTIONS

The "Cash and deposits at other credit institutions" item has the following breakdown by nature:

AOA'000

	31-12-2020	31-12-2019
In Credit institutions abroad	**10 774 431**	**14 828 899**
In EUR	5 240 881	9 143 094
In USD	5 503 541	5 578 923
In ZAR	20 159	66 435
In GBP	9 850	40 447
Credits in the payment system	**2 486 348**	**1 218 024**
Checks to collect	**389**	**10 293**
Impairment (Note 11)	**(811)**	**(304)**
Total	**13 260 357**	**16 056 912**

As at 31 December 2020 and 2019, the balance of the "Credits in the payment system" item refers to Visa and Mastercard cards presented for clearing in the sessions of the business days following the financial statements reference date.

As at 31 December 2020 and 2019, the Cash and deposits at other credit institutions are not remunerated.

NOTE 6
INVESTMENTS IN CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 31 December 2020 and 2019, this item has the following breakdown:

AOA'000

	31-12-2020	31-12-2019
Investments in domestic credit institutions	**1 300 000**	**-**
Liquidity transfers	1 300 000	-
Accrued interest	356	-
Accumulated impairment	**(91 358)**	**-**
Investments in credit institutions abroad	**69 105 393**	**59 151 651**
Collateral deposits	53 582 931	5 456 803
Liquidity transfers	15 503 180	53 624 822
Accrued interest	19 282	70 026
Accumulated impairment	**(33 984)**	**(25 310)**
Total	**70 280 407**	**59 126 341**

As at 31 December 2020, investments in credit institutions in the country refer to a liquidity provision to Banco Sol in the amount of mAOA 1 300 000, maturing on 4 January 2021.

As at 31 December 2020, the investments in credit institutions abroad are remunerated at an average interest rate of 0.72 % (1.36 % as at 31 December 2019).

As at 31 December 2020 and 2019, the phasing of investments in central banks and other credit institutions by maturities is as follows:

AOA'000

	31-12-2020	31-12-2019
Up to 3 months	20 018 859	30 906 495
Between 3 and 6 months	40 469 340	1 932 303
From 6 months to 1 year	9 792 208	26 287 543
Total	**70 280 407**	**59 126 341**

As at 31 December 2020 and 2019, the phasing of investments in credit institutions, including collateral deposits, liquidity provision and accrued interest in credit institutions abroad is as follows:

AOA'000

	31-12-2020	31-12-2019
Commerzbank	34 446 081	36 912 169
Byblos Bank Europe S.A.	15 343 260	7 005 446
Banco de Negócio Internacional Europa, S.A.	9 822 133	8 319 834
United Overseas Bank Limited Singapore	6 869 901	4 974 576
Firstrand Bank Ltd Head Office	1 974 414	1 457 399
PNC Bank Mcard	649 604	482 227
Total of investments in credit institutions abroad	**69 105 393**	**59 151 651**

As at 31 December 2020 and 2019, the phasing of investments in credit institutions, including collateral deposits, liquidity provision and accrued interest, by currency, in credit institutions abroad is as follows:

AOA'000

	31-12-2020	31-12-2019
In USD	61 121 103	53 743 485
In EUR	7 984 290	5 408 166
Total of investments in credit institutions abroad	**69 105 393**	**59 151 651**

NOTE 7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

As at 31 December 2020, the Bank recorded the shareholding valuation in the Omega Fund ("Fund") under the "Financial assets at fair value through profit and loss" item.

The Omega Fund was registered on 27 October 2020, having the BNI Asset Management, SGOIC, S.A. as its Management Company and trader, both recognised by the Capital Market Commission. The Fund's objective is to achieve, in a medium- and long-term perspective, an increasing capital appreciation, through the constitution and management of a portfolio of predominantly real estate assets. The Fund's real estate investments are in accordance with the criteria defined by the Management Company and within the legal and regulatory limits. The Fund will direct its investment towards the acquisition of real estate assets, namely: acquisition of properties or stand-alone units for housing, trade, services, warehouses and industrial buildings, as well as surface rights, with the objective of promoting allotment, construction and development of real estate projects.

The Fund may, in accordance with the applicable law, acquire real estate assets in joint ownership as well as in real estate companies and shares in other Real Estate Collective Investment Undertakings. The Fund's assets may include cash, bank deposits, shares in open-ended treasury securities investment funds and securities issued or guaranteed by the State with a residual maturity of less than 12 months.

On 27 October 2020, as part of a capital increase, BNI subscribed to 6 000 Fund shares in the amount of mAOA 6 000 000 per entry in the form of a property. The property in question was appraised by three property appraisers registered with the Capital Market Commission, the average appraisal being the value considered for the definition of the Fund's entry value.

In accordance with the accounting policy described in Note 2.3, the financial assets at fair value through profit and loss are those acquired with the objective of being traded in the short-term regardless of their maturity and those that do not meet the SPPI criterion (solely payments of principal and interest).

As at 31 December 2020, the financial assets measured at fair value through profit and loss have the following appreciation levels:

	Level 1	Level 2	Level 3	Total
Omega Fund	-	5 994 417	-	5 994 417

In the analysis of the table above, the following assumptions were used:

- active market quotes **(Level 1)**: if there is a price quoted in an active market for an asset or liability, a entity must use that price without adjustment when measuring fair value. It is based on mark-to-market prices in a narrow sense, i.e. if there are assets or liabilities in an active market that are identical to those under analysis, that value is used as a reference to value the element in question.
- valuation methods and techniques based on market data **(Level 2)**: financial instruments that are not traded on an active market or that are valued using valuation methods based on market data for financial instruments with identical characteristics are considered at this level. If there are assets or liabilities with characteristics that directly or indirectly identify with the element to be measured, this value is used as a reference, adjusting it according to the specificities of the asset or liability in question.
- valuation methods and techniques based on non-observable market data **(Level 3)**: this level, in turn, is only used when there is no active market for the elements under evaluation, nor is there recent market information available, being valued using variables that are not observable in the market. As such, the Bank used the available information.

On 31 December 2020, BNI recorded a loss in the amount of mAOA 5 583 as a result of the devaluation of the Omega Fund under "Income from financial assets and liabilities measured at fair value through profit and loss" (Note 26).

NOTE 8
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The exposure value recognised under this item corresponds to the Bank's participation in EMIS and Aliança Seguros, both measured at historical cost.

AOA'000

	31.12.2020			
	Currency	Acquisition cost	Fair value adjustments	Balance Sheet value
Aliança Seguros	AOA	99 850	249 625	349 475
EMIS- Empresa Interbancária de Serviços SARL	AOA	88 189	31 901	120 090
Total		**188 039**	**281 526**	**469 565**

AOA'000

	31.12.2019			
	Currency	Acquisition cost	Fair value adjustments	Balance Sheet value
Aliança Seguros	AOA	99 850	-	99 850
EMIS- Empresa Interbancária de Serviços SARL	AOA	88 189	-	88 189
Total		**188 039**	**-**	**188 039**

In accordance with the accounting policy described in Note 2.3, the Bank's Board of Directors considered that, taking into account the absence of transactions (illiquidity) and available market information, the best fair value estimate of the shareholdings would be at historical cost. The variation in the shareholding value results from the capital increases/decreases that occur during the year.

On 17 March 2020, an ordinary general meeting of Aliança Seguros was held, attended by representatives of all company shareholders, with a share capital increase of mAOA 1 322 270 being approved. The strengthening of the Company's Share Capital occurred as at the date of the financial report of 31 December 2019, due to the devaluation of the Kwanza, the share capital was not in accordance with Article 1 of Executive Decree No. 70/06 of 7 June of the Ministry of Finance. This decree defines that insurance companies that jointly exploit Life and Non Life insurances must have a share capital greater than the equivalent of mUSD 10 000. It should be noted that BNI holds 9.985 % of Aliança Seguros and that the capital increase was paid-up in 2020.

NOTE 9
INVESTMENTS AT AMORTISED COST

As at 31 December 2020 and 2019, this item had the following breakdown:

AOA'000

	31-12-2020	31-12-2019
Treasury Bonds	**130 777 584**	**122 836 589**
In national currency	103 318 823	102 452 854
In foreign currency - USD	27 458 761	20 383 735
Accrued interest	**1 882 721**	**2 122 387**
Accumulated impairment	**(10 509 627)**	**(1 930 879)**
Total	**122 150 678**	**123 028 097**

As at 31 December 2020 and 2019, this item corresponds in its entirety to Treasury Bonds issued by the Angolan State.

On 31 December 2020 and 2019, the Bank classifies the Treasury Bonds recorded under "Investments at amortised cost - Treasury Bonds" in this portfolio, since they comply with the SPPI requirements and the associated business model consists of collecting the contractual cash flows.

On 31 December 2020, there was an increase in the "Treasury Bonds in foreign currency - USD" item, mainly due to the devaluation of the Kwanza against the U.S. Dollar, observed during the year.

In September 2020, the international rating agencies Moody's and Fitch Ratings reduced the Republic of Angola's sovereign debt rating, reflecting the deterioration of the international market's perception of the Angolan economy. In the notes published by the rating agencies, the negative impacts of the sharp drop in fuel price, the COVID-19 pandemic, the progressive devaluation of the Kwanza, as well as the high public debt, factors that, according to these entities, put the Angolan economy in a fragile situation increasing the risk of a default event.

Within the scope of Directive No. 13/DSB/DRO/2019, Moody's 'Sovereign default and recovery rates' studies were adopted as a reference in the Angolan banking system and in the Bank's accounting policy for the calculation of impairment of public debt securities. The Study published on 9 September 2020 by this agency, Moody's "Sovereign default and recovery rates, 1983-2019", reduces the Angola's sovereign debt credit rating from B3 to Caa1, resulting in an increase of the LGD and PD to 60 % according to their residual maturities.

In accordance with the accounting policy described in Note 2.3, and considering that the assessment of the significant increase in credit risk for the determination of the stage of parity should be based on the date of origination of the assets, in view of the information available on 31 December 2020, the Bank concluded that:

- the contextualization and analysis of the evolution of the Angolan economy over the last decade, namely the evolution of the macroeconomic indicators, shows that the most pronounced deterioration of the economy happened in 2016;
- there is a significant increase in credit risk for securities issued before 23 September 2016, corresponding to the date on which, until 31 December 2020, there is a decrease of 2 notches in, at least, two rating agencies (Moody's and Fitch), which implies transfer of these assets from Stage 1 to Stage 2 of impairment, and the investment of PD according to the residual maturity of the title and a LGD of 60 %;
- it is considered that there is no significant increase in the credit risk for securities originated after 23 September 2016, which implies the maintenance of operations in Stage 1, and the investment of PD at 12 months of 11.325 % and a Loss Given Default ("LGD") of 60 % according to the study, that is, an impairment rate of 6.795 % (estimated loss at 12 months).

It is considered that the origin date of the portfolio's securities on the reporting date is after 23 September 2016, the Bank concluded by maintaining the operations in stage 1, considering an implicit impairment rate of 6,795 % (PD of 11.325 % and LGD of 60 %), with an increase in credit risk compared to the previously considered implicit impairment rate of 1.545% (PD of 2.619 % and LGD of 59 %). The impact resulting from this event culminated with the reinforcement of impairment losses in the 2020 fiscal year in the amount of mAOA 8 578 748, recorded under the "Impairment for financial assets at amortised cost" item in the income statement.

The Bank considered that all operations with an acquisition date prior to the first downgrade of Angola's Sovereign Debt rating, that is, 23 September 2016, are classified as Stage 2, the remaining operations remain as Stage 1, as described in the accounting policy 2.3

As at 31 December 2020 and 2019, investments at amortised cost have the following residual maturity periods:

AOA'000

	31-12-2020	31-12-2019
Less than 1 month	-	7 932 141
Between 1 and 3 months	893 984	6 153 830
Between 3 and 6 months	4 271 026	5 994 312
From 6 months to 1 year	9 497 523	1 075 719
Between 1 and 3 years	32 766 998	39 045 848
Between 3 and 5 years	39 407 142	8 122 818
More than 5 years	35 314 005	54 703 429
Investments at amortised cost	**122 150 678**	**123 028 097**

NOTE 10
CREDIT TO CUSTOMERS

As at 31 December 2020 and 2019, this item had the following breakdown:

AOA'000

	31-12-2020	31-12-2019
In national currency		
Business and public sector	135 306 310	93 237 998
Individuals	7 508 300	6 791 090
In foreign currency		
Business and public sector	29 514 424	22 994 955
Individuals	1 685 909	1 376 980
	174 014 943	**124 401 023**
Credit impairment	**(47 488 161)**	**(36 977 601)**
Total	**126 526 782**	**87 423 422**

As at 31 December 2020 and 2019, the phasing of gross customers credit by residual maturity terms is as follows:

AOA'000

Residual maturity	31-12-2020	31-12-2019
Up to 30 days	28 536 560	21 021 338
Between 30 and 90 days	4 854 246	189 467
Between 90 and 180 days	1 013 332	7 911 622
Between 180 and 365 days	9 276 622	7 979 150
Between 1 to 2 years	30 004 237	30 359 319
Between 2 to 5 years	49 863 386	28 605 927
More than 5 years	50 466 560	28 334 194
Total	**174 014 943**	**124 401 023**

As at 31 December 2020 and 2019, the due and overdue credit granted to Customers, excluding income to be received, has the following breakdown:

AOA'000

Residual maturity	31-12-2020	31-12-2019
Customers - credit		
Overdue credit	166 752 698	113 085 296
Overdue credit	7 262 245	11 315 727
Total	**174 014 943**	**124 401 023**

As at 31 December 2020 and 2019, the detail of the gross credit exposure amount and the impairment amount constituted for the exposures analysed individually and collectively by sector of activity is as follows:

		31-12-2020		31-12-2019	
Sector		Individual Analysis	Collective Analysis	Individual Analysis	Collective Analysis
Companies					
Agriculture, animal production, hunting and forestry	Total Exposure	987 573	193 166	-	861 280
	Impairment	(26 082)	(19 839)	-	(30 567)
Extractive industries	Total Exposure	10 132 081	80 489	4 151 049	5 610
	Impairment	(1 153 823)	(4 350)	(3 385 104)	(157)
Manufacturing industries	Total Exposure	6 561 547	278 666	9 240 650	227 734
	Impairment	(701 057)	(36 235)	(3 151 557)	(32 129)
Food, beverage and tobacco industries	Total Exposure	-	-	38	903
	Impairment	-	-	-	(26)
Base metallurgical and metal products industries	Total Exposure	-	-	-	617
	Impairment	-	-	-	(70)
Production and distribution of electricity, gas and water	Total Exposure	-	21 861	-	28 990
	Impairment	-	(2 245)	-	(3 271)
Construction	Total Exposure	26 381 176	308 665	16 922 889	294 156
	Impairment	(11 517 428)	(30 093)	(10 389 696)	(21 593)
Wholesale and retail	Total Exposure	25 623 242	3 667 077	21 763 939	4 954 833
	Impairment	(13 889 548)	(810 235)	(11 396 052)	(535 991)
Accommodation and catering (restaurants and similar)	Total Exposure	-	74 149	6 593 379	704 858
	Impairment	-	(3 863)	(64 348)	(109 002)
Transport, storage and communications	Total Exposure	12 283 455	681 652	7 352 365	1 778 131
	Impairment	(3 212 695)	(155 049)	(1 370 530)	(110 856)
Financial activities	Total Exposure	8 517 305	556 759	7 325 393	2 629
	Impairment	(5 593 222)	(4 121)	(3 926 734)	(74)
Real estate activities, rentals and services provided to companies	Total Exposure	11 961 511	2 513 574	8 885 657	2 223 678
	Impairment	(320 768)	(799 904)	(256 937)	(80 264)
Education	Total Exposure	3 289 173	1 401 400	-	748 798
	Impairment	(79 315)	(36 058)	-	(19 983)
Computer and related activities	Total Exposure	4 082 183	679 608	-	-
	Impairment	(98 561)	(16 379)	-	-
Health	Total Exposure	-	42 845	-	55 030
	Impairment	-	(4 405)	-	(6 177)
Other collective, social and personal service activities	Total Exposure	32 864 049	952 755	10 448 464	188 043
	Impairment	(4 350 287)	(129 164)	(1 019 392)	(58 400)
International organizations and other extraterritorial institutions	Total Exposure	-	6 012	-	5 946
	Impairment	-	(6 012)	-	(5 946)
Public administration, defence and compulsory social security	Total Exposure	10 582 901	95 858	11 372 641	95 253
	Impairment	(1 737 795)	(6 522)	(188 840)	-
Private					
Consumption	Total Exposure	492 882	4 191 818	387 289	3 365 771
	Impairment	(101 513)	(900 764)	(19 487)	(227 576)
Housing	Total Exposure	-	3 085 759	-	2 032 049
	Impairment	-	(724 139)	-	(170 117)
Other Purposes	Total Exposure	-	1 423 751	637	2 382 324
	Impairment	-	(1 016 691)	(32)	(396 692)
Total	**Total Exposure**	**153 759 078**	**20 255 865**	**104 444 390**	**19 956 633**
	Impairment	**(42 782 094)**	**(4 706 067)**	**(35 168 709)**	**(1 808 891)**

As at 31 December 2020 and 2019, the detail of the gross credit exposure amount and the impairment amount by risk segment is as follows:

31-12-2020

	Total Exposure									Impairment			
Segment	Total Exposure	Stage Credit 1	Of which cured	Stage Credit 2	Of which cured	Of which restructured	Stage Credit 3	Of which cured	Of which restructured	Total impairment	Stage Credit 1	Stage Credit 2	Stage Credit 3
Company	155 460 995	33 289 799	-	86 166 742	-	26 616 286	36 004 454	-	8 140 069	(44 104 721)	(957 835)	(36 632 741)	(6 514 145)
Public entity	9 359 738	9 359 738	3 862 599	-	-	-	-	-	-	(640 333)	(640 333)	-	-
Employee	1 977 254	1 850 017	-	55 759	-	8 236	71 478	-	16 092	(70 468)	(28 265)	(5 738)	(36 465)
Private - Rents product	4 713 692	1 785 363	7 195	794 872	-	649 279	2 133 457	-	651 130	(1 666 406)	(48 633)	(474 212)	(1 143 561)
Private - Revolving product	2 503 264	212 993	-	2 290 005	16	-	266	-	-	(1 006 233)	(62 259)	(943 855)	(119)
Total	**174 014 943**	**46 497 910**	**3 869 794**	**89 307 378**	**16**	**27 273 801**	**38 209 655**	**-**	**8 807 291**	**(47 488 161)**	**(1 737 325)**	**(38 056 546)**	**(7 694 290)**

31-12-2019

	Total Exposure									Impairment			
Segment	Total Exposure	Stage Credit 1	Of which cured	Stage Credit 2	Of which cured	Of which restructured	Stage Credit 3	Of which cured	Of which restructured	Total impairment	Stage Credit 1	Stage Credit 2	Stage Credit 3
Company	104 765 059	13 490 314	256 798	58 268 828	28 757 118	15 754 690	33 005 917	12 508 648	13 767 752	(35 974 856)	(411 817)	(30 461 174)	(5 101 865)
Public entity	11 467 894	11 467 894	-	-	-	-	-	-	-	(188 840)	(188 840)	-	-
Employee	2 383 118	2 333 040	20 916	33 030	-	2 435	17 048	17 048	17 048	(37 561)	(27 243)	(4 128)	(6 190)
Private - Rents product	3 477 030	1 903 855	33 110	146 481	19 348	52 332	1 426 694	51 952	202 524	(383 416)	(40 231)	(40 328)	(302 857)
Private - Revolving product	2 307 922	226 747	12	2 078 920	767	-	2 255	-	-	(392 928)	(72 791)	(318 894)	(1 243)
Total	**124 401 023**	**29 421 850**	**310 836**	**60 527 259**	**28 777 233**	**15 809 457**	**34 451 914**	**12 577 648**	**13 987 324**	**(36 977 601)**	**(740 922)**	**(30 824 524)**	**(5 412 155)**

Below is the distribution of credit exposures according to the form of impairment determined as at 31 December 2020 and 2019.

31-12-2020

	Impairment Stages			
Credit to customers	Stage 1	Stage 2	Stage 3	Total
With impairment attributed based on Individual Analysis				
Total Exposure	39 865 235	81 505 533	32 388 310	153 759 078
Impairment	(1 522 390)	(36 199 107)	(5 060 597)	(42 782 094)
With impairment attributed based on Collective Analysis				
Total Exposure	6 632 675	7 801 845	5 821 345	20 255 865
Impairment	(214 935)	(1 857 439)	(2 633 693)	(4 706 067)
Total	**44 760 585**	**51 250 832**	**30 515 365**	**126 526 782**

31-12-2019

	Impairment Stages			
Credit to customers	Stage 1	Stage 2	Stage 3	Total
With impairment attributed based on Individual Analysis				
Total Exposure	19 985 004	52 268 656	32 063 984	104 317 644
Impairment	(468 731)	(30 088 551)	(4 611 427)	(35 168 709)
With impairment attributed based on Collective Analysis				
Total Exposure	9 436 846	8 258 603	2 387 930	20 083 379
Impairment	(272 191)	(735 973)	(800 728)	(1 808 892)
Total	**28 680 928**	**29 702 735**	**29 039 759**	**87 423 422**

As at 31 December 2020 and 2019, the table below shows the amount of overdue credit by impairment stages and time of seniority of the first delay.

	Year 2020			
	Impairment Stages			
Overdue credit and interest	Stage 1	Stage 2	Stage 3	Total
With impairment attributed on individual analysis	-	-	5 776 339	5 776 339
With impairment attributed on collective analysis	6 801	35 129	1 443 976	1 485 906
Total	**6 801**	**35 129**	**7 220 315**	**7 262 245**

	Year 2020				
	Default class				
Overdue credit and interest	Overdue credit up to 30 days	Overdue credit between 30 and 90 days	Overdue credit between 90 and 180 days	Overdue credit for more than 180 days	Total
With impairment attributed on individual analysis	-	52 515	-	5 723 823	5 776 338
With impairment attributed on collective analysis	9 096	1 390	14 352	1 461 069	1 485 907
Total	**9 096**	**53 905**	**14 352**	**7 184 892**	**7 262 245**

	Year 2019			
	Impairment Stages			
Overdue credit and interest	Estágio 1	Estágio 2	Estágio 3	Total
With impairment attributed on individual analysis	-	223 520	9 300 350	9 523 870
With impairment attributed on collective analysis	929	88 579	1 702 348	1 791 856
Total	**929**	**312 099**	**11 002 698**	**11 315 727**

	Year 2019				
	Default class				
Overdue credit and interest	Overdue credit up to 30 days	Overdue credit between 30 and 90 days	Overdue credit between 90 and 180 days	Overdue credit for more than 180 days	Total
With impairment attributed on individual analysis	223 520	-	-	9 300 350	9 523 871
With impairment attributed on collective analysis	2 536	90 729	438 156	1 260 435	1 791 856
Total	**226 056**	**90 729**	**438 156**	**10 560 785**	**11 315 727**

As at 31 December 2020 and 2019, the exposures and impairment details by segment and by interval of days of delay are as follows:

	Total Exposure 31-12-2020								
	Stage 1			Stage 2			Stage 3		
Segment	<= 30 days	> 30 days and <= 90 days	> 90 days	<= 30 days	> 30 days and <= 90 days	> 90 days	<= 30 days	> 30 days and <= 90 days	> 90 days
Company	33 289 799	-	-	78 400 479	5 909	7 760 354	28 331 677	52 550	7 620 227
Public entity	9 359 738	-	-	-	-	-	-	-	-
Employee	1 850 017	-	-	55 203	-	556	68 850	-	2 628
Private - Rents product	1 785 363	-	-	748 327	-	46 545	201 191	1 290	1 930 976
Private - Revolving product	212 993	-	-	2 290 005	-	-	266	-	-
Total	**46 497 910**	**-**	**-**	**81 494 014**	**5 909**	**7 807 455**	**28 601 984**	**53 840**	**9 553 831**

	Impairment Year 2020								
	Stage 1			Stage 2			Stage 3		
Segment	<= 30 days	> 30 days and <= 90 days	> 90 days	<= 30 days	> 30 days and <= 90 days	> 90 days	<= 30 days	> 30 days and <= 90 days	> 90 days
Company	(957 835)	-	-	(35 701 603)	(872)	(930 266)	(4 290 788)	(35 645)	(2 187 712)
Public entity	(640 333)	-	-	-	-	-	-	-	-
Employee	(28 265)	-	-	(5 676)	-	(62)	(35 198)	-	(1 267)
Private - Rents product	(48 633)	-	-	(461 105)	-	(13 107)	(87 724)	(556)	(1 055 281)
Private - Revolving product	(62 259)	-	-	(943 855)	-	-	(119)	-	-
Total	**(1 737 325)**	**-**	**-**	**(37 112 239)**	**(872)**	**(943 435)**	**(4 413 829)**	**(36 201)**	**(3 244 260)**

	Total Exposure 31-12-2019								
	Stage 1			Stage 2			Stage 3		
Segment	<= 30 days	> 30 days and <= 90 days	> 90 days	<= 30 days	> 30 days and <= 90 days	> 90 days	<= 30 days	> 30 days and <= 90 days	> 90 days
Company	13 490 313	-	-	58 266 297	2 424	108	19 957 032	-	13 048 885
Public entity	11 467 894	-	-	-	-	-	-	-	-
Employee	2 333 040	-	-	33 030	-	-	17 048	-	-
Private - Rents product	1 903 856	-	-	60 983	85 497	-	292 631	2 238	1 131 825
Private - Revolving product	226 747	-	-	2 078 920	-	-	2 255	-	-
Total	**29 421 851**	**-**	**-**	**60 439 231**	**87 921**	**108**	**20 268 966**	**2 238**	**14 180 710**

	Impairment Year 2019								
	Stage 1			Stage 2			Stage 3		
Segment	<= 30 days	> 30 days and <= 90 days	> 90 days	<= 30 days	> 30 days and <= 90 days	> 90 days	<= 30 days	> 30 days and <= 90 days	> 90 days
Company	(411 817)	-	-	(30 460 730)	(420)	(23)	(4 301 244)	-	(800 622)
Public entity	(188 840)	-	-	-	-	-	-	-	-
Employee	(27 243)	-	-	(4 128)	-	-	(6 190)	-	-
Private - Rents product	(40 231)	-	-	(6 742)	(33 587)	-	(171 697)	(1 588)	(129 571)
Private - Revolving product	(72 791)	-	-	(318 894)	-	-	(1 243)	-	-
Total	**(740 922)**	**-**	**-**	**(30 790 494)**	**(34 007)**	**(23)**	**(4 480 374)**	**(1 588)**	**(930 193)**

As at 31 December 2020 and 2019, the credit portfolio detail by segment and by year of concession of operations is as follows:

	31-12-2020								
	Company			Public entity			Collaborator		
Grant year	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2015 and earlier	185	61 055 177	(32 537 139)	1	95 858	(6 522)	25	315 610	(5 889)
2016	14	10 084 023	(5 204 421)	-	-	-	11	237 140	(6 335)
2017	11	6 513 963	(191 469)	2	5 401 281	(368 903)	8	82 572	(1 104)
2018	11	10 808 184	(2 466 543)	1	3 862 599	(264 908)	24	282 329	(10 798)
2019	39	6 005 071	(953 410)	-	-	-	99	751 472	(38 658)
2020	148	60 994 577	(2 751 739)	-	-	-	70	308 131	(7 684)
Total	**408**	**155 460 995**	**(44 104 721)**	**4**	**9 359 738**	**(640 333)**	**237**	**1 977 254**	**(70 468)**

31-12-2020

	Private - Rents product			Private - Revolving product					
Grant year	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2015 and earlier	695	1 906 983	(1 052 725)	2 136	2 252 712	(932 582)	3 042	65 626 340	(34 534 857)
2016	21	399 094	(183 977)	72	39 027	(11 804)	118	10 759 284	(5 406 537)
2017	18	262 859	(167 365)	33	1 614	(489)	72	12 262 289	(729 330)
2018	46	129 512	(23 407)	66	23 078	(7 000)	148	15 105 702	(2 772 656)
2019	69	1 111 619	(124 019)	157	78 584	(22 502)	364	7 946 746	(1 138 589)
2020	47	903 625	(114 913)	189	108 249	(31 856)	454	62 314 582	(2 906 192)
Total	**896**	**4 713 692**	**(1 666 406)**	**2 653**	**2 503 264**	**(1 006 233)**	**4 198**	**174 014 943**	**(47 488 161)**

31-12-2019

	Company			Public entity			Collaborator		
Grant year	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2015 and earlier	84	54 656 125	(27 438 040)	1	95 253	-	26	391 344	(4 739)
2016	14	7 405 190	(1 783 760)	-	-	-	8	41 955	(482)
2017	19	11 474 543	(3 812 794)	-	-	-	18	402 919	(6 129)
2018	17	7 261 904	(295 584)	2	6 712 064	(111 452)	10	103 087	(1 135)
2019	20	11 013 434	(1 830 378)	1	4 660 577	(77 388)	44	367 624	(11 438)
2020	106	12 953 863	(814 300)	-	-	-	137	1 076 189	(13 638)
Total	**260**	**104 765 059**	**(35 974 856)**	**4**	**11 467 894**	**(188 840)**	**243**	**2 383 118**	**(37 561)**

31-12-2019

	Private - Rents product			Private - Revolving product			Total		
Grant year	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2015 and earlier	26	757 568	(83 439)	2 113	1 981 564	(293 969)	137	57 881 854	(27 820 187)
2016	12	770 219	(34 688)	78	42 534	(13 849)	34	8 259 898	(1 832 779)
2017	20	420 811	(172 843)	100	52 637	(18 293)	57	12 350 910	(4 010 059)
2018	19	90 336	(36 183)	43	6 349	(2 126)	48	14 173 740	(446 480)
2019	54	217 938	(25 606)	137	93 388	(22 975)	119	16 352 961	(1 967 785)
2020	71	1 220 158	(30 657)	163	131 450	(41 716)	314	15 381 660	(900 311)
Total	**202**	**3 477 030**	**(383 416)**	**2 634**	**2 307 922**	**(392 928)**	**709**	**124 401 023**	**(36 977 601)**

As at 31 December 2020 and 2019, the detail of the gross credit exposure amount and the impairment amount by segment is as follows:

		Year 2020		Year 2019	
Segment		Individual Impairment	Collective Impairment	Individual Impairment	Collective Impairment
Company	Total Exposure	144 002 318	11 458 677	92 683 823	12 081 236
	Impairment	(42 046 770)	(2 057 951)	(34 960 350)	(1 014 506)
Public entity	Total Exposure	9 263 878	95 858	11 372 641	95 253
	Impairment	(633 811)	(6 522)	(188 840)	-
Employee	Total Exposure	-	1 977 254	-	2 383 118
	Impairment	-	(70 468)	-	(37 561)
Private - Rents product	Total Exposure	492 882	4 220 810	387 289	3 089 741
	Impairment	(101 513)	(1 564 893)	(19 487)	(363 929)
Private - Revolving product	Total Exposure	-	2 503 264	637	2 307 285
	Impairment	-	(1 006 233)	(32)	(392 896)
Total	**Total Exposure**	**153 759 078**	**20 255 865**	**104 444 390**	**19 956 633**
	Impairment	**(42 782 094)**	**(4 706 067)**	**(35 168 709)**	**(1 808 892)**

The impairment movements by stage occurred between 31 December 2018 and 31 December 2020 are presented as follows:

Impairment	Stage 1	Stage 2	Stage 3	Total
31.12.2018	**(408 400)**	**(25 253 550)**	**(3 859 665)**	**(29 521 615)**
Increases	(467 432)	(7 016 297)	(5 556 218)	(13 039 947)
Reversals	135 057	1 466 468	1 619 390	3 220 915
Uses	-	4 464 504	2 384 338	6 848 842
Exchange differences and other	(147)	(4 485 649)	-	(4 485 796)
31.12.2019	**(740 922)**	**(30 824 524)**	**(5 412 155)**	**(36 977 601)**
Increases	(1 250 570)	(9 799 431)	(4 121 632)	(15 171 633)
Reversals	131 503	4 026 462	3 414 633	7 572 598
Uses	-	1 983 100	172 490	2 155 590
Exchange differences and other	(3)	(4 757 928)	(309 184)	(5 067 115)
31.12.2020	**(1 859 992)**	**(39 372 321)**	**(6 255 848)**	**(47 488 161)**

As at 31 December 2020 and 2019, the disclosure of risk factors associated with the impairment model by segment is as follows:

	Impairment Year 2020			
	Probability of default			
Segment	Stage 1	Stage 2	Stage 3	Losses given default
Company	10,1%	17,5%	100,0%	28,93%
Employee	3,8%	5,2%	100,0%	35,04%
Private - Rents product	9,4%	10,8%	100,0%	41,45%
Private - Revolving product	77,7%	77,7%	100,0%	41,86%

	Impairment Year 2019			
	Probability of default			
Segment	Stage 1	Stage 2	Stage 3	Losses given default
Company	10,9%	13,5%	100,0%	38,35%
Employee	4,2%	4,4%	100,0%	30,87%
Private - Rents product	7,7%	36,7%	100,0%	49,97%
Private - Revolving product	79,5%	79,5%	100,0%	44,60%

The loss due to default presented by segment in the table above is a weighted average of the segment operations and this risk factor is calculated according to the customers' overdue time.

As at 31 December 2020 and 2019, the detail of the restructured credits portfolio by restructuring measure applied is as follows:

	Year 2020					
	Stage Credit 1			Stage Credit 2		
Applied Measure	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment
Increase in repayment term	-	-	-	7	6 824 078	(141 357)
Change in the frequency of payment of interest and/or principal	-	-	-	13	5 572 299	(4 806 064)
Introduction of a grace period for principal and/or interest	-	-	-	3	4 584 066	(3 485 849)
Forgiveness of interest and/or partial principal	-	-	-	-	-	-
Interest rate reduction	-	-	-	-	-	-
Other	-	-	-	4	10 293 358	(6 581 308)
Total	**-**	**-**	**-**	**27**	**27 273 801**	**(15 014 578)**

	Year 2020					
	Stage Credit 3			Total		
Applied Measure	Number of Operations	Exposure	Impairment	Number of Operations	Exposure	Impairment
Increase in repayment term	8	44 461	(29 261)	15	6 868 539	(170 618)
Change in the frequency of payment of interest and/or principal	59	5 240 087	(827 676)	72	10 812 386	(5 633 740)
Introduction of a grace period for principal and/or interest	3	1 487 506	(1 008 737)	6	6 071 572	(4 494 586)
Forgiveness of interest and/or partial principal	1	16 618	(9 612)	1	16 618	(9 612)
Interest rate reduction	3	1 087 176	(903 352)	3	1 087 176	(903 352)
Other	8	931 443	(224 793)	12	11 224 801	(6 806 101)
Total	**82**	**8 807 291**	**(3 003 431)**	**109**	**36 081 092**	**(18 018 009)**

	Year 2019					
	Stage Credit 1			Stage Credit 2		
Applied Measure	**Number of Operations**	**Exposure**	**Impairment**	**Number of Operations**	**Exposure**	**Impairment**
Increase in repayment term	-	-	-	3	474 007	(14 437)
Change in the frequency of payment of interest and/or principal	-	-	-	10	3 196 924	(2 620 963)
Introduction of a grace period for principal and/or interest	-	-	-	6	12 081 336	(5 808 330)
Capitalisation of interest	-	-	-	1	2 435	(40)
Forgiveness of interest and/or partial principal	-	-	-	1	25 528	(1 392)
Interest rate reduction	-	-	-	1	29 227	(3 523)
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**22**	**15 809 457**	**(8 448 685)**

	Year 2019					
	Stage Credit 3			Total		
Applied Measure	**Number of Operations**	**Exposure**	**Impairment**	**Number of Operations**	**Exposure**	**Impairment**
Increase in repayment term	8	6 348 658	(85 548)	11	6 822 665	(99 985)
Change in the frequency of payment of interest and/or principal	28	1 304 408	(206 766)	38	4 501 332	(2 827 729)
Introduction of a grace period for principal and/or interest	4	5 804 800	(2 263 483)	10	17 886 136	(8 071 813)
Capitalisation of interest	1	16 262	(5 812)	2	18 697	(5 852)
Forgiveness of interest and/or partial principal	-	-	-	1	25 528	(1 392)
Interest rate reduction	1	409 581	(44 969)	2	438 808	(48 492)
Other	2	103 615	(62 254)	2	103 615	(62 254)
Total	**44**	**13 987 324**	**(2 668 832)**	**66**	**29 796 781**	**(11 117 517)**

The movements in and out of the restructured credit portfolio between 2020 and 2019 are as follows:

AKZ'000

Segment	**Year 2020**	**Year 2019**
Opening balance of the restructured credit portfolio	**29 796 781**	**50 938 206**
Restructured credits in the period	9 396 558	8 963 910
Accrued interest on the restructured credits portfolio	2 067 836	319 020
Settlement of restructured credits (partial or total)	(4 957 143)	(9 162 955)
Credits classified from "restructured" to "normal"	(412 182)	(21 261 400)
Other	189 242	-
Closing balance of the restructured credit portfolio	**36 081 092**	**29 796 781**

As at 31 December 2020 and 2019, the restructured credit by sector presents the following exposure and impairment:

	Year 2020			
	Credit			
Sector	Due	Overdue	Total	Impairment
Companies	31 918 390	2 837 965	34 756 355	(17 322 468)
Individuals				
Consumption	521 489	200 377	721 866	(243 482)
Housing	-	-	-	-
Other purposes	602 871	-	602 871	(452 059)
Total	**33 042 750**	**3 038 342**	**36 081 092**	**(18 018 009)**

	Year 2020			
	Credit			
Sector	Due	Overdue	Total	Impairment
Companies	28 031 741	1 490 701	29 522 442	(10 997 007)
Individuals				
Consumption	139 206	135 133	274 339	(120 510)
Housing	-	-	-	-
Other purposes	-	-	-	-
Total	**28 170 947**	**1 625 834**	**29 796 781**	**(11 117 517)**

As at 31 December 2020 and 2019, the restructured credit by sector presents the following exposure by stage:

	Year 2020			
	Impairment Stages			
Sector	Stage 1	Stage 2	Stage 3	Impairment
Companies	-	26 616 285	8 140 070	34 756 355
Individuals				
Consumption	-	54 644	667 222	721 866
Housing	-	-	-	-
Other purposes	-	**602 871**	-	**602 871**
Total	**-**	**27 273 800**	**8 807 292**	**36 081 092**

	Year 2019			
	Impairment Stages			
Sector	Stage 1	Stage 2	Stage 3	Impairment
Companies	-	15 754 690	13 767 752	29 522 442
Individuals				
Consumption	-	54 767	219 572	274 339
Housing	-	-	-	-
Other purposes	-	-	-	-
Total	**-**	**15 809 457**	**13 987 324**	**29 796 781**

As at 31 December 2020 and 2019, the detail of the fair value of the guarantees underlying the credit portfolio of the business, construction, real estate promotion and housing segments is as follows:

	Year 2020											
	Company				Construction and real estate promotion				Housing			
	Properties		Other real guarantees		Properties		Other real guarantees		Properties		Other real guarantees	
Fair Value	Number of Properties	Amount	Number	Amount	Number of Properties	Amount	Number	Amount	Number of Properties	Amount	Number	Amount
< 50 MAOA	4	41 119	127	1 356 329	-	-	6	151 548	16	359 781	51	1 311 147
>= 50 MAOA and <100 MAOA	3	219 449	25	1 625 033	-	-	2	102 954	3	226 179	22	1 189 877
>=100 MAOA and < 500 MAOA	25	4 234 634	32	8 869 152	1	400 560	5	1 736 523	17	2 589 569	9	1 478 808
>= 500 MAOA and <1000 MAOA	7	4 633 505	19	13 396 137	-	-	2	1 428 741	1	570 629	2	1 000 000
>=1 000 MAOA and <2 000 MAOA	6	8 282 583	16	24 490 858	1	1 595 146	4	5 197 465	-	-	2	2 215 150
>=2 000 MAOA and <5 000 MAOA	3	13 124 951	17	52 371 040	2	6 325 701	4	10 281 599	-	-	-	-
>=5 000 MAOA	4	77 180 872	3	18 857 505	1	8 124 226	4	28 156 433	-	-	-	-
Total	**52**	**107 717 113**	**239**	**120 966 054**	**5**	**16 445 633**	**27**	**47 055 263**	**37**	**3 746 158**	**86**	**7 194 982**

	Year 2019											
	Company				Construction and real estate promotion				Housing			
	Properties		Other real guarantees		Properties		Other real guarantees		Properties		Other real guarantees	
Fair Value	Number of Properties	Amount	Number	Amount	Number of Properties	Amount	Number	Amount	Number of Properties	Amount	Number	Amount
< 50 MAOA	2	17 393	46	298 590	-	-	5	113 221	14	278 670	-	-
>= 50 MAOA and <100 MAOA	-	-	-	-	-	-	-	-	3	199 811	-	-
>=100 MAOA and < 500 MAOA	16	3 805 192	3	1 212 601	-	-	1	111 000	15	2 054 122	-	-
>= 500 MAOA and <1000 MAOA	4	2 948 686	-	-	-	-	-	-	-	-	-	-
>=1 000 MAOA and <2 000 MAOA	5	8 550 675	4	5 716 749	-	-	2	2 816 396	-	-	-	-
>=2 000 MAOA and <5 000 MAOA	6	22 868 759	3	7 917 124	-	-	1	4 340 043	-	-	-	-
>=5 000 MAOA	5	68 551 463	-	-	-	-	-	-	-	-	-	-
Total	**38**	**106 742 168**	**56**	**15 145 064**	**-**	**-**	**9**	**7 380 660**	**32**	**2 532 603**	**-**	**-**

As at 31 December 2020 and 2019, the business, construction, real estate promotion and housing segments financing-guarantee ratio is as follows:

	Year 2020					
Segment/ratio	**Number of Properties**	**Number of Other Guarantees**	**Stage Credit 1**	**Stage Credit 2**	**Stage Credit 3**	**Impairment**
Companies						
No guarantee associated	n.a.	n.a.	10 737 959	14 604 862	2 674 708	(12 380 642)
<50 %	2	-	-	3 630 543	-	(3 386 207)
>=50 % and <75 %	-	6	12 970 637	5 583 432	-	(4 588 282)
>=75 % and <100 %	4	8	3 289 173	5 530 492	842 773	(3 672 901)
>=100 %	46	225	9 986 373	34 238 988	19 565 868	(10 701 607)
Construction and real estate promotion						
No guarantee associated	n.a.	n.a.	6 634	1 600 954	-	(290 065)
<50 %	-	-	-	-	-	-
>=50 % and <75 %	-	-	-	-	-	-
>=75 % and <100 %	-	-	-	-	-	-
>=100 %	5	27	5 603 202	21 150 835	12 803 302	(12 378 128)
Housing						
No guarantee associated	n.a.	n.a.	67 744	-	223 627	(156 011)
<50 %	-	-	-	-	-	-
>=50 % and <75 %	-	-	-	-	-	-
>=75 % and <100 %	-	1	3 882	-	-	(262)
>=100 %	37	85	1 998 212	4 175	788 119	(567 867)
Total	**94**	**352**	**44 663 816**	**86 344 281**	**36 898 397**	**(48 121 972)**

	Year 2019					
Segment/ratio	**Number of Properties**	**Number of Other Guarantees**	**Stage Credit 1**	**Stage Credit 2**	**Stage Credit 3**	**Impairment**
Companies						
No guarantee associated	n.a.	n.a.	1 428 633	23 718 553	7 477 596	(13 924 499)
<50 %	22	45	353 589	1 706 414	14 782 637	(1 713 456)
>=50 % and <75 %	6	2	1 961 807	1 639 453	3 414 255	(2 939 373)
>=75 % and <100 %	3	1	4 068 064	1 266 431	143 838	(134 466)
>=100 %	7	8	5 418 002	13 156 605	7 012 137	(6 851 774)
Construction and real estate promotion						
No guarantee associated	n.a.	n.a.	211 578	1 661 327	175 454	(1 527 408)
<50 %	-	7	48 641	576 790	-	(5 919)
>=50 % and <75 %	-	-	-	-	-	-
>=75 % and <100 %	-	-	-	-	-	-
>=100 %	-	2	-	14 543 255	-	(8 877 961)
Housing						
No guarantee associated	n.a.	n.a.	329 746	-	223 962	152 392
<50 %	14	-	647 950	-	-	7 968
>=50 % and <75 %	3	-	104 112	-	-	1 190
>=75 % and <100 %	14	-	511 845	-	-	6 095
>=100 %	1	-	214 434	-	-	2 472
Total	**70**	**65**	**15 298 401**	**58 268 828**	**33 229 879**	**(35 804 739)**

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NOTE 11
NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2020 and 2019, this item had the following breakdown:

	AOA'000	
Sector	31-12-2020	31-12-2019
Equity holdings	**45 523 992**	**26 569 557**
BNI Europa	45 173 994	26 569 557
BNI Asset Management	349 998	-
Properties	9 079 270	-
Impairment losses	(30 041 737)	(18 175 792)
BNI Europa	(29 734 740)	(18 175 792)
BNI Asset Management	(306 997)	-
Total	**24 561 525**	**8 393 765**

The balance of "Non-current assets held for sale" item is represented mainly by BNI's interest in BNI Europa.

Although all the conditions for the completion of the disposal of an 80.1 % share capital in BNI Europa were met, the prospective buyer informed BNI of its intention not to honour the contract for the acquisition of a qualified shareholding entered into in December 2017, citing circumstances related to the current context of uncertainty affecting the international economy and, in particular, the financial system.

After the disposal of BNI Europa not being carried out, the sale process was resumed in 2020, whereby, in accordance with International Accounting Standard 5 - Non-current assets held for sale ("IFRS 5"), BNI's Board of Directors maintained the shareholding in BNI Europa recorded under the "Non-current assets held for sale" item, since a new disposal process is underway. It should be noted that, taking into account the resumption of the sale process of BNI Europa, the BNA, on 16 April 2021, granted BNI's request for the non-deduction in the Regulatory Own Funds of the shareholding held in BNI Europa for the 2020 fiscal year and exempts from consolidation. However, if the shareholding sale does not take place in the short-term and in order to comply with the provisions of Notices No. 03/13 and No. 02/2016, the Bank must present an increase capital plan and consolidate its accounts by June 2021, since it must now present the interim accounts under the terms of Notice No. 5/2019 Article 6(2) of 30 August on the Accounting Standardization and Harmonization Process of the Angolan Banking Sector.

In 2020, BNI's Board of Directors analysed Banco de Portugal's information on the need to normalise BNI Europa's net position, in order to comply with the regulatory solvency ratio's minimum limit, and there was a need to effect two increases in share capital in the amount of mEUR 4 450 and mEUR 3 000. In addition, in February 2021, there was a need to further strengthen the Share Capital in the amount of mEUR 4 000. It should also be noted that BNI's Board of Directors, through a letter of intent, committed to provide BNI Europa with the necessary financial resources through capital increases and/or other means that may prove necessary, in order to allow BNI Europa to comply its obligations, commitments to third parties and its business plan.

Notwithstanding BNI's commitment to provide the aforementioned financial reinforcements, in articulation and previously authorised by BNA, to BNI Europa as its sole shareholder, BNI's Board of Directors showed availability to carry out any necessary additional reinforcements, in case there are significant deviations from the business plan made available, which may jeopardise the full compliance with regulatory requirements.

On 8 December 2020, BNI signed a purchase and sale agreement for the 700 000 registered shares with a nominal value of AOA 500 each, representing the BNI Asset Management's capital. The shares are sold at the price of AOA 61.43 per share, so the total purchase and sale value will be mAOA 43 001. On 11 December 2020, BNI, pursuant to Article 56(3)(b) of the Presidential Legislative Decree No. 7/13 of 11 October, informed the CMC - Capital Markets Commission of the Bank's intention to dispose of all the shares held by BNI Asset Management and is awaiting its authorization.

As at 31 December 2020, the financial information of the participated entities is as follows (values in mAOA converted at the exchange rate at the end of the financial year):

					31.12.2020		31.12.2019	
Company	Currency	% Shareholding	No. shares held	Share Capital	Equity	"Equity (% held by BNI)"	Equity	"Equity (% held by BNI)"
BNI Europa *	mEUR	100,00%	8 510 000	50 000	18 594	100,00%	20 404	99,99%
BNI Asset Management	mAOA	99,99%	699 996	349 998	38 225	99,99%	29 528	99,99%

* unaudited accounts

Impairment was reinforced in 2016 by the amount of mAOA 2 178 691 in order to monitor the value of the subsidiary's equity capital at that date and bearing in mind that the activity continues in the start-up phase of its business. In 2017, impairment was increased by mAOA 295 as a result of the exchange rate devaluation. In 2018, the shareholding value increased by mAOA 6 231 933 due to the exchange rate devaluation, while impairment was reinforced by mAOA 4 037 556.

In 2019, the Bank made four capital increases in Banco BNI Europa, paid up and subscribed in cash, which took place in June 2019 (mEUR 3 000) and July 2019 (totalling mEUR 5 300). In the 2019 fiscal year, impairments were also recorded in the amount of mAOA 8 085 633, and an increase in impairment through devaluation of the Kwanza against the Euro of mAOA 3 503 860. The impairment increase which occurred in the 2019 fiscal year took into consideration the existence of a reserve for scope limitation in the audit report for the year ending on 31 December 2019 of this subsidiary issued on 6 April 2020.

During the 2020 fiscal year, the Bank made capital calls in the amount of mEUR 4 450 and mEUR 3 000, having also acquired the 1 500 outstanding shares, with a total of 100 % of the shares, despite and considering the outcome of the sale process of BNI Europa, the uncertainty affecting the international economy, namely the financial system, the devaluation of the Kwanza against the Euro and the potential capital calls that BNI may have to assume, the Bank reinforced the parity in mAOA 11 812 093.

The amount registered under "Real Estate" corresponds to 5 properties received in lieu of payment. It should be noted that 4 of these properties were received in lieu of payment in 2020 and the remainder corresponds to a reclassification, since it was recorded under "Other Assets" (Note 15).

The Bank expects to dispose of the properties within two years, and is making the best effort to dispose of them within this period.

As at 31 December 2020, the detail of the recoverable value and the book value of the properties received in lieu of payment or as foreclosure, by type of property and seniority, is as follows:

Company	No. of properties	< 1 year	> = 1 year > 3 years	Total
Buildings built				
Commercial	4	7 484 370	1 594 900	9 079 270
Total	**4**	**7 484 370**	**1 594 900**	**9 079 270**

As at 31 December 2020 and 2019, the "Non-current assets held for sale" item movement had the following breakdown:

	31-12-2020		31-12-2019	
	Properties	Equity Holdings	Properties	Equity Holdings
Opening Balance	**-**	**26 569 557**	**2 545 173**	**13 125 101**
Entries	7 484 370	5 948 296	-	6 462 001
Transfers	1 594 900	349 998	(2 545 173)	-
Exchange differences and other	-	12 656 141	-	6 982 452
Closing Balance	**9 079 270**	**45 523 992**	**-**	**26 569 557**

NOTE 12
TANGIBLE AND INTANGIBLE ASSETS

As at 31 December 2020 and 2019, as well during these fiscal years, this item's movements have the following breakdown:

AOA'000

Company	31.12.2019	"Adoption IFRS 16"	Additions	Write-offs	Regularizations / Transfers	31.12.2020
Tangible assets						
Furniture, utensils, installations and equipment	24 427 715	-	552 511	(791 161)	116 717	24 305 782
Other tangible fixed assets	-	-	-	-	-	-
Ongoing tangible fixed assets	392 481	-	446 251	(40 945)	-	797 787
Rights of Use	2 041 965	-	-	-	88 920	2 130 885
Total	**26 862 161**	**-**	**998 762**	**(832 106)**	**205 637**	**27 234 454**
Accrued amortisation						
Furniture, utensils, installations and equipment	(8 612 571)	-	(2 361 077)	50 135	(25 096)	(10 948 608)
Rights of use	(492 389)	-	-	-	-	(492 389)
Other tangible fixed assets	-	-	-	-	-	-
Total	**(9 104 960)**	**-**	**(2 361 077)**	**50 135**	**(25 096)**	**(11 440 997)**
Net tangible assets	**17 757 201**	**-**	**(1 362 315)**	**(781 970)**	**180 541**	**15 793 457**

AOA'000

Company	31.12.2019	"Adoption IFRS 16"	Additions	Write-offs	Regularizations / Transfers	31.12.2020
Tangible assets						
Furniture, utensils, installations and equipment	21 901 745	-	2 562 637	(36 667)	-	24 427 715
Other tangible fixed assets	-	-	-	-	-	-
Ongoing tangible fixed assets	1 413 937	-	107 769	(1 129 225)	-	392 481
Rights of Use	-	2 041 965	-	-	-	2 041 965
Total	**23 315 681**	**2 041 965**	**2 670 406**	**(1 165 892)**	**-**	**26 862 161**
Accrued amortisation						
Furniture, utensils, installations and equipment	(7 784 755)	-	(827 640)	(176)	-	(8 612 571)
Rights of use	-	-	(492 389)	-	-	(492 389)
Other tangible fixed assets	-	-	-	-	-	-
Total	**(7 784 755)**	**-**	**(1 320 029)**	**(176)**	**-**	**(9 104 960)**
Net tangible assets	**15 530 926**	**2 041 965**	**1 350 377**	**(1 166 068)**	**-**	**17 757 201**

NOTE 13
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

As at 31 December 2019, BNI Asset Management was the only Company classified under this item notwithstanding, in 2020, the Bank having proceeded with its reclassification to the "Non-current assets held for sale" item (Note 11). The reclassification of the item's balance is due to there being a sale contract for the interest held by the Bank.

NOTE 14
TAXES

The Bank is subject to taxation under the Industrial Tax, being considered a Group A taxpayer.

Income taxes (current or deferred) are reflected in the profit and loss for the fiscal year, except where the transactions that originated them have been reflected in other equity items. In such instances, the correspondent capital gains tax is also carried through equity and does not impact the fiscal year's profit and loss.

The current tax estimate for the fiscal year ending on 31 December 2020 was calculated in accordance with Law No. 26/20 of 20 July, with the applicable 35 % tax rate while, for the fiscal year ending on 31 December 2019, it was determined in accordance with Law No. 19/14 of 22 October, with the applicable 30 % tax rate.

Tax returns are subject to review and correction by the tax authorities over a period of 5 years, which may result, due to different interpretations of tax legislation, in possible corrections to taxable income for the years 2015 to 2019. However, it is not expected that any correction related to these exercises will occur and, if it occurs, no significant impacts on the financial statements are expected.

Tax losses determined in a given fiscal year, as provided for in the Industrial Tax Code, can be deducted from taxable profits for the subsequent 5 years.

Deferred taxes are calculated based on the tax rates expected to be applicable at the reversal date of temporary differences, which correspond to approved tax rates or substantially approved rates as at the balance sheet. Thus, for 2020, the deferred tax was, in general terms, calculated based on the 35 % rate (30 % in 2019).

As at 31 December 2020 and 2019, the deferred tax assets and liabilities recognised in the balance sheet had the following breakdown:

	Assets		Liabilities		Net	
Company	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Impairment in equity holdings	8 619 154	5 465 975	-	-	8 619 154	5 465 975
Transition adjustments to IFRS	468 371	605 535	-	-	468 371	605 535
Transition adjustments to IFRS 9	123 431	618 858	-	-	123 431	618 858
Unrealised exchange rate variations	-	-	(3 676 983)	-	(3 676 983)	-
Impairment for the fiscal year not accepted	2 635 574	-	-	-	2 635 574	-
Total	**11 846 530**	**6 690 368**	**(3 676 983)**	**-**	**8 169 520**	**6 690 368**

The Bank recognised deferred tax assets in the total amount of mAOA 8 619 154, relating to the impairment recorded in the participation in BNI Europa's, temporarily non-deductible.

In 2020, Law No. 26/20 was published, which introduced several changes to the corporate income tax scheme enshrined in the Industrial Tax Code, namely to Articles 13 and 14 ("Income or gains" / "Costs or expenses") and Article 45 ("Provisions").

Specifically, a reformulation of the rules on income and gains of a financial nature, provided for in both Articles 13(c) and 14(c) of the Industrial Tax Code, has been carried out with a view to considering only favourable and unfavourable exchange rate variations realised as income and costs of this nature. On the other hand, Article 45 of the Industrial Tax Code was amended, and a new paragraph 4 was added to that article, which determines that "Provisions are not accepted as those constituted on credits with guarantee, except in part not covered".

Therefore, for the purposes of calculating current and deferred tax, the Bank considered the effects arising from changes to the Industrial Tax Code, namely those related to (i) costs and income from unrealised exchange valuations and devaluations and (ii) the costs of impairment losses on amounts of credits covered by guarantee.

It should be noted that these tax changes are being analysed and discussed between ABANC – Angolan Association of Banks and the General Tax Authority ("AGT"), while still some uncertainties persist regarding (i) the procedures for calculating these adjustments, (ii) the typology of deferred tax assets and liabilities to be considered on the effects of unrealised exchange variations calculated and (iii) the typology and valuation of guarantees for the purpose of calculating impairment losses not fiscally accepted.

In view of the above and in accordance with the provisions of IAS 12, deferred tax liabilities should be recognised in their entirety, whereas the recognition of a deferred tax asset should only be recognised if there is certainty that future taxable income will be recognised to allow evidence of its recoverability within the period provided for in the tax law. In this sense, the Bank, considering the best possible estimate, calculated the Industrial Tax for 2020, considering the changes disclosed in the AGT's letter (reference no. 1633/GAGA/GJ/AGT/2021, of 8 April), and the projections of tax results for the next 5 years, having determined (i) deferred tax liabilities related to potential exchange variations in the amount of mAOA 3 676 983, considering the net effect of this nature of deferred tax and (ii) deferred tax assets related to impairment losses on credits with guarantees in the fiscal year amounting to mAOA 2 635 547.

As at 31 December 2020, the deferred tax assets and liabilities recognised in profit and loss had the following breakdown:

AOA'000

Company	31.12.2019	Recognised in profit and loss	Other	31.12.2020
Impairment in equity holdings	5 465 975	2 737 942	415 237	8 420 883
Transition adjustments to IFRS	605 535	(552 403)	415 238	468 370
Transition adjustments to IFRS 9	618 858	(910 665)	415 238	123 431
Unrealised exchnage rate changes	-	(3 676 983)	-	(3 676 983)
Reportable tax losses	-	2 635 547	-	2 635 547
Deferred tax assets	**6 690 368**	**233 439**	**1 245 713**	**8 169 520**

The Bank's industrial tax estimate for the fiscal years ending on 31 December 2020 and 2019, can be analysed as follows:

	31.12.2020		31.12.2019	
	%	Value	%	Value
Income before tax		**6 726 764**		**535 768**
Tax Rate	35%		30%	
Tax calculated based on the tax rate		(2 354 367)		(160 730)
Tax benefits on income from government bonds		10 246 229		3 175 607
Unforeseen provisions		(15 123 797)		(3 539 927)
Non-deductible (income)/costs		3 599 996		(693 881)
Reportable tax losses		393 532		1 128 297
Excess tax estimate		-		(121 891)
CGT		(319 687)		(529 096)
Industrial tax for the fiscal year		**(3 558 094)**		**(741 621)**
Deferred tax		233 439		2 707 585
Industrial tax for the fiscal year		**(3 324 655)**		**1 965 964**

As at 31 December 2020, the Bank inferred tax payable and, consequently, made the consumption of tax losses generated in previous fiscal years, in the amount of mAOA 393 532.

Income on government bonds resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, the issue of which is regulated by Presidential Decree No. 259/10 of 18 November and Presidential Decree No. 31/12 of 30 January, enjoy exemption from all taxes.

Additionally, Presidential Legislative Decree No. 5/11, of 30 December (revised and republished through Presidential Legislative Decree No. 2/14, of 20 October) introduced a norm of subjection to a CGT on public debt securities yields from Treasury Bonds and Treasury Bills issued by the Angolan State.

Notwithstanding, 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), when determining the tax base, the income subject to capital gains tax will be deducted.

Accordingly, when determining taxable income for the fiscal years ending on 31 December 2020 and 2019, such income was deducted from taxable income.

Likewise, the expense determined with the settlement of Capital Gains Tax is excluded from the costs fiscally accepted for calculating the tax base, as provided for in Article 18(1)(a) of the Industrial Tax Code.

In 2020 and 2019, the Bank presents in the "Current tax" item the CGT cost amount recognised under profit and loss, to the extent that it considers that this tax complies with the requirements defined in IAS 12 to be considered a current tax.

NOTE 15
OTHER ASSETS

As at 31 December 2020 and 2019, the "Other assets" item had the following breakdown:

AOA'000

	31-12-2020	31-12-2019
Credit letters pending settlement	10 291 766	1 838 989
Sundry debtors	7 862 363	1 162 690
Artistic heritage	10 364	10 364
Properties	-	10 512 784
AGT Commissions	254 899	191 414
Other operations awaiting settlement	389 762	1 812 030
Expenses paid in advance	1 950 457	1 641 230
Other assets	461 923	521 498
Impairment losses on other assets	(2 035 791)	(2 627 143)
Total	**19 185 742**	**15 063 856**

The "Credit letters pending settlement" item corresponds to import documentary credits, which are in liquidation, according to Note 20, and which will be regularised in 2021.

As at 31 December 2020, the "Sundry Debtors" item includes adjustments to exchange differences following the closing of the corresponding bank account, in the amount of mAOA 1 035 235, taking into account the prospect of irrecoverability, BNI constituted 100 % impairment over that amount.

The reduction recorded in 2020 in the "Real Estate" item results from the disposal of a set of real estate assets and the transfer of the remainder to the "Non-current assets held for sale" item (Note 11), with the objective of selling these properties in the short-term, reason why they comply with the criteria set forth in the International Accounting Standard 5 - Non-current assets held for sale ("IFRS 5") to be classified in that category.

NOTE 16

DEPOSITS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 31 December 2020 and 2019, the Bank does not hold deposits from central banks. The "Deposits from other credit institutions" item has the following breakdown:

AOA'000

Company	31-12-2020	31-12-2019
Interbank money market	11 111 162	10 877 503
Payment system obligations	2 731 236	723 938
Total	**13 842 398**	**11 601 441**

The balance of the "Deposits from financial institutions in the country - Payment system obligations" item relates to amounts to be offset from other credit institutions in the payment system in the first days of 2021.

As at 31 December 2020 and 2019, Deposits from other credit institutions are denominated in foreign currency, have a residual maturity of up to 7 months and an average interest rate of 1.56%.

NOTE 17

CUSTOMER DEPOSITS AND OTHER LOANS

The balance of the "Customer deposits" item and other loans is made up as follows:

AOA'000

Company	31-12-2020	31-12-2019
Demand Deposits	**150 137 502**	**146 292 428**
National currency	75 227 609	85 385 170
Foreign currency	74 909 893	60 907 258
Term Deposits	**194 140 574**	**164 384 932**
National currency	118 617 577	95 092 664
Foreign currency	75 522 997	69 292 268
Total	**344 278 076**	**310 677 360**

As at 31 December 2020 and 2019, the phasing of customers deposits by residual maturity terms is as follows:

AOA'000

Company	31-12-2020	31-12-2019
Demand Deposits	**150 137 502**	**146 292 428**
Term Deposits		
Less than 1 month	23 115 203	20 790 610
Between 1 and 3 months	41 366 753	23 716 309
Between 3 and 6 months	26 525 462	42 812 978
From 6 months to 1 year	89 975 926	59 137 476
Between 1 and 3 years	4 722 579	15 009 412
Between 3 and 5 years	4 009 959	17 348
More than 5 years	4 424 692	2 900 799
Total	**344 278 076**	**310 677 360**

NOTE 18
PROVISIONS

As at 31 December 2020 and 2019, the "Provisions" item had the following balances:

AOA'000

Company	31-12-2020	31-12-2019
Off-balance sheet exposure	3 268 215	2 453 827
Other provisions	1 003 981	450 956
Total	**4 272 196**	**2 904 783**

The movement in the exercise of provisions is shown in Note 32.

The provisions on off-balance sheet exposure relate to impairment losses determined for the off-balance sheet exposures credit exposures at each reference date, namely Documentary credits and Guarantees provided (see Note 33).

The other provisions as at 31 December 2020 and 2019 correspond to potential contingencies resulting from inspections by the General Tax Authority.

NOTE 19
SUBORDINATED LIABILITIES

The caption subordinated liabilities is composed of non-life subordinated bonds. As at 31 December 2020 and 2019, the "Subordinated liabilities" item had the following breakdown:

31.12.2020

Description	Currency	Date of issue	Interest Rate	Maturity	Issuance Amount	Balance Sheet value
Bonds	AOA	25-11-2016	7,75%	25-11-2023	5 000 000	19 723 663
Bonds	AOA	15-10-2019	5,50%	15-10-2026	4 000 000	6 462 940
Bonds	AOA	30-10-2020	5,50%	30-10-2027	1 500 000	1 489 953
Total					**10 500 000**	**27 676 556**

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31.12.2019

Description	Currency	Date of issue	Interest Rate	Maturity	Issuance Amount	Balance Sheet value
Bonds	AOA	25-11-2016	7,75%	25-11-2023	5 000 000	14 497 068
Bonds	AOA	15-10-2019	5,50%	15-10-2026	4 000 000	4 759 316
Total					**9 000 000**	**19 256 384**

Subordinated bonds bear interest at a gross nominal annual rate equal to the bond rate, indexed to the exchange rate variation between the US Dollar and the Kwanza, according to the publication by the National Bank of Angola on its website (www.bna.ao).

NOTE 20
OTHER LIABILITIES

As at 31 December 2020 and 2019, this item had the following breakdown:

AOA'000

Company	31-12-2020	31-12-2019
Credit letters pending settlement	10 291 766	1 838 989
Of a civil nature	5 464 834	6 256 072
Personnel, salaries and remunerations	1 754 012	1 702 558
Of tax nature	989 443	851 261
Lease liabilities	88 919	1 100 757
Total	**18 588 974**	**11 749 637**

The "Credit letters pending settlement" item corresponds to import documentary credits, which are in liquidation, according to Note 15, and which will be regularised in 2021.

The item associated with other liabilities of a civil nature includes the specialization of costs incurred in the fiscal year for which the respective invoices have not yet been received as well as outstanding invoices for the settlement of credit letters associated with creditors for the provision of services and creditors for the acquisition of goods.

The tax item mainly includes stamp duty, capital gains tax and special banking operations to be settled. The item for personnel, salaries and remunerations includes provisions for employee holiday, allowances and bonuses.

NOTE 21
INCOME PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the result attributable to the Bank's shareholders by the weighted average number of outstanding common shares during the fiscal year, as shown below:

AOA'000

Company	31-12-2020	31-12-2019
Net profit attributable to the Bank's shareholders	**3 402 109**	**2 501 732**
Weighted average number of ordinary shares issued (thousands)	2 000	2 000
Average number of ordinary shares outstanding (thousands)	1 954	1 954
Result per basic share attributable to the Bank's shareholders (units)	**1 741,46**	**1 456,62**

Basic earnings per share are equivalent to diluted results per share. The share capital increase was carried out through the incorporation of reserves and, therefore, had no impact on the number of Bank shares (see Note 22).

NOTE 22
OTHER RESERVES AND RETAINED EARNINGS

According to Article 89 of the Basic Law for Financial Institutions, the legal reserve must be credited annually with at least 10 % of the annual net profit, until the competition of the share capital.

Thus, as at 31 December 2020 and 2019, the item had the following balance:

AOA'000

Company	31-12-2020	31-12-2019
Legal reserve	6 667 883	6 167 537
Retained earnings	-	5 916 087
Changes in accounting policies	(11 372 142)	(11 372 141)
Total	**(4 704 259)**	**711 483**

The movements in the 2020 and 2019 fiscal years in the "Legal reserve" and "Retained earnings" items are detailed in the Statement of Changes in Equity.

By unanimous resolution of the Shareholders Meeting of 31 March 2020, the following distribution of the net result for the 2019 fiscal year was decided, which amounted to mAOA 2 501 732:

- mAOA 500 346 for Legal reserve, corresponding to 20 % of the net income;
- mAOA 1 963 858 for Retained earnings, corresponding to 78 % of the net income; and
- mAOA 37 528 for the Social Fund.

On October 6 2020, within the scope of the Extraordinary Shareholders Meeting, the BNI's Board of Directors decided to increase the Bank's Share Capital from AOA 19 000 000 000.00 to AOA 26 879 945 929.50 by incorporating reserves in the amount of AOA 7 879 945 929.50. This capital increase aimed to provide the Bank with an adequate equity structure, enabling it to face, with greater solidity, the development of its activity and the requirements in terms of capital ratios resulting from the regulatory framework.

NOTE 23
SHARE CAPITAL, OWN SHARES AND REVALUATION RESERVES

As at 31 December 2020, the Bank's share capital, in the amount of mAOA 26 879 946 (Note 22), was represented by 1 953 600 common shares, fully subscribed and paid-up by different shareholders and 46 400 own shares (total of 2 000 000 shares).

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AOA'000

	31-12-2020			31-12-2019		
	%	Total shares	Share capital	%	Total shares	Share capital
Mário Abílio Pinheiro Rodrigues M. Palhares (1)	37.28%	745 600	10 020 844	37.28%	745 600	7 083 200
João Baptista de Matos (2)	11.63%	232 600	3 126 138	11.63%	232 600	2 209 700
BGI - Societé des Brasseries et Glacieres Inter.	10.00%	200 000	2 687 995	10.00%	200 000	1 900 000
Ivan Leite Morais	5.29%	105 800	1 421 949	5.29%	105 800	1 005 100
Salim Anwarali Kamani	5.00%	100 000	1 343 997	5.00%	100 000	950 000
José Teodoro Garcia Boyol	4.38%	87 600	1 177 342	4.38%	87 600	832 200
Arnaldo Leiro Octávio	4.32%	86 400	1 161 214	4.32%	86 400	820 800
Joaquim Manuel Nunes	3.70%	74 000	994 558	3.70%	74 000	703 000
Leonel da Rocha Pinto	3.21%	64 200	862 846	3.21%	64 200	609 900
Mário de Almeida Dias	2.14%	42 800	575 231	2.14%	42 800	406 600
Rui da Cruz	2.11%	42 200	567 167	2.11%	42 200	400 900
Manuel Arnaldo Calado	1.10%	22 000	295 679	1.10%	22 000	209 000
Celso Miguel Leiro Furtado	1.00%	20 000	268 799	1.00%	20 000	190 000
António de Sousa Marques de Oliveira	0.50%	10 000	134 400	0.50%	10 000	95 000
Other shareholders (3)	6.02%	120 400	1 618 173	6.02%	120 400	1 143 800
Portfolio Shares	2.32%	46 400	623 615	2.32%	46 400	440 800
Net total	**100%**	**2 000 000**	**26 879 946**	**100%**	**2 000 000**	**19 000 000**

(1) Pending registration proceedings ongoing; (2) inventory process (inheritance) with the Court; (3) ongoing process of disposal of shares of two shareholders.

As at 31 December 2020, shareholding by management and supervisory body members had the following breakdown:

	%	Total Shares	Share Capital	Acquisition
Mário Abílio Pinheiro Rodrigues M. Palhares	37.28%	745 600	10 020 844	Nominal value
José Teodoro Garcia Boyol	4.38%	87 600	1 177 342	Nominal value
Joaquim Manuel Nunes	3.70%	74 000	994 558	Nominal value
Manuel Arnaldo Calado	1.10%	22 000	295 679	Nominal value

NOTE 24
NET INTEREST INCOME

This item has the following amounts breakdown:

(thousands of AOA)

	31-12-2020	31-12-2019
Interest and similar income	**29 092 144**	**24 487 093**
Credit interest to customers	18 689 837	13 843 526
Investment interest at amortised cost	9 684 013	9 719 208
Interests from balances and investments with credit institutions	718 294	924 359
Interest and similar expense	**(11 094 453)**	**(13 309 059)**
Interest on customer deposits	(9 310 987)	(9 858 768)
Interest on central banks and credit institutions	(1 152 246)	(2 766 813)
Other subordinated liabilities	(631 220)	(683 478)
Total	**17 997 691**	**11 178 034**

In the fiscal years ending on 31 December 2020 and 2019, the net interest income results exclusively from assets and liabilities recorded at amortised cost.

NOTE 25
INCOME FROM SERVICES AND COMMISSIONS

This item has the following amounts breakdown:

AOA'000

	31-12-2020	31-12-2019
Income from services and commisions	**5 504 428**	**7 353 782**
Visa and Mastercard	2 855 272	2 696 646
Opening lines of credit	1 556 824	2 073 061
Transfers	794 887	2 091 885
Securities	138 697	165 883
Other banking services and commissions	158 748	326 307
Fee and commission expense	**(2 143 493)**	**(3 532 544)**
Visa and Mastercard	(1 685 236)	(1 370 006)
Irrevocable lines of credit	(51 823)	(33 949)
Other commissions	(406 434)	(2 128 589)
Total	**3 360 935**	**3 821 238**

The "Visa and Mastercard Cards" item includes the commissions charged to Customers and paid by the Bank for operations processed by EMIS. The "Other commissions" item essentially includes commissions associated with Documentary Credit.

NOTE 26

INCOME FROM FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

On 31 December 2020, BNI recorded a loss in the amount of mAOA 5 583 as a result of the devaluation of the Omega Fund under "Income from financial assets and liabilities measured at fair value through profit and loss", the sole asset recorded under the "Financial assets at fair value through profit and loss" item (Note 7).

As at 31 December 2019, BNI did not hold financial assets at fair value through profit and loss.

NOTE 27

FOREIGN EXCHANGE RESULTS

This item has the following amounts breakdown:

AOA'000

	31-12-2020	31-12-2019
Total	**23 118 919**	**27 050 345**
Exchange rate revaluation of indexed Treasury Bonds	10 211 909	18 690 665
Foreign currency sale	8 623 839	5 421 370
Exchange revaluation	4 283 171	2 938 310
Costs	**(6 566 307)**	**(3 280 165)**
Foreign currency sale	(3 704 450)	(1 911 994)
Exchange revaluation	(2 861 857)	(1 368 171)
Total	**16 552 612**	**23 770 180**

This item includes profit and loss arising from the exchange rate revaluation of monetary assets and liabilities deposition in foreign currency, namely the securities portfolio issued or indexed in foreign currency, in the purchase and sale transactions of foreign currency carried out by the Bank, as well as in the revaluation of the foreign exchange position as described in Note 2.6.

NOTE 28

INCOME FROM THE DISPOSAL OF OTHER ASSETS

This item has the following amounts breakdown:

AOA'000

	31-12-2020	31-12-2019
Other assets - Properties	2 001 842	-
Tangible fixed assets	129 222	102 226
Intangible fixed assets	(100 882)	-
Total	**2 030 182**	**102 226**

In 2020, BNI signed promissory purchase and sale contracts with the Omega Fund for the disposal of 5 properties, in the total amount of mAOA 10 631 319, this transaction allowing the realization of a capital gain in the amount of mAOA 2 001 842. It should be noted that one of the properties was paid in kind, and the Bank received 6 000 Omega Fund shares, which is recorded under the "Financial assets at fair value through profit and loss" item (Note 7).

These disposals were preceded by property assessments, carried out by three independent peer reviewers and certified by the CMC. Thus, the added value results from the differential between the book value of the derecognised properties and their transmission value.

NOTE 29
OTHER OPERATING INCOME

This item has the following amounts breakdown:

AOA'000

	31-12-2020	31-12-2019
Income	**12 124 934**	**1 285 023**
Credit recovery	11 642 367	244 388
Other income	482 567	1 040 635
Costs	**(1 583 855)**	**(1 274 275)**
Taxes and fees not levied on results	(628 939)	(300 841)
Penalties imposed by regulatory entities	(108 431)	(7 750)
Other costs	(846 485)	(965 684)
Total	**10 541 079**	**10 748**

The income in "recovery of credits" essentially includes the receipt of amounts in debt from customers, for which the Bank did not expect to receive any amount, having constituted impairment in previous years, despite and as a result of the Bank's efforts, it was possible to recover part of the amounts in debt and/or the constitution of real collaterals.

NOTE 30
PERSONNEL EXPENSES

This item has the following amounts breakdown:

AOA'000

Wages and salaries	31-12-2020	31-12-2019
Management and supervisory bodies	**3 830 200**	**3 318 272**
Base salary	2 050 838	1 618 361
Subsidies and Bonuses	1 779 362	1 699 911
Employees	**5 645 200**	**5 050 436**
Base salary	3 241 757	2 931 017
Subsidies and Bonuses	2 403 443	2 119 419
Social contributions	**397 724**	**338 813**
Mandatory	387 854	326 029
Optional	9 870	12 784
Other costs	**52 643**	**77 129**
Total	**9 925 767**	**8 784 650**

The other costs they say correspond to costs of employee training and fraternization events.

The costs of remuneration and other benefits attributed to key Bank management personnel are presented below:

AOA'000

	Board of Directors					
	Executive Committee	Other Elements	Total	Audit Commission	Other key management personnel	Total
31 December 2020						
Remunerations and other short-term benefits	2 217 667	-	2 217 667	29 311	178 323	2 425 301
Variable remunerations		-				
Long-term benefits and other social charges	179 045	-	179 045	2 345	8 999	190 389
Other remunerations and seniority bonuses	1 214 510	-	1 214 510	-	-	1 214 510
Total	**3 611 222**	**-**	**3 611 222**	**31 656**	**187 322**	**3 830 200**
31 December 2019						
Remunerations and other short-term benefits	1 949 467	-	1 949 467	30 508	29 049	2 009 025
Variable remunerations	-	-	-	-	-	-
Long-term benefits and other social charges	116 325	-	116 325	2 306	2 468	121 098
Other remunerations and seniority bonuses	1 188 149	-	1 188 149	-	-	1 188 149
Total	**3 253 941**	**-**	**3 253 941**	**32 814**	**31 517**	**3 318 272**

"Other key management personnel" refers to General Directors and Advisors to the Board of Directors.

The number of Bank employees, considering the number of full-time and fixed-term employees, has the following breakdown by professional category:

AOA'000

	31-12-2020	31-12-2019
Directive functions	34	112
Management functions	103	120
Specific functions	262	374
Administrative functions and other	50	69
	449	**675**

NOTE 31
SUPPLIES AND THIRD-PARTY SERVICES

This item has the following amounts breakdown:

AOA'000

	31-12-2020	31-12-2019
Consulting and auditing	4 175 586	2 788 042
Rents and leases	2 422 582	1 179 520
Travel and representation	735 201	663 098
Security and surveillance	611 509	283 049
Retainers and fees	353 128	393 024
Communications and shipping	252 622	276 525
Advertising and publications	200 518	317 916
Insurances	125 363	42 735
Water, energy and fuels	57 088	47 434
Other supplies and third-party services	777 171	543 547
Total	**9 710 768**	**6 534 890**

NOTE 32
PROVISIONS AND IMPAIRMENTS TO CREDIT TO CUSTOMERS, OTHER ASSETS, GUARANTEES AND OTHER COMMITMENTS

The movement of the provision and impairment items occurred between the 2020 and 2019 fiscal years is presented as follows:

AOA'000

	Balance as at 31.12.2019	Reversals / (endowments)	Uses	Transfers	Exchange rate variation	Balance as at 31.12.2020
Credit impairments to customers (Note 10)	(36 977 602)	(7 599 035)	2 155 590	-	(5 067 114)	(47 488 161)
Impairment in non-current assets held for sale (Note 11)	(18 175 792)	(2 828 636)	-	(53 854)	(8 983 455)	(30 041 737)
Impairment on other financial assets (Notes 5, 6 and 9)	(1 956 189)	(8 563 612)	-	-	(24 621)	(10 544 422)
Impairment for guarantees and other commitments (Note 33)	(2 453 827)	4 653	-	-	(819 041)	(3 268 215)
Impairment on other assets (Note 15)	(2 627 143)	(1 477 433)	2 130 185	-	(61 400)	(2 035 791)
Other provisions for risks and charges (Note 18)	(450 956)	(1 655 772)	1 102 747	-	-	(1 003 981)
Impairment in associates (Note 9)	(53 854)	-	-	53 854	-	-
Provisions and Impairments	**(62 695 363)**	**(22 119 835)**	**5 388 522**	**-**	**(14 955 631)**	**(94 382 307)**

AOA'000

	Balance as at 31.12.2018	Reversals / (endowments)	Uses	Transfers	Exchange rate variation	Balance as at 31.12.2019
Credit impairments to customers (Note 10)	(29 521 615)	(9 819 033)	6 848 842	-	(4 485 796)	(36 977 602)
Impairment in non-current assets held for sale (Note 11)	(6 586 299)	(8 085 633)	-	-	(3 503 860)	(18 175 792)
Impairment on other financial assets (Notes 5, 6 and 9)	(742 580)	(1 711 247)	-	-	-	(2 453 827)
Impairment for guarantees and other commitments (Note 33)	(1 630 646)	(445 867)	-	-	(550 630)	(2 627 143)
Impairment on other assets (Note 15)	(435 759)	(864 213)	-	-	(656 217)	(1 956 189)
Other provisions for risks and charges (Note 18)	(1 125 967)	(574 489)	1 249 500	-	-	(450 956)
Impairment in associates (Note 9)	(53 854)	-	-	-	-	(53 854)
Provisions and Impairments	**(40 096 720)**	**(21 500 482)**	**8 098 342**	**-**	**(9 196 503)**	**(62 695 363)**

As at 31 December 2020, the amount of recorded unevenness for credit to be received amounts to mAOA 47 488 161, with an increase in the impairment rate of mAOA 7 599 035, relating to the recoverability of credit to customers and an exchange rate variation in the value of mAOA 5 067 115.

The Bank carried out an impairment increase for non-current assets held for sale in the amount of mAOA 2 828 636, related to the recoverability of equity holdings and an exchange rate variation in the amount of mAOA 8 983 455.

As at 31 December 2020, the reinforcement of the "Impairment on other financial assets" item essentially corresponds to the reinforcement of impairment on assets recorded under "investments at amortised cost" (Note 9) and results, mostly, from the change in the Probability Default (PD) at 12 months according to BNA's Notice No. 21/2020.

NOTE 33
GUARANTEES AND OTHER COMMITMENTS

The amounts of guarantees and endorsements provided and third-party commitments are analysed as follows:

AOA'000

	31-12-2020	31-12-2019
Guarantees and endorsements provided	58 447 925	45 529 597
Guarantees and endorsements received	(455 350 066)	(456 571 858)
Commitments to third parties	5 611 183	3 783 150
Third-party commitments assumed	(10 771)	(10 771)

The guarantees and endorsements provided are banking operations that do not translate into the mobilization of funds by the Bank.

Documentary credits are irrevocable commitments, on the part of the Bank, on behalf of its customers, to pay/have a specific amount paid to the supplier of a given merchandise or service, within a stipulated period, upon presentation of documents referring to the shipment of the goods or provision of the service. The irrevocable condition consists means that its cancellation or alteration is not feasible without the express agreement of all parties involved.

Revocable and irrevocable commitments present contractual agreements for the granting of credit with the Bank's customers (e.g. unused lines of credit), generally contracted for fixed-terms or together with other expiration requirements; they usually require a commission payment. Substantially, all existing credit granting commitments require customers to maintain certain requirements verified when contracting them.

Notwithstanding the particularities of these commitments, the assessment of these operations follows the same basic principles as any other commercial operation, namely that of solvency, both for the customer and for the underlying business; the Bank requires these operations to be duly collaterised when necessary. Since most of them are expected to expire without use, the amounts indicated do not necessarily represent future cash requirements.

The 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 assessment of the adequacy of the provisions set up as described in the accounting policy in Note 2.3, the maximum credit exposure being represented by the nominal value that could be lost in connection with contingent liabilities and other commitments assumed by the Bank in the event of default by the corresponding counterparties, without taking into account potential credit or collateral recoveries.

The Bank provides custody, asset management, investment management and advisory services that involve making decision to buy and sell various types of financial instruments. For certain services provided, objectives and profitability levels are established for the assets under management.

NOTE 34
RELATED PARTIES

In accordance with IAS 24, the Bank considers as related parties:

a. all entities holding qualifying shareholdings:
   - holders who hold, directly or indirectly, a percentage equal to or greater than 10 % of BNI's share capital.

b. all entities directly or indirectly owned in more than 10 % by the shareholders, covered by the above mentioned point;

c. all entities in which BNI holds, directly or indirectly, at least 10 % of the capital or voting rights of the participated company, or which, for any reason, makes it possible to exercise control and/or significant influence in the management of the participated institution;

d. also related is any person or entity, regardless of their legal form, which has a relationship with the holder of a qualifying shareholding, of one of the following types:
   - spouse or person living in de facto union, parents, grandparents, children, grandchildren and persons who cohabit with them;
   - entities in which some of the people listed in the previous paragraph have a qualifying shareholding.

e. entities in a directly or indirectly controlling relationship or in a group relationship with BNI;

f. members of BNI's management and/or supervisory bodies, as well as any person or entity, irrespective of their legal form, that have a relationship with a member of the management and/or supervisory bodies of one of the following types:
   - spouse or person living in de facto union, parents, grandparents, children, grandchildren and persons who cohabit with them;
   - entities controlled by the management and/or supervisory body member and entities in which they hold a qualifying holding;
   - entities dominated by one of the people listed in the first sub-paragraph of paragraph f).

g. entities whose majority of members of the administrative, management or management bodies coincide with those of BNI or, being different people, are linked together by marriage, de facto union or kinship up to second degree of direct descent;

h. key BNI management personnel and their families: first-line directors, their spouses, descendants or ascendants up to second degree of direct descent;

i. branches, associates and jointly controlled entities or that constitute joint ventures directly or indirectly in a controlling or group relationship with BNI;

j. entities controlled or jointly controlled by holders of qualifying holdings and/or members of the Bank's management and supervisory bodies and their spouses, descendants or ascendants up to second degree of direct descent.

k. entity contracted by BNI to provide post-employment benefit plans for BNI employees.

BancoBNI
Paixão pelo futuro

The Shareholders, member of the Governing Bodies, subsidiaries and associates of Shareholders, as well as other key management and family personnel, with whom the Bank maintained balances or transactions during the fiscal year ending on 31 December 2020, are as follows:

Shareholders	Members of the Governing Bodies
MARIO ABILIO PINHEIRO R MOREIRA PALHARES	RUI ANTONIO CRUZ
JOAO BAPTISTA MATOS*	VANDA ADRIANO MARQUES COSTA
BGI - SOCIETE DES BRASSERIES ET GLACIERES INTER	JOSE TEODORO GARCIA BOYOL
IVAN LEITE MORAIS	MARIO ABILIO PINHEIRO R MOREIRA PALHARES
SALIM ANWARALI KAMANI	SANDRO CUNHA PEREIRA AFRICANO
JOSE TEODORO GARCIA BOYOL	EVA MANUELA CORTEZ ARAUJO
ARNALDO LEIRO OCTAVIO	CARLOS ALBERTO ALVES CEITA
CHEN ZHIÃO	CARLOS MANUEL DE CARVALHO RODRIGUES
JOAQUIM MANUEL NUNES	HELIO RICARDO COELHO DOMINGOS PITRA
LEONEL ROCHA PINTO	JOAQUIM MANUEL NUNES
MARIO ALMEIDA DIAS	GASPAR DOS SANTOS CARDOSO
RUI ANTONIO CRUZ	JEAN BAPTIST DOMINIQUE BERNARD FISCEL
MANUEL ARNALDO SOUSA CALADO	PEDRO PAULO LOURO PALHARES
CELSO MIGUEL LEIRO FURTADO	MANUEL ARNALDO SOUSA CALADO
ANTONIO SOUSA MARQUES OLIVEIRA	LICINIO MANUEL MENEZES ASSIS
	CARLOS MARIA DA SILVA FEIJÓ

Shareholder subsidiaries and associates	Other
ALIANÇA SEGUROS	Direct family members of the governing bodies
BNI EUROPA	
BNI ASSET MANAGEMENT	
ACERA ANGOLA LDA	
NOSIANGOLA, LIMITADA	
GRUPO UBS - Unit Business Strategic, Lda	
BOMGEL – Industria e Hotelaria, Lda	
CAZOLI IMOBILIARIA LDA	
LIFE VINTAGE LDA	
FUNDO OMEGA	
URBAL PROPERTY, LDA	

* Shares in inheritance proceedings.

As at 31 December 2020 and 2019, the balances and transactions with related entities reflected in the balance sheet have the following composition:

	31.12.2020				31.12.2019			
	Assets	Liabilities	Total	Costs	Assets	Liabilities	Total	Costs
Subsidiary companies								
BNI Asset Management	43 001	42 104	1 756	(254)	-	30 394	-	-
BNIE	26 696 236	-	615 136	(75 662)	17 273 951	-	203 164	(311 677)
Total	**26 739 237**	**42 104**	**616 892**	**(75 916)**	**17 273 951**	**30 394**	**203 164**	**(311 677)**

	31.12.2020				31.12.2019			
	Assets	Liabilities	Total	Costs	Assets	Liabilities	Total	Costs
Shareholders	282 827	(6 147 302)	2 425 278	(4 491 196)	182 588	(14 027 848)	3 437	(473 226)
Members of the Governing Bodies	842 922	(889 768)	190 152	(194 908)	865 059	(3 309 938)	55 892	(59 178)
Subsidiaries and associates of Shareholders	7 841 537	(7 241 459)	1 795 208	(2 090 438)	1 078 234	(3 413 012)	177 725	(118 377)
Other	178 809	(270 432)	128 759	(140 566)	202 052	(933 049)	47 683	(36 263)
Total	**9 146 095**	**(14 548 961)**	**4 539 397**	**(6 917 108)**	**2 327 933**	**(21 683 847)**	**284 737**	**(687 044)**

It should be noted that the amounts of the Members of the Governing Bodies who are also Bank Shareholders are allocated to the "Shareholders" segment.

Costs with remunerations and other benefits attributed to the Bank's key management personnel (short- and long-term) are recorded in Note 30.

All transactions with related parties are carried out at normal market prices, in accordance with the principle of fair value.

NOTE 35
BOOK VALUE OF FINANCIAL INSTRUMENTS

As at 31 December 2020 and 2019, the book value of Financial Instruments had the following breakdown:

AOA'000

	31.12.2020			
	Valued at fair value	Valued at amortised cost	Valued at historical cost	Net value
Assets				
Cash and deposits at central banks	-	29 366 217	-	29 366 217
Cash and deposits at other credit institutions	-	13 260 357	-	13 260 357
Investments in central banks and other credit institutions	-	70 280 407	-	70 280 407
Financial assets at fair value through profit and loss	5 994 417	-	-	5 994 417
Financial assets at fair value through other comprehensive income	469 565	-	-	469 565
Investments at amortised cost	-	122 150 678	-	122 150 678
Credit to customers	-	126 526 782	-	126 526 782
Non-current assets held for sale	-	-	24 561 525	24 561 525
	6 463 982	**361 584 441**	**24 561 525**	**392 609 948**
Liabilities				
Deposits from central banks and other credit institutions	-	13 842 398	-	13 842 398
Customer deposits and other loans	-	344 278 076	-	344 278 076
Subordinated liabilities	-	27 676 556	-	27 676 556
	-	**385 797 029**	**-**	**385 797 030**

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	31.12.2019			
	Valued at fair value	Valued at amortised cost	Valued at historical cost	Net value
Assets				
Cash and deposits at central banks	-	42 984 341	-	42 984 341
Cash and deposits at other credit institutions	-	16 056 912	-	16 056 912
Investments in central banks and other credit institutions	-	59 126 341	-	59 126 341
Financial assets at fair value through other comprehensive income	188 039	-	-	188 039
Credit to customers	-	87 423 422	-	87 423 422
Investments at amortised cost	-	123 028 097	-	123 028 097
Non-current assets held for sale	-	-	8 393 765	8 393 765
Investments in branches, associates and joint ventures	-	-	146 144	146 144
	188 039	**328 619 113**	**8 539 909**	**337 347 061**
Liabilities				
Deposits from central banks and other credit institutions	-	11 601 441	-	11 601 441
Customer deposits and other loans	-	310 677 360	-	310 677 360
Subordinated liabilities	-	19 256 384	-	19 256 384
	-	**341 535 185**	**-**	**341 535 185**

As at 31 December 2020 and 2019, financial assets at fair value through other comprehensive income are valued in accordance with IFRS 13's level 3 valuation hierarchy. The sensitivity analysis of the main variables used in these assets' valuation, as required by IFRS 13, was not carried out because they are financial assets of intangible individual value.

NOTE 36
NET GAINS OR NET LOSSES ON FINANCIAL INSTRUMENTS

As at 31 December 2020 and 2019, net gains or net losses on the net interest income of financial instruments had the following breakdown:

AOA'000

	31.12.2020		
	Through profit and loss		
	Gains	Losses	Net
Assets			
Balances and investments with credit institutions	718 294	(91 623)	626 671
Financial assets at fair value through profit and loss	-	(5 583)	(5 583)
Investments at amortised cost	9 684 013	(8 578 748)	1 105 265
Credit to customers	18 689 837	(7 599 035)	11 090 802
	29 092 144	**(16 274 989)**	**12 817 155**
Liabilities			
Deposits from central banks and other credit institutions	-	(1 152 246)	(1 152 246)
Customer deposits and other loans	-	(9 310 987)	(9 310 987)
Subordinated liabilities	-	(631 220)	(631 220)
	-	**(11 094 453)**	**(11 094 453)**
Total	**29 092 144**	**(27 369 442)**	**1 722 702**

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	31.12.2019		
	Through profit and loss		
	Gains	Losses	Net
Assets			
Balances and investments with credit institutions	924 359	-	924 359
Credit to customers	15 916 587	-	15 916 587
Investments at amortised cost	9 885 091	-	9 885 091
Investments in associates and joint ventures	-	(53 854)	(53 854)
	26 726 037	**(53 854)**	**26 672 183**
Liabilities			
Deposits from central banks and other credit institutions	-	(2 766 813)	(2 766 813)
Customer deposits and other loans	-	(9 858 768)	(9 858 768)
Subordinated liabilities	-	(683 478)	(683 478)
	-	**(13 309 059)**	**(13 309 059)**
Total	**26 726 037**	**(10 596 100)**	**16 129 937**

NOTE 37
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value is based on market quotations, whenever available. If these do not exist, fair value is estimated through internal models based on cash flow discount techniques. The generation of cash flows of the different instruments is based on their respective financial characteristics and the discount rates used incorporate both the market interest rate curve and the current risk levels of the corresponding issuer.

Thus, the fair value obtained is influenced by the parameters used in the valuation model, which necessarily incorporate some degree of subjectivity and reflects exclusively the value attributed to the different financial instruments.

The fair value of financial assets and liabilities recorded in the Bank's balance sheet at amortised cost is as follows:

AOA'000

	31.12.2020			
	Net book value	Fair value of financial instruments	Difference	Total book value
Assets				
Cash and deposits at central banks	29 366 217	29 366 217	-	29 366 217
Cash and deposits at other credit institutions	13 260 357	13 260 357	-	13 260 357
Investments in central banks and other credit institutions	70 280 407	70 280 407	-	70 280 407
Financial assets at fair value through profit and loss	5 994 417	5 994 417	-	5 994 417
Financial assets at fair value through other comprehensive income	469 565	469 565	-	469 565
Investments at amortised cost	122 150 678	122 150 678	-	122 150 678
Credit to customers	126 526 782	126 526 782	-	126 526 782
	368 048 423	**368 048 423**	**-**	**368 048 423**
Liabilities				
Deposits from central banks and other credit institutions	13 842 398	13 842 398	-	13 842 398
Customer deposits and other loans	344 278 076	344 278 076	-	344 278 076
Subordinated liabilities	27 676 556	27 676 556	-	27 676 556
	385 797 030	**385 797 030**	**-**	**385 797 030**

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	31.12.2019			
	Net book value	Fair value of financial instruments	Difference	Total book value
Financial assets				
Cash and deposits at central banks	42 984 341	42 984 341	-	42 984 341
Cash and deposits at other credit institutions	16 056 912	16 056 912	-	16 056 912
Investments in central banks and other credit institutions	59 126 341	59 126 341	-	59 126 341
Financial assets at fair value through other comprehensive income	188 039	188 039	-	188 039
Investments at amortised cost	123 028 097	123 028 097	-	123 028 097
Credit to customers	87 423 422	87 423 422	-	87 423 422
	328 807 152	**328 807 152**	**-**	**328 807 152**
Financial liabilities				
Deposits from central banks and other credit institutions	11 601 441	11 601 441	-	11 601 441
Customer deposits and other loans	310 677 360	310 677 360	-	310 677 360
Subordinated liabilities	19 256 384	19 256 384	-	19 256 384
	341 535 185	**341 535 185**	**-**	**341 535 185**

The Bank uses the following fair value hierarchy, with three levels of 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 instrument's fair value, in accordance with IFRS 13:

Level 1: fair value is determined based on quoted prices captured in transactions in active markets involving financial instruments identical to the instruments being valued. If there is more than one active market for the same financial instrument, the relevant price is the one that prevails in the instrument's main market, or the most advantageous market to which access exists;

Level 2: the fair value is determined based on valuation techniques supported by data observable in active markets, whether direct data (prices, rates, spread) or indirect (derivatives) and valuation assumptions similar to those that an unrelated party would use to estimate the fair value of the same financial instrument. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities, but whose markets have less liquidity; e,

Level 3: fair value is determined on the basis of unobservable data in active markets, using techniques and assumptions that market participants would use to assess the same instruments, including hypotheses about the inherent risks, valuation technique used and the inputs used and contemplated processes of review of the acuity of the values thus obtained.

The Bank considers an active market for a given financial instrument, on the date of measurement, depending on the turnover and liquidity of the operations carried out, the relative volatility of quoted prices and the readiness and availability of the information and, for this purpose, to verify the following minimum conditions:

- existence of frequent daily trading quotes in the last year;
- the aforementioned quotes change regularly;
- executable quotes of more than one entity;

A parameter used in a valuation technique is considered to be an observable market data if the following conditions are met:

- whether its value is determined in an active market;
- if there is an over-the-counter ("OTC") market and it is reasonable to assume that there are market conditions, with the exception of the trading volume condition; and
- the parameter value can be obtained by inversely computing the prices of financial instruments and/or derivatives where the other parameters required for initial valuation are observable in a liquid market or an OTC market that comply with the previous paragraphs.

The fair value of the financial assets and liabilities held by the Bank is as follows:

	31.12.2020					
Assets and liabilities at amortised cost	Amortised Cost	Valued at Fair Value			Total Value of Balance Sheet	Fair Value
		Level 1	Level 2	Level 3		
Assets						
Cash and deposits at central banks	29 366 217	-	-	-	29 366 217	29 366 217
Cash and deposits at other credit institutions	13 260 357	-	-	-	13 260 357	13 260 357
Investments in central banks and other credit institutions	70 280 407	-	-	-	70 280 407	70 280 407
Financial assets at fair value through profit and loss	-	-	-	5 994 417	5 994 417	5 994 417
Financial assets at fair value through other comprehensive income	-	-	-	469 565	469 565	469 565
Investments at amortised cost	122 150 678	-	-	-	122 150 678	122 150 678
Credit to customers	126 526 782	-	-		126 526 782	126 526 782
	361 584 441	**-**	**-**	**6 463 982**	**368 048 423**	**368 048 423**
Liabilities						
Deposits from central banks and other credit institutions	13 842 398	-	-	-	13 842 398	13 842 398
Customer deposits and other loans	344 278 076	-	-	-	344 278 076	344 278 076
Subordinated liabilities	27 676 556	-	-	-	27 676 556	27 676 556
	385 797 030	**-**	**-**	**-**	**385 797 030**	**385 797 030**

	31.12.2019					
Assets and liabilities at amortised cost	Amortised Cost	Valuation hierarchy			Total Value of Balance Sheet	Fair Value
		Level 1	Level 2	Level 3		
Assets						
Cash and deposits at central banks	42 984 341	-	-	-	42 984 341	42 984 341
Cash and deposits at other credit institutions	16 056 912	-	-	-	16 056 912	16 056 912
Investments in central banks and other credit institutions	59 126 341	-	-	-	59 126 341	59 126 341
Financial assets at fair value through other comprehensive income	-	-	-	188 039	188 039	188 039
Investments at amortised cost	123 028 097	-	-	-	123 028 097	123 028 097
Credit to customers	87 423 422	-	-	-	87 423 422	87 423 422
	328 619 113	**-**	**-**	**188 039**	**328 807 152**	**123 216 136**
Liabilities						
Deposits from central banks and other credit institutions	11 601 441	-	-	-	-	11 601 441
Customer deposits and other loans	310 677 360	-	-	-	-	310 677 360
Subordinated liabilities	19 256 384	-	-	-	-	19 256 384
	341 535 185	**-**	**-**	**-**	**-**	**341 535 185**

CASH AND BALANCES AND INVESTMENTS WITH CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

Given the short maturity and high liquidity of financial instruments, the fair value is equal to the amortised cost.

INVESTMENTS AT AMORTISED COST

The fair value of these financial instruments is based on market quotations, whenever available. If they do not exist, the fair value calculation is based on the use of numerical models, based on cash flow discount techniques, the opportunity cost rate was calculated on the basis of the interest rates of the most recent public debt issues in national currency for national currencies and Eurobonds yields on the reference date for foreign currencies.

CREDIT TO CUSTOMERS

The fair value of credit to customers is estimated based on the update on the expected cash flows of principal and interest, considering that the instalments are paid on the contractually set 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 used for loans with similar characteristics.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

These financial instruments are recorded at fair value for Angolan public debt securities. The fair value is based on the market prices available at BODIVA, whenever available. If these do not exist, the fair value calculation is based on the use of numerical models, based on cash flow discount techniques that, in order to calculate fair value, use the market interest rate curves adjusted by the associated factors, predominantly the credit risk and liquidity risk, determined according to the market conditions and corresponding deadlines.

Market interest rates are calculated based on information disseminated by financial content providers and the BNA. Interest rates for specific cash flow periods are determined by adequate interpolation methods. The same interest rate curves are also used in the projection of non-deterministic cash flows, such as indexing.

For investment funds, the financial statements of these bodies at the Bank's balance sheet date and, whenever possible, with the respective auditor's report, are considered to be the best estimate of fair value.

DEPOSITS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

Given the short maturity of financial instruments, the fair value is equal to the amortised cost.

CUSTOMER DEPOSITS AND OTHER LOANS

The fair value of these financial instruments is estimated based on the update of expected cash flows from principal and interest. The discount rate used is that which reflects the rates practised for deposits with similar characteristics on the balance sheet date. Considering that the applicable interest rates are renewed for periods under one year, there are no materially relevant differences in their fair value.

SUBORDINATED LIABILITIES

Fair value is based on market prices when available; if they do not exist, it is estimated based on the update of the expected future cash flows of principal and interest for these instruments. If these do not exist, the fair value calculation was based on the use of numerical models, based on cash flow discount techniques that, to estimate fair value, use the market interest rate curves adjusted by the associated factors, predominantly the credit risk and commercial margin, the latter only in the case of issues placed with the Bank's non-institutional customers.

NOTE 38
ACTIVITY RISK MANAGEMENT

During the course of its activity, the Bank is subject to several types of risks. Risk management is carried out centrally in coordination with the departments, taking into account the specific risks of each business.

The Bank's risk management policy aims to maintain, at all times, an adequate relationship between its equity and the activity carried out, as well as the corresponding assessment of the risk/return profile by line of business. In this context, the monitoring and control of the main types of financial risks - credit, market, liquidity, real estate and operational - to which the Bank is of particular importance.

MAIN RISK CATEGORIES

Credit – Credit risk is associated to the degree of uncertainty of recovering an investment and its return, due to a debtor's incapacity (and its guarantor, if any), thus causing a financial loss for the creditor. Credit risk is shown in debt securities or other balances receivable.

Market - Market risk is defined as potential losses that can be recorded as a result of changes in rates (interest or exchange) and/or prices of different financial instruments, considering not only the correlations between them, but also their volatilities.

Liquidity – Liquidity risk is defined as the Bank's inability to meet its financial liability obligations at each maturity date, without incurring in significant losses arising from a degradation of the access conditions to financing (financing risk) and/or to the sale of its assets at prices below market value (market liquidity risk).

Real Estate Market – Real estate market risk is defined as the potential loss the Bank may suffer due to changes in the prices of real estate assets held.

Operational - Operational risk is defined as the potential loss resulting from failures or inadequacies in internal processes, people or systems, or potential losses from external events.

INTERNAL ORGANISATION

The Bank considers that a key element for success lies in the implementation and preservation of an adequate risk management, materialised in the definition of the Bank's risk appetite and in the implementation of strategies and policies aimed at achieving its objectives. These should take into account the set risk appetite, ensuring that it remains within the preset limits and subject to adequate and continuous supervision.

BNI's Board of Directors is responsible for approving the Bank's risk appetite, global risk policy and specific policies for significant risks. This includes approving the highest level principles and rules that should be followed by the Bank's risk management, as well as the guidelines that should dictate the allocation of capital to different risks and business lines.

Through the Risk Management Committee, the Board of Directors ensures that there is an adequate risk control and effective management systems implemented in all areas of the Bank.

The Risk Management Committee is responsible for periodically monitoring the overall risk levels incurred, ensuring these are compatible with the objectives and strategies approved for the activity's development.

The risk management role is performed by the Risk Officer, from the Risk Management Office. The Risk Officer is responsible for monitoring and reporting the Bank's risk situation, namely: to establish and promote risk management policies, procedures, methodologies and tools; to monitor the operational units' risk taking and to promote the importance of control carried out by the operating units as a first line of defence; to collect relevant information from operational units in order to regularly monitor risk appetite metrics; and to automatically produce (whenever possible) risk appetite reports.

The Compliance Office, responsible for the compliance function, covers all areas, corporate processes and activities that make up the Bank. Its mission is to contribute to the prevention and mitigation of Compliance risks, which translate into the risk of legal or regulatory sanctions, financial or reputational loss following failure to comply with the laws, regulations, code of conduct and good banking practices, promoting respect for the BNI and its employees throughout the normative applicable through an independent intervention, together with all the Bank's organic units.

The Risk and Compliance roles report functionally to an Executive Director, who does not work at operating units, and hierarchically to the Board of Directors through the Committees of non-Executive Directors in which they participate.

RISK ASSESSMENT

CREDIT RISK

Credit risk models play an essential role in the credit decision process. Thus, the decision-making process for the credit portfolio is based on a set of policies using scoring models for the Private and Business customer portfolios and rating models for the Corporate segment.

Credit decisions depend on risk ratings and compliance with various rules on the applicants' financial capacity and behaviour. There are relative scoring models for the main credit portfolios to individuals, namely home loans and individual credit, contemplating the necessary segmentation between customers and non-customers (or recent customers).

When it comes to corporate credit, internal rating models are used for medium- and large-sized companies, differentiating the construction sector and the third sector from other sectors of activity. To individual entrepreneurs (IE) and micro companies the Business scoring model is applied.

Below is information on the Bank's exposure to credit risk:

AOA'000

2020	Gross book value	Impairment	Net book value
Cash and deposits at central banks	29 366 217	-	29 366 217
Cash and deposits at other credit institutions	13 261 168	(811)	13 260 357
Investments in central banks and other credit institutions	70 405 749	(125 342)	70 280 407
Financial assets at fair value through profit and loss	5 994 417	-	5 994 417
Financial assets at fair value through other comprehensive income	469 565	-	469 565
Investments at amortised cost	132 660 305	(10 509 627)	122 150 678
Credit to customers	174 014 943	(47 488 161)	126 526 782
Other assets	21 221 533	(2 035 791)	19 185 742
Balance sheet exposure	**447 393 897**	**(60 159 732)**	**387 234 165**
Guarantees provided	58 447 925	(131 081)	58 316 844
Third-party commitments assumed	5 611 183	(3 137 134)	2 474 049
Off-balance sheet exposure	**64 059 108**	**(3 268 215)**	**60 790 893**
Total	**511 453 005**	**(63 427 947)**	**448 025 058**

AOA'000

2019	Gross book value	Impairment	Net book value
Cash and deposits at central banks	42 984 339	-	42 984 339
Cash and deposits at other credit institutions	16 057 216	(304)	16 056 912
Investments in central banks and other credit institutions	59 151 651	(25 310)	59 126 341
Financial assets at fair value through other comprehensive income	188 039	-	188 039
Investments at amortised cost	124 958 976	(1 930 879)	123 028 097
Credit to customers	124 401 023	(36 977 601)	87 423 422
Other assets	17 690 999	(2 627 143)	15 063 856
Balance sheet exposure	**385 432 243**	**(41 561 237)**	**343 871 006**
Guarantees provided	45 529 597	(2 265 576)	43 264 021
Third-party commitments assumed	3 783 150	(188 251)	3 594 899
Off-balance sheet exposure	**49 312 747**	**(2 453 827)**	**46 858 920**
Total	**434 744 990**	**(44 015 064)**	**390 729 926**

When it comes to credit risk, the securitised financial assets portfolio maintains its dominant position in sovereign bonds of the Republic of Angola.

The geographical concentration of credit risk as at 31 December 2020 and 2019 was the following:

AOA'000

2020	Angola	Other African countries	Europe	Other	Total
Cash and deposits at central banks	29 366 217	-	-	-	29 366 217
Cash and deposits at other credit institutions	2 486 737	20 159	5 250 224	5 503 237	13 260 357
Investments in central banks and other credit institutions	1 208 998	-	7 983 216	61 088 193	70 280 407
Financial assets at fair value through profit and loss	5 994 417	-	-	-	5 994 417
Financial assets at fair value through other comprehensive income	469 565	-	-	-	469 565
Investments at amortised cost	122 150 678	-	-	-	122 150 678
Credit to customers	126 526 782	-	-	-	126 526 782
Total	**288 203 394**	**20 159**	**13 233 440**	**66 591 430**	**368 048 423**

AOA'000

2019	Angola	Other African countries	Europe	Other	Total
Cash and deposits at central banks	42 984 341	-	-	-	42 984 341
Cash and deposits at other credit institutions	1 228 317	34 224	11 399 292	3 395 079	16 056 912
Investments in central banks and other credit institutions	(25 614)	1 457 571	52 719 504	4 974 880	59 126 341
Financial assets at fair value through other comprehensive income	188 039	-	-	-	188 039
Investments at amortised cost	123 028 097	-	-	-	123 028 097
Credit to customers	87 423 422	-	-	-	87 423 422
Total	**254 826 602**	**1 491 795**	**64 118 796**	**8 369 959**	**328 807 152**

For the purpose of reducing credit risk, real estate mortgage guarantees and financial collateral are relevant, which allow a direct reduction in the position's value. Personal protection guarantees with substitution effect on the risk position are also considered.

In terms of direct reduction, collateralised credit transactions by financial collateral, namely deposits, Angolan state bonds, among others, are included.

For real estate mortgage guarantees, asset assessments are carried out periodically (annually) by independent appraisers or by the institution's own structure unit, regardless of the commercial area. The revaluation of assets is carried out by on-site appraisals, by an appraiser, in accordance with the best market practices.

The impairment model is described in Note 2.3.

MARKET RISK

Regarding the market risk information and analysis, a regular reporting on financial asset portfolios is ensured. There are several risk limits defined for own portfolios. Different exposure limits are also defined per Issuer, type/class of asset and credit rating. Stop Loss and Loss Trigger limits are also defined for positions held for trading and available for sale.

The Bank also maintains compliance with Notice no. 08/2016 of 16 May regarding interest rate risk in the banking portfolio (financial instruments not held in the trading portfolio).

The investment portfolio is fully concentrated in National Treasury bonds.

The assessment of the interest rate risk arising from banking book operations is carried out by risk sensitivity analysis.

Based on the financial characteristics of each contract, the corresponding projection of expected cash flows is made, according to the reset dates and any behavioural assumptions considered.

The aggregation, for each of the currencies analysed, of the expected cash flows in each of the time intervals allows the determination of interest rate gaps by refixing term.

Following the recommendations of Instruction No. 06/2016 of 08 August, of the National Bank of Angola, the Bank calculates its exposure to balance sheet interest rate risk based on the methodology set in the instruction.

As at 31 December 2020 and 2019, the Bank's assets and liabilities had the following breakdown by type of rate:

AOA'000

2020	Exposure to Fixed rate	Exposure to Variable rate	Not subject to interest rate risk	Total
ASSETS				
Cash and deposits at central banks	-	-	29 366 217	29 366 217
Cash and deposits at other credit institutions	-	-	13 260 357	13 260 357
Investments in central banks and other credit institutions	70 280 407	-	-	70 280 407
Financial assets at fair value through profit and loss	-	-	5 994 417	5 994 417
Financial assets at fair value through other comprehensive income	-	-	469 565	469 565
Investments at amortised cost	122 150 678	-	-	122 150 678
Credit to customers	105 629 791	20 896 991	-	126 526 782
Non-current assets held for sale	24 561 525	-	-	24 561 525
	322 622 401	**20 896 991**	**49 090 556**	**392 609 948**
LIABILITIES				
Deposits from central banks and other credit institutions	(13 842 398)	-	-	(13 842 398)
Customer deposits and other loans	(194 140 574)	-	(150 137 502)	(344 278 076)
Subordinated liabilities	(27 676 556)	-	-	(27 676 556)
	(235 659 528)	**-**	**(150 137 502)**	**(385 797 030)**

AOA'000

2019	Exposure to Fixed rate	Exposure to Variable rate	Not subject to interest rate risk	Total
ASSETS				
Cash and deposits at central banks	-	-	42 984 341	42 984 341
Cash and deposits at other credit institutions	-	-	16 056 912	16 056 912
Investments in central banks and other credit institutions	59 126 341	-	-	59 126 341
Financial assets at fair value through other comprehensive income	-	-	188 039	188 039
Investments at amortised cost	123 028 097	-	-	123 028 097
Credit to customers	75 858 123	11 565 299	-	87 423 422
Non-current assets held for sale	-	-	8 393 765	8 393 765
	258 012 561	**11 565 299**	**67 623 057**	**337 200 917**
LIABILITIES				
Deposits from central banks and other credit institutions	(11 601 441)	-	-	(11 601 441)
Customer deposits and other loans	(164 384 932)	-	(146 292 428)	(310 677 360)
Subordinated liabilities	(19 256 384)	-	-	(19 256 384)
	(195 242 757)	**-**	**(146 292 428)**	**(341 535 185)**

The details of financial instruments with exposure to interest rate risk according to the maturity or reset date as at 31 December 2020 and 2019 have the following breakdown:

AOA'000

2020	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year and 3 years	Between 3 and 5 years	More than 5 years	Undetermined	Total
ASSETS									
Investments with central banks and other credit institutions	12 857 621	7 161 238	40 595 494	9 792 208	-	-	-	(126 154)	70 280 407
Investments at amortised cost	5 688 941	959 158	4 582 400	10 190 076	36 760 067	42 280 073	32 199 590	(10 509 627)	122 150 678
Credit to customers	23 981 236	4 853 122	1 007 642	35 962 081	16 996 787	43 328 004	40 164 066	(39 766 156)	126 526 782
	42 527 798	**12 973 518**	**46 185 536**	**55 944 365**	**53 756 854**	**85 608 077**	**72 363 656**	**(50 401 937)**	**318 957 867**
LIABILITIES									
Deposits from central banks and other credit institutions	(2 729 002)	(4 038 049)	(3 543 098)	(2 403 671)	-	-	-	(1 128 578)	(13 842 398)
Customer deposits and other loans(1)	(23 115 203)	(41 366 753)	(26 525 462)	(89 975 926)	(4 722 579)	(4 009 959)	(4 424 692)	-	(194 140 574)
Subordinated liabilities	-	-	-	-	(19 723 663)	-	(7 952 893)	-	(27 676 556)
	(25 844 205)	**(45 404 802)**	**(30 068 560)**	**(92 379 597)**	**(24 446 242)**	**(4 009 959)**	**(12 377 585)**	**(1 128 578)**	**(235 659 528)**
Net exposure	**16 683 593**	**(32 431 284)**	**16 116 976**	**(36 435 232)**	**29 310 612**	**81 598 118**	**59 986 071**	**(51 530 515)**	**83 298 339**

AOA'000

2019	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year and 3 years	Between 3 and 5 years	More than 5 years	Undetermined	Total
ASSETS									
Investments with central banks and other credit institutions	16 473 278	14 458 831	1 932 303	26 287 543	-	-	-	(25 614)	59 126 341
Investments at amortised cost	9 863 020	6 153 830	5 994 312	1 075 719	39 045 848	8 122 818	54 703 429	(1 930 879)	123 028 097
Credit to customers	30 072 510	189 025	1 600 154	5 967 123	28 062 588	19 981 264	22 564 339	(21 013 581)	87 423 422
	56 408 808	**20 801 686**	**9 526 769**	**33 330 385**	**67 108 436**	**28 104 082**	**77 267 768**	**(22 970 074)**	**269 577 860**
LIABILITIES									
Deposits from central banks and other credit institutions	(654 241)	(10 072 246)	-	(805 257)	-	-	-	(69 697)	(11 601 441)
Customer deposits and other loans(1)	(20 787 301)	(23 716 762)	(42 814 263)	(59 138 129)	(15 010 330)	(17 348)	(107 190)	(2 793 609)	(164 384 932)
Subordinated liabilities	-	-	-	-	-	(14 497 068)	(4 759 316)	-	(19 256 384)
	(21 441 542)	**(33 789 008)**	**(42 814 263)**	**(59 943 386)**	**(15 010 330)**	**(14 514 416)**	**(4 866 506)**	**(2 863 306)**	**(195 242 757)**
Net exposure	**34 967 266**	**(12 987 322)**	**(33 287 494)**	**(26 613 001)**	**52 098 106**	**13 589 666**	**72 401 262**	**(25 833 380)**	**74 335 103**

(1)- Includes only Term deposits.

Sensitivity to the balance sheet interest rate risk, by currency, is calculated by the difference between the current value of the interest rate mismatch discounted at market interest rates and the discounted value of the same cash flows simulating parallel displacements of the market interest rate curve.

It is important to note that the "Customer resources and other loans" item does not include Demand Deposits.

As at 31 December 2020 and 2019, the sensitivity analysis of financial instruments to interest rate variations is as follows:

AOA'000

2020	-200bp	-100bp	-50bp	+50bp	+100bp	+200bp
Interest and similar income	(23 273 715)	(11 636 858)	(5 818 429)	5 818 429	11 636 858	23 273 715
Interest and similar expense	8 875 562	4 437 781	2 218 891	(2 218 891)	(4 437 781)	(8 875 562)
Total	**(14 398 153)**	**(7 199 077)**	**(3 599 538)**	**3 599 538**	**7 199 077**	**14 398 153**

AOA'000

2019	-200bp	-100bp	-50bp	+50bp	+100bp	+200bp
Interest and similar income	(24 138 895)	(12 069 448)	(6 034 724)	6 034 724	12 069 448	24 138 895
Interest and similar expense	23 566 563	11 783 281	5 891 641	(5 891 641)	(11 783 281)	(23 566 563)
Total	**(572 332)**	**(286 167)**	**(143 083)**	**143 083**	**286 167**	**572 332**

Pursuant to Article 6 of Notice No. 08/2016 of 16 May, the Bank shall inform the National Bank of Angola whenever there is a potential reduction in the economic value equal to its banking portfolio or more than 20% of regulatory own funds. During the 2020 and 2019 fiscal years, the Bank complied with this requirement.

As at 31 December 2020 and 2019, the financial instruments assets and liabilities by currency are broken down i) not considering foreign currency-linked financial instruments and ii) considering foreign currency-linked financial instruments.

i) Exposure not considering the indexation effect:

2020	Kwanzas	US Dollar	Euros	Other	Total
ASSETS					
Cash and deposits at central banks	16 714 174	9 993 057	2 506 182	152 804	29 366 217
Cash and deposits at other credit institutions	2 486 737	5 503 238	5 240 374	30 008	13 260 357
Investments in central banks and other credit institutions	1 208 998	61 088 193	7 983 216	-	70 280 407
Financial assets at fair value through profit and loss	5 994 417	-	-	-	5 994 417
Financial assets at fair value through other comprehensive income	469 565	-	-	-	469 565
Investments at amortised cost	4 454 249	27 578 719	-	-	32 032 969
Credit to customers	114 851 309	9 927 868	1 747 605	-	126 526 782
	146 179 449	**114 091 075**	**17 477 377**	**182 812**	**277 930 714**
LIABILITIES					
Deposits from central banks and other credit institutions	(1 940 588)	(6 707 390)	(5 146 420)	(48 000)	(13 842 398)
Customer deposits and other loans	(193 845 187)	(115 702 205)	(34 718 929)	(11 755)	(344 278 076)
Subordinated liabilities	(27 676 556)	-	-	-	(27 676 556)
	(223 462 331)	**(122 409 595)**	**(39 865 349)**	**(59 755)**	**(385 797 030)**

2019	Kwanzas	US Dollar	Euros	Other	Total
ASSETS					
Cash and deposits at central banks	32 602 271	543 839	9 721 218	117 013	42 984 341
Cash and deposits at other credit institutions	1 228 317	5 578 923	9 143 094	106 578	16 056 912
Investments in central banks and other credit institutions	-	53 718 076	5 408 268	(3)	59 126 341
Credit to customers	77 098 671	10 310 029	14 722	-	87 423 422
Investments at amortised cost	102 872 138	20 155 959	-	-	123 028 097
Financial assets at fair value through other comprehensive income	188 039	-	-	-	188 039
	213 989 436	**90 306 826**	**24 287 302**	**223 588**	**328 807 152**
LIABILITIES					
Deposits from central banks and other credit institutions	(10 440 058)	(3 733)	(1 157 650)	-	(11 601 441)
Customer deposits and other loans	(180 477 833)	(91 775 748)	(38 415 243)	(8 536)	(310 677 360)
Subordinated liabilities	(19 256 384)	-	-	-	(19 256 384)
	(210 174 275)	**(91 779 481)**	**(39 572 893)**	**(8 536)**	**(341 535 185)**

ii) Exposure considering the indexation effect:

2020	Kwanzas	US Dollar	Euros	Other	Total
ASSETS					
Cash and deposits at central banks	16 714 174	9 993 057	2 506 182	152 804	29 366 217
Cash and deposits at other credit institutions	2 486 737	5 503 238	5 240 374	30 008	13 260 357
Investments in central banks and other credit institutions	1 208 998	61 088 193	7 983 216	-	70 280 407
Financial assets at fair value through profit and loss	5 994 417	-	-	-	5 994 417
Financial assets at fair value through other comprehensive income	469 565	-	-	-	469 565
Investments at amortised cost	94 571 959	27 578 719	-	-	122 150 678
Credit to customers	114 851 309	9 927 868	1 747 605	-	126 526 782
	236 297 159	**114 091 075**	**17 477 377**	**182 812**	**368 048 423**
LIABILITIES					
Deposits from central banks and other credit institutions	(1 940 588)	(6 707 390)	(5 146 420)	(48 000)	(13 842 398)
Customer deposits and other loans	(151 472 070)	(158 075 420)	(34 718 929)	(11 657)	(344 278 076)
Subordinated liabilities	(98 644)	(27 577 912)	-	-	(27 676 556)
	(153 511 302)	**(192 360 722)**	**(39 865 349)**	**(59 657)**	**(385 797 030)**

2019	Kwanzas	US Dollar	Euros	Other	Total
ASSETS					
Cash and deposits at central banks	32 602 271	543 839	9 721 218	117 013	42 984 341
Cash and deposits at other credit institutions	1 228 317	5 578 923	9 143 094	106 578	16 056 912
Investments in central banks and other credit institutions	-	53 718 076	5 408 268	(3)	59 126 341
Financial assets at fair value through other comprehensive income	188 039	-	-	-	188 039
Credit to customers	77 098 671	10 310 029	14 722	-	87 423 422
Investments at amortised cost	23 946 555	99 081 542	-	-	123 028 097
	135 063 853	**169 232 409**	**24 287 302**	**223 588**	**328 807 152**
LIABILITIES					
Deposits from central banks and other credit institutions	(10 440 058)	(3 733)	(1 157 650)	-	(11 601 441)
Customer deposits and other loans	(146 472 356)	(125 781 225)	(38 415 243)	(8 536)	(310 677 360)
Subordinated liabilities	(84 630)	(19 171 754)	-	-	(19 256 384)
	(156 997 044)	**(144 956 712)**	**(39 572 893)**	**(8 536)**	**(341 535 185)**

The sensitivity analysis of the asset value of financial instruments to exchange rate variations as at 31 December 2020 and 2019 is also presented for i) exposure not considering foreign currency-linked financial instruments and ii) considering foreign currency-linked financial instruments. The sensitivity analysis expresses the impact on the asset value of financial instruments of the foreign currency value variation against the kwanza.

i) Change in the asset value of financial instruments not considering the indexation effect

AOA'000

2020	-20%	-10%	-5%	5%	10%	20%
US Dollar	1 663 704	831 852	415 926	(415 926)	(831 852)	(1 663 704)
Euros	4 477 594	2 238 797	1 119 399	(1 119 399)	(2 238 797)	(4 477 594)
Other	(24 611)	(12 306)	(6 153)	6 153	12 306	24 611
Total	**6 116 687**	**3 058 343**	**1 529 172**	**(1 529 172)**	**(3 058 343)**	**(6 116 687)**

AOA'000

2019	-20%	-10%	-5%	5%	10%	20%
US Dollar	751 964	375 982	187 991	(187 991)	(375 982)	(751 964)
Euros	440 069	220 035	110 017	(110 017)	(220 035)	(440 069)
Other	(42 659)	(21 330)	(10 665)	10 665	21 330	42 659
Total	**1 149 374**	**574 687**	**287 343**	**(287 343)**	**(574 687)**	**(1 149 374)**

ii) Change in the asset value of financial instruments considering the indexation effect:

AOA'000

2020	-20%	-10%	-5%	5%	10%	20%
US Dollar	(471 046)	(235 523)	(117 762)	117 762	235 523	471 046
Euros	4 477 594	2 238 797	1 119 399	(1 119 399)	(2 238 797)	(4 477 594)
Other	(24 631)	(12 316)	(6 158)	6 158	12 316	24 631
Total	**3 981 917**	**1 990 958**	**995 479**	**(995 479)**	**(1 990 958)**	**(3 981 917)**

AOA'000

2019	-20%	-10%	-5%	5%	10%	20%
US Dollar	(4 397 706)	(2 198 853)	(1 099 427)	1 099 427	2 198 853	4 397 706
Euros	440 069	220 035	110 017	(110 017)	(220 035)	(440 069)
Other	(42 659)	(21 330)	(10 665)	10 665	21 330	42 659
Total	**(4 000 296)**	**(2 000 148)**	**(1 000 075)**	**1 000 075**	**2 000 148**	**4 000 296**

The result of the stress test presented corresponds to the expected impact (before taxes) on equity, including minority interests, due to a 20 % appreciation in the exchange rate of each currency against the kwanza.

LIQUIDITY RISK

The liquidity risk assessment is made using internal metrics defined by the Bank's management, namely exposure limits. This control is reinforced by carrying out monthly sensitivity analyses, in order to characterise the Bank's risk profile and ensure that its obligations in a liquidity crisis scenario are fulfilled.

The control of liquidity levels aims to maintain a satisfactory level of balances to meet financial needs in the short-, medium- and long-term. Liquidity risk is monitored daily and a number of reports are prepared to control, monitor and support the decision of ALCO's committee.

The evolution of the liquidity situation is made, in particular, on the basis of estimated future cash flows over various time horizons, taking into account the Bank's balance sheet. The liquidity position on the day of analysis and the amount of assets considered highly liquid in the uncommitted securities portfolio are added to the values calculated, thus determining the accumulated liquidity gap for various time horizons. In addition, a monitoring of liquidity positions is also carried out from a prudential point of view, calculated according to the rules required by the National Bank of Angola (Instruction No. 06/2016 of 8 August).

As at 31 December 2020 and 2019, the liquidity gap in the Bank's balance sheet had the following breakdown:

AOA'000

2020	In Sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year and 3 years	Between 3 and 5 years	More than 5 years	Undetermined	Total
ASSETS										
Cash and deposits at central banks	29 366 217	-	-	-	-	-	-	-	-	29 366 217
Cash and deposits at other credit institutions	13 260 357	-	-	-	-	-	-	-	-	13 260 357
Investments in central banks and other credit institutions	-	12 857 622	7 161 238	40 595 494	9 792 207	-	-	-	(126 154)	70 280 407
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	5 994 417	-	5 994 417
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	469 565	469 565
Investments at amortised cost	-	5 688 942	959 158	4 582 399	10 190 076	36 760 067	42 280 073	32 199 590	(10 509 627)	122 150 678
Credit to customers	21 280 292	2 700 944	4 853 122	1 007 642	35 962 081	16 996 787	43 328 004	40 164 066	(39 766 156)	126 526 782
	63 906 866	**21 247 508**	**12 973 518**	**46 185 535**	**55 944 364**	**53 756 854**	**85 608 077**	**78 358 073**	**(49 932 372)**	**368 048 423**
LIABILITIES										
Deposits from central banks and other credit institutions	(1 940 588)	(788 414)	(4 038 049)	(3 543 098)	(2 403 671)	-	-	-	(1 128 578)	(13 842 398)
Customer deposits and other loans	(150 137 502)	(23 115 203)	(41 366 753)	(26 525 462)	(89 975 926)	(4 722 579)	(4 009 959)	(4 424 692)	-	(344 278 076)
Subordinated liabilities	-	-	-	-	-	(19 723 663)	-	(7 952 893)	-	(27 676 556)
	(152 078 090)	**(23 903 617)**	**(45 404 802)**	**(30 068 560)**	**(92 379 597)**	**(24 446 242)**	**(4 009 959)**	**(12 377 585)**	**(1 128 578)**	**(385 797 030)**
GAP	**(88 171 224)**	**(2 656 109)**	**(32 431 284)**	**16 116 975**	**(36 435 233)**	**29 310 612**	**81 598 118**	**65 980 488**	**(51 060 950)**	**(17 748 607)**
Accumulated GAP	**(88 171 224)**	**(90 827 333)**	**(123 258 617)**	**(107 141 642)**	**(143 576 875)**	**(114 266 263)**	**(32 668 145)**	**33 312 343**	**(17 748 607)**	**-**

AOA'000

2019	In Sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year and 3 years	Between 3 and 5 years	More than 5 years	Undetermined	Total
ACTIVO										
Cash and deposits at central banks	42 984 341	-	-	-	-	-	-	-	-	42 984 341
Cash and deposits at other credit institutions	16 056 912	-	-	-	-	-	-	-	-	16 056 912
Investments in central banks and other credit institutions	13 649 333	2 823 945	14 458 831	1 932 303	26 287 543	-	-	-	(25 614)	59 126 341
Activos financeiros ao justo valor através de outro rendimento integral	-	-	-	-	-	-	-	-	188 039	188 039
Investimentos ao custo amortizado	-	9 863 020	6 153 830	5 994 312	1 075 719	39 045 848	8 122 818	54 703 429	(1 930 879)	123 028 097
Crédito a clientes	30 043 133	29 377	189 025	1 600 154	5 967 123	28 062 588	19 981 264	23 246 477	(21 695 719)	87 423 422
	102 733 719	**12 716 342**	**20 801 686**	**9 526 769**	**33 330 385**	**67 108 436**	**28 104 082**	**77 949 906**	**(23 464 173)**	**328 807 152**
PASSIVO										
Recursos de bancos centrais e de outras instituições de crédito	(654 241)	-	(10 072 246)	-	(805 257)	-	-	-	(69 697)	(11 601 441)
Recursos de clientes e outros empréstimos	(147 172 763)	(19 906 966)	(23 716 763)	(42 814 263)	(59 138 128)	(15 010 330)	(17 348)	(107 190)	(2 793 609)	(310 677 360)
Passivos subordinados	-	-	-	-	-	-	(14 497 068)	(4 759 316)	-	(19 256 384)
	(147 827 004)	**(19 906 966)**	**(33 789 009)**	**(42 814 263)**	**(59 943 385)**	**(15 010 330)**	**(14 514 416)**	**(4 866 506)**	**(2 863 306)**	**(341 535 185)**
GAP	**(45 093 285)**	**(7 190 624)**	**(12 987 323)**	**(33 287 494)**	**(26 613 000)**	**52 098 106**	**13 589 666**	**73 083 400**	**(26 327 479)**	**(12 728 033)**
GAP Acumulado	**(45 093 285)**	**(52 283 909)**	**(65 271 232)**	**(98 558 726)**	**(125 171 726)**	**(73 073 620)**	**(59 483 954)**	**13 599 446**	**(12 728 033)**	**-**

CAPITAL MANAGEMENT AND SOLVENCY RATIO

The Bank's Own Funds are calculated in accordance with the applicable regulatory standards, namely with Notice No. 2/2016. The requirements for the Solvency Ratio are found in Notice No. 3/2016, Notice No. 4/2016 and Notice No. 5/2016. The applicable instructions are as follows: Instruction No. 12/2016, Instruction No. 13/2016, Instruction No. 14/2016, Instruction No. 15/2016, Instruction No. 16/2016, Instruction No. 17/2016 and Instruction No. 18/2016.

Angolan financial institutions must maintain a level of own funds compatible with the nature and scale of operations duly weighted by the risks inherent in the operations, with a minimum Regulatory Solvency Ratio of 8.5 %.

A summary of the Bank's capital requirement calculations for 31 December 2020 is as follows:

	31-12-2020
Credit risk-weighted assets	
Weight 0 %	-
Weight 8 %	1 005 655
Weight 10 %	-
Weight 20 %	4 598 727
Weight 35 %	2 299 420
Weight 50 %	25 968 313
Weight 75 %	1 388 689
Weight 100 %	173 118 365
Weight 150 %	401 866
Total credit risk-weighted assets	**208 781 035**
Own funds requirements: Credit risk	**20 878 103**
Global net exchange position	21 371 578
Exchange risk	1 709 726
Own funds requirements: Market risk	**1 709 726**
Operational risk-weighted assets	40 339 835
Own funds requirements: Operational Risk	**6 050 975**
Total Own funds requirements	**28 638 805**
Own Funds	
Base	35 497 196
Complementary	4 403 495
Deductions from Base and Complementary own funds	(3 936 978)
Total Regulatory Own Funds	**35 963 712**
Solvency Ratio	**12,56%**
Solvency Ratio Base	**11,02%**

As disclosed in Note 11, the Bank obtained authorization from the regulator to write-off from regulatory own funds, with reference to 31 December 2020, only 19.99 % of the shareholding held with BNI Europa.

NOTE 39
COVID-19 PANDEMIC

In March 2020 the spread of the disease resulting from the new coronavirus ("COVID-19") was declared a pandemic by the World Health Organisation, 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 Bank's Board of Directors set a Contingency Plan aimed at preventing and mitigating the risks associated with the spread of the virus. This plan determines the adoption of measures: to ensure the life and health of employees and their safety conditions through the provision of preventive information and adequate means of protection; to maintain essential services in operation; to ensure the operability and operation of infrastructures; and to assess the equity impacts on the value of assets, duly recorded in the Bank's financial statements as at 31 December 2020.

The financial statements have been prepared on a going concern basis, as the Bank is considered to have the necessary resources to continue operations and business in the foreseeable future. The evaluation is based on a broad set of information related to current and future conditions, but the COVID-19 pandemic has introduced an increased level of uncertainty and the need to take into account the impact on operations, their profitability, capital and liquidity.

On this date, the pandemic is still active in Angola and worldwide, and its evolution and the constraints caused by the pandemic control measures adopted by the Angolan State and other world countries can significantly affect the Angolan economy and, consequently, the achievement of the main estimates and projections considered by the Board of Directors in the preparation of the financial statements (Note 3). Thus, the realization of the above mentioned Bank's assets in the coming years at their balance sheet values as at 31 December 2020 is dependent on the evolution of the Angolan economy, the success of the Bank's future operations and the maintenance of financial support from its shareholders.

NOTE 40
SUBSEQUENT EVENTS

2021 STATE BUDGET LAW - VAT WITHHOLDING ON APT TRANSACTIONS

Law No. 42/20 of 31 December, which approves the 2021 State Budget, provides for the implementation of mandatory VAT retention of 2.5 % on economic agent payments from automatic payment terminals (APT) regarding the transfer of goods and services. At the date of this report, work meetings were underway between AGT, EMIS and ABANC for the implementation of this rule.

In addition to the issued referred to in the preceding paragraph, we are not aware of any facts or events after 31 December 2020 that justify an adjustment to the disclosed Financial Statement Notes for the fiscal year under analysis which significantly affect the situations and/or information therein revealed and/or that have changed or are expected to significantly change the Bank's financial situation, its results and/or its activities.

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INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte & Touche - Auditores, Lda.
Condomínio do Edifício Financeiro
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RELATÓRIO DO AUDITOR INDEPENDENTE

Aos Accionistas
do Banco de Negócios Internacional, S.A.

Introdução

1. Auditámos as demonstrações financeiras individuais anexas do Banco de Negócios Internacional, S.A. ("adiante designado por "Banco" ou "BNI"), as quais compreendem o Balanço em 31 de Dezembro de 2020 que evidencia um total de 440 520 635 milhares de kwanzas e um capital próprio de 24 947 043 milhares de kwanzas, incluindo um resultado líquido de 1 402 109 milhares de kwanzas, as demonstrações individuais dos resultados, do rendimento integral, das alterações no capital próprio e dos fluxos de caixa do exercício findo naquela data e o correspondente Anexo.

Responsabilidade do Conselho de Administração pelas Demonstrações Financeiras

2. O Conselho de Administração é responsável pela preparação e apresentação de modo apropriado destas demonstrações financeiras de acordo com as Normas Internacionais de Relato Financeiro ("IFRS") e pelo controlo interno que determine ser necessário para possibilitar a preparação de demonstrações financeiras individuais isentas de distorção material devido a fraude ou a erro.

Responsabilidade do Auditor

3. A nossa responsabilidade consiste em expressar uma opinião independente sobre estas demonstrações financeiras com base na nossa auditoria, a qual foi conduzida de acordo com as Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola. Estas normas exigem que cumpramos requisitos éticos e que planeemos e executemos a auditoria para obter segurança razoável sobre se as demonstrações financeiras individuais estão isentas de distorção material.

4. Uma auditoria envolve executar procedimentos para obter prova de auditoria acerca das quantias e divulgações constantes das demonstrações financeiras individuais. Os procedimentos seleccionados dependem do julgamento do auditor, incluindo a avaliação dos riscos de distorção material das demonstrações financeiras individuais devido a fraude ou a erro. Ao fazer estas avaliações do risco, o auditor considera o controlo interno relevante para a preparação e apresentação das demonstrações financeiras individuais pela entidade a fim de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não com a finalidade de expressar uma opinião sobre a eficácia do controlo interno da entidade. Uma auditoria inclui também avaliar a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas feitas pelo Conselho de Administração, bem como avaliar a apresentação global das demonstrações financeiras individuais.

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5. Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião de auditoria com reservas.

Bases para a Opinião com Reservas

6. Conforme divulgado na Nota 11 do Anexo, em 31 de Dezembro de 2020, o Banco detém uma participação correspondente à totalidade do capital social do Banco de Negócios Internacional (Europa), S.A. (adiante designado por "BNI Europa") registada na rubrica "Activos não correntes detidos para venda" pelo montante líquido de imparidade de 15 439 254 milhares de kwanzas. Por outro lado, conforme divulgado na Nota 14 do Anexo, o Banco tem registados activos por impostos diferidos no montante de 3 619 154 milhares de kwanzas, referentes à imparidade registada para aquela participação, temporariamente não dedutível. Em 31 de Dezembro de 2019, o Banco dispunha de um acordo de venda desta participação, o qual foi cancelado em 2020 pelo promitente comprador. Neste contexto, o Banco iniciou novo processo de alienação desta participação e assumiu o compromisso de efectuar reforços de capital no BNI Europa de forma a permitir àquele Banco cumprir com as suas obrigações, incluindo as regulamentares (Nota 11 do Anexo). Adicionalmente, nesta data os processos de encerramento de contas e de auditoria sobre as demonstrações financeiras do BNI Europa com referência a 31 de Dezembro de 2020, realizado por outro auditor, não se encontram concluídos. Neste contexto, não dispomos de informação suficiente que nos permita concluir sobre o valor de realização daquela participação, sobre a recuperabilidade dos activos por impostos diferidos associados, e sobre o impacto que pode resultar para o BNI dos compromissos assumidos para realização de reforços de capital no BNI Europa até à sua alienação.

7. De acordo com os requisitos previstos na IAS 29 – "Relato financeiro em economias hiperinflacionárias" ("IAS 29"), nos exercícios findos em 31 de Dezembro de 2017 e 2018, a moeda funcional das demonstrações financeiras do Banco correspondia à moeda de uma economia hiperinflacionária, deixando de ter essa classificação nos exercícios findos em 31 de Dezembro de 2019 e 2020, em resultado, essencialmente, da redução da taxa de inflação em Angola. Conforme divulgado na Nota 2.1 do Anexo, com referência a 31 de Dezembro de 2017 e 2018 a Associação Angolana dos Bancos ("ABANC") e o Banco Nacional de Angola ("BNA") expressaram a sua interpretação de que não se encontravam cumpridos a totalidade dos requisitos previstos na IAS 29 para que a economia Angolana fosse considerada hiperinflacionária. Consequentemente, o Conselho de Administração do Banco decidiu não aplicar as disposições constantes na IAS 29 nas suas demonstrações financeiras individuais dos exercícios findos em 31 de Dezembro de 2017 e 2018, não procedendo também aos ajustamentos necessários nas demonstrações financeiras individuais dos exercícios findos em 31 de Dezembro de 2019 e 2020, no que se refere aos saldos de abertura e aos ajustamentos que resultam da aplicação das disposições previstas na IAS 29 quando uma economia deixa de ser hiperinflacionária. Não obtivemos, contudo, informação suficiente que nos permita quantificar os efeitos desta situação nas demonstrações financeiras individuais do Banco em 31 de Dezembro de 2020.

Opinião com reservas

8. Em nossa opinião, excepto quanto aos possíveis efeitos do assunto descrito no parágrafo 6 e quanto aos efeitos do assunto descrito no parágrafo 7 da secção "Bases para a opinião com reservas", as demonstrações financeiras individuais referidas no parágrafo 2 acima apresentam de forma apropriada, em todos os aspectos materialmente relevantes, para os fins indicados no parágrafo 11 abaixo, a posição financeira do Banco de Negócios Internacional, S.A. em 31 de Dezembro de 2020 e o seu desempenho financeiro e os seus fluxos de caixa relativos ao exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro.

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Ênfases

9. Conforme divulgado na Nota 39 do Anexo, em Março de 2020 a propagação da doença resultante do novo coronavírus ("Covid-19") foi declarada pandemia pela Organização Mundial de Saúde, a qual afectou de forma significativa as economias mundial e angolana, com particular destaque para a continuação da recessão económica e para a descida do rating de crédito da República de Angola. Nesta data, a pandemia ainda se encontra activa a nível mundial e a sua evolução revela alguns níveis de incerteza, podendo afectar a evolução da economia angolana e, consequentemente, a concretização das principais estimativas contabilísticas consideradas pelo Conselho de Administração na preparação das demonstrações financeiras individuais do Banco, as quais se encontram divulgadas na Nota 3 do Anexo. Desta forma, a realização dos activos do Banco pelos valores de Balanço em 31 de Dezembro de 2020 poderá ser influenciada pela evolução da economia angolana, e o sucesso das suas operações futuras pela manutenção do suporte financeiro dos seus accionistas.

10. Conforme divulgado na Nota 11 do Anexo, o Banco Nacional de Angola, através de carta datada de 16 de Abril de 2021, deferiu a solicitação do BNI para a dispensa de consolidação e de dedução nos seus Fundos Próprios Regulamentares da participação social detida no BNI Europa para o exercício de 2020, com o correspondente impacto no rácio de solvabilidade regulamentar do Banco. Todavia, caso a venda da participação não se concretize no curto prazo e por forma a conformar-se ao estipulado nos Avisos n.º 02/2013 e n.º 02/2016, o BNI deverá apresentar um plano de aumento de capital e efectuar a consolidação das suas contas com referência a 30 de Junho de 2021. Adicionalmente, o Conselho de Administração do BNI comprometeu-se, através da emissão de uma carta conforto, a providenciar ao BNI Europa os recursos financeiros necessários, através da realização de aumentos de capital e/ou de outros meios que se mostrem necessários, de forma a permitir ao BNI Europa cumprir as suas obrigações, os compromissos assumidos perante terceiros e o seu plano de negócios.

A nossa opinião não é modificada com respeito a estas matérias.

Outras matérias

11. As demonstrações financeiras anexas referem-se à actividade individual do Banco, tendo sido formuladas pelo Conselho de Administração para aprovação em Assembleia Geral de Accionistas e para dar cumprimento aos requisitos legais e do Banco Nacional de Angola de apresentação de contas individuais. Conforme divulgado na Nota 7 do Anexo, a rubrica "Activos financeiros ao justo valor através de resultados" inclui unidades de participação no Fundo Omega, mensuradas pelo justo valor no montante de 5 998 417 milhares de Kwanzas. Adicionalmente, conforme divulgado na Nota 11 do Anexo, a rubrica "Activos não correntes detidos para venda" inclui as participações no BNI Europa e no BNI Asset Management, as quais são classificadas nas demonstrações financeiras consolidadas como "Activos não correntes detidos para venda – Operações descontinuadas". As demonstrações financeiras anexas não incluem o efeito da consolidação destas participações, o que será efectuado em demonstrações financeiras consolidadas a aprovar e a publicar em separado.

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12. As demonstrações financeiras individuais relativas ao exercício findo em 31 de Dezembro de 2019 são apresentadas pelo Conselho de Administração para efeitos comparativos e para dar cumprimento aos requisitos de publicação de contas. Estas demonstrações financeiras foram auditadas por outro auditor externo cujo relatório do auditor independente, datado de 16 de Abril de 2020, continha uma reserva sobre o assunto descrito no parágrafo 7 acima e uma ênfase.

Luanda, 30 de abril de 2021

Deloitte & Touche – Auditores, Limitada
Representada por José António Mendes Garcia Barata
Membro da OCPCA nº 20130163

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INDEPENDENT AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of doubt the Portuguese version will always prevail – Note EXPLANATION ADDED FOR TRANSLATION)

To the Shareholders
of Banco de Negócios Internacional, S.A.

Introduction

1. We have audited the accompanying individual financial statements of Banco de Negócios Internacional, S.A. (hereinafter referred to as the "Bank"), which comprise the Balance Sheet as of December 31, 2020 that presents a total of 440 520 635 thousand of kwanzas and shareholders' equity of 24 947 045 thousand of kwanzas, including a net profit of 3 402 109 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.

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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.

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. As disclosed in Note 11, on December 31, 2020 the Bank is the sole shareholder of Banco de Negócios Internacional (Europa), S.A (hereinafter referred to as "BNI Europa") being the participation on that Bank recorded under the caption "Non-current assets held for sale" for the net amount of 15 439 254 thousand kwanzas. As disclosed in Note 14, the Bank has recorded deferred tax assets in the amount of 8 619 154 thousand kwanzas, related to the impairment recorded for that participation, temporarily non-tax deductible. On December 31, 2019 the Bank had an agreement to sell this participation, which was canceled in 2020 by the promising buyer. In this context, the Bank initiated a new process of disposal of this participation and has assumed the commitment to make capital increases in BNI Europa in order to allow that Bank to fulfill its obligations, including the regulatory ones (Note 11). In addition, as of this date, the audit of BNI Europe's financial statements as of December 31, 2020, carried out by another auditor, has not been concluded. In this context, we do not have enough information to allow us to conclude on the realization value of that participation, on the recoverability of the associated deferred tax assets and on the potential impact that BNI may have by the commitments assumed to carry out capital increases in BNI Europa until its sale.

7. 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 ceased 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, 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 to 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. 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.

Opinion

8. In our opinion, except for the possible effects of the matter described in paragraph 6 and for the effects of the matter described in paragraph 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 11 below, the financial position of Banco de Negócios Internacional, 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 39, 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. As of 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. 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, by the success of its future operations, and by maintenance of the financial support of its shareholders.

10. As disclosed in Note 11, the National Bank of Angola, through a letter dated April 16, 2021, accepted BNI's request for exemption of consolidation and deduction to its regulatory funds the shareholding held in BNI Europa for the financial year of 2020, with the corresponding impact on the Bank's regulatory solvency ratio. However, if the sale of that participation does not take place in the short term and in order to comply to the stipulated in Notices N.º 03/2013 and N.º 02/2016, the Bank must present a capital increase plan and carry out the consolidation of its financial statements with reference to June 30, 2021. Additionally, Bank's Board of Directors committed, through the issuance of a comfort letter, to provide BNI Europa with the necessary financial resources, through capital increases and/or other means that may prove necessary, to allow BNI Europa to fulfill its obligations, commitments made to third parties and its business plan.

    Our opinion is not modified with respect to these matters.

Other matters

11. 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 legal and National Bank of Angola requirements for the presentation of individual financial statements. As disclosed in Note 7, the caption "Financial assets at fair value through profit or loss" includes participation units in Fundo Omega, measured at fair value in the amount of 5 994 417 thousand kwanzas. In addition, as disclosed in Note 11, the caption "Non-current assets held for sale" includes the shareholdings in BNI Europa and BNI Asset Management, which are classified in the consolidated financial statements as "Non-current assets held for sale – Operations discontinued". The attached financial statements do not include the effect of the full consolidation of these holdings, which will be done in consolidated financial statements to be approved and published separately.

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12. 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 16, 2020 contained a qualified audit opinion on the matter described in paragraph 7 above and one emphasis of a matter.

Luanda, April 30, 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 is not to be signed. In the event of discrepancies, the Portuguese language version prevails.)

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OPINION OF THE AUDIT COMMITTEE

OPINION OF THE AUDIT COMMITTEE

1. Fulfilling the mandate Your Honours have conferred upon us and in accordance with the legal provisions in force, namely Law no. 1/04 of 1 February 2004, Law of Commercial Companies, as well as the Statutes of BANCO DE NEGÓCIOS INTERNACIONAL. S.A. (Banco BNI), we submit for your consideration the opinion of the Audit Committee on the Report of the Board of Directors and the Financial Statements for the fiscal year ending on 31 December 2020.

2. They comprise of the Balance Sheet, with total Assets in the amount of 440 520 635 thousand kwanzas, Liabilities of 415 573 590 thousand kwanzas and total Equity of 24 947 045 thousand kwanzas, including a Net Profit of 3 402 109 thousand kwanzas, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the fiscal year and the corresponding Annex.

3. The Audit Committee monitored the activity carried out by Banco BNI during the fiscal year ending on 31 December 2020, reviewed the Financial Statements, obtained information and clarifications deemed relevant, and observed other procedures considered indispensable.

4. Regarding the External Auditor's limited opinion on the valuation of Banco BNI's shareholding in Banco de Negócios Internacional Europa (BNIE), the Audit Committee took good note and will closely monitor the evolution of that institution's situation, the respective impacts on Banco BNI, as well as the actions taken by Banco BNI to dispose of that shareholding.

5. Regarding the interpretation and recognition of IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") for the Angolan economy to be considered hyperinflationary at the fiscal year ending on 31 December 2020, with regard to the maintenance of the "disagreement reserve" presented by the External Auditors, carried forward from previous years, the Audit Committee notes that it is transversal to the Angolan financial system and that

the External Auditors' interpretation does not coincide with that of National Bank of Angola.

6. Notwithstanding the foregoing, the Audit Committee recommends the following for the 2021 fiscal year:

    i. considering the ongoing process of selling its shareholding in Banco de Negócios Internacional Europa (BNIE), the economic and financial environment of Angola and the world, beset by the uncertainty of the impacts of the COVID-19 pandemic, we recommend the Bank adjust its business plan to reality.

7. Based on the audit results carried out according to the terms referred to in paragraph 3 above, we consider that:

    i. it is our opinion that the accounting documents prepared by the Board of Directors were drawn up in accordance with the accounting principles enshrined in the Accounting Plan for Financial Institutions (CONTIF) in accordance with instruction no. 9/2007, of 19 September, issued by BNA, with updates introduced by Directive No. 4/DSI/2011, and briefly describe the activity carried out Banco BNI and help to interpret the profit and loss obtained, as they highlight the most relevant facts and factors that contributed to them;

    ii. we are not aware of any situation or statutory resolution that would be contrary to the rules in force and the continuity of operations that might call into question the reasonableness of the Financial Statements presented and the business continuity.

8. Thus, based on the foregoing, and considering that the documents referred to in paragraph 1 above allow, as a whole, an understanding of the Bank's financial situation and profit and loss, it is our opinion that the Financial Statements for the fiscal year ending on 31 December 2020 reflect, in all materially relevant aspects, the financial position and assets of BANCO DE NEGÓCIOS INTERNACIONAL, S.A. on that date, and are in a position to be submitted to the Shareholders Meeting for approval.

9. Opinion

Thus, based on the above, it is our opinion that the Financial Statements for the fiscal year ending on 31 December 2020 reflect, in all materially relevant aspects, the Financial and Equity position of BNI - Banco de Negócios Internacional, S.A., on that date, and may be submitted to the Shareholders Meeting for approval.

Luanda, on 29 April 2021

The Audit Committee

Licínio de Assis
Effective Member

Manuel Arnaldo Calado
Chairman

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